$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

Closing Date: March 30, 2017

INDEX OF 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 Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*"):

1. Certified copy of District Board Resolution No. 04-16, authorizing the sale and issuance of the Bonds, at its meeting held September 6, 2016, with agenda and minutes

2. Certified copy of District Board Resolution No. 01-17, supplementing the authority for the sale and issuance of Bonds via direct bank placement, at its meeting held February 7, 2017, with agenda and minutes

3. Indenture of Trust and Security Agreement dated as of March 1, 2017, from the District to Zions Bank, a division of ZB, National Association, as Trustee (the "*Trustee*")

4. Standby Contribution Agreement dated as of March 1, 2017, by and among the District, the DMB White Tank, LLC (the "*Owner*") and Trustee

5. First Supplemental Indenture of Trust and Security Agreement dated as of March 1, 2017, by and between District and Trustee, regarding the District's 2013 Bonds

6. First Amendment to Standby Contribution Agreement dated as of March 1, 2017 by and among the District, Owner and Trustee, regarding the District's 2013 Bonds

7. 2013 Bondholder Consents and 2013 Guarantor Consent

8. Placement Agent Agreement, by and between RBC Capital Markets LLC, as placement agent, and the District

9. Disclosure Agreement of the District

10. Certificate of the City

11. Certificate of the District

12. Certificate of the Owner

13. Certificate of the District Attorney Regarding Litigation

14. Tax Certificate of the District

15. Acknowledgement and Request for Authentication and Delivery of Bonds; Instruction to Refunded Trustee

16. Trustee's Certificate of Completion and Authentication

17. Receipt of Trustee

18. Arizona State Treasurer Report; Certificate of Mailing

19. Internal Revenue Service Form 8038-G; Certificate of Mailing

20. County Assessor's Certificate

21. Certificate of Purchaser

22. Receipt for Bonds

23. Certificate of Financial Advisor as to Yield on the Bonds

24. Purchaser's Certificate of Qualified Investor

25. Closing Memorandum; Debt Retirement Schedule

26. Specimen Bond; Form of Certificate of Qualified Investor

27. Refunded Trustee's Receipt and Certificate

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

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

30. Opinion of counsel to the Owner

31. Costs of Issuance Disbursement

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

Verrado District 1 Community Facilities District (CD)
City of Buckeye, Arizona (1 paper; 1 CD)
Texas Capital Bank, N.A. (1 paper; 1 CD)
DMB, Inc. (CD)
FirstSouthwest, a Division of Hilltop Securities Inc. (CD)
RBC Capital Markets, LLC (CD)
Zions Bank, a division of ZB, National Association (CD)

Gust Rosenfeld P.L.C. (CD)
Greenberg Traurig, LLP (CD)
Kutak Rock LLP (CD)
Ballard Spahr LLP (CD)

RESOLUTION NO. 04-16 (VERRADO DISTRICT 1)

A RESOLUTION OF THE BOARD OF DIRECTORS OF VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE REFUNDING BONDS, A STANDBY CONTRIBUTION AGREEMENT, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE REFUNDING BONDS; AWARDING THE REFUNDING BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING THE FORM OF A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE REFUNDING BONDS; AUTHORIZING THE PREPARATION OF A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE REFUNDING BONDS; AND AUTHORIZING THE LEVYING OF AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT FOR THE PAYMENT OF THE REFUNDING BONDS.

BE IT RESOLVED by the Board of Directors ("*District Board*") of the Verrado District 1 Community Facilities District (City 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 (1) the Enabling Act and (2) Resolution No. 04-06 adopted September 19, 2006, the District Board authorized the issuance of its District General Obligation Bonds, Series 2006 (the "*2006 Bonds*") to provide funds for a portion of certain public infrastructure purposes authorized in the Election.

(d) The District Board has determined that it is expedient to refund all or a portion of the outstanding 2006 Bonds (the "*Bonds Being Refunded*") and that the issuance by the District of its certain District General Obligation Refunding Bonds, Series 2016 (the "*Refunding Bonds*") and the application of the net proceeds of the Refunding Bonds to pay at maturity or earlier redemption the Bonds Being Refunded are necessary and advisable and in the best interests of the District.

(e) Pursuant to the Enabling Act, the District may refinance the Bonds Being Refunded with the proceeds of the Refunding Bonds without an election on the issuance of the Refunding Bonds; provided, however, that pursuant to Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended (the "*Refunding Act*"), the total aggregate of taxes levied to pay principal of and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded.

(f) The District has previously issued its District General Obligation Refunding Bonds, Series 2013A and its District General Obligation Project Bonds, Series 2013B (collectively, the "*2013 Bonds*") in the original aggregate principal amount of $26,400,000 pursuant to that certain Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*2013 Indenture*"), by and among the District and Zions Bank, a division of ZB, National Association (as successor-in-trust to Wells Fargo Bank, N.A.), as trustee (the "*2013 Trustee*"). Timely payment of any debt service for the 2013 Bonds not paid from the property tax revenues of the District are payable with respect to the 2013 Bonds from amounts paid pursuant to a Standby Contribution Agreement, dated as of July 1, 2013 (the "*2013 Standby Contribution Agreement*"), by and among the District, the Company and the 2013 Trustee, and payments under the 2013 Standby Contribution Agreement are guaranteed by a Guaranty, dated as of July 1, 2013, by ABD Investments Limited Partnership for the benefit of the District and the 2013 Trustee.

(g) The parties to the 2013 Indenture desire to supplement the 2013 Indenture in the form of a First Supplemental Indenture of Trust and Security Agreement, to be dated as of October 1, 2016 (the "*2013 First Supplemental Indenture*"), to clarify certain definitions and provisions regarding the calculation of property taxes in accordance with Arizona law that changed subsequent to the original issuance of the 2013 Bonds.

(h) The parties to the 2013 Standby Contribution Agreement desire to amend the 2013 Standby Contribution Agreement in the form of a First Amendment to Standby Contribution Agreement, to be dated as of October 1, 2016 (the "*First Amendment to 2013 Standby Contribution Agreement*"), to clarify, that for purposes of calculating the amounts due from the Company under the 2013 Standby Contribution Agreement, budgeted tax collections and actual tax collections shall be allocated first to the payment of principal, interest, and premium, if any, with respect to the Refunding Bonds and thereafter, if money is available, to the payment of principal, interest, and premium, if any, with respect to all other general obligation bonds of the District, including the 2013 Bonds and refunding bonds.

(i) Upon issuance of the Refunding Bonds the District Board (1) shall enter in its minutes a record of the Refunding 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.

(j) Pursuant to the Enabling Act, the District has also determined to enter into an Indenture of Trust and Security Agreement, to be dated as of October 1, 2016 (the "*Indenture*")

or such other date as set forth in the hereinafter defined Purchase Contract for the sale of the Refunding Bonds, from the District to Zions Bank, a division of ZB, National Association, as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Refunding 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 and sale of the Refunding Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Refunding Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

(k) Pursuant to the Enabling Act, the District Board has determined to enter into a Standby Contribution Agreement, to be dated as of September 1, 2016 or such other date as set forth in the Purchase Contract (the "*2016 Standby Contribution Agreement*"), by and between the District and the Company to pay debt service for the Refunding Bonds not paid from the revenues of the District's tax levy for such purposes. Pursuant to the 2016 Standby Contribution Agreement, for purposes of determining the amount due under the 2016 Standby Contribution Agreement, the tax revenues shall be allocated first to the Refunding Bonds before being applied to all other general obligation bonds of the District, including the 2013 Bonds and refunding bonds.

(l) There have been placed on file with the District Clerk (1) the proposed form of the 2016 Standby Contribution Agreement, (2) the proposed form of the Indenture, (3) the proposed form of the Purchase Contract relating to the Refunding Bonds, to be dated even date with their sale (the "*Purchase Contract*"), by and between the District and RBC Capital Markets, LLC (the "*Underwriter*"), (4) the proposed form of First Amendment to 2013 Standby Contribution Agreement, (5) the proposed form of the 2013 First Supplemental Indenture and (6) the proposed form of the Preliminary Limited Offering Memorandum relating to the Refunding Bonds, to be dated the date determined by the District Manager (the "*Preliminary Limited Offering Memorandum*", and collectively with the 2016 Standby Contribution Agreement, the Indenture, the Purchase Contract, the 2013 First Supplemental Indenture and the First Amendment to 2013 Standby Contribution Agreement, the "*Bond Documents*").

(m) The District Board hereby finds and determines further that the Refunding Bonds are not being sold in a public offering for purposes of the Enabling Act and all other purposes.

2. <u>Approval of Issuance and Sale of Bonds</u>.

(a) The Refunding Bonds are hereby authorized to be issued in one series of general obligation refunding bonds of the District in a principal amount not to exceed $15,000,000 to be designated "*District General Obligation Refunding Bonds, Series 2016*". The Refunding Bonds shall be issued in accordance with the Enabling Act and the Refunding Act. The District Manager or District Treasurer is each hereby authorized and directed to determine on behalf of the District: (1) the dated date and total principal amount of Refunding Bonds, (2) the final principal and maturity schedule of the Refunding Bonds, (3) the interest rate on each maturity of the Refunding Bonds and the dates for payment of such interest, (4) the provisions for redemption in

advance of maturity of the Refunding Bonds, (5) the sales price and terms of the Refunding Bonds (including for original issue premium and/or discount), and (6) the provision for credit enhancement, if any, for the Refunding Bonds upon the advice of the Underwriter; provided, however, if the net premium associated with the Refunding Bonds is used to refund the Bonds Being Refunded and the principal amount of the Refunding Bonds is less than the principal amount of the Bonds Being Refunded, the difference between such principal amounts reduces the available aggregate indebtedness capacity of the District and does not cause any increase or decrease in the amount of bonds authorized at the Election. The Refunding Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract.

(b) This Resolution shall evidence the exercise by the District of its option to redeem the Bonds Being Refunded.

3. **Forms, Terms and Provisions and Execution and Delivery of Refunding Bonds**. The forms, terms and provisions of the Refunding Bonds provided for in the Indenture are hereby approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Refunding Bonds and, if appropriate, each is hereby authorized and directed to execute and deliver them. (The persons who shall so execute and deliver the Refunding Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Refunding Bonds.)

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) currently on file with the District Clerk 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, the District Treasurer and the District Clerk or any of such officers are each hereby authorized and directed to execute the Bond Documents, as may be required.

5. **Authorization to Execute and Deliver Order to Trustee; Instruction to 2013 Trustee**.

(a) The District Manager and District Treasurer are each hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Refunding Bonds by the Trustee.

(b) The District Manager and District Treasurer are each hereby authorized to direct the 2013 Trustee as to matters pertaining to the transaction contemplated hereby, including directing the 2013 Trustee to obtain consent from owners of the outstanding 2013 Bonds to the First Amendment to 2013 Standby Contribution Agreement.

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 acquisition of credit enhancement for the Refunding Bonds, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Refunding Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the Refunding Bonds.) The District Manager may agree, on behalf of the District, to provide annual continuing disclosure regarding the District to the Underwriter and such parties as the Underwriter may request and to use the services of a dissemination agent to satisfy such request. For purposes of consummating the transactions contemplated by this resolution in connection with the issuance and sale of the Bonds, the District Manager includes any successor District Manager, interim District Manager, or other officer of the District delegated the responsibilities of the District Manager.

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 Refunding 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, but limited as provided by the Refunding Act.

(b) Moneys derived from the levy of the tax provided for in this Section when collected and allocated to the Refunding Bonds constitute funds to pay Debt Service and shall be deposited in the Bond Fund for the Refunding 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 Refunding Bonds and such other costs of the District as are permitted under the Enabling Act. The District Board shall file the annual statements and estimates with the City Clerk of the City of Buckeye, Arizona (the "*City*"), 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 City, 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 State of Arizona Department of Revenue. 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 the City**. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the City or as incurring a charge upon the general credit or any other credit or revenues of the City 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 or any other credit or revenues of the City.

10. **Appointment of Trustee and District Clerk**. Zions Bank, a division of ZB, National Association, is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture. The District Clerk shall continue to be the person serving as City Clerk of the City. The District Manager shall continue to be the person serving as City Manager.

11. **Repeal of Resolution**. After any of the Refunding Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Refunding 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 Verrado District 1 Community Facilities District (City of Buckeye, Arizona) on September 6, 2016.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

Chairman, District Board

ATTEST:

District Clerk

APPROVED AS TO FORM:

Gust Rosenfeld P.L.C.
Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 04-16 was duly passed by the Board of Directors of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) at a regular meeting held on September 6, 2016, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 1 did not vote or were absent.

District Clerk

BUCKEYE, AZ

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

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

JOINT MEETING OF THE COMMUNITY FACILITIES DISTRICTS CITY OF BUCKEYE, ARIZONA PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED

ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILIITES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT
WESTPARK COMMUNITY FACILITIES DISTRICT

SEPTEMBER 6, 2016
AGENDA

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

1. Call to Order/Roll Call

2. Minutes
Board to take action on approval of the August 2, 2016 Joint Meeting Minutes for the following Community Facilities Districts:

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

3. Expenditures
Board to take action on the request to ratify expenditures for the 4th Quarter of Fiscal Year 2015-2016 for the following Community Facilities Districts:

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

4. Board of Directors of the Festival Ranch Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects on Canyon Springs Boulevard in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).

Summary: In accordance with the City of Buckeye Streets Maintenance Pavement Plan, Job Order Contracts will be awarded for various roadway projects on Canyon Springs Boulevard, located in the Festival Ranch CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $50,000.
Staff Liaison: Scott Lowe, Public Works Director, (623) 349-6815, slowe@buckeyeaz.gov

5. Board of Directors of the Sundance Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects in the Sundance Community Parcels 7, 12, 13, 28A, 29, 36, 37B, 40, and 48, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).

Summary: In accordance with the City of Buckeye Streets Maintenance Pavement Plan, Job Order Contracts will be awarded for various roadway projects in the Sundance Community, Parcels 7, 12, 13, 28A, 29, 36, 37B, 40, and 48, located in the Sundance CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $225,000.
Staff Liaison: Scott Lowe, Public Works Director, (623) 349-6815, slowe@buckeyeaz.gov

6. Board of Directors of the Tartesso West Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects on Tartesso Parkway, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).

Summary: In accordance with the City of Buckeye Streets Maintenance Pavement Plan, Job Order Contracts will be awarded for various roadway projects on Tartesso Parkway, located in the Tartesso West CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $30,000.
Staff Liaison: Scott Lowe, Public Works Director, (623) 349-6815, slowe@buckeyeaz.gov

7. **Board of Directors of the Watson Road Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects for the communities of Watson Estates and Sonoran Vista, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).**

Summary: In accordance with the City of Buckeye Streets Maintenance Pavement Plan, Job Order Contracts will be awarded for various roadway projects for the communities of Watson Estates and Sonoran Vista (Watson Estates Unit 2, Sonoran Vista Unit 1, Durango Street, and Roeser Road), located in the Watson Road CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $90,000. Staff Liaison: Scott Lowe, Public Works Director, (623) 349-6815, slowe@buckeyeaz.gov

8. **Board of Directors of the Westpark Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects on Warner Road, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).**

Summary: In accordance with the City of Buckeye Streets Maintenance Pavement Plan, Job Order Contracts will be awarded for various roadway projects on Warner Road (Warner Road Arterial), located in the Westpark CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $20,000. Staff Liaison: Scott Lowe, Public Works Director, (623) 349-6815, slowe@buckeyeaz.gov

9. **Board of Directors of the Verrado District 1 Community Facilities District to take action on Resolution No. 04-16 authorizing the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2016; approving the form and authorizing the execution and delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Refunding Bonds, a Standby Contribution Agreement, and certain other documents securing the payment of the Refunding Bonds; awarding the Refunding Bonds to the purchaser thereof; ratifying and approving the form of a Preliminary Limited Offering Memorandum relating to the Refunding Bonds; authorizing the preparation of a Final Limited Offering Memorandum relating to the Refunding Bonds; and authorizing the levying of an Ad Valorem Tax on taxable property in the District for the payment of the Refunding Bonds.**

Summary: Issuing bonds to refund outstanding bonds will achieve savings on annual debt service payments. Currently, the District has outstanding General Obligation Bonds, Series 2006. The Refunding Bonds will be used to pay off certain maturities of the Outstanding Bonds; the District will achieve savings on its annual debt service by replacing the bonds at a lower interest rate, resulting in lower annual debt service payments and cost savings on the previously issued bonds. Current projections show the Refunding Bonds will result in anticipated net present value savings in excess of $1 million. Staff Liaison: Larry Price, Finance Director, (623) 349-6164, lprice@buckeyeaz.gov

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

11. **The Board will make a motion to adjourn the meeting.**

BUCKEYE, AZ

JOINT MEETING OF THE
COMMUNITY FACILITIES DISTRICTS CITY OF BUCKEYE, ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED

ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILIITES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT
WESTPARK COMMUNITY FACILITIES DISTRICT

SEPTEMBER 6, 2016
MINUTES

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

1. Call to Order/Roll Call
Chairman Meck called the meeting to order at 8:08 p.m.

Members Present:	Board Member Garza, Board Member HagEstad, Board Member Orsborn, Board Member McAchran, Board Member Heustis, Vice Chair Hess (arrived at 8:11 p.m.), and Chairman Meck.
Members Absent:	None.
Departments Present:	Interim District Manager Roger Klingler, District Attorney Shiela Schmidt, District Clerk Lucinda Aja, Deputy District Clerk Summer Stewart, Assistant to Board Carol Conley, Public Works Director Scott Lowe, Information Technology Director Greg Platacz, and Finance Director Larry Price.

2. Minutes

A motion was made by Board Member Orsborn and seconded by Board Member Heustis to approve the August 2, 2016 Joint Meeting Minutes for the following Community Facilities Districts:

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

Motion passed unanimously.

3. Expenditures

A motion was made by Board Member Orsborn and seconded by Board Member Heustis to ratify expenditures for the 4th Quarter of Fiscal Year 2015-2016 for the following Community Facilities Districts:

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

Motion passed unanimously.

4. Board of Directors of the Festival Ranch Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects on Canyon Springs Boulevard in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).

Staff Liaison: Scott Lowe, Public Works Director

Mr. Lowe provided an overview of the City of Buckeye Streets Maintenance Pavement Plan and displayed a vicinity map of the project sites. Job Order Contracts will be awarded for various roadway projects on Canyon Springs Boulevard, located in the Festival Ranch CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $50,000. A motion was made by Board Member Orsborn and seconded by Board Member Heustis to approve the award of Job Order Contract(s) for various roadway projects on Canyon Springs Boulevard in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s). Motion passed unanimously.

5. **Board of Directors of the Sundance Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects in the Sundance Community Parcels 7, 12, 13, 28A, 29, 36, 37B, 40, and 48, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).**
Staff Liaison: Scott Lowe, Public Works Director

Mr. Lowe provided an overview of the City of Buckeye Streets Maintenance Pavement Plan and displayed a vicinity map of the project sites. There having been a scrivener's error, Mr. Lowe requested reference to Parcel 7 be removed from the motion; roadway projects will not occur in Sundance Community Parcel 7. Job Order Contracts will be awarded for various roadway projects in the Sundance Community, Parcels 12, 13, 28A, 29, 36, 37B, 40, and 48, located in the Sundance CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $225,000. A motion was made by Councilmember Orsborn and seconded by Vice Mayor Hess to approve the award of Job Order Contract(s) for various roadway projects in the Sundance Community Parcels 12, 13, 28A, 29, 36, 37B, 40, and 48, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s). Motion passed unanimously.

6. **Board of Directors of the Tartesso West Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects on Tartesso Parkway, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).**
Staff Liaison: Scott Lowe, Public Works Director

Mr. Lowe provided an overview of the City of Buckeye Streets Maintenance Pavement Plan and displayed a vicinity map of the project sites. Job Order Contracts will be awarded for various roadway projects on Tartesso Parkway, located in the Tartesso West CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $30,000. A motion was made by Board Member Orsborn and seconded by Board Member Heustis to approve the award of Job Order Contract(s) for various roadway projects on Tartesso Parkway, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s). Motion passed unanimously.

7. **Board of Directors of the Watson Road Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects for the communities of Watson Estates and Sonoran Vista, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).**
Staff Liaison: Scott Lowe, Public Works Director

Mr. Lowe provided an overview of the City of Buckeye Streets Maintenance Pavement Plan and displayed a vicinity map of the project sites. Job Order Contracts will be awarded for various roadway projects for the communities of Watson Estates and Sonoran Vista (Watson Estates Unit 2, Sonoran Vista Unit 1, Durango Street, and Roeser Road), located in the Watson Road CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $90,000. A motion was made by Board Member Orsborn and seconded by Board Member Heustis to approve the award of Job Order Contract(s) for various roadway projects for the communities of Watson Estates and Sonoran Vista, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s). Motion passed unanimously.

8. **Board of Directors of the Westpark Community Facilities District to take action on the award of Job Order Contract(s) for various roadway projects on Warner Road, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s).**
Staff Liaison: Scott Lowe, Public Works Director

Mr. Lowe provided an overview of the City of Buckeye Streets Maintenance Pavement Plan and displayed a vicinity map of the project sites. Job Order Contracts will be awarded for various roadway projects on Warner Road (Warner Road Arterial), located in the Westpark CFD. The roadway projects will increase the service life of the streets and will start a new maintenance cycle. The total cost of the projects will not exceed the budgeted amount of $20,000. A motion was made by Board Member Orsborn and seconded by Board Member Hess to approve the award of Job Order Contract(s) for various roadway projects on Warner Road, in accordance with the City of Buckeye Streets Maintenance Pavement Plan; and authorize the District Manager to execute and deliver said Contract(s). Motion passed unanimously.

9. **Board of Directors of the Verrado District 1 Community Facilities District to take action on Resolution No. 04-16 authorizing the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2016; approving the form and authorizing the execution and delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Refunding Bonds, a Standby Contribution Agreement, and certain other documents securing the payment of the Refunding Bonds; awarding the Refunding Bonds to the purchaser thereof; ratifying and approving the form of a Preliminary Limited Offering Memorandum relating to the Refunding Bonds; authorizing the preparation of a Final Limited Offering Memorandum relating to the Refunding Bonds; and authorizing the levying of an Ad Valorem Tax on taxable property in the District for the payment of the Refunding Bonds.**
Staff Liaison: Larry Price, Finance Director

Mr. Price provided an overview of Resolution No. 04-16 authorizing the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2016. Issuing bonds to refund outstanding bonds will achieve savings on annual debt service payments. Currently, the District has outstanding General Obligation Bonds, Series 2006. The Refunding Bonds will be used to pay off certain maturities of the Outstanding Bonds; the District will achieve savings on its annual debt service by replacing the bonds at a lower interest rate, resulting in lower annual debt service payments and cost savings on the previously issued bonds. Current projections show the Refunding Bonds will result in anticipated net present value savings in excess of $1 million. A motion was made by Board Member Orsborn and seconded by Board Member Heustis to adopt Resolution No. 04-16 authorizing the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2016; approving the form and authorizing the execution and delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Refunding Bonds, a Standby Contribution Agreement, and certain other documents securing the payment of the Refunding Bonds; awarding the Refunding Bonds to the purchaser thereof; ratifying and approving the form of a Preliminary Limited Offering Memorandum relating to the Refunding Bonds; authorizing the preparation of a Final Limited Offering Memorandum relating to the Refunding Bonds; and authorizing the levying of an Ad Valorem Tax on taxable property in the District for the payment of the Refunding Bonds. Motion passed unanimously.

10. **Citizen Input/Appearances from the Floor** - None.

11. The Board will make a motion to adjourn the meeting.

A motion was made by Board Member Orsborn and seconded by Vice Chair Hess to adjourn the meeting at 8:23 p.m. Motion passed unanimously.

_____
Jackie A. Meck, Chairman

ATTEST:

_____
Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Community Facilities District Meeting held on the 6th day of September, 2016. I further certify that a quorum was present.

_____
Lucinda J. Aja, District Clerk

RESOLUTION NO. 01-17 (VERRADO DISTRICT 1)

A RESOLUTION OF THE BOARD OF DIRECTORS OF VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) PROVIDING ADDITIONAL AUTHORITY FOR THE ISSUANCE, SALE AND DELIVERY OF ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017; APPROVING THE FORM OF CERTAIN DOCUMENTS RELATED TO THE BONDS AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY THEREOF; APPROVING THE SALE OF THE BONDS TO A PURCHASER THEREOF; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.

BE IT RESOLVED by the Board of Directors ("*District Board*") of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*") as follows:

1. **Findings**.

(a) The District Board previously adopted Resolution 04-16 on September 6, 2016 (the "*Underwriter Sale Resolution*"), to authorize the issuance, sale and delivery of the District's District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), and certain documents related thereto including an Indenture, Standby Contribution Agreement, and certain amendments to documents related to other bonds previously issued by the District. Capitalized terms not otherwise defined herein are defined in the Underwriter Sale Resolution.

(b) The District Board has determined that debt service savings on the Bonds Being Refunded may be achieved through a direct sale of the Bonds to one or more financial institutions, and the District Board now desires to supplement the authority granted in the Underwriter Sale Resolution, without limiting or revoking any authority granted in in the Underwriter Sale Resolution.

(c) If the Bonds are sold in accordance with this resolution, RBC Capital Markets, LLC, will serve as the District's placement agent (the "*Placement Agent*") with respect to the Bonds and the District will enter into a Placement Agent Agreement (the "*Placement Agent Agreement*"), in substantially the form now on file with the District Clerk.

(d) The District Board, with the aid of the Placement Agent, shall receive a proposal for the purchase of the Bonds from one or more financial institutions and the District Manager, District Treasurer or other authorized District officer may award the Bonds for purchase to one or more financial institutions (the "*Purchaser*") in the form of a Purchase Contract (the "*Purchase Contract*") executed by and between the District and the Purchaser, and on such terms as may hereafter be approved by the District Manager or District Treasurer.

(e) The Purchaser will execute a Certificate of Qualified Investor in form and substance satisfactory to the District Manager and District Treasurer.

(g) The proposed form of the Purchase Contract relating to the Bonds, by and between the District and the Purchaser, has been placed on file with the District Clerk.

(g) Within and by the parameters set forth in this resolution, the Board shall authorize the execution, issuance and sale of the Bonds and their delivery to the Purchaser in accordance with the Purchase Contract and at such prices, interest rates, maturities and redemption features as may be hereafter determined.

(h) The District Board hereby finds and determines 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 authorized in accordance with the Underwriter Sale Resolution to be issued in one series of general obligation refunding bonds of the District in a principal amount not to exceed $15,000,000 to be designated "*District General Obligation Refunding Bonds, Series 2017*". The Bonds shall be issued in accordance with the Enabling Act and the Refunding Act. The District Manager or District Treasurer is each hereby authorized and directed to determine on behalf of the District: (1) the dated date and total principal amount of Bonds, (2) the final principal and maturity schedule of the Bonds, (3) the interest rate on each maturity of the Bonds and the dates for payment of such interest, (4) the provisions for redemption in advance of maturity of the Bonds, (5) the sales price and terms of the Bonds (including for original issue premium and/or discount), and (6) the provision for credit enhancement, if any, for the Bonds upon the advice of the District's financial advisor; provided, however, if the net premium associated with the Bonds is used to refund the Bonds Being Refunded and the principal amount of the Bonds is less than the principal amount of the Bonds Being Refunded, the difference between such principal amounts reduces the available aggregate indebtedness capacity of the District and does not cause any increase or decrease in the amount of bonds authorized at the Election. The Bonds shall be sold to the Purchaser in accordance with the terms of the Purchase Contract.

3. **Forms, Terms and Provisions and Execution and Delivery of Bonds**.

(a) The forms, terms and provisions of the Bonds provided for in the Indenture and the Purchase Contract are hereby approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and, if appropriate, each is hereby authorized and directed to execute and deliver them. (The persons who shall so execute and deliver the Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Bonds.) The final form of the Indenture and the Purchase Contract, as approved by the District officials in accordance herewith, may include provisions for a default interest rate or taxable interest rate on the Bonds. Any such default interest rate or taxable interest rate on the Bonds shall not exceed 7.00%.

(b) The Bonds may be registered in the name of the Purchaser. The Bonds may not be transferred unless (i) to a transferee that is a Qualified Investor (as defined herein) and provides the District with a completed Certificate of Qualified Investor and (ii) the Qualified Investor agrees to comply with all applicable federal and state securities laws. For the purposes of

the Bonds, "*Qualified Investor*" means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended (the "*1933 Act*"), or an accredited investor (excluding natural persons) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who executes the Certificate of Qualified Investor. The District and the Purchaser may provide other terms for the signatures, authentication, registration, transfer and exchange in the Purchase Contract. The Purchaser may elect to hold and book the Bonds as a loan in its loan portfolio and in such situation the Purchaser will use the word "Bonds" as the name of the debt instrument for convenience only and without any intent to indicate that the debt instrument is a security within the meaning of the 1933 Act.

4. **Forms, Terms and Provisions and Execution and Delivery of Purchase Contract and Placement Agent Agreement**. In addition to the District Board's previous approval of the Bond Documents pursuant to the Underwriter Sale Resolution, in accordance with this resolution the forms of the Purchase Contract and the Placement Agent Agreement in substantially the forms (including the exhibits thereto) currently on file with the District Clerk 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 Purchase Contract and the Placement Agent Agreement, 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, the District Treasurer and the District Clerk or any of such officers are each hereby authorized and directed to execute the Purchase Contract and the Placement Agent Agreement, as may be required.

5. **Acceptance of Offer; Sale of Bonds; Purchase Contract Approval**. The Purchaser shall purchase the Bonds pursuant to the form of Purchase Contract submitted to and on file with the District Clerk and such proposal, as supplemented by the final terms as contemplated by this resolution, is hereby authorized and approved. When the final terms of the Bonds are known, the Purchase Contract shall be finalized. The Chair, any member of the District Board, the District Manager or the District Treasurer is each hereby authorized and directed to cause the Purchase Contract to be completed and executed and to finalize the terms thereof, including, but not limited to, establishing the principal amount of bonds sold, the maturity amounts, maturity dates, interest rates and optional and mandatory redemption provisions; provided, however, that the parameters of this resolution shall govern the Purchase Contract as finalized; and provided further, that none of the Chair, any member of the District Board, the District Manager and the District Treasurer are authorized to insert in the Purchase Contract any terms or conditions which would be contrary to this resolution or, as applicable, the Underwriter Sale Resolution. Upon the completion, execution and delivery of the Purchase Contract, the Bonds are ordered sold to the Purchaser pursuant to the Purchase Contract. The execution and delivery of the Purchase Contract as completed shall be conclusive evidence of such approval of the final terms and provisions.

The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the Purchase Contract. Any other provision of this resolution to the contrary notwithstanding, the Bonds shall not be sold for less than par and any net premium on the Bonds shall be in accordance with Section 35-473.01, Arizona Revised Statutes.

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, the Placement Agent Agreement and the Purchase Contract, including without limitation, the acquisition of credit enhancement for the Bonds, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the Bonds.) The District Manager may agree, on behalf of the District, to provide annual continuing disclosure regarding the District to the Purchaser and such parties as the Purchaser may request and to use the services of a dissemination agent to satisfy such request. For purposes of consummating the transactions contemplated by this resolution in connection with the issuance and sale of the Bonds, the District Manager includes any successor District Manager, interim District Manager, or other officer of the District delegated the responsibilities of the District Manager.

7. **Ratification of Actions**. All actions of the officers and agents of the District which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

This Board hereby acknowledges Gust Rosenfeld P.L.C. may represent the Purchaser in matters not involving the District or the Bonds and hereby waives any conflict consents to the representation of the District in the matters set forth in this resolution.

8. **Other Terms of the Underwriter Sale Resolution Applicable**. The other terms of the Underwriter Sale Resolution, to the extent they do not conflict with the sale of the Bonds to the Purchaser intended by this resolution, are hereby approved as if stated herein and shall apply to the issuance, sale and delivery of the Bonds.

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

PASSED by the District Board of Verrado District 1 Community Facilities District (City of Buckeye, Arizona) on February 7, 2017.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

Chairman, ~~District Board~~

ATTEST:

District Clerk

APPROVED AS TO FORM:

Gust Rosenfeld P.L.C.
Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. 01-17 was duly passed by the Board of Directors of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) at a regular meeting held on February 7, 2017, and that a quorum was present thereat and that the vote thereon was 6 ayes and Ø nays; 1 did not vote or were absent.

District Clerk

BUCKEYE, AZ

PLEASE SILENCE ALL ELECTRONIC COMMUNICATION DEVICES. THANK YOU.

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

JOINT MEETING OF THE COMMUNITY FACILITIES DISTRICTS CITY OF BUCKEYE, ARIZONA PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1 ARIZONA REVISED STATUTES, AS AMENDED

ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILIITES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT
WESTPARK COMMUNITY FACILITIES DISTRICT

FEBRUARY 7, 2017
AGENDA

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

1. Call to Order/Roll Call

2. Minutes
Board to take action on approval of the January 3, 2017 Joint Meeting Minutes for the following Community Facilities Districts:

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

3. Expenditures
Board to take action on the request to ratify expenditures for the 2nd Quarter of Fiscal Year 2016-2017 for the following Community Facilities Districts:

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

4. **Board to take action on Resolution No. 03-17 of the Board of Directors of Festival Ranch Community Facilities District (City of Buckeye, Arizona) approving the assessment and the proceedings heretofore had and taken for the Festival Ranch Community Facilities District (City of Buckeye, Arizona), determining the work has been completed in accordance with the plans and specifications, and ordering the collection of the amount assessed.**

Summary: Acquire regional drainage improvements benefitting approximately 1,400 lots for single family homes located within the Festival Ranch Community Facilities District.
Staff Liaison: Woody Scoutten, District Engineer, (602) 980-9905, woody.scoutten@epsgroupinc.com

5. **Board to take action on Resolution No. 01-17 of the Board of Directors of the Verrado District 1 Community Facilities District providing additional authority for the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2017; approving the form of certain documents related to the bonds and authorizing the completion, execution and delivery thereof; approving the sale of the bonds to a purchaser thereof; and ratifying all actions taken or to be taken to further this Resolution.**

Summary: The resolution authorizes the issuance of the bonds via direct sale to a financial institution.
Staff Liaison: Larry D. Price, Finance Director, (623) 349-6164, lprice@buckeyeaz.gov

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

7. **The Board will make a motion to adjourn the meeting.**

BUCKEYE, AZ

JOINT MEETING OF THE
COMMUNITY FACILITIES DISTRICTS CITY OF BUCKEYE, ARIZONA
PURSUANT TO SECTIONS 48-711, 48-715 AND TITLE 38, CHAPTER 3, ARTICLE 3.1
ARIZONA REVISED STATUTES, AS AMENDED

ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT
ELIANTO COMMUNITY FACILIITES DISTRICT
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
MIRIELLE COMMUNITY FACILITIES DISTRICT
SUNDANCE COMMUNITY FACILITIES DISTRICT
TARTESSO WEST COMMUNITY FACILITIES DISTRICT
TRILLIUM COMMUNITY FACILITIES DISTRICT
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT
WATSON ROAD COMMUNITY FACILITIES DISTRICT
WESTPARK COMMUNITY FACILITIES DISTRICT

FEBRUARY 7, 2017
MINUTES

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

1. Call to Order/Roll Call
Vice Chair Heustis called the meeting to order at 6:46 p.m.

Members Present:	Board Member Youngker, Board Member HagEstad, Board Member Orsborn, Board Member Guy, Board Member Hess, and Vice Chair Heustis.
Members Absent:	Chairman Meck.
Departments Present:	District Manager Roger Klingler, District Attorney Scott Ruby, District Clerk Lucinda Aja, Deputy District Clerk Summer Stewart, Assistant to Board Maria Riebs, Finance Director Larry Price, Public Works Director Scott Lowe, Interim Water Resources Director Mark Seamans, and District Engineer Woody Scoutten.

2. Minutes
A motion was made by Board Member Orsborn and seconded by Board Member Youngker to approve the January 3, 2017 Joint Meeting Minutes for the following Community Facilities Districts:

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

Motion passed unanimously.

3. Expenditures
A motion was made by Board Member Orsborn and seconded by Board Member Youngker to ratify expenditures for the 2nd Quarter of Fiscal Year 2016-2017 for the following Community Facilities Districts:

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

Motion passed unanimously.

4. Board to take action on Resolution No. 03-17 of the Board of Directors of Festival Ranch Community Facilities District (City of Buckeye, Arizona) approving the assessment and the proceedings heretofore had and taken for the Festival Ranch Community Facilities District (City of Buckeye, Arizona), determining the work has been completed in accordance with the plans and specifications, and ordering the collection of the amount assessed.
Staff Liaison: Woody Scoutten, District Engineer

Mr. Scoutten provided an overview of Festival Ranch CFD Resolution No. 03-17; vicinity maps were displayed. The purpose of the Resolution is to acquire regional drainage improvements benefitting approximately 1,400 lots for single-family homes located within the Festival Ranch CFD; no objections have been received. Councilmember Orsborn requested clarification regarding the cost of acquiring the improvements. Mr. Scoutten stated the cost to build the improvements is greater than the assessments; the difference will be paid by the developer. Councilmember HagEstad requested clarification regarding the location of the improvements. Mr. Scoutten clarified the location and the parcels to be assessed. Mr. Ruby provided further information related to the assessment. A motion was made by Board Member Orsborn and seconded by Board Member Guy to adopt Resolution No. 03-17 of the Board of Directors of Festival

Ranch Community Facilities District (City of Buckeye, Arizona) approving the assessment and the proceedings heretofore had and taken for the Festival Ranch Community Facilities District (City of Buckeye, Arizona), determining the work has been completed in accordance with the plans and specifications, and ordering the collection of the amount assessed. Motion passed unanimously.

5. **Board to take action on Resolution No. 01-17 of the Board of Directors of the Verrado District 1 Community Facilities District providing additional authority for the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2017; approving the form of certain documents related to the bonds and authorizing the completion, execution and delivery thereof; approving the sale of the bonds to a purchaser thereof; and ratifying all actions taken or to be taken to further this Resolution.**
Staff Liaison: Larry D. Price, Finance Director

Mr. Price provided an overview of Verrado District 1 CFD Resolution No. 01-17, which authorizes the refunding of 2006 bonds, with an estimated savings of $1 million. Approval of Resolution No. 01-17 will supplement previously approved Resolution No. 04-16 and will authorize the direct sale of the Refunding Bonds to a financial institution. Board Member Orsborn requested clarification regarding the sale of the bonds to a private institution. FirstSouthwest Financial Advisor, Larry Given, provided additional information and discussed potential benefits of a direct sale to a financial institution. A motion was made by Board Member Guy and seconded by Board Member Orsborn to adopt Resolution No. 01-17 of the Board of Directors of the Verrado District 1 Community Facilities District providing additional authority for the issuance, sale and delivery of its District General Obligation Refunding Bonds, Series 2017; approving the form of certain documents related to the bonds and authorizing the completion, execution and delivery thereof; approving the sale of the bonds to a purchaser thereof; and ratifying all actions taken or to be taken to further this Resolution. Motion passed unanimously.

6. **Citizen Input/Appearances from the Floor** – None.

7. **The Board will make a motion to adjourn the meeting.**
A motion was made by Board Member Hess and seconded by Board Member Youngker to adjourn the meeting at 6:59 p.m. Motion passed unanimously.

_____
Jackie A. Meck, Chairman

ATTEST:

_____
Lucinda J. Aja, District Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Joint Community Facilities District Meeting held on the 7th day of February, 2017. I further certify that a quorum was present.

_____
Lucinda J. Aja, District Clerk

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)

and

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION
as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

DATED AS OF MARCH 1, 2017

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

TABLE OF CONTENTS

SECTION PAGE

Parties 1

Recitals 1

Granting Clauses 5

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 7

Section 1.01 Definitions 7
Section 1.02 Acts of Owners 16
Section 1.03 Notices, etc. 16
Section 1.04 Form and Contents of Documents Delivered to the Trustee 17
Section 1.05 Effect of Headings and Table of Contents 18
Section 1.06 Successors and Assigns 18
Section 1.07 Severability Clause 18
Section 1.08 Benefits of Indenture 18
Section 1.09 Governing Law 18
Section 1.10 Notice of Section 38-511, Arizona Revised Statutes, as Amended 18
Section 1.11 E-Verify Requirements 18
Section 1.12 No Israel Boycott 19
Section 1.13 Business Days 19

ARTICLE II FORM OF BONDS 19

Section 2.01 Form Generally 19
Section 2.02 Form of Bonds 19
Section 2.03 Form of Certificate of Authentication 27
Section 2.04 Form of Assignment 27

ARTICLE III TERMS AND ISSUANCE OF THE BONDS 29

Section 3.01 Title and Terms 29
Section 3.02 Payment of Interest on Bonds; Interest Rights 29
Section 3.03 Execution, Authentication, Delivery and Dating 30
Section 3.04 Registration, Transfer and Exchange 31
Section 3.05 Mutilated, Destroyed, Lost and Stolen Bonds 33
Section 3.06 Cancellation and Destruction of Bonds 33
Section 3.07 Persons Deemed Owners 34

ARTICLE IV REDEMPTION OF BONDS 34

Section 4.01 Redemption of Bonds 34
Section 4.02 Mandatory Sinking Fund Redemption; Credits 34
Section 4.03 Selection of Bonds to be Redeemed 35
Section 4.04 Notice of Redemption 35
Section 4.05 Deposit of Redemption Price and Interest 36
Section 4.06 Bonds Payable on Redemption Date 37
Section 4.07 Bonds Redeemed in Part 37

ARTICLE V FUNDS 37

Section 5.01 Bond Fund 37
Section 5.02 Deposits to and Application of Bond Fund 37
Section 5.03 [Reserved] 39
Section 5.04 Establishment and Application of Costs of Issuance Account 39
Section 5.05 Disposition of Proceeds of Bonds and Developer Cash Contribution 39
Section 5.06 Investment of and Security for Funds 40
Section 5.07 Repayment to the Issuer 40
Section 5.08 Reports by Trustee 40

ARTICLE VI DEFEASANCE AND RELEASES 41

Section 6.01 Payment of Indebtedness; Satisfaction and Discharge of Indenture 41
Section 6.02 Defeasance 41
Section 6.03 Application of Deposited Money 42
Section 6.04 Release of Standby Contribution Agreement 42

ARTICLE VII DEFAULT; REMEDIES 44

Section 7.01 Events of Default 44
Section 7.02 Suits for Enforcement; Mandamus 44
Section 7.03 Covenant to Pay Trustee Amounts Due on Bonds and Right of Trustee to Judgment 45
Section 7.04 Application of Money Collected 45
Section 7.05 Trustee May File Proofs of Claim 46
Section 7.06 Trustee May Enforce Claims Without Possession of Bonds 47
Section 7.07 Unconditional Right of Owners to Receive Principal, Premium and Interest 47
Section 7.08 Rights and Remedies Cumulative 47
Section 7.09 Delay or Omission Not Waiver 47
Section 7.10 Control by Owners 47
Section 7.11 Rights and Remedies of Owners 48
Section 7.12 Waiver of Past Defaults 49
Section 7.13 Undertaking for Costs 49
Section 7.14 Remedies Subject to Applicable Law 49

ARTICLE VIII THE TRUSTEE 49

Section 8.01 Certain Duties and Responsibilities 49
Section 8.02 Certain Rights of Trustee 50
Section 8.03 Not Responsible for Recitals or Application of Proceeds 51
Section 8.04 May Hold Bonds 51
Section 8.05 Money Held in Trust 51
Section 8.06 Compensation and Reimbursement 52
Section 8.07 Corporate Trustee Required; Eligibility 52
Section 8.08 Resignation and Removal; Appointment of Successor 52
Section 8.09 Acceptance of Appointment by Successor 53
Section 8.10 Merger, Conversion, Consolidation, or Succession to Business 53
Section 8.11 Paying Agents; Appointment and Acceptance of Duties; Removal 54

ARTICLE IX SUPPLEMENTAL INDENTURES; AMENDMENTS TO BOND RESOLUTION, STANDBY CONTRIBUTION AGREEMENT, GUARANTY 54

Section 9.01 Supplemental Indentures or Amendments to Bond Resolution or Standby Contribution Agreement Without Consent of Owners 54
Section 9.02 Supplemental Indentures or Amendments to Bond Resolution or Standby Contribution Agreement With Consent of Owners 55
Section 9.03 Execution of Supplemental Indentures and Amendments to Bond Resolution or Standby Contribution Agreement 56
Section 9.04 Effect of Supplemental Indentures and Amendments to Bond Resolution or Standby Contribution Agreement 56
Section 9.05 Reference in Bonds to Supplemental Indentures or Amendments to Bond Resolution or Standby Contribution Agreement 56

ARTICLE X COVENANTS 56

Section 10.01 Pledge and Levy of Taxes 56
Section 10.02 Payment of Debt Service 57
Section 10.03 Maintenance of Agency 58
Section 10.04 Money for Bond Payments to be Held in Trust; Repayment of Unclaimed Money 58
Section 10.05 Further Assurances; Recording 59
Section 10.06 Compliance with Federal Law 59
Section 10.07 No Personal Liability of Officials of the Issuer 60
Section 10.08 Partial Invalidity 60

Signatures ..... [Signature Page]

THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of March 1, 2017 (this "*Indenture*"), from Verrado District 1 Community Facilities District (City of Buckeye, Arizona), a community facilities district formed by the City 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*" or "*District*"), to Zions Bank, a division of ZB, National Association, a national banking association duly organized and validly existing with trust powers, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), the Board of Directors of the Issuer (the *"Board"*) caused a general obligation bond election to be held on August 7, 2001 ("*Election*"), submitting to those persons who were then qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue not to exceed $100,000,000 in principal amount of 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 City Clerk of the City of Buckeye, Arizona (the "*Municipality*") on June 19, 2001; and

WHEREAS, the general obligation bonds submitted to those persons qualified to vote in the Election were approved; and

WHEREAS, general obligation bonds approved at the Election were, pursuant to a Resolution of the Board adopted on September 19, 2006, issued as the District's District General Obligation Bonds, Series 2006 (the "*Bonds Being Refunded*") to provide funds for certain public infrastructure purposes provided for in the Enabling Act to the extent authorized in the Election; and

WHEREAS, pursuant to a Resolution of the Board adopted on September 6, 2016, as thereafter supplemented by a Resolution of the Board adopted on February 7, 2017 (together, the "*Bond Resolution*"), the Board has determined that it is expedient to refund the Bonds Being Refunded and that the issuance of the Bonds (as hereinafter defined) by the Issuer and the application of the net proceeds thereof to pay at maturity or earlier redemption the Bonds Being Refunded are necessary, advisable and in the best interests of the Issuer; and

WHEREAS, pursuant to the Enabling Act, the Issuer may refinance the Bonds Being Refunded with the Bonds and may issue and sell the Bonds to refund the Bonds Being Refunded without an election on the issuance of the Bonds; provided, however, that pursuant to Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended, the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the Issuer, DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*"), and Caterpillar Foundation ("*Caterpillar*"), an Illinois not-for-profit corporation (the Developer and Caterpillar each have an interest in real property within the boundaries of the Issuer) have entered into an Issuer Development, Financing Participation and Intergovernmental Agreement (Verrado District 1 Community Facilities District), dated as of June 19,

2001 (the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for the construction and acquisition of "public infrastructure" (as such term is defined in the Enabling Act), the financing of public infrastructure and the acceptance and maintenance of public infrastructure; and

WHEREAS, with regard to the property which makes up the real property included within the boundaries of the Issuer, the Municipality, the Issuer and the Developer 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, pursuant to the Enabling Act, the Developer has also entered into a Standby Contribution Agreement, dated as of even date herewith (the "*Standby Contribution Agreement*"), by and among the Issuer, the Developer and the Trustee under which Standby Contribution Agreement the Developer shall make certain contributions to the Bond Fund established hereunder; and

WHEREAS, pursuant the Bond Resolution, the Board has duly authorized the issuance of the Bonds and the direct sale thereof to an initial purchaser (the "*Initial Purchaser*"), and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, has duly authorized the execution and delivery of this Indenture; and

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

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure, except as otherwise provided herein, the payment of the principal of, redemption premium, if any, and interest on the Outstanding Secured Bonds (as such terms and all other undefined terms are 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 Owners 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 but excluding any money in the Rebate Fund; and

GRANTING CLAUSE SECOND

The Issuer's interest in the Standby Contribution Agreement; and

GRANTING CLAUSE THIRD

Any and all property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Issuer or by anyone 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 Owners 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 Owners 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.

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

"*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 of principal and integral multiples of $5,000 in excess thereof.

"*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 Series 2017 Bond Fund of the Issuer so defined in Section 5.01.

"*Bond Register*" means the register maintained by the Bond Registrar for the registration of the Bonds pursuant to Section 3.04A.

"*Bond Registrar*" means Zions Bank, a division of ZB, National Association, as bond registrar for the Bonds, until a successor Bond Registrar shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "*Bond Registrar*" shall mean such successor Bond Registrar.

"*Bond Resolution*" means, together, the Board Resolution adopted on September 6, 2016, as thereafter supplemented by the Board Resolution adopted on February 7, 2017, which, among other things provided for the issuance of the Bonds.

"*Bonds*" means all bonds authenticated and delivered hereunder being, collectively, the Issuer's District General Obligation Refunding Bonds, Series 2017, in an original aggregate principal amount of $14,055,000.

"*Bonds Being Refunded*" means the Issuer's District General Obligation Bonds, Series 2006, currently outstanding in the principal amount of $14,055,000.

"*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 Initial Purchaser in exchange for the purchase price of the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated pursuant thereto.

"*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 and the Standby Contribution Agreement, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial and first year administrative fees and charges of the Trustee, legal fees and charges, bond insurance and other credit enhancement 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.

"*Debt Service*" means, with respect to the Bonds or Parity Bonds, collectively, (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 (as described in the Tax Certificate) with respect to the Bonds or Parity Bonds; and (iv) subject to annual appropriation, 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.

"*Defaulted Interest*" has the meaning stated in Section 3.02B.

"*Developer*" means DMB White Tank, LLC, an Arizona limited liability company.

"*Development Agreement*" means that certain Development, Financing Participation and Intergovernmental Agreement (Verrado District 1 Community Facilities District) dated as of June 19, 2001, as amended and supplemented.

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

"*District Manager*" means the City Manager of the Municipality acting in the capacity of District Manager, including any interim City Manager or other Municipality officer acting in the capacity of City Manager.

"*District Treasurer*" means the Finance Director of the Municipality acting in the capacity of District Treasurer, including any interim Finance Director or other Municipality officer acting in the capacity of Finance Director.

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

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

"*Governmental Obligations*" means (1) direct obligations of, or obligations the timely payment of principal of is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any other claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P and Moody's, but in the case of both Clause (1) and Clause (2) of this paragraph, for purposes of Section 6.02, only if such obligations are non-callable prior to the Maturity of the Bonds or (3) REFCORP STRIPS as defined in "Permitted Investments". Governmental Obligation also includes for purposes other than Section 6.02, a "no load," open-end management investment company or trust (mutual fund), registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and which money market fund invests in short term United States Treasury obligations, agencies guaranteed by the United States, and repurchase agreements secured by the same and which money market fund has a rating by S&P of AAAm-G; AAAm; or AAm or better and a rating by Moody's of "VMIG-1" or better.

"*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.

"*Interest Payment Date*" means each January 15 and July 15 commencing July 15, 2017.

"*Initial Purchaser*" means Texas Capital Bank, N.A.

"*Issuer*" means Verrado District 1 Community Facilities District (City 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, District Treasurer 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.

"*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, or any entity succeeding to the duties and obligations thereof.

"*Municipality*" means the City 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.

"*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 Owners 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 3.05; 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 3.05 but whose ownership and enforceability by the Owner 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.

"*Owner*" means the Person in whose name such Bond is registered in the Bond Register, and initially means the Initial Purchaser.

"*Parity Bonds*" means other general obligation bonds of the Issuer, including the 2013 Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

"*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, who initially shall be the Trustee.

"*Person*" means any individual, corporation, company, 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 moneys 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. 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.

H. 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.

I. Governmental Obligations.

J. "*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 of the Paying Agent and Bond Registrar in Phoenix, Arizona.

"*Placement Agent*" means RBC Capital Markets, LLC, as the placement agent of the Bonds pursuant to the Private Placement Agreement.

"*Placement Agent Agreement*" means the Placement Agent Agreement, dated the date of placement of the Bonds, between the Placement Agent and the Issuer.

"*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 3.05 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.

"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 Fund*" means the fund of the Issuer established pursuant to 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 this Indenture.

"*Refunding Act*" means Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended.

"*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 in which such Interest Payment Date occurs.

"*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.

"*Series 2017 Developer Payment Account*" means a special account of the Issuer so defined in Section 5.01.

"*Series 2017 Developer Reserve Account*" means a special account of the Issuer so defined in Section 5.01.

"*Series 2017 Tax Account*" means a special account of the Issuer so defined in Section 5.01.

"*S&P*" means S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC, or any entity succeeding to the duties and obligations thereof.

"*Special Record Date*" means such date set by the Trustee pursuant to Section 3.02B.

"*Standby Contribution Agreement*" means that certain Standby Contribution Agreement, dated as of March 1, 2017, by and among the Issuer, the Developer and the Trustee.

"*State*" means the State of Arizona.

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

"*Tax Certificate*" means the District Closing Certificate and Tax Certificate, each executed and delivered by the Issuer and delivered to the Trustee concurrently with the original issuance of the Bonds to set forth certain facts, expectations and agreements of the Issuer relative to the exemption from gross income for federal income tax purposes of interest on the Bonds.

"*Tax Contribution Request*" means the written request submitted by Trustee for payment by Developer so defined in Section 5.02.

"*Trustee*" means Zions Bank, a division of ZB, National Association 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.

"*Written Request*" means, with reference to the Issuer, a request in writing signed by an Issuer Representative.

"*2013 Bonds*" means, collectively, the Issuer's District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B.

Section 1.02. Acts of Owners.

A. Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by Owners may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Owners 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 Owners 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 Owner 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 Owner 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 Owner of any Bond shall bind every future Owner of the same Bond and the Owner 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 Owners or other document provided or permitted by this Indenture by any Owner, 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, at Zions Bank, a division of ZB, National Association, 6001 N. 24th Street, Building B, Phoenix, Arizona 85016, Attention: Corporate Trust and Escrow 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 Verrado District 1 Community Facilities District (City of Buckeye, Arizona), c/o City of Buckeye, Arizona, 530 E. Monroe Ave., Buckeye, Arizona 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 Owners 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 Owner affected by such event, at the address of such Owner 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 Owner shall affect the sufficiency of such notice with respect to other Owners.

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

The Trustee and its subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the "Information") open for random inspection by the Issuer during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the Issuer's random inspections including granting the Issuer entry rights onto its property to perform the random inspections, granting the Issuer access to, and use of, the Information, provided that, the Issuer agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.11 and, subject to the requirements of law, including the public records law of the State of Arizona, the Issuer will preserve the confidentiality of any information, records, or

papers the Issuer views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.12. ***No Boycott of Israel.*** Pursuant to A.R.S. §35-393 et seq., the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture will not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in A.R.S. §35-393.

Section 1.13. ***Business Days.*** If the specified date for any payment, submission, certification, determination or other action shall be other than a Business Day, then such payment, submission, certification, determination or other action may be made or done on the next succeeding day which is a Business Day without, in the case of any payment, additional interest (except in the event of a moratorium) and with the same force and effect as if made or done on the specified date.

ARTICLE 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 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 or produced in any other manner, all as determined by the officers executing such bonds as evidenced by their execution thereof.

Section 2.02. ***Forms of Bonds.*** The Bonds shall be in the following form:

[FORM OF FACE OF BOND]

REGISTERED
No. R-1

REGISTERED
$14,055,000

RESTRICTIONS ON TRANSFER. *THIS BOND MAY BE TRANSFERRED ONLY IN WHOLE AND ONLY TO A "QUALIFIED INVESTOR," AS SUCH TERM IS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED, OR AN ACCREDITED INVESTOR (EXCLUDING NATURAL PERSONS) AS DEFINED IN RULE 501 OF REGULATION D OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, WHO EXECUTES THE CERTIFICATE OF QUALIFIED INVESTOR, THE FORM OF WHICH IS ATTACHED HERETO.*

THIS BOND IS ONLY TRANSFERABLE UPON COMPLIANCE
WITH THE RESTRICTED TERMS PROVIDED HEREIN

UNITED STATES OF AMERICA
STATE OF ARIZONA

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

Interest Rate	Maturity Date	Original Dated Date
3.550%	July 15, 2031	March 30, 2017

REGISTERED OWNER: TEXAS CAPITAL BANK, N.A.

PRINCIPAL AMOUNT: FOURTEEN MILLION FIFTY-FIVE THOUSAND AND NO/100 DOLLARS ($14,055,000)

Verrado District 1 Community Facilities District, a community facilities district formed by the City 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 or cause the Trustee to pay to the "Registered Owner" specified above or registered assigns (the "*Owner*"), 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 such Principal Amount is paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter defined Indenture), semiannually on each January 15 and July 15 commencing July 15, 2017 (each an "*Interest Payment Date*"), at the per annum "*Interest Rate*" specified above. Capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Indenture.

The interest, principal and Redemption Price payable on the Bonds shall be paid in lawful funds of the United States of America to the Registered Owner identified above or its registered assigns in same-day funds by the Trustee on the date due, in accordance with existing arrangements between the Issuer and the Registered Owner.

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 the 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.

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 March 1, 2017 (herein, together with all indentures supplemental thereto, referred to as the

"*Indenture*"), from the Issuer to Zions Bank, a division of ZB, National Association, as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Owners 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 Owner of this Bond hereby consents. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on September 6, 2016, as thereafter supplemented by a Resolution of the District Board of the Issuer adopted on February 7, 2017 (collectively, the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 16, Arizona Revised Statutes, as amended (the "*Enabling Act*") and Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended (the "*Refunding 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 Indenture, from the proceeds of an *ad valorem* tax, unlimited as to rate but limited as to amount as described herein, to be levied and collected at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act (including amounts available from the Standby Contribution Agreement as described below) to pay debt service on the Bonds when due; provided, however, that pursuant to the Refunding Act the issuance of the Bonds shall in no way infringe upon the rights of the owners of certain district general obligation bonds of the District, previously issued and outstanding and being refunded with proceeds of the sale of the Bonds, to rely upon a tax levy for payment of the principal and interest on such refunded bonds if the obligations issued by or guaranteed by the United States government in which net proceeds of the Bonds are invested and which mature with interest thereon and redemption premiums, if any, and with other funds legally available for such purposes deposited in the respective principal and interest redemption funds and held in trust for the payment of such refunded bonds with interest and redemption premium, if any, on maturity or upon an available redemption date prove insufficient and further that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on such refunded bonds from the date of issuance of the Bonds to the final date of maturity of such refunded bonds. The owners of the Bonds must rely on the sufficiency of the funds and securities held irrevocably in trust for payment of such refunded bonds. DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*"), the developer of the land within the boundaries of the Issuer, has entered into a Standby Contribution Agreement dated as of March 1, 2017 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues collected within the boundaries of the Issuer. The Standby Contribution Agreement may be released prior to the Maturity of the Bonds by the Issuer upon satisfaction of certain conditions set forth in the Indenture.

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 of principal and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement. The Bonds are subject to special mandatory redemption at any time in the event of a default under the terms of the Standby Contribution Agreement upon payment of the Redemption Price by the Developer 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. The Redemption Date shall be the first day of the first calendar month after payment of the Redemption Price to the Trustee for which notice of the redemption can be given not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date.

Optional Redemption. The Bonds are subject to optional redemption, at the option of the Issuer, on any date on or after July 15, 2025, in whole or in part, upon not more than sixty (60) nor less than thirty (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. All of the Bonds are subject to mandatory redemption and shall be redeemed 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 by mail as provided in the Indenture (and provided that such notice may be waived by the Initial Purchaser), upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2019	$720,000
2020	910,000
2021	940,000
2022	980,000
2023	1,010,000
2024	1,050,000
2025	1,080,000
2026	1,125,000
2027	1,165,000
2028	1,205,000
2029	1,245,000
2030	1,290,000
2031 (maturity)	1,335,000

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. So long as the Bonds are owned by the Initial Purchaser, annual payments of principal represented by mandatory sinking fund installments shall not require the surrender or presentment of this Bond except at maturity.

When redemption, other than redemption at maturity, is authorized pursuant to the Indenture, the Trustee shall give notice of the redemption of the Bonds. Such notice shall specify: (a) the Redemption Date, (b) the Redemption Price, (c) 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) of the Bonds to be redeemed, (d) 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 (e) that the 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. The notice shall further state that if, on the specified redemption date, moneys for redemption of all said Bonds to be redeemed, together with Interest to the date of redemption, shall be held by the Trustee, then, from and after such date of redemption, Interest with respect to the Bonds so called shall cease to accrue and become payable. If the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the notice shall further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption shall be cancelled and the notice shall be of no force or effect.

So long as the Bonds are held by the Initial Purchaser, no notice, presentment or surrender shall be required for mandatory redemption principal payments.

The Trustee shall cause notice of any redemption of the Bonds to be sent to the Registered Owner. Notice of such redemption shall be mailed by first class mail to the respective Owners of Bonds designated for redemption at their addresses appearing on the Bonds registration books, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, which notice shall, in addition to setting forth the above information, set forth, in the case of each of the Bonds called only in part, the portion of the principal thereof which is to be redeemed; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a Maturity to be redeemed shall be determined by the Trustee pursuant to its procedures.

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 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.

Copies of the Bond Resolution and the 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 Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement at any time by the Issuer with the consent of the Owners of a majority in principal amount of the Bonds at the time Outstanding affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners 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 Owner of this Bond or any Predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner 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.

Notwithstanding any other provision of this Bond to the contrary, this Bond shall be transferred only in whole and only to a "Qualified Investor," as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor (excluding natural persons) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who executes the Certificate of Qualified Investor, the form of which is attached hereto.

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

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

Pursuant to Arizona law in effect at the time of issuance of this Bond, this Bond is not secured by a statutory lien upon the property tax revenues of the Issuer. Certain of the Issuer's other outstanding bonds are secured by such statutory lien in accordance with Arizona Revised Statutes Section 35-458. This means that in the event of the Issuer's bankruptcy, a bankruptcy judge may consider the Bonds to be subordinate to other general obligation bonds issued by the Issuer and secured by ad valorem taxes levied of the Issuer. The exact outcome if the Issuer declared bankruptcy and any bankruptcy judge's potential preferential treatment of investors in certain of the Issuer's general obligation bonds to the detriment of investors in the Bonds cannot be predicted at this time.

Pursuant to recent changes in Arizona law, should the Bonds be refunded in advance of their maturities with proceeds of refunding bonds in the future, the holders of such Bonds so refunded shall rely on the sufficiency of the funds or securities held in trust for the payment of such Bonds so refunded. Payment of the Bonds being refunded at that time in the future shall in no way infringe on the rights of the holders of the subsequent refunding bonds to rely on a tax levy for the payment of principal of and interest on such subsequent refunding bonds if the funds or securities held in trust for payment of the Bonds so refunded prove insufficient.

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, attested and countersigned.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
District Chairman

ATTEST:

_____
District Clerk

COUNTERSIGNED:

_____
District Treasurer

Dated March 30, 2017

[The following certificate shall be required.]

[FORM OF CERTIFICATE OF QUALIFIED INVESTOR]

[Letterhead of Purchaser]

Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)

Zions Bank, a division of ZB, National Association

Re: Verrado District 1 Community Facilities District (City of Buckeye, Arizona),

1. Please be advised that the undersigned, an authorized representative of _____ (the "Purchaser") is a Qualified Investor (as hereinafter defined) and is purchasing directly the captioned bonds (hereinafter referred to as the "Bonds"), such Bonds being in the original aggregate principal amount of $14,055,000, bearing the number R-1. Such purchase is solely for the account of the Purchaser, for the purpose of investment and not with an intent for or view to distribution or resale; provided, however, the Purchaser has retained the right to transfer the Bonds in compliance with this certificate and federal securities laws.

2. In the event that the Purchaser transfers such Bonds or any part thereof, the Purchaser shall comply with all provisions of the resolution of Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "District") authorizing the issuance of the Bonds, adopted on September 6, 2016, as thereafter supplemented by a resolution of the District adopted on February 7, 2017 (collectively, the "Resolution"). The Purchaser understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor (as hereinafter defined), and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bonds to such transferee will be registered.

3. The Purchaser 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 (other than a natural person) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission) (either of which shall constitute a "Qualified Investor").

4. The Purchaser understands that: (i) the Resolution, the Indenture of Trust and Security Agreement, dated as of March 1, 2017, by and between Zions Bank, a division of ZB, National Association, as trustee, and the District (the "Indenture") and the Bonds are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) the Resolution, the Indenture and 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) any sale or transfer of the Bonds, or interests therein, must be to Qualified Investors, (v) the Bonds will not be listed on any stock or other securities exchange, (vi) the Bonds will not carry any bond rating from any rating service and (vii) the Bonds are not likely to be readily marketable.

5. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bonds or an interest therein by the Purchaser, and agrees to hold the District harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such Purchaser's failure to comply.

6. The Purchaser acknowledges that the Purchaser 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 Purchaser 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, and the probable lack of any secondary market for the Bonds. The Purchaser acknowledges that it is experienced in transactions such as those relating to the Bonds and that the Purchaser is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Purchaser is not relying on the District in making its decision to purchase the Bonds.

7. The Purchaser acknowledges that the District and the respective officers, directors, board members, advisors, employees and agents thereof have not undertaken to furnish, nor has the Purchaser requested, any information to ascertain the accuracy or completeness of any information that may have been furnished by any other party.

8. This certificate and all rights and responsibilities described herein 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:_____

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

CERTIFICATE OF AUTHENTICATION

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

Zions Bank, a division of ZB, National Association, as Trustee

By_____
Authorized Representative

DATE: _____.

Section 2.04. Form of Assignment. Each of the Bonds shall have on it 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 - _____ (Cust)
Custodian for _____ (Minor) Under Uniform
Gifts/Transfers to Minors Act of _____
(State)

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

ASSIGNMENT

For value received the undersigned, subject to the transfer restrictions described in the within Bond, hereby sells, assigns, and transfers unto (print or typewrite name, address, and zip code of transferee):

_____

_____

(Print or typewrite Social Security or other identifying number of transferee:

_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (print or typewrite name of attorney) _____, attorney, to transfer the within Bond on the book kept for registration thereof, with full power of substitution in the premises.

DATED: _____

_____

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

_____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular.

ARTICLE III

TERMS AND ISSUANCE OF THE BONDS

Section 3.01. Title and Terms.

A. There shall be one series of Bonds issued and secured hereunder entitled "*VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017.*" The Bonds shall be dated as of the date of their initial delivery.

B. The Bonds shall be issued in Authorized Denominations and contain such terms and provisions as set forth in the form of Bond established herein and as provided by this Indenture.

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to $14,055,000, and the Stated Maturities, the principal amounts thereof maturing thereon, and the rates of interest the Bonds so maturing shall bear shall be as follows:

Year (July 15)	Principal Amount	Interest Rate
2031	$14,055,000	3.550%

D. [Reserved].

E. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from and including the date of initial delivery, 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 July 15, 2017 (herein each referred to as an "*Interest Payment Date*").

F. 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 3.02B. The Initial Purchaser of the Bonds shall not be required to present the Bonds for any annual mandatory redemption payment in accordance herewith.

Section 3.02. Payment of Interest on Bonds; Interest Rights.

A. Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the Owner as of such date, shall be paid by check payable to the order and mailed on or before the Interest Payment Date to the address of such Owner as the same appears on the Bond Register as of the Regular Record Date 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 Owner 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.

B. 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 Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest shall thereupon be paid by the Issuer or the Paying Agent, as the case may be, 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 Owners entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Trust Estate for the other then Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner 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.

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

Section 3.03. 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, countersigned by the District Treasurer in accordance with the Refunding Act, 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 of this Indenture and the authentication and delivery of the Bonds,

(2) the Standby Contribution Agreement duly and validly executed and delivered by the parties thereto,

(3) the Certificate of Qualified Investor in substantially the form set forth in Section 2.02 hereof from each Registered Owner, and

(4) the purchase price for the Bonds specified in the Placement Agent 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 but limited as to amount in accordance with the Refunding Act such that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded; (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 Bond Registrar shall cause to be kept (at its agency for payment of the Bonds) in the Place of Payment a register for each series of the Bonds (each 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. Reserved.

C. Reserved.

D. Registration of Bonds.

(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 Owners thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Paying Agent, received at least ten (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 to an account located in the United States of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner 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. Provided, however, that so long as the Bonds are owned by the Initial Purchaser, no surrender or presentment shall be required for mandatory redemption principal payments.

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

(iii) At the option of the Owner, Bonds may be exchanged for other Bonds of the same series of any Authorized Denominations, and of like aggregate principal amount and Stated Maturity, upon surrender of the Bonds to the 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 Owner 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 Owner 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 the 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.

Section 3.05. Mutilated, Destroyed, Lost and Stolen Bonds.

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

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

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

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

Section 3.06. Cancellation and Destruction of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, replacement or conversion, and all Bonds, if surrendered to the Trustee, shall be promptly canceled by the Trustee and, if surrendered to the Issuer or the 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. Certificates evidencing destruction shall be maintained by the Trustee.

Section 3.07. 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 any knowledge or notice to the contrary.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds.

A. ***Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement.*** The Bonds are subject to special mandatory redemption in whole, at any time, in the event of a default under the terms of the Standby Contribution Agreement, and upon payment by the Developer, 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. The Redemption Date of the Bonds shall be the first day of the first calendar month after payment to the Trustee of the Redemption Price for which notice of redemption can be given as provided in Section 4.04, not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date.

B. ***Optional Redemption.*** The Bonds are subject to redemption from funds of the Issuer at the option of the Issuer, prior to their Stated Maturity in whole or in part on any date on or after July 15, 2025, upon not more than sixty (60) nor less than thirty (30) days prior notice given as provided in Section 4.04, upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

C. 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 4.02. Mandatory Sinking Fund Redemption; Credits.

A. All of the Bonds are subject to mandatory redemption and shall be redeemed 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 by mail as provided in Section 4.04 (unless the Initial Purchaser has waived such notice), upon payment of the Redemption Price, which shall consist of the

principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium:

Redemption Date (July 15)	Principal Amount
2019	$720,000
2020	910,000
2021	940,000
2022	980,000
2023	1,010,000
2024	1,050,000
2025	1,080,000
2026	1,125,000
2027	1,165,000
2028	1,205,000
2029	1,245,000
2030	1,290,000
2031 (Maturity)	1,335,000

B. Whenever Bonds subject to mandatory redemption 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 redemption requirements shall be in an Authorized Denomination.

Section 4.03. Selection of Bonds to be Redeemed.

A. If less than all the Outstanding Bonds of a Stated Maturity of a series of the Bonds are to be redeemed, the particular Bonds of such Stated Maturity of the Bonds to be redeemed shall be selected by the Trustee according to its procedures not more than forty-five (45) days prior to the Redemption Date by the Trustee from the Outstanding Bonds of a series 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 Owner of Bonds of such series of the Bonds to be redeemed, at the 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) of the Bonds to be redeemed,

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

(5) that, if the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the redemption is conditional on the Redemption Price being held by the Trustee on the Redemption Date, and if not so held, the redemption shall be cancelled and the notice shall be of no force or effect, and

(6) that, other than for mandatory redemption, 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. Reserved.

D. Reserved.

E. The notice shall state that if, on the specified redemption date, moneys for redemption of all the Bonds to be redeemed, together with interest to the date of redemption, shall be held by the Trustee, then, from and after such date of redemption, interest with respect to the Bonds so called shall cease to accrue and become payable. If the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the notice shall further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption shall be cancelled and the notice shall be of no force or effect.

F. So long as all the Bonds are owned by the Initial Purchaser, the Initial Purchaser may waive any or all notices of mandatory redemption described in this Section 4.04 and in Section 4.02.

Section 4.05. Deposit of Redemption Price and Interest. On or prior to any Redemption Date, 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 Owners 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 Trustee 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 Owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.02.

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. 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 Owner of such Bond, without service charge, a new Bond or Bonds of the same Stated Maturity and of any Authorized Denomination or Authorized Denominations as requested by such Owner 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 "*Series 2017 Bond Fund*" (herein referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the "*Series 2017 Tax Account*", (2) a special account designated as the "*Series 2017 Developer Payment Account*" and (3) as and when applicable, a special account designated as the "*Series 2017 Developer Reserve Account*". The money deposited to the Series 2017 Tax Account, the Series 2017 Developer Payment Account and the Series 2017 Developer Reserve Account of 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. The Issuer shall, upon receipt, immediately deposit with the Trustee and the Trustee shall deposit to the credit of the following special accounts of the Bond Fund:

(1) in the Series 2017 Tax Account all ad valorem taxes collected by or remitted to the Issuer to pay Debt Service on the Bonds to the extent provided in Section 10.01.A, including collections of delinquent taxes;

(2) in the Series 2017 Developer Payment Account, amounts received pursuant to subsections B(1) and B(2) hereof;

(3) in an existing or new special account of the Bond Fund, as the Issuer shall determine, such other funds as the Issuer shall at its option deem advisable.

B. (1) On or before May 1 (or, if May 1 is not a Business Day, the immediately succeeding Business Day) of each year prior to the termination of the Standby Contribution Agreement, the Trustee shall deposit in the Series 2017 Developer Payment Account upon receipt all amounts paid to it pursuant to Section 2.1(A) of the Standby Contribution Agreement.

(2) On or, if either day is not a Business Day the immediately preceding Business Day, before June 15 and December 15 of each year prior to the termination of the Standby Contribution Agreement, the Trustee shall submit an invoice (which may be by facsimile or electronic communication) for payment by the Developer under the Standby Contribution Agreement for the difference between the amount in the Series 2017 Tax Account plus the amount in the Series 2017 Developer Payment Account on such date and the amount necessary to pay Debt Service (without regard to any optional redemption of the Bonds) on the Bonds on the next succeeding July 15 or January 15, as the case may be pursuant to Section 2.1(B) of the Standby Contribution Agreement (a "*Tax Contribution Request*"). The Trustee shall deposit into the Series 2017 Developer Payment Account upon receipt all amounts paid to it pursuant to a Tax Contribution Request.

C. Funds on deposit in the Bond Fund shall be applied as follows:

(1) Funds on deposit in the Series 2017 Tax Account and the Series 2017 Developer Payment Account, and the investment income attributable thereto, shall be applied by the Trustee solely to pay Debt Service on the Bonds in the amounts and on the dates due.

(2) To the extent funds on deposit in the Series 2017 Tax Account and the Series 2017 Developer Payment Account, and the investment income attributable thereto, are less than the amounts required to pay Debt Service, then at the discretion of the Issuer as provided by Issuer Request to the Trustee, at any time or from time to time, funds on deposit in the Series 2017 Developer Reserve Account, including any investment income attributable thereto, shall be transferred to the Series 2017 Developer Payment Account to pay Debt Service on the Bonds.

(3) Upon receipt of an Issuer Request or a Board Resolution and receipt of amounts constituting the Redemption Price of the Bonds, and deposit of such funds in the Series 2017 Developer Reserve Account, the Trustee shall provide notice of special mandatory redemption to the Owners in the manner and as provided in Section 4.02 and thereafter transfer funds on deposit in the Series 2017 Developer Reserve Account to the Series 2017 Developer Payment Account, at such times and in such amounts as are necessary to redeem the Bonds.

(4) To the extent, following payment in full or early redemption (as applicable) of all of the Outstanding Bonds, there are funds remaining on deposit in the Series 2017 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2017 Developer Payment Account and, after disbursing from the Series 2017 Developer Payment Account to the parties entitled thereto such funds as are necessary to pay all amounts payable by the Developer under this Indenture, shall

thereafter disburse any funds remaining on deposit in the Series 2017 Developer Payment Account to the Developer or, in the event of conflicting claims, as a court of competent jurisdiction may direct, and any funds remaining on deposit in the Series 2017 Tax Account to the Issuer.

(5) To the extent, following the release of the Developer from the Standby Contribution Agreement, there are funds remaining on deposit in the Series 2017 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2017 Developer Payment Account and, after disbursing from the Series 2017 Developer Payment Account to the parties entitled thereto such funds as are necessary to pay all amounts payable by the Developer under this Indenture and the Standby Contribution Agreement in connection with such release from the Standby Contribution Agreement, shall thereafter disburse any funds remaining on deposit in the Series 2017 Developer Payment Account to the Developer or, in the event of conflicting claims, as a court of competent jurisdiction may direct.

Section 5.03. [Reserved].

Section 5.04. Establishment and Application of Costs of Issuance Account.

A. The Trustee shall establish an account to be known as the 2017 Costs of Issuance Account and used to pay the costs of issuing the Bonds. The Issuer shall deposit the Developer's cash contribution into the 2017 Costs of Issuance Account in accordance with Section 5.05 hereof.

B. Amounts in the 2017 Costs of Issuance Account shall be disbursed for Costs of Issuance. Disbursements shall be made by the Trustee upon receipt of written request requesting disbursement executed or approved by the Issuer Representative. Each such written request shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Costs of Issuance and the person or persons to whom said amounts are to be disbursed.

C. Any moneys remaining in the 2017 Costs of Issuance Account on the earlier of June 30, 2017, or when all Costs of Issuance associated with the Bonds have been paid (as indicated by a certificate of the Issuer Representative, if requested by the Trustee), will be transferred to the Bond Fund established pursuant to the terms of Section 5.01 of this Indenture, and the 2017 Costs of Issuance Account shall be closed.

Section 5.05. Disposition of Proceeds of Bonds and Developer Cash Contribution. Simultaneously with delivery of the Bonds to the Initial Purchaser, the Issuer shall cause the Trustee to deposit the proceeds of the Bonds and the Developer's cash contribution of $355,675.00 as follows:

A. *Transfer to Refunded Trustee.* $14,055,000.00 shall be transferred immediately upon receipt to Zions Bank, a division of ZB, National Association, as trustee for the Bonds Being Refunded for deposit to the Tax Account of the Bonds Being Refunded, and combined with funds already on hand with the trustee for the Bonds Being Refunded to refund the Bonds Being Refunded.

B. *Costs of Issuance Account.* $355,675.00 shall be deposited to the credit of the 2017 Costs of Issuance Account and applied in accordance with Section 5.04 hereof.

Section 5.06. Investment of and Security for Funds.

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

B. Money held for the credit of the Costs of Issuance Account 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 this Indenture shall be valued at fair market value by the Trustee.

Section 5.07. 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.

Section 5.08. Reports by Trustee. As soon as possible after January 15 and July 15 of each year, the Trustee shall provide to the Issuer and, while the Standby Contribution Agreement is in effect, the Developer, and counsel to the Issuer (as identified by a certificate of the Issuer) the balances as of such date in each Fund established under this Indenture.

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 the 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 3.05, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Owner thereof and where enforceability has not been determined adversely against such Owner 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 (2) 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, 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 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 $50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or the Paying Agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the Maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then Outstanding, the Outstanding Bonds shall be selected 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 Owners 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. 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 Owners entitled thereto of the principal (and premium, if any) and interest for the payment of which such money has been deposited with the Trustee.

Section 6.04. Release of Standby Contribution Agreement. The Standby Contribution Agreement shall be released by the Issuer upon receipt of proof of satisfaction of each of the following conditions:

A. Payment or the provision for payment in full of all Outstanding Bonds; or

B. Evidence satisfactory to the Issuer Representative that, for any consecutive two (2) Fiscal Years (the first of which shall be no sooner than the first Fiscal Year in which principal of the Bonds has started to be amortized), a tax rate equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, of property within the boundaries of the Issuer would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year during which any Bonds are Outstanding plus the historical annual average of amounts necessary to pay those District Administrative Expenses, as such term is defined in Article 7 of the Development Agreement, relating to the Bonds and all Parity Bonds for each such Fiscal Year. For property within the boundaries of the Issuer to be eligible for inclusion in such determination, the property either (i) must be owned by persons or entities other than the Developer or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by the Developer for each such Fiscal Year or (ii) if used for commercial purposes, must have been fully vertically improved for a period of not less than two (2) years and such vertical improvements must be functionally operational for their intended purposes, e.g., leased or available for lease to persons or entities other than the Developer or any person or entity owned or controlled by the Developer or constituting one or more operating businesses of the Developer or any person or entity owned or controlled by the Developer (e.g., a golf course and associated facilities), as reasonably determined by the Issuer Representative. The requisite evidence shall consist of written evidence, prepared by the Issuer Representative upon a written request of the Developer, that is based upon the application of such equivalent secondary tax rate in light of:

(i) the actual net assessed value of the full cash value of the eligible taxable property within the boundaries of the Issuer for each such Fiscal Year; and

(ii) the tax delinquency factor equal to the greater of five percent (5%) or the historic, average annual percentage delinquency factor for the Issuer as of each such Fiscal Year.

C. Written approval by the Issuer which shall not be withheld unreasonably.

Upon release by the Issuer of the Standby Contribution Agreement, the Issuer shall so provide written direction to the Trustee to release the Standby Contribution Agreement. Upon receipt of such written direction from the Issuer, the Trustee shall release the Standby Contribution Agreement whereupon the Developer shall have no further obligations thereunder.

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, the Standby Contribution Agreement 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 7.10, may proceed to protect and enforce its rights and the rights of the Owners under this Indenture or the Standby Contribution Agreement or by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture, in the Standby Contribution Agreement or in aid of the execution of any power granted in this Indenture or in the Standby Contribution Agreement or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Owners. Upon the occurrence of a default under the Standby Contribution Agreement, the Trustee may also enforce any and all rights of the Issuer thereunder.

B. In addition to all rights and remedies of any Owner 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 or the Standby Contribution Agreement, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution, the Standby Contribution Agreement or this Indenture. Notwithstanding any other provision of this Indenture, the Issuer shall cure any covenant default within thirty (30) days of receiving notice from the Trustee of the event of default or, in the case of any monetary default that cannot be cured within 30 days, shall take such action to cure the default in the immediately succeeding fiscal year.

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.

D. Upon any default under the Standby Contribution Agreement the Trustee shall enforce the remedies contained therein and/or seek payment of a judgment which is in the amount of all outstanding principal of the Bonds and interest on such principal amount to the date of redemption established pursuant to Section 4.01 of this Indenture.

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 Owners 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 Owners 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 Owners of the Bonds. Nothing contained in this Section 7.03 or in this Indenture shall be construed as authorizing or permitting the Trustee or any other person suing to enforce the terms hereof to accelerate the collection of any Debt Service payments on the Bonds prior to the actual due date of such Debt Service payments.

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 and subject to the limitations of the Refunding Act as it relates to the amount available to pay Debt Service on the Refunding 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 Developer or the property of the Issuer or the Developer, 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 or the Developer for the payment of overdue principal, premium, or interest or the amounts due under the Standby Contribution Agreement) 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 or the whole amount owing pursuant to the Standby Contribution Agreement 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 Owners 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 Owner 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 Owners, 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 Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner 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, indemnity, expenses, disbursements, and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

Section 7.07. Unconditional Right of Owners to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Owner 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 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 Owner; provided, however, that no Owner 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 either an acceleration of principal payments on any of the Bonds or a surrender, impairment, waiver, or loss of the lien of this Indenture upon the Trust Estate, or any part thereof, as security for Bonds held by any other Owner.

Section 7.08. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or the Owners 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 Owners, 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 under this Indenture or the Standby Contribution Agreement.

Section 7.09. Delay or Omission Not Waiver. No delay or omission of the Trustee or any Owner 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 Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

Section 7.10. Control by Owners.

A. The Owners of a majority in aggregate principal amount of any Outstanding Bonds affected thereby shall have the right (subject to providing indemnity to the Trustee and the terms and provisions of Section 7.14 hereof)

(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;

(2) to require the Trustee to proceed to enforce the Standby Contribution Agreement; and

(3) 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 or under the Standby Contribution Agreement, provided that

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

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 Owners not taking part in such direction, and

d. if the remedy requires the consent of a certain number of the Owners, 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 Owners. No Owner 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 Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding has made written request to the Trustee, provided the indemnification described in Section 7.10.B, 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 Owners 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 Owners of the Bonds then outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Owner 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 Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed.

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 Owners of not less than a majority in aggregate principal amount of Outstanding Bonds affected thereby may, by Act of such Owners delivered to the Trustee and the Issuer, on behalf of the Owners of all the Bonds waive any past default hereunder or under the Standby Contribution Agreement 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 Owner 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 hereto agree, and each Owner 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 Owner, or group of Owners 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 Owner 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 Owners of a majority in principal amount of the Outstanding Bonds or to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

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

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

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

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

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

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

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

C. Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of

bad faith on its part, rely upon a certificate of an Issuer Representative or, for purposes of Section 10.06(B), an appropriate certificate of an arbitrage 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 Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee security or indemnity acceptable to the Trustee against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction.

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

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

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

Section 8.04. May Hold Bonds. The Trustee, any Paying Agent, the Bond Registrar, and any other agent appointed hereunder, in its individual or any other capacity, may become the owner, beneficial 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 willful misconduct.

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

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

Section 8.08. Resignation and Removal; Appointment of Successor.

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

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

C. The Trustee may be removed at any time by Act of the Owners 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.

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 Owners. 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 Owners 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 Owners and accepted appointment in the manner hereinafter provided, any Owner who has been a bona fide Owner 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 (or Paying Agent) and each appointment of a successor Trustee (or Paying Agent) to the Owners of the Bonds. Each notice shall include the name of the successor Trustee (or Paying Agent) 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 Agent and Bond Registrar; Appointment and Acceptance of Duties; Removal.

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

(B) The Issuer may appoint one or more additional Paying Agents or Bond Registrars for the Bonds. Any such Paying Agent and Bond Registrar 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 and Bond Registrar (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 and Bond Registrar (other than the Trustee) and any successors thereto, and appoint a successor or successors thereto; provided that any such Paying Agent and Bond Registrar designated by the Issuer shall continue to be a Paying Agent and Bond Registrar 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 and Bond Registrar. 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 OR STANDBY CONTRIBUTION AGREEMENT

Section 9.01. Supplemental Indentures or Amendments to Bond Resolution or Standby Contribution Agreement Without Consent of Owners. Without the consent of the Owners of any Bonds, when authorized by Board Resolution, the Issuer 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 or the Standby Contribution Agreement for any of the following purposes:

A. to correct or amplify the description of 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 of this Indenture, 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, the Standby Contribution Agreement or the Bonds contained; or

D. to add to the covenants of the Issuer or the Developer for the benefit of the Owners of all of the Bonds; or

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

Section 9.02. Supplemental Indentures or Amendments to Bond Resolution or Standby Contribution Agreement With Consent of Owners.

A. With the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds affected by such supplemental indenture or such amendment, by Act or such Owners delivered to the Issuer and the Trustee, when authorized by Board Resolution, the Issuer and the Trustee may enter into an indenture or indentures supplemental hereto or amendments to the Bond Resolution or the Standby Contribution Agreement, for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions hereof, the Bond Resolution or the Standby Contribution Agreement or of modifying in any manner the rights of the Owners of the Bonds under this Indenture, the Bond Resolution or the Standby Contribution Agreement; provided, however, that no such supplemental indenture or amendments to the Bond Resolution or the Standby Contribution Agreement shall, without the consent of the Owner 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 Owners of which is required for any such supplemental indenture or amendment to the Bond Resolution or the Standby Contribution Agreement, or the consent of Owners 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 Owner 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, amendment to the Bond Resolution or the Standby Contribution Agreement and any such determination shall be conclusive upon every Owner 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 Owners under this Section to approve the particular form of any proposed supplemental indenture or any such amendment to the Bond Resolution or the Standby Contribution Agreement, 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 or Standby Contribution Agreement. In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution or the Standby Contribution Agreement permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture or adoption 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 or the Standby Contribution Agreement, 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 or Standby Contribution Agreement. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution or the Standby Contribution Agreement under this Article, the Bond Resolution or the Standby Contribution Agreement shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution or the Standby Contribution Agreement for all purposes, and every Owner 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 or Standby Contribution Agreement. Bonds authenticated and delivered after the execution of any supplemental indenture, amendment to the Bond Resolution or the Standby Contribution Agreement pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture, amended Bond Resolution or Standby Contribution Agreement. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture, amended Bond Resolution or the Standby Contribution Agreement 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 to be collected an ad valorem tax, unlimited as to rate but limited as to amount pursuant to the Refunding Act, such that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity on the Bonds Being Refunded. Subject to such limitation, such taxes shall 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, when due, the Issuer's operation and maintenance expenses, Debt Service on the Bonds and Parity

Bonds. For each year while any Bond is Outstanding and the Standby Contribution Agreement is in effect and no event of default exists pursuant to the terms of the Standby Contribution Agreement, the Board shall levy a tax rate equivalent to $3.00 per $100 of net assessed value of full cash value, as such terms are defined in A.R.S. §42-11001, of property within the boundaries of the Issuer to pay such Debt Service on the Bonds and the Parity Bonds, provided, however, that the equivalent tax rate described above in any year may be less than $3.00 if such lower tax rate shall produce, based on the then current net assessed value of full cash value 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 the Parity Bonds.

B. The Issuer and the Trustee acknowledge that the Bonds and the Parity Bonds, including any other general obligation bonds of the Issuer hereafter issued, will be secured on a parity basis in the collection of property tax revenues of the Issuer and that such property taxes will be allocated to each series of general obligation bonds, in accordance with such series Debt Service or Debt Service on the Parity Bonds 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. For each year while any Bond is Outstanding and the Standby Contribution Agreement is in effect and no event of default exists pursuant to the terms of the Standby Contribution Agreement, pursuant to Section 2.1(D) of the Standby Contribution Agreement, property tax revenues shall be allocated and applied first to the payment of Debt Service on the Bonds, and thereafter, if monies are available, to the payment of Debt Service on the 2013 Bonds. Furthermore, the Issuer acknowledges the Bonds and the Parity Bonds are secured on a parity basis, notwithstanding inconsistencies between the Enabling Act and the Refunding Act at the time of issuance of the Bonds, including whether the Refunding Act references a statutory lien.

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 the Issuer's operation and maintenance expenses and Debt Service on the Bonds and Parity Bonds. 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. Subject to the requirements of the Refunding Act with respect to payment of principal of and interest on the Bonds Being Refunded, 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 may designate separate and additional paying agents to undertake any portion of the duties and obligations of the Paying Agent hereunder, subject to the conditions set forth in Section 8.11 hereof. 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 Owners 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 Owners 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 Owners of such Bonds until such sums shall be paid to the Owners 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 of this Indenture or for any other purpose, by Issuer Request direct any Paying Agent to pay to the Trustee all money held by such Paying Agent, such money to be held by 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 Owner 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 Owner 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 Owner 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, when necessary, 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 Owners 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 Certificate of the Issuer, delivered in connection with the delivery of the Bonds.

C. Any Issuer Representative is hereby authorized to execute on behalf of the Issuer the Tax Certificate 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 Certificate shall constitute a certification and representation and no 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 Certificate. The Tax Certificate 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 Certificate.

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 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 Owners 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.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
District Chairman

ATTEST:

_____, Deputy
District Clerk

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By _____
Its Vice President

STANDBY CONTRIBUTION AGREEMENT

DATED AS OF MARCH 1, 2017

BY AND AMONG

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA),

DMB WHITE TANK, LLC

AND

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, AS TRUSTEE

This **STANDBY CONTRIBUTION AGREEMENT**, dated as of March 1, 2017 (this "*Agreement*"), is made by and among Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*Issuer*"), DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*") and Zions Bank, a Division of ZB, National Association, solely in its capacity as trustee (the "*Trustee*") under that certain Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*").

RECITALS

A. The Issuer is issuing its District General Obligation Refunding Bonds, Series 2017, in the aggregate principal amount of $14,055,000 (the "*Refunding Bonds*") concurrently herewith pursuant to the Indenture to refund the Issuer's previously issued District General Obligation Bonds, Series 2006 (the "*Bonds Being Refunded*").

B. The Issuer previously issued its District General Obligation Refunding Bonds, Series 2013A and its District General Obligation Project Bonds, Series 2013B (collectively, the "*2013 Bonds*").

C. As provided in the Indenture of Trust and Security Agreement, dated as of October 1, 2006, by and among the Issuer, the Developer and the Trustee (as successor-in-trust to Wells Fargo Bank, N.A.) and the Issuer Development, Financing Participation and Intergovernmental Agreement No. 1 (Verrado District 1 Community Facilities District), dated as of June 19, 2001, recorded in the official records of Maricopa County on July 3, 2001, as Instrument No. 2001-0594335, by and among the Issuer, the Town of Buckeye, Arizona and the Developer (collectively referred to as the "*District Development Agreement*"), the proceeds derived from the issuance of the Bonds Being Refunded were to be used by the Issuer for the "public infrastructure" purposes as provided for in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Enabling Act*").

D. As provided in the District Development Agreement, and in the Feasibility Study presented to and approved by the Board of Directors of the Issuer (the "*Board*") on September 19, 2006 (the "*Feasibility Study*") related to the Bonds Being Refunded, the tax base of the taxable property within the Issuer's boundaries was insufficient to provide for the debt service on the Bonds Being Refunded, and the Issuer was to provide for a mechanism by which the Developer would contribute certain amounts for the benefit of the Issuer which would be considered by the Issuer in levying taxes to pay principal and interest on the Bonds Being Refunded when due ("*Debt Service*") and therefore the Issuer, Developer and Trustee entered into a Standby Contribution Agreement dated as of October 1, 2006 (the "*2006 Standby Contribution Agreement*"), to satisfy the requirements of the District Development Agreement.

E. In connection with the refunding of the Bonds Being Refunded, the 2006 Standby Contribution Agreement will terminate.

F. The Issuer and Developer acknowledge that the tax base of the taxable property within the Issuer's boundaries is insufficient to provide for the existing and proposed debt service of the Refunding Bonds and the other outstanding obligations of the Issuer,

including the 2013 Bonds, and therefore this Agreement is necessary to satisfy the requirements of the District Development Agreement.

G. As provided in § 48-719.E. of the Enabling Act, the Issuer may consider various sources of funds, including private contributions, in determining the Issuer's tax levy.

H. In order to comply with the provisions of the District Development Agreement in respect of the issuance of the Refunding Bonds, the Developer does hereby covenant and agree with the Issuer and the Trustee as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(A) The capitalized terms used herein have the meanings assigned to them herein, or if not otherwise defined herein, in the Indenture, and include the plural as well as the singular.

(B) All references in this Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement 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 1.2 Notices and Other Submittals. Unless otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver, payment or other document provided or permitted by this Agreement by the Issuer, the Trustee, or Developer to be made upon, given or furnished to, or filed with:

(A) 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 City of Buckeye, Arizona, 530 E. Monroe Avenue, Buckeye, Arizona 85326, Attention: District Manager, or at any other address previously furnished in writing to such Person by the Issuer,

(B) The Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its corporate trust office in Phoenix, Arizona, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at Zions Bank, a division of ZB, National Association, 6001 N. 24th Street, Building B, Phoenix Arizona 85016, Attention: Corporate Trust and Escrow Services, or at any other address furnished in writing to such Person by the Trustee, or

(C) The Developer shall be sufficient for every purpose hereunder if in writing and mailed, first class mail postage prepaid, to DMB White Tank, LLC addressed to

whichever is appropriate at 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258-2137, Attention: Jeremiah Hood, Director of Finance, with copies to DMB Associates, Inc., 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258-2137, Attention: Mary Alexander, Executive Vice President and General Counsel, and Attention: Andrew S. Beams, Executive Vice President, Chief Financial Officer/Treasurer or at any other address previously furnished in writing to such Person by the Developer.

(D) 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 1.3. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 1.4. Successors and Assigns. All covenants and agreements in this Agreement by the Issuer, the Trustee and the Developer shall bind their successors and assigns, whether so expressed or not.

Section 1.5. 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 1.6. 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 1.7. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State and the federal laws of the United States of America.

Section 1.8. 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(s) or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer is, at any time while this Agreement is in effect, an employee or agent of any of the Trustee or the Developer in any capacity or a consultant to any of the Trustee or the Developer with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer from any of the Trustee or the Developer arising as the result of this Agreement. No person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Issuer shall be or become an employee or agent of any of the Trustee or the Developer in any capacity or a consultant to any of the Trustee or the Developer with respect to the subject matter of this Agreement.

Section 1.9. E-Verify Requirements. To the extent applicable under A.R.S. Section 41-4401, the Trustee and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under A.R.S. Section 23-214(A). The Trustee or its subcontractors' breach

of the above-mentioned warranty shall be deemed a material breach of this Indenture and may result in the termination of the Trustee's services by the Issuer. The Issuer retains the legal right to randomly inspect the papers and records of the Trustee or its subcontractor employee who work on this Indenture to ensure that the Trustee and its subcontractors are complying with the above-mentioned warranty.

The Trustee and its subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the "*Information*") open for random inspection by the Issuer during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the Issuer's random inspections including granting the Issuer entry rights onto its property to perform the random inspections, granting the Issuer access to, and use of, the Information, provided that, the Issuer agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.9 and, subject to the requirements of law, including the public records law of the State, the Issuer will preserve the confidentiality of any information, records, or papers the Issuer views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.10. No Boycott of Israel. Pursuant to A.R.S. §35-393 et seq., the Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement will not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in A.R.S. §35-393.

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

Section 1.12. Further Assurances.

(A) The Issuer, the Trustee and the Developer shall do, execute, acknowledge, and deliver all and every such further acts, conveyances and assurances as shall be reasonably required for accomplishing the purposes of this Agreement.

(B) The Developer shall cause this instrument and any instruments of further assurance, including financing statements, if any, to be promptly registered and filed, and to be kept registered and filed, and, when necessary, to re-register, and re-file the same, all in such manner and in such places as may be required by law, fully to preserve and protect the rights of the Issuer hereunder and the Developer shall execute any financing statement, continuation statement or other document required for such purposes.

Section 1.13. Amendments. Pursuant to the provisions established in the Indenture, this Agreement may be amended by an instrument in writing executed and delivered by each of the Issuer, the Trustee and the Developer.

Section 1.14. Reserved.

Section 1.15. Termination. Subject to the last sentence of this Section, this Agreement shall terminate upon the earlier of (A) the payment or the provision for the payment in full of all of the outstanding Refunding Bonds or (B) receipt by the Issuer Representative of evidence satisfactory to the Issuer Representative that, for any consecutive two (2) Fiscal Years (the first of which shall be no sooner than the first Fiscal Year in which principal of the Refunding Bonds has started to be amortized), a tax rate equivalent to $3.00 per $100 of the net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, of property within the boundaries of the Issuer would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical annual average of amounts necessary to pay those District Administrative Expenses, as such term is defined in Article VII of the District Development Agreement, relating to the Refunding Bonds and the Parity Bonds for each such Fiscal Year. For property within the boundaries of the Issuer to be eligible for inclusion in such determination, the property either (i) must be owned by persons or entities other than the Developer or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by the Developer for each such Fiscal Year or (ii) if used for commercial purposes, must have been fully vertically improved for a period of not less than two (2) years and such vertical improvements must be functionally operational for their intended purposes, e.g., leased or available for lease to persons or entities other than the Developer or any person or entity owned or controlled by the Developer or constituting one or more operating businesses of the Developer or any person or entity owned or controlled by the Developer (e.g., a golf course and associated facilities), as reasonably determined by the Issuer Representative. The requisite evidence shall consist of written evidence, prepared by the Issuer Representative upon a written request of the Developer, that is based upon the application of the equivalent secondary tax rate to the actual net assessed value of the full cash value of the eligible taxable property within the boundaries of the Issuer for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) or the historic, average annual percentage delinquency factor for the Issuer as of each such Fiscal Year and no credit for any fund balances or investment income accruing during each such Fiscal Year. After receipt of proof of satisfaction of such condition required by clause (B) above, the Board of the Issuer may approve in writing such termination, such approval not to be withheld unreasonably.

Section 1.16. Beneficiaries. This Agreement is entered into by the Developer with the Trustee and the Issuer for the benefit of the Issuer, the Trustee and the Holders, from time to time, of the Bonds, all of whom shall be entitled to enforce performance and observance of this Agreement to the same extent provided for the enforcement of remedies under the Indenture.

Section 1.17. Integration. This Agreement, when executed and delivered by the parties hereto, shall constitute the entire agreement among them with respect to the matters provided herein and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

ARTICLE 2

COVENANTS AND AGREEMENTS

Section 2.1 Payments and Information.

(A) In any tax year while this Agreement is in effect and so long as the Issuer has adopted a resolution which fixes, levies and assesses a tax rate for such tax year equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, on property within the boundaries of the Issuer with respect to Debt Service (or such lesser equivalent tax rate as may be permitted in Section 10.01 of the Indenture), the Developer shall pay to the Trustee for the benefit of the owners from time to time of the Bonds on or, if such day is not a Business Day, before May 1 of each year, commencing May 1, 2017, the Annual Developer Payment (as defined below):

Payment on or before May 1: On April 15 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Issuer shall certify to the Trustee the amount of Issuer property taxes which would be produced based upon a tax rate equivalent to $3.00 per $100 (or such lesser equivalent tax rate as may be permitted in Section 10.01 of the Indenture) of the then current net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, of property within the boundaries of the Issuer (assuming 95% collection of taxes) (the "*Tax Year Tax Amount*"). On April 25 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Trustee shall determine (a) the Debt Service on the Refunding Bonds (without regard to any optional redemption) due in the next succeeding calendar year on January 15 and July 15 (the "*Next Annual 2017 Debt Service Payment*"), (b) the amount in the Bond Fund established pursuant to the Indenture in respect of the Refunding Bonds estimated to be available to pay the Next Annual 2017 Debt Service Payment, if any, after payment of the current year's July 15 Debt Service payment on the Refunding Bonds (the "*2017 Available Moneys*"), (c) the remainder, if any, of (i) the Next Annual 2017 Debt Service Payment less (ii) the sum of (A) the 2017 Available Moneys and (B) the Tax Year Tax Amount (such remainder, if any, shall be known as the "*Annual Developer Payment*"). On April 25 (or the immediately preceding Business Day as described above), the Trustee shall submit an invoice for payment to the Developer of the Annual Developer Payment, which shall be paid by the Developer to the Trustee on or before May 1 and shall be deposited in the Bond Fund pursuant to Section 5.02(B)(1) of the Indenture.

(B) In addition to the requirements set forth in Section 2.1(A) hereof, while this Agreement is in effect and so long as the Issuer has adopted a resolution which fixes, levies and assesses a tax rate for such tax year equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, on property within the boundaries of the Issuer with respect to Debt Service (or such lesser equivalent tax rate as may be permitted in Section 10.01 of the Indenture), the Developer shall pay to the Trustee for the benefit of the owners from time to time of the Refunding Bonds on or, if either day is not a Business Day, before December 24 and June 24 of each year the December Developer Payment and the June Developer Payment (as such terms are defined below), as necessary:

(i) **Payment on or before December 24**: On December 15 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Trustee shall determine the difference, if any, between the amount in the Bond Fund on such date and the amount necessary to pay Debt Service on the Refunding Bonds (without regard to any optional redemption) on the next succeeding January 15 (such difference being the "*December Developer Payment*").

(ii) **Payment on or before June 24**: On June 15 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Trustee shall determine the difference, if any, between the amount in the Bond Fund on such date and the amount necessary to pay Debt Service on the Refunding Bonds (without regard to any optional redemption) on the next succeeding July 15 (such difference being the "*June Developer Payment*").

(C) All payments by the Developer under this Section 2.1 shall be paid by the Developer to the Trustee in immediately available funds composed of lawful money of the United States of America and deposited in the Bond Fund with the exception, if applicable, of Substitute Collateral (as defined hereafter) approved by the Issuer in a form other than cash as referenced in Section 2.1(E)(ii)(2).

(D) Beginning in the Fiscal Year ending June 30, 2017, for the purposes of calculating the payments due from the Developer hereunder and budgeted tax collections, and beginning in the Fiscal Year ending June 30, 2018 with respect to actual tax collections, Issuer ad valorem property taxes shall be allocated and applied first to the payment of Debt Service on the Refunding Bonds and thereafter, if monies are available, to the payment of Debt Service on the 2013 Bonds.

Section 2.2. Nature of Obligations. The obligations of the Developer under this Agreement shall be absolute and unconditional and shall remain in full force and effect until the Developer is released pursuant to Section 1.15 hereof. Such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to, or the consent of, the Developer:

(A) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Issuer or of the Developer under the District Development Agreement or any other agreement between the Issuer and the Developer; or

(B) the failure to give notice to the Developer of the occurrence of an event of default under the terms and provisions of this Agreement, the Indenture, the District Development Agreement; or

(C) the waiver of the payment, performance or observance by the Issuer or the Developer of any of the obligations, covenants or agreements of any of them contained in the Indenture, the District Development Agreement, this Agreement; or

(D) the extension of the time for payment of any principal of, premium, if any, or interest on any Bond or the extension or renewal of the time for performance of any other

obligations, covenants or agreements under or arising out of the Indenture, the District Development Agreement, this Agreement, whether or not with notice to the Developer; or

(E) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Indenture, the District Development Agreement; or

(F) the taking or the omission of any of the actions referred to in the Indenture, the District Development Agreement, this Agreement (other than as set forth in Section 2.1 hereof); or

(G) any failure, omission, delay or lack on the part of the Issuer or the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Issuer or the Trustee in this Agreement (except as set forth in Section 2.1 hereof), the Indenture, the District Development Agreement, or any other act or acts on the part of the Issuer, the Trustee or any of the owners from time to time of the Bonds; or

(H) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or re-adjustment of, or other similar proceedings affecting the Developer or the Issuer or any of the assets of either of them or any allegation or contest of the validity of this Agreement, the Indenture or the District Development Agreement in any such proceeding; or

(I) the release or discharge of the Developer or the Issuer from the performance or observance of any obligation, covenant or agreement contained in the District Development Agreement or the Indenture by operation of and to the extent permitted by law; or

(J) to the extent permitted by law, the release or discharge of the Developer from the performance or observance of any obligation, covenant or agreement contained in this Agreement by operation of law; or

(K) the default or failure of the Developer fully to perform any of its obligations set forth in this Agreement or the District Development Agreement; or

(L) the invalidity of the District Development Agreement, the Indenture or the Bonds.

Section 2.3. No Set Off. Except as otherwise provided herein, no monetary set-off, reduction or diminution of an obligation, or any defense of any kind or nature which the Developer has or may have against the Issuer or the Trustee or which the Issuer may have against the Trustee shall be available hereunder to the Developer against the Trustee.

Section 2.4. Remedies. Upon the occurrence of any failure by the Developer to timely pay or cause to be paid or deposited with the Trustee any amounts payable by the Developer hereunder, then and in any such event, the Trustee shall make a demand against the

Developer under this Standby Contribution Agreement and, upon the Developer's failure to pay or perform the obligation which is the subject of such demand within the 10-day notice period, the Trustee shall proceed in accordance with Article VII and the other applicable provisions of the Indenture, and shall not be required to proceed against or exhaust any other remedies which it may have against the Issuer, the Developer, any guarantor or any other person, firm or corporation, or to resort to any other security held by the Issuer or the Trustee. Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses and to protect against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

Section 2.5. Waiver of Notice; Payment of Expenses. The Developer hereby expressly waives notice from the Trustee or the owners from time to time of any of the Bonds of their acceptance and reliance on this Agreement. To the extent permitted by applicable law, the Developer agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Trustee in enforcing or attempting to enforce this Agreement following any default on the part of the Developer hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.6. Incorporation By Reference. The Issuer, the Trustee and the Developer acknowledge and agree that this Agreement is subject to the Indenture and shall be deemed to incorporate by reference all applicable provisions including, without limitation, the applicable provisions in Articles III, IV, V, VI and VII of the Indenture.

ARTICLE 3

THE TRUSTEE AND THE ISSUER

Section 3.1. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Agreement and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture but only upon and subject to the terms and conditions set forth in Article VIII of the Indenture.

Section 3.2. Issuer Acceptance. The Issuer hereby accepts the application of the amounts contributed by the Developer pursuant to the provisions of this Agreement and shall take such actions as are necessary to accomplish the purposes set forth herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names by their respective officers, thereunto duly authorized and their respective corporate seals to be hereto affixed as of the date first above written.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
District Manager

ATTEST:

_____, Deputy
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB ASSOCIATES, INC.,
An Arizona corporation, its Manager

By: _____
Its: Executive Vice President/Treasurer/Chief Financial Officer

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By _____
Its Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names by their respective officers, thereunto duly authorized and their respective corporate seals to be hereto affixed as of the date first above written.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By_____
District Manager

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB ASSOCIATES, INC.,
An Arizona corporation, its Manager

By:_____
Its: Executive Vice President/Treasurer/Chief Financial Officer

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By_____
Its _____

FIRST SUPPLEMENTAL INDENTURE OF TRUST AND SECURITY AGREEMENT

by and between

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)

and

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

dated as of March 1, 2017

relating to

VERRADO DISTRICT 1 COMMUNITY FACILTIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

FIRST SUPPLEMENTAL INDENTURE OF TRUST AND SECURITY AGREEMENT

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of March 1, 2017 (this "*First Supplemental Indenture*"), is entered into by and between **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA),** a political subdivision of the State of Arizona (the "*Issuer*" or "*District*") and **ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION**, a banking association duly established and existing under and pursuant to the laws of the United States of America (the "*Trustee*"), authorized to accept and execute trusts of the character in this First Supplemental Indenture set forth;

W I T N E S S E T H :

WHEREAS, the District has previously entered into the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*Original Indenture*", and together with this First Supplemental Indenture, the "*Indenture*") by and between the District and the Trustee, as successor in trust to Wells Fargo Bank, N.A., to provide for the issuance by the District of its Project Bonds and Refunding Bonds (capitalized terms used herein having the meanings given such terms pursuant to the Original Indenture or Section 1.03 hereof); and

WHEREAS, the Orignal Indenture authorizes the District and the Trustee to enter into supplemental indentures to correct the description of property subject to the lien of the Original Indenture and to cure any ambiguity, provided such action shall not adversely affect the interests of Owners of the Bonds; and

WHEREAS, pursuant to recent changes in Arizona law, the calculation of property taxes for political subdivisions of Arizona, including the District, has changed and the District, the Developer and the Trustee all desire to supplement the Original Indenture in order to clarify certain terms pertaining to the calculation of property taxes; and

WHEREAS, the District has determined that all acts and things have been done and performed which are necessary to make the Original Indenture, as supplemented by this First Supplemental Indenture, a valid and binding agreement;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture, the mutual covenants herein contained and the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, and the performance and observance by the District of all the covenants and conditions in the Original Indenture and in the Bonds contained on its part to be performed, it is agreed by and between the District and the Trustee as follows:

Section 1.01 First Supplemental Indenture of Trust. This First Supplemental Indenture is supplemental to the Original Indenture.

Section 1.02 Authority for the First Supplemental Indenture of Trust. This First Supplemental Indenture is entered into in accordance with the Original Indenture.

Section 1.03 Definitions. Except as otherwise defined by this First Supplemental Indenture, all terms which are defined in Section 1.01 of the Original Indenture shall have the same meanings, respectively, in this First Supplemental Indenture as such terms are given in said Section 1.01 of the Original Indenture.

Section 1.04 Amendments.

(a) Section 6.04.B is hereby replaced in its entirety to read as follows:

B. Evidence satisfactory to the Issuer Representative that, for any consecutive two (2) Fiscal Years (the first of which shall be no sooner than the first Fiscal Year in which principal of the Bonds has started to be amortized), a tax rate equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, of property within the boundaries of the Issuer would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year during which any Bonds are Outstanding plus the historical annual average of amounts necessary to pay those District Administrative Expenses relating to the Bonds and all Parity Bonds for each such Fiscal Year, as such term is defined in Article 7 of the Development Agreement. For property within the boundaries of the Issuer to be eligible for inclusion in such determination, the property either (i) must be owned by persons or entities other than the Developer or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by the Developer for each such Fiscal Year or (ii) if used for commercial purposes, must have been fully vertically improved for a period of not less than two (2) years and such vertical improvements must be functionally operational for their intended purposes, e.g., leased or available for lease to persons or entities other than the Developer or any person or entity owned or controlled by the Developer or constituting one or more operating businesses of the Developer or any person or entity owned or controlled by the Developer (e.g., a golf course and associated facilities), as reasonably determined by the Issuer Representative. The requisite evidence shall consist of written evidence, prepared by the Issuer Representative upon a written request of the Developer, that is based upon the application of such equivalent secondary tax rate in light of:

(i) the actual net assessed value of the full cash value of the eligible taxable property within the boundaries of the Issuer for each such Fiscal Year; and

(ii) the tax delinquency factor equal to the greater of five percent (5%) or the historic, average annual percentage delinquency factor for the Issuer as of each such Fiscal

Year.

(b) Section 10.01.A is hereby replaced in its entirety to read as follows

A. For each year while any Bond is Outstanding, the Board shall annually levy and cause to be collected an ad valorem tax, unlimited as to rate or amount, provided, however, that pursuant to the Refunding Act the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity on the Bonds Being Refunded. Subject to such limitation, such taxes shall 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, when due, the Issuer's operation and maintenance expenses, Debt Service on the Bonds and Parity Bonds. For each year while any Bond is Outstanding and the Standby Contribution Agreement is in effect and no event of default exists pursuant to the terms of the Standby Contribution Agreement, the Board shall levy a tax rate equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, on property within the boundaries of the Issuer to pay such Debt Service on the Bonds and the Parity Bonds, provided, however, that the equivalent tax rate in any year may be less than $3.00 if such lower tax rate shall produce based on the then current net assessed value of the full cash value 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 the Parity Bonds.

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

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By: _____
District Chairman

Attest:

_____
District Clerk

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By: _____
Its: Vice President

ZDS:zds 2754350.2 3/21/2017

FIRST AMENDMENT TO STANDBY CONTRIBUTION AGREEMENT

DATED AS OF MARCH 1, 2017

BY AND AMONG

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA),

DMB WHITE TANK, LLC

AND

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION AS TRUSTEE

This **FIRST AMENDMENT TO STANDBY CONTRIBUTION AGREEMENT**, dated as of March 1, 2017 (this "*First Amendment*"), is made by and among Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*Issuer*"), DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*") and Zions Bank, a Division of ZB, National Association (as successor-in-trust to Wells Fargo Bank, National Association), as trustee (the "*Trustee*") under that certain Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*Indenture*").

RECITALS

A. The Issuer previously issued its District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B in the aggregate original principal amount of $26,400,000 (collectively, the "*2013 Bonds*") under and pursuant to the Indenture.

B. The parties hereto entered into a Standby Contribution Agreement, dated as of July 1, 2013 (the "*2013 Standby Contribution Agreement*"), to provide additional security to the repayment of the 2013 Bonds, and payments under the 2013 Standby Contribution Agreement are guaranteed by a Guaranty, dated as of July 1, 2013, by ABD Investments Limited Partnership (the "*Guarantor*").

C. The parties hereto each desire to enter into this First Amendment to make it clear that, for the purpose of calculating the amounts due from the Developer under the 2013 Standby Contribution Agreement, budgeted tax collections and actual tax collections shall be allocated first to the payment of principal, interest and premium, if any, with respect to the Issuer's District General Obligation Refunding Bonds, Series 2017 (the "*2017 Bonds*") and thereafter, if money is available, to the payment of principal, interest and premium, if any, with respect to any other general obligation bonds of the Issuer, including the 2013 Bonds and any refunding bonds.

NOW, THEREFORE, 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:

Section 1. Amendments to 2013 Standby Contribution Agreement.

(a) Section 1.15 of the 2013 Standby Contribution Agreement is hereby amended and restated, in whole, to read as follows:

Termination. Subject to the last sentence of this Section, this Standby Contribution Agreement shall terminate upon the earlier of (A) the payment or the provision for the payment in full of all of the outstanding Bonds or (B) receipt by the Issuer Representative of evidence satisfactory to the Issuer Representative that, for any consecutive two (2) Fiscal Years (the first of which shall be no sooner than the first Fiscal Year in which principal of the Bonds has started to be amortized), a tax rate equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, of property within the boundaries of the Issuer would have been sufficient to pay Maximum Annual Debt Service for any subsequent Fiscal Year plus the historical annual average of amounts necessary to pay those District Administrative

Expenses relating to the Bonds and the Parity Bonds for each such Fiscal Year, as such term is defined in Article 7 of the District Development Agreement. For property within the boundaries of the Issuer to be eligible for inclusion in such determination, the property either (i) must be owned by persons or entities other than the Developer or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by the Developer for each such Fiscal Year or (ii) if used for commercial purposes, must have been fully vertically improved for a period of not less than two (2) years and such vertical improvements must be functionally operational for their intended purposes, e.g., leased or available for lease to persons or entities other than the Developer or any person or entity owned or controlled by the Developer or constituting one or more operating businesses of the Developer or any person or entity owned or controlled by the Developer (e.g., a golf course and associated facilities), as reasonably determined by the Issuer Representative. The requisite evidence shall consist of a written evidence, prepared by the Issuer Representative upon a written request of the Developer, that is based upon the application of the equivalent secondary tax rate to the actual net assessed value of the full cash value of the eligible taxable property within the boundaries of the Issuer for each such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) or the historic, average annual percentage delinquency factor for the Issuer as of each such Fiscal Year and no credit for any fund balances or investment income accruing during each such Fiscal Year. After receipt of proof of satisfaction of such condition required by clause (B) above, the Board may approve in writing such termination, such approval not to be withheld unreasonably.

(b) Section 2.1(A) of the 2013 Standby Contribution Agreement is hereby amended and restate, in whole, to read as follows:

(A) In any tax year while the Standby Contribution Agreement is in effect and so long as the Issuer has adopted a resolution which fixes, levies and assesses a tax rate for such tax year equivalent to $3.00 per $100 of net assessed value on the full cash value, as such terms are defined in A.R.S. §42-11001, on property within the boundaries of the Issuer with respect to Debt Service (or such lesser tax rate as may be permitted in Section 10.01 of the Indenture and exclusive of property taxes collected for operations and maintenance of the Issuer), the Developer shall pay to the Trustee for the benefit of the owners from time to time of the Bonds on or, if such day is not a Business Day, before May 1 of each year, commencing May 1, 2014, the Annual Developer Payment (as defined below):

Payment on or before May 1: On April 15 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Issuer shall certify to the Trustee the amount of Issuer property taxes which would be produced based upon a tax rate equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, on property within the boundaries of the Issuer (or such lesser tax rate as may be permitted in Section 10.01 of the Indenture and exclusive of any property taxes collected for operations and maintenance of the Issuer) and the current net assessed value of the full cash value (assuming 95% collection of taxes) (the "*Tax Year Tax Amount*"). On April 25 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Trustee shall determine (a) the Debt Service on the Issuer's District General Obligation Refunding Bonds, Series 2017 (the "*2017 Bonds*") (without regard to any optional redemption) due in the next succeeding calendar year on January 15 and July 15 (the "*Next Annual 2017 Debt Service Payment*"), (b) the amount in the Debt Service Fund established pursuant to the Indenture in

respect of the 2017 Bonds estimated to be available to pay the Next Annual 2017 Debt Service Payment, if any, after payment of the current year's July 15 debt service payment on the 2017 Bonds (the "*2017 Available Moneys*"), (c) the Debt Service on the Bonds (without regard to any optional redemption) due in the next succeeding calendar year on January 15 and July 15 (the "*Next Annual 2013 Debt Service Payment*"), (d) the amount in the Bond Fund (as defined in the Indenture) estimated to be available to pay the Next Annual 2013 Debt Service Payment, if any, after payment of the current year's July 15th Debt Service Payment on the Bonds (the "*2013 Available Moneys*"), (e) the Tax Year Tax Amount plus 2017 Available Moneys, less Next Annual 2017 Debt Service Payment (such difference shall be known as the "*Tax Year Tax Amount Net of 2017 Bonds*"), and (f) the Tax Year Tax Amount Net of 2017 Bonds plus 2013 Available Moneys, less Next Annual 2013 Debt Service Payment (such difference, if a negative number, shall be known as the "*Annual Developer Payment*"). On April 25 (or the immediately preceding Business Day as described above), the Trustee shall submit an invoice for payment to the Developer of the Annual Developer Payment, which shall be paid by the Developer to the Trustee on or before May 1 and shall be deposited in the Bond Fund pursuant to Section 5.02(B)(1) of the Indenture.

(c) Section 2.1(B) of the 2013 Standby Contribution Agreement is hereby amended and restated, in whole, to read as follows:

(B) In addition to the requirements set forth in Section 2.1(A) hereof, while the Standby Contribution Agreement is in effect and so long as the Issuer has adopted a resolution which fixes, levies and assesses a tax rate for such tax year equivalent to $3.00 per $100 of net assessed value of the full cash value, as such terms are defined in A.R.S. §42-11001, on property within the boundaries of the Issuer with respect to Debt Service (or such lesser tax rate as may be permitted in Section 10.01 of the Indenture), the Developer shall pay to the Trustee for the benefit of the owners from time to time of the Bonds on or, if either day is not a Business Day, before December 24 and June 24 of each year the December Developer Payment and the June Developer Payment (as such terms are defined below), as necessary:

(i) **Payment on or before December 24**: On December 15 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Trustee shall determine the difference, if any, between the amount in the Bond Fund on such date and the amount necessary to pay Debt Service on the Bonds (without regard to any optional redemption) on the next succeeding January 15 (such difference being the "*December Developer Payment*").

(ii) **Payment on or before June 24**: On June 15 of each year, or if such day is not a Business Day, the immediately preceding Business Day, the Trustee shall determine the difference, if any, between the amount in the Bond Fund on such date and the amount necessary to pay Debt Service on the Bonds (without regard to any optional redemption) on the next succeeding July 15 (such difference being the "*June Developer Payment*").

(d) Section 2.1(D) of the 2013 Standby Contribution Agreement is hereby amended and restated, in whole, to read as follows:

(D) For the purpose of calculating the amounts due from the Developer hereunder (the "*Developer Obligation*") actual tax collections from the Issuer's ad valorem

property taxes shall be allocated first to the payment of Debt Service on the Series 2017 Bonds and thereafter, if monies are available, to the payment of the Debt Service on the Bonds.

Section 2. **Effect of Amendment.** In all other respects, the 2013 Standby Contribution Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the 2013 Standby Contribution Agreement shall remain in full force and effect pursuant to its terms.

Section 3. **Consent.** This First Amendment shall become effective upon obtaining written consent to the execution and effectiveness hereof by the holders of not less than a majority the outstanding 2013 Bonds and the Guarantor.

Section 4. **Conflict of Interest.** To the extent applicable by provision of law, the parties acknowledge that this Agreement is subject to cancellation pursuant to A.R.S. § 38-511, the provisions of which are incorporated herein.

[REMAINDER OF PAGE IS BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Standby Contribution Agreement to be executed in their respective corporate names by their respective officers, thereunto duly authorized as of the date first above written.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA), as Issuer

By: _____
Its: District Manager

ATTEST:

Summer Stewart, Deputy
District Clerk

DMB WHITE TANK, LLC,
an Arizona limited liability company, as Developer

By: DMB ASSOCIATES, INC.,
An Arizona corporation, its Manager

By: _____
Its: Executive Vice President/Treasurer/Chief Financial Officer

ZIONS BANK, A DIVISON OF ZB, NATIONAL ASSOCIATION (as successor-in-trust to Wells Fargo Bank, N.A.), as Trustee

By: Nancy Eaton
Its: Vice President

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Standby Contribution Agreement to be executed in their respective corporate names by their respective officers, thereunto duly authorized as of the date first above written.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA), as Issuer

By:_____
Its: District Manager

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
an Arizona limited liability company, as Developer

By: DMB ASSOCIATES, INC.,
An Arizona corporation, its Manager

By:_____
Its: Executive Vice President/Treasurer/Chief Financial Officer

ZIONS BANK, A DIVISON OF ZB, NATIONAL ASSOCIATION (as successor-in-trust to Wells Fargo Bank, N.A.), as Trustee

By:_____
Its:_____

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name:_____
Amount of 2013 Bonds owned:_____

By:_____
Title:_____
Date:_____

State of _____

County of _____

On this _____ day of _____, 2017, before me personally appeared _____, the _____ of _____, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

_____
Notary Public

GUARANTOR CONSENT

I am an authorized representative of ABD Investments Limited Partnership, an Arizona limited partnership. I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Guarantor Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

ABD INVESTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership

By: Hank, Inc., an Arizona corporation
Its: Managing General Partner

By :_____
Name: Bennett Dorrance
Title: President
Date: _____

State of Arizona

County of _____

On this _____ day of _____, 2017, before me personally appeared Bennett Dorrance, the President of Hank, Inc., an Arizona corporation, on behalf of the corporation, the managing general partner of ABD Investments Limited Partnership, an Arizona limited partnership, on behalf of the partnership, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the Guarantor Consent on behalf of entity.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

_____
Notary Public

#1

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: The Tax-Exempt Bond Fund of America
Amount of 2013 Bonds owned: $2,825,000.00
Capital Research and Management Company, for and on behalf of The Tax-Exempt Bond Fund of America
By: _____
Title: Mark E. Brubaker, Authorized Signatory
Date: November 8, 2016

State of California

County of Los Angeles

On this ____ day of _____, 2016, before me personally appeared _____, the _____ of _____, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

SEE ATTACHED

(Seal and Expiration Date)

_____
Notary Public

ZDS:zds 2719108.4 9/22/2016

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of LOS ANGELES)

On NOVEMBER 8, 2016 (Date) before me, P. JOHNSTON, NOTARY PUBLIC (Here Insert Name and Title of the Officer)

personally appeared MARK E. BRUBAKER (Name(s) of Signer(s))

who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

P. JOHNSTON
Commission # 2144537
Notary Public - California
Los Angeles County
My Comm. Expires Mar 15, 2020

Signature P. Johnston
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: BONDHOLDER CONSENT Document Date: NOVEMBER 8, 2016
Number of Pages: ONE Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: MARK E. BRUBAKER	Signer's Name:
☐ Corporate Officer — Title(s):	☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☑ Other: AUTHORIZED SIGNATORY	☐ Other:
Signer Is Representing: CAPITAL RESEARCH AND MANAGEMENT COMPANY	Signer Is Representing:

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#2

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: American High-Income Municipal Bond Fund
Amount of 2013 Bonds owned: $2,920,000.00
Capital Research and Management Company, for and on behalf of American High-Income Municipal Bond Fund
By: _____
Title: Mark E. Brubaker, Authorized Signatory
Date: November 8, 2016

State of California

County of Los Angeles

On this ____ day of _____, 2016, before me personally appeared _____, the _____ of _____, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

(Seal and Expiration Dated) SEE ATTACHED

_____
Notary Public

ZDS:zds 2719108.4 9/22/2016

#2

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of LOS ANGELES)

On NOVEMBER 8, 2016 (Date) before me, P. JOHNSTON, NOTARY PUBLIC (Here Insert Name and Title of the Officer),

personally appeared MARK E. BRUBAKER (Name(s) of Signer(s))

who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

P JOHNSTON
Commission # 2144537
Notary Public - California
Los Angeles County
My Comm. Expires Mar 15, 2020

Signature P. Johnston
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: BOUDHOLDER CONSENT Document Date: NOVEMBER 8, 2016
Number of Pages: ONE Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: MARK E. BRUBAKER	Signer's Name:
☐ Corporate Officer — Title(s):	☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☑ Other: AUTHORIZED SIGNATORY	☐ Other:
Signer is Representing: CAPITAL RESEARCH AND MANAGEMENT COMPANY	Signer Is Representing:

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#3

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A (the "*2013A Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: Federated Premier Intermediate Municipal Income Fund

Amount of 2013A Bonds owned: $320,000

By: _____

Title: Vice President/Portfolio Manager

Date: November 10, 2016

State of PENNSYLVANIA

County of ALLEGHENY

On this 10th day of Nov, 2016, before me personally appeared LEE CUNNINGHAM, the VP/PM of FEDERATED INTERMEDIATE MUNI INC whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of PENNA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Deborah K. Kirby, Notary Public
Shaler Twp., Allegheny County
My Commission Expires Oct. 27, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

_____
Notary Public

ZDS:zds 2780098.2 10/24/2016

#3

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A (the "*2013A Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: Federated Premier Municipal Income Fund

Amount of 2013A Bonds owned: $320,000

By: _____

Title: Vice President/Portfolio Manager

Date: November 10, 2016

State of PENNSYLVANIA

County of ALLEGHENY

On this 10th day of NOVEMBER, 2016, before me personally appeared [illegible] the VP/PM of FED PREMIER MUN INC FD whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of PENNA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Deborah K. Kirby, Notary Public
Shaler Twp., Allegheny County
My Commission Expires Oct. 27, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

_____
Notary Public

ZDS:zds 2780098.2 10/24/2016

#3

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A (the "*2013A Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: Federated Municipal High Yield Advantage Fund

Amount of 2013A Bonds owned: $430,000

By: _____

Title: Vice President/Portfolio Manager

Date: November 10, 2016

State of PENNSYLVANIA

County of ALLEGHENY

On this 10th day of November, 2016, before me personally appeared Lee Cunningham, the VP/PM of Fed Municipal High Yield Adv Fund whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of PENNA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Deborah K. Kirby, Notary Public
Shaler Twp., Allegheny County
My Commission Expires Oct. 27, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

_____
Notary Public

ZDS:zds 2780098.2 10/24/2016

DTC 997

#4

CUSIP: 92511QAU5

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

(nominee)

Bondholder Name: State Street Bank Trust Co./ Cede & Co.

Amount of 2013 Bonds owned: 1,365,000

Cede & Co. by State Street Bank & Trust Co., a Partner by

By: _____

Title: _____

Date: _____

Cede & Co. by State Street Bank & Trust Co., a Partner by

State of Norfolk

County of MASS

On this 9th day of November, 2016, before me personally appeared Sam Ashton, the AVP of State Street Bank & Trust Co. whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Christine M. Conrolly
Notary Public

CHRISTINE M. CONROLLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 11, 2018

ZDS.zds 2780098 2 10/24/2016

DTC 997

92511QAV3 #5

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: State Street Bank + Trust / Locker + Co. (nominee)
Amount of 2013 Bonds owned: 1,245,000

Locker + Co. by State Street Bank & Trust Co., a Partner by

By: _____
Title: _____
Date: _____

+ Co. by State Street Bank & Trust Co., a Partner by

State of MA

County of Norfolk

On this 10th day of November, 2016, before me personally appeared John Ashton, the AVP of State Street Bank, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of MA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Christine M Connolly
Notary Public

CHRISTINE M. CONNOLLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 11, 2018

ZDS:zds 2780098.2 10/24/2016

DTC 997
CUSIP 92511QAW1

#6

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

(NOMINEE)

Bondholder Name: STATE STREET BANK & TRUST Co./LOCKER + Co
Amount of 2013 Bonds owned: 1,320,000

By: locker + Co. by State Street Bank & Trust Co., a Partner by
Title: [illegible]
Date: [illegible]

+ Co. by State Street Bank & Trust Co., a Partner by

State of MASS.

County of NORFOLK

On this 10th day of NOVEMBER, 2016, before me personally appeared JOHN ASHTON, the AVP of STATE STREET BANK & TRUST Co., whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of N/A that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Christine M. Connolly
Notary Public

CHRISTINE M. CONNOLLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 11, 2018

ZDS:zds 2780098.2 10/24/2016

DTC 997

92511QAX9

#7

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

Bondholder Name: State Street Bank + Trust / Locker + Co. (nominee)
Amount of 2013 Bonds owned: 700,000

Locker + Co. by State Street Bank & Trust Co., a Partner by
John Ashton, AVP

By: + Co. by State Street Bank & Trust Co., a Partner by
Title:
Date:

State of MA

County of Norfolk

On this 10th day of November, 2016, before me personally appeared John Ashton, the AVP of State Street Bank, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of MA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Christine M. Connolly
Notary Public

CHRISTINE M. CONNOLLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 11, 2018

ZDS:zds 2780098.2 10/24/2016

DTC-997
Cusip 92511QAY7

#8

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

(Nominee)
Bondholder Name: State Street Bank Trust Co. / Locke
Amount of 2013 Bonds owned: 500,000

By: Locke + Co. by State Street Bank & Trust Co., a Partner by
Title:
Date:

+ Co. by State Street Bank & Trust Co., a Partner by

State of MASS

County of Norfolk

On this 10th day of November, 2016, before me personally appeared John Ashton, the AVP of State Street Bank + Trust Co., whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of MA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Christine M Connolly
Notary Public

CHRISTINE M. CONNOLLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 11, 2018

ZDS:zds 2780098.2 10/24/2016

DTC-997
Cusip 92511QAZ4

#9

BONDHOLDER CONSENT

The undersigned is an authorized representative of the bondholder identified below and is presently a bondholder of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (together, the "*2013 Bonds*"). I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Bondholder Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

(Nominee)
Bondholder Name: State Street Bank Trust Co./Locker + Co
Amount of 2013 Bonds owned: 500,000

By: Locker + Co. by State Street Bank & Trust Co., a Partner by
Title:
Date:

Locker + Co. by State Street Bank & Trust Co., a Partner by

State of MASS

County of Norfolk

On this 10th day of November 2016, before me personally appeared John Ashton, the AVP of State Street Bank Trust Co, whose identity was proven to me on the basis of satisfactory evidence to be the person who he/she claims to be, and acknowledged that he/she signed the Bondholder Consent on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of MA that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

Christine M. Connolly
Notary Public

CHRISTINE M. CONNOLLY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 11, 2018

ZDS:zds 2780098.2 10/24/2016

$20,400,000
VERRADO COMMUNITY FACILITIES DISTRICT NO. 1
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013-A
EXISTING BONDHOLDERS

CUSIP #	Maturity Date	Coupon	Amount Outstanding	Amount Owned	% of total Outstanding	Investor	Contact Information	Contact Telephone #		
92511QAU5	07/015/2017	4.00%	$1,365,000	$1,365,000	100%	Wells Fargo MGMT LLC (WF Short-term)	Lyle Fitterer	414-359-3439	$1,365,000	#4
92511QAV3	07/015/2018	4.00%	$1,245,000	$1,245,000	100%	Wells Fargo MGMT LLC (WF Short-term)	Lyle Fitterer	414-359-3439	$1,245,000	#5
92511QAW1	07/015/2019	4.25%	$1,320,000	$1,320,000	100%	Wells Fargo Funds MGMT LLC (WF Strategies)	Lyle Fitterer	414-359-3439	$1,320,000	#6
92511QAX9	07/015/2020	5.00%	$1,400,000	$700,000	50%	Wells Fargo Funds MGMT LLC (WF Strategies)	Lyle Fitterer	414-359-3439	$700,000	#7
				$700,000	50%	Invesco Advisers (Invesco Intermediate)	Douglas Gibbs	630-684-6099		
92511QAY7	07/015/2021	5.00%	$1,485,000	$500,000	34%	Wells Fargo Funds MGMT LLC (WF Strategies)	Lyle Fitterer	414-359-3439	$500,000	#8
				$485,000	33%	Invesco Advisers (Invesco Intermediate)	Douglas Gibbs	630-684-6099		
				$500,000	34%	Capital Research & Mgmt (American High Income)	Catherine Lord	310-996-6129	$500,000	#2
92511QAZ4	07/015/2022	5.00%	$1,570,000	$500,000	32%	Wells Fargo Bank (WF Advantage)	Lyle Fitterer	414-359-3439	$500,000	#9
				$570,000	36%	Invesco Advisers (Invesco Intermediate)	Douglas Gibbs	630-684-6099		
				$500,000	32%	Capital Research & Mgmt (American High Income)	Catherine Lord	310-996-6129	$500,000	#2
92511QBA8	07/015/2023	5.00%	$1,650,000	$825,000	50%	Invesco Advisers (Invesco Intermediate)	Douglas Gibbs	630-684-6099		
				$825,000	50%	Capital Research & Mgmt (American Tax-Exempt)	Catherine Lord	310-996-6129	$825,000	#1
92511QBB6	07/15/2027	6.00%	$7,070,000	$2,000,000	28%	Invesco Advisers (Municipal Income)	Douglas Gibbs	630-684-6099		
				$2,000,000	28%	Capital Research & Mgmt (American Tax-Exempt)	Catherine Lord	310-996-6129	$2,000,000	#1
				$1,800,000	25%	Oppenheimer Funds (Oppenheimer Rochester)	Michael Camarella	585-383-1300		
				$1,070,000	15%	Federated Investors (Multiple Portfolios)	Lee Cunningham	412-288-7896	$1,070,000	#3
				$200,000	3%	**Oppenheimer Funds (Mass Mutual Fund)**				
			$17,105,000	$17,105,000					$ 10,525,000	62%

$6,000,000
VERRADO COMMUNITY FACILITIES DISTRICT NO. 1
GENERAL OBLIGATION PROJECT BONDS, SERIES 2013-B
EXISTING BONDHOLDERS

CUSIP #	Maturity Date	Coupon	Amount Outstanding	Amount Owned	% of total Outstanding	Investor	Contact Information	Contact Telephone #		
92511QBM2	07/015/2023	5.00%	$1,010,000	$560,000	55%	Invesco Advisers (Invesco Intermediate)	Douglas Gibbs	630-684-6099		
			($50,000 mandatory sinker occurred 7/15/16)	$450,000	45%	Capital Research & Mgmt (American High Income)	Catherine Lord	310-996-6129	$450,000	#2
92511QBK6	07/015/2029	5.70%	$2,320,000	$775,000	33%	Invesco Advisers (Municipal Income)	Douglas Gibbs	630-684-6099		
				$770,000	33%	Capital Research & Mgmt (American High Income)	Catherine Lord	310-996-6129	$770,000	#2
				$675,000	29%	Oppenheimer Funds (Oppenheimer Rochester)	Michael Camarella	585-383-1300		
				$100,000	4%	**Oppenheimer Funds (Mass Mutual Fund)**				
92511QBL4	07/015/2033	6.00%	$2,620,000	$710,000	27%	Invesco Advisers (Municipal Income)	Douglas Gibbs	630-684-6099		
				$700,000	27%	Capital Research & Mgmt (American High Income)	Catherine Lord	310-996-6129	$700,000	#2
				$610,000	23%	Oppenheimer Funds (Oppenheimer Rochester)	Michael Camarella	585-383-1300		
				$500,000	19%	Aquila Management Corp (Aquila Tax-Free Trust)	Todd Curtis	480-368-1220		
				$100,000	4%	**Oppenheimer Funds (Mass Mutual Fund)**				
			$5,950,000	$5,950,000					$ 1,920,000	32%
			TOTAL	$23,055,000					$ 12,445,000	54%

Contact information for investors

				Date and action	Date and action	Date and action	Date and action	Date and action	
1	John Oconner	Invesco	630-684-6482	10/26/16 Left VM					John.O'Connor@invesco.com
2	Jon Hagen	Oppenheimer	585-512-3134	10/26/16 Spoke to Jon					jhagen@ofiglobal.com
3	Gil Southwell	Wells Fargo	414-359-3439	10/26/16 - left message with #					
4	Todd Curtis	Aquila Mgmt	480-368-1220	10/26/16 spoke with Todd/emailed also					tcurtis@aquilafunds.com
5	Catherine Lord	Cap Re	310-996-6129	10/26/16 Left VM					cbl@capgroup.com
6	Lee Cunningham	Federated	412-288-7896	10/26/16 spoke with Lee/emailed as well					lcunningham@federatedinv.com

GUARANTOR CONSENT

I am an authorized representative of ABD Investments Limited Partnership, an Arizona limited partnership. I have reviewed the First Amendment to 2013 Standby Contribution Agreement (the "*First Amendment*") to which this Guarantor Consent is attached. I hereby irrevocably consent to the execution and effectiveness of the First Amendment.

ABD INVESTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership

By: Hank, Inc., an Arizona corporation
Its: Managing General Partner

By: Bennett Dorrance
Name: Bennett Dorrance
Title: President
Date: 10/7/16

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 7th day of October, 2016, by Bennett Dorrance, the President of Hank, Inc., an Arizona corporation, on behalf of the corporation, the managing general partner of ABD Investments Limited Partnership, an Arizona limited partnership, on behalf of the partnership.

(Seal and Expiration Date)

SUSAN M. YANEZ
Notary Public - Arizona
Maricopa County
My Comm. Expires Nov 13, 2019

Susan M. Yanez
Notary Public

ZDS:zds 2719108.4 9/19/2016

RBC Capital Markets®

RBC Capital Markets, LLC
Municipal Finance
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016
Telephone: 602-381-5368
Fax: 602-381-5380

March 30, 2017

Mr. Larry Price
District Treasurer
Verrado District No. 1 Community Facilities District
(City of Buckeye, Arizona)
530 East Monroe Avenue
Buckeye, Arizona 85326

Re: $14,055,000 (est.) Verrado District No. 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017 (the "Obligations")

Dear Mr. Price:

RBC Capital Markets, LLC (the "Placement Agent" or "RBC CM") offers to enter into the following Placement Agent Agreement (this "Placement Agreement") with Verrado District No. 1 Community Facilities District (City of Buckeye, Arizona) (the "Issuer" or "you"), which, upon your acceptance of this offer and subject to Paragraph 6 hereof, shall be binding upon both the Issuer and the Placement Agent. This offer is made subject to your acceptance of this Placement Agreement and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to your acceptance hereof. The Obligations are to be issued pursuant to resolutions adopted by the Issuer's District Board on September 6, 2016 and February 7, 2017 (together, the "Resolution") and the Indenture (as defined in the Bond Resolution). Unless otherwise indicated, each capitalized term contained herein shall have the meaning assigned to it in the Resolution or the Indenture. The Issuer acknowledges and agrees that: (i) the transaction contemplated by this Placement Agreement is an arm's length, commercial transaction between the Issuer and the Placement Agent in which the Placement Agent is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Placement Agent has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Placement Agent has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations the Placement Agent has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Placement Agreement; (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate; and (v) the Purchaser (as defined herein) has indicated to the Issuer that it intends to hold and book the Obligations as a loan in its loan portfolio and that the Purchaser acknowledges that the use of the word "Bonds" in the name of the debt instrument is for convenience only and is not intended to indicate that the instrument is a security within the meaning of the Securities Act of 1933.

1. Notwithstanding the foregoing or any other provisions of this Placement Agreement, the use of the term "agent" with reference to the Placement Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an independent contractor relationship between contracting parties and the Placement Agent acts as an independent broker-dealer and exercises its own independent judgment in connection with its rights and duties as Placement Agent. Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Placement Agent hereby agrees to use its best efforts to locate a purchaser for all, but not less than all of the Obligations on terms consistent with the Resolution. With your consent, the Placement Agent has conducted preliminary discussions with Texas Capital Bank, N.A. ("Purchaser") to purchase the Obligations. If the Purchaser does

purchase the Obligations on the Closing Date (as defined herein), the Issuer will pay a placement fee equal to $210,825.00 to the Placement Agent on the Closing Date. If the Purchaser does purchase the Obligations on the Closing Date, the Obligations shall conform to the Purchaser's terms listed in Exhibit A attached hereto.

2. Simultaneously with the execution of this Placement Agreement, you will deliver or cause to be delivered to the Placement Agent a copy of the Resolution duly approved and adopted and in full force and effect on the date hereof and to be in full force and effect on the Closing Date.

3. You represent and warrant to and agree with the Placement Agent on the date hereof (and hereby it shall be a condition of the obligation of the Placement Agent to perform under this Placement Agreement) and shall represent and warrant as of the date the Obligations are issued that:

   (a) The Issuer is duly organized and validly existing under the laws of the State of Arizona (the "State").

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

   (c) The Issuer, prior to the acceptance hereof, has caused the Resolution to be duly adopted, and the Issuer has duly authorized and approved the execution and delivery of the Indenture, the Standby Contribution Agreement and all necessary closing documents and this Placement Agreement (collectively, the "Loan Documents"), as well as the performance of its obligations contained in the Obligations and the consummation by it of all other transactions contemplated hereby.

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

   (e) All approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction that would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Loan Documents and the Obligations have been, or prior to the Closing Date will have been, obtained.

   (f) No litigation is pending or, to the knowledge of the Issuer, threatened in any court in any way affecting the existence of the Issuer or the title of the members of board of directors at the Issuer to their respective offices or seeking to restrain or to enjoin the issuance, sale or delivery of the Obligations, or the collection or pledge of any revenues pledged or to be pledged under the Loan Documents to pay the principal of and interest on the Obligations, or in anyway contesting or affecting the validity or enforceability of the Obligations, the Resolution or this Placement Agreement, or contesting the powers of the Issuer or members of its board of directors with respect to the Obligations.

   (g) The Issuer will apply the proceeds of the Obligations in accordance with the applicable terms of the Resolution and the Loan Documents.

(h) On the Closing Date, the Placement Agent shall receive a copy of each of the following documents, each dated the Closing Date:

(i) a certified copy of the Resolution;

(ii) a certificate of an authorized officer of the Issuer that the Resolution and any supplements and this Placement Agreement are in full force and effect;

(iii) an opinion of your legal counsel, Gust Rosenfeld P.L.C. ("Bond Counsel"), dated the Closing Date;

(iv) a certificate, dated as of the Closing Date and signed by an authorized officer of the Issuer, to the effect that (A) the representations, warranties and covenants of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the date of the delivery of the Obligations by the Issuer; (B) no litigation is pending or, to its knowledge, threatened in any court in any way affecting the existence of the Issuer or the titles of its officers or directors to their respective positions, or seeking to restrain or to enjoin the issuance, sale or delivery of the Obligations, or the collection of any revenues or assets of the Issuer pledged or to be pledged to pay the principal of and premium, if any, and interest on the Obligations, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Obligations, the Resolution or the Loan Documents, or contesting the powers of the Issuer or its authority with respect to the Obligations, the Resolution or the Loan Documents (but in lieu of or in conjunction with such certificate, the Placement Agent may, in its sole discretion, accept certificates or opinions of Counsel to the Issuer (as hereinafter defined), acceptable to the Placement Agent, that in the opinion of such counsel the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); and (C) the Issuer has complied in all material respects with the Resolution and the Loan Documents and the terms of the Obligations and satisfied all material conditions on its part to be performed or satisfied at or prior to the delivery of the Obligations;

(v) a certificate of the Trustee under the Loan Documents as to the delivery of the Obligations and as to the receipt of payment therefor;

(vi) a Certificate of Qualified Investor from the Purchaser in form and substance satisfactory to the Placement Agent;

(vii) executed copies of the Loan Documents; and

(viii) such additional certificates, instruments or opinions as Bond Counsel, the Issuer or the Placement Agent may deem necessary or desirable.

All certificates, instruments, opinions and documents referred to above and any resolutions shall be in form and substance satisfactory to Bond Counsel, the Issuer and the Placement Agent.

If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the Issuer shall be under further obligation hereunder.

4. At or prior to 11:00 a.m., on March 30, 2017 (the "Closing Date"), you will deliver to, or at the direction of, the Purchaser the Obligations in definitive fully registered form duly executed, registered in the names and denomination specified by the Purchaser together with the other documents hereinabove mentioned, upon payment of the agreed upon purchase price of the Obligations by wire and in immediately available funds. Delivery as aforesaid shall be made in Phoenix, Arizona, as shall have been mutually agreed upon and such payment shall be made simultaneously therewith. This payment and delivery is herein called the "Closing."

5. Unless otherwise set forth herein, the representations and agreements in this Placement Agreement shall survive the delivery of the Obligations hereunder.

6. The Placement Agent's obligation hereunder to use its best efforts to place the Obligations shall be subject to the performance by you of your obligations hereunder in all material respects at or prior to the Closing and the accuracy in all material respects of your representations and warranties contained herein and shall also be subject to the following conditions:

   (a) At the time of the Closing, the Resolution, the Loan Documents and all related documents of the Issuer with respect to the issuance of the Obligations shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the undersigned.

   (b) The undersigned may terminate this Placement Agreement by notification in writing to you if at any time subsequent to the date hereof and at or prior to the Closing: (i) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon received on obligations of the general character of the Obligations or, with respect to State taxation, of the interest on the Obligations, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein; (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Obligations without registration thereof or obligations of the general character of the Obligations is in violation of any provision of the Securities Act of 1933 or of the Trust Indenture Act of 1939; (iii) in the Congress of the United States, legislation shall be enacted or a bill shall be favorably reported out of committee of either house, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the issuer or of any similar body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939; (iv) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency; (v) there shall have occurred a general suspension of trading on the New York Stock Exchange; or (vi) a general banking moratorium shall have been declared by the United States, State of New York, or State of Arizona authorities.

   (c) The Issuer shall have arranged for payment of the Placement Agent's fee at the time of Closing.

   (d) You shall perform or have performed in all material respects at or prior to the Closing all of your obligations required under or specified in this Placement Agreement and the Resolution to be performed at or prior to the Closing.

7. On or before 5:00 p.m., on March 30, 2017, the Purchaser shall deliver to the Trustee the names in which the Obligations are to be registered and the denominations thereof. At the Closing, contemporaneously with the receipt of the Obligations, the Purchaser will deliver to you a receipt therefor, in form satisfactory to Bond Counsel, signed by the Purchaser.

8. You shall pay, solely from the proceeds of the sale of the Obligations or such other legally available funds of the Issuer, upon or promptly after the Closing: (a) the cost of the preparation and printing of the Obligations; (b) the fees and disbursements of Bond Counsel and of any other counsel or consultants retained by you; (c) the fees and disbursements of the Counsel to the Placement Agent; (d) the fees and disbursements of the Counsel to the Purchaser; and (e) the fees and expenses of the Trustee. The Placement Agent shall pay all of the Placement Agent's own out-of-pocket expenses. The Issuer shall be under no obligation to pay any expenses incident to the performance of the obligations of the Placement Agent hereunder.

9. You agree and understand that this Placement Agreement is a contract for services and waive any claims you may have that you are immune from suit by virtue of any law or claim for any matter arising from or relating to this Placement Agreement. You further agree, to the extent permissible by law, to indemnify and hold RBC CM harmless for, from and against any losses, claims, damages or liabilities to which we may become subject, including reasonable and necessary legal fees, in so far as such losses, claims, damages or liabilities arise out of or relate to the transaction contemplated herein. Such indemnity shall include indemnity for claims that may allege or involve negligence of RBC CM, but shall not include claims involving willful misconduct or gross negligence of RBC CM.

10. This Placement Agreement may be terminated at any time by the Issuer, upon five business days' prior notice to such effect to the Placement Agent, or by the Placement Agent upon five business days' prior notice to such effect to the Issuer. Any such termination, however, shall not affect the obligations of the Issuer under Section 8 hereof or the respective representations, warranties, agreements, covenants, rights or responsibilities of the parties made or arising prior to the termination of this Agreement.

11. The agreements and all representations and warranties herein set forth have been and are made for the benefit of the Placement Agent and the Issuer, and no other person shall acquire or have any right under or by virtue of this Placement Agreement.

12. This Placement Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the Issuer and shall be valid and enforceable as of the time of such acceptance.

13. Certain disclosures relating to the Obligations, as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012) have been provided by separate enclosure to the Issuer.

14. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section 38-511. Each of the parties hereto hereby certifies that it is not presently aware of any violation of Section 38-511 which would adversely affect the enforceability of this Placement Agreement and covenants that it shall take no action which would result in a violation of such Section.

RBC CAPITAL MARKETS, LLC

By _____

Name: Nick Dodd
Title: Managing Director
Date: March 30, 2017

ACCEPTANCE

ACCEPTED this ____ day of _____, 2017

By _____

Name: Mr. Larry Price
Title: District Treasurer
Verrado District No. 1 Community Facilities District
(City of Buckeye, Arizona)
Date: March 30, 2017

CC: Zach Sakas, Gust Rosenfeld P.L.C., Bond Counsel

EXHIBIT A

James Sult
SVP, Senior Relationship Manager
Texas Capital Bank, N.A.
2000 McKinney Avenue
Dallas, Texas 75201

Phone: (602) 402-8606
james.sult@texascapitalbank.com

Texas Capital Bank, NA ("Purchaser") is pleased to present the following Summary of Terms dated February 10, 2017 (the "*Financing Proposal*") to the Verrado District 1 Community Facilities District ("District" or the "Borrower") of the City of Buckeye, Arizona or the direct purchase of the General Obligation Refunding Bonds, Series 2017 (the "2017 Bonds").

SUMMARY OF TERMS

DATE: February 10, 2017

BOND COUNSEL: Gust Rosenfeld

PURCHASER: Texas Capital Bank, NA

PURCHSER'S COUNSEL: Kutak Rock

PURPOSE/STRUCTURE: The District will use the proceeds of the financing to refund certain the District's outstanding Series 2006 bonds and pay associated costs of issuance.

SECURITY: The 2017 Bonds are secured by ad-valorem taxes on real property in the District subject to taxation.

LOAN TREATMENT: The Purchaser intends to classify the purchase of the 2017 Bonds as a loan. As such, the 2017 Bonds shall not be registered at DTC nor have CUSIP numbers assigned. The Purchaser will not execute a Purchase Agreement for this transaction. The will not publish a Preliminary Official Statement.

FINANCED AMOUNT: Not to exceed $14,500,000, including costs of issuance

CLOSING DATE: On or before March 31, 2017

INTEREST RATE: Tax-exempt coupon rate of 3.55% (fixed through March 31, 2017)

PAYMENTS: Interest is payable semi-annually beginning on July 15, 2017. Principal is due annually beginning July 15, 2018 with a final payment on July 15, 2031.

OPTIONAL PREPAYMENT: The 2017 Bonds are subject to optional redemption on or after July 15, 2025 at a price equal to 100% of the principal amount redeemed plus accrued interest thereon.

DOCUMENTATION: Documentation will be provided by Bond Counsel and will include all documents, certificates and opinions as are reasonably necessary to evidence and carry out the transaction. Purchaser shall require, prior to closing, (1) an opinion of Bond counsel stating that the Ordinance and other related documentation has been properly authorized by the City and is legal, valid, binding and enforceable, and (2) a tax opinion from Bond Counsel in form acceptable to the Purchaser. All documents must be acceptable to all parties.

CLOSING COSTS: The Borrower will be responsible for paying the costs of Purchaser's counsel not to exceed $12,500.

ASSIGNMENT: PURCHASER ACKNOWLEDGES AND AGREES THAT THIS WARRANT MAY ONLY BE TRANSFERRED IN AUTHORIZED DENOMINATIONS TO A "QUALIFIED INSTITUTIONAL BUYER" OR AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED, UPON SATISFACTION OF THE REQUIREMENTS IN THE WARRANT DOCUMENTS, INCLUDING THE DELIVERY TO THE TRUSTEE OF AN INVESTOR LETTER IN THE FORM REQUIRED BY THE WARRANT DOCUMENTS. ANY TRANSFER OF THIS WARRANT IN VIOLATION OF THE TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE SHALL BE VOID AND OF NO EFFECT.

IRS CIRCULAR 230 DISCLOSURE: Purchaser and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not written or intended to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Purchaser of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

ADVISORY DISCLOSURE: The Purchaser is <u>not</u> a registered municipal advisor as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related rules and regulations. In providing this Term Sheet, the Purchaser is <u>not</u> providing any advice, advisory services, or recommendations with respect to the structure, timing, terms, or similar matters concerning an issuance of municipal securities. This Term Sheet is a commercial, arms-length Term Sheet that does <u>not</u> create a fiduciary duty by the Purchaser to the District. The District may engage, separately and at its own cost, an advisor to review this Term Sheet and the proposed transaction on the District's behalf.

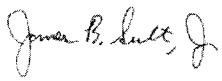
CREDIT APPROVAL: The purchase of the 2017 Bonds is subject to formal credit approval by the Purchaser upon the negotiation of mutually acceptable documentation.

FINANCING PROPOSAL EXPIRATION: Unless accepted by the District or extended in writing by the Purchaser (at its sole discretion), this Financing Proposal will expire on February 22, 2017.

Upon receipt of the signed Term Sheet, we will endeavor to provide you with a timely commitment and we will use good faith efforts to negotiate and finance the 2017 Bonds based on the terms herein. It is a pleasure to offer this financing Term Sheet to the District and we look forward to your favorable

review.

Very truly yours,



James B. Sult, Jr.
Senior Vice President
james.sult@texascapitalbank.com

Agreed to and Accepted by:
Verrado District 1 Community Facilities District

_____ (Name)

_____ (Title)

SOURCES AND USES OF FUNDS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Dated Date	03/30/2017
Delivery Date	03/30/2017

Sources:	
Bond Proceeds:	
Par Amount	14,055,000.00
Other Sources of Funds:	
Developer Contribution	355,675.00
Debt Service Fund	226,635.98
	582,310.98
	14,637,310.98

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	14,281,635.98
Delivery Date Expenses:	
Cost of Issuance	355,675.00
	14,637,310.98

BOND PRICING

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2031 Term Bond:					
	07/15/2019	720,000	3.550%	3.550%	100.000
	07/15/2020	910,000	3.550%	3.550%	100.000
	07/15/2021	940,000	3.550%	3.550%	100.000
	07/15/2022	980,000	3.550%	3.550%	100.000
	07/15/2023	1,010,000	3.550%	3.550%	100.000
	07/15/2024	1,050,000	3.550%	3.550%	100.000
	07/15/2025	1,080,000	3.550%	3.550%	100.000
	07/15/2026	1,125,000	3.550%	3.550%	100.000
	07/15/2027	1,165,000	3.550%	3.550%	100.000
	07/15/2028	1,205,000	3.550%	3.550%	100.000
	07/15/2029	1,245,000	3.550%	3.550%	100.000
	07/15/2030	1,290,000	3.550%	3.550%	100.000
	07/15/2031	1,335,000	3.550%	3.550%	100.000
		14,055,000			

Dated Date	03/30/2017	
Delivery Date	03/30/2017	
First Coupon	07/15/2017	
Par Amount	14,055,000.00	
Original Issue Discount		
Production	14,055,000.00	100.000000%
Underwriter's Discount		
Purchase Price	14,055,000.00	100.000000%
Accrued Interest		
Net Proceeds	14,055,000.00	

BOND DEBT SERVICE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Principal	Interest	Debt Service
07/15/2017		145,527.81	145,527.81
07/15/2018		498,952.50	498,952.50
07/15/2019	720,000	498,952.50	1,218,952.50
07/15/2020	910,000	473,392.50	1,383,392.50
07/15/2021	940,000	441,087.50	1,381,087.50
07/15/2022	980,000	407,717.50	1,387,717.50
07/15/2023	1,010,000	372,927.50	1,382,927.50
07/15/2024	1,050,000	337,072.50	1,387,072.50
07/15/2025	1,080,000	299,797.50	1,379,797.50
07/15/2026	1,125,000	261,457.50	1,386,457.50
07/15/2027	1,165,000	221,520.00	1,386,520.00
07/15/2028	1,205,000	180,162.50	1,385,162.50
07/15/2029	1,245,000	137,385.00	1,382,385.00
07/15/2030	1,290,000	93,187.50	1,383,187.50
07/15/2031	1,335,000	47,392.50	1,382,392.50
	14,055,000	4,416,532.81	18,471,532.81

BOND DEBT SERVICE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
07/15/2017		145,527.81	145,527.81	145,527.81
01/15/2018		249,476.25	249,476.25	
07/15/2018		249,476.25	249,476.25	498,952.50
01/15/2019		249,476.25	249,476.25	
07/15/2019	720,000	249,476.25	969,476.25	1,218,952.50
01/15/2020		236,696.25	236,696.25	
07/15/2020	910,000	236,696.25	1,146,696.25	1,383,392.50
01/15/2021		220,543.75	220,543.75	
07/15/2021	940,000	220,543.75	1,160,543.75	1,381,087.50
01/15/2022		203,858.75	203,858.75	
07/15/2022	980,000	203,858.75	1,183,858.75	1,387,717.50
01/15/2023		186,463.75	186,463.75	
07/15/2023	1,010,000	186,463.75	1,196,463.75	1,382,927.50
01/15/2024		168,536.25	168,536.25	
07/15/2024	1,050,000	168,536.25	1,218,536.25	1,387,072.50
01/15/2025		149,898.75	149,898.75	
07/15/2025	1,080,000	149,898.75	1,229,898.75	1,379,797.50
01/15/2026		130,728.75	130,728.75	
07/15/2026	1,125,000	130,728.75	1,255,728.75	1,386,457.50
01/15/2027		110,760.00	110,760.00	
07/15/2027	1,165,000	110,760.00	1,275,760.00	1,386,520.00
01/15/2028		90,081.25	90,081.25	
07/15/2028	1,205,000	90,081.25	1,295,081.25	1,385,162.50
01/15/2029		68,692.50	68,692.50	
07/15/2029	1,245,000	68,692.50	1,313,692.50	1,382,385.00
01/15/2030		46,593.75	46,593.75	
07/15/2030	1,290,000	46,593.75	1,336,593.75	1,383,187.50
01/15/2031		23,696.25	23,696.25	
07/15/2031	1,335,000	23,696.25	1,358,696.25	1,382,392.50
	14,055,000	4,416,532.81	18,471,532.81	18,471,532.81

SAVINGS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Date	Prior Cash Flow	Refunding Debt Service	Savings	Present Value to 03/30/2017 @ 3.5505104%
07/15/2017	782,625.27	145,527.81	637,097.46	628,276.75
07/15/2018	1,386,455.00	498,952.50	887,502.50	849,906.09
07/15/2019	1,387,125.00	1,218,952.50	168,172.50	156,641.49
07/15/2020	1,384,407.50	1,383,392.50	1,015.00	2,255.90
07/15/2021	1,384,817.50	1,381,087.50	3,730.00	4,456.68
07/15/2022	1,388,087.50	1,387,717.50	370.00	1,451.90
07/15/2023	1,383,950.00	1,382,927.50	1,022.50	1,858.10
07/15/2024	1,387,672.50	1,387,072.50	600.00	1,395.39
07/15/2025	1,383,720.00	1,379,797.50	3,922.50	3,751.32
07/15/2026	1,387,360.00	1,386,457.50	902.50	1,360.60
07/15/2027	1,388,057.50	1,386,520.00	1,537.50	1,666.84
07/15/2028	1,385,812.50	1,385,162.50	650.00	917.96
07/15/2029	1,385,625.00	1,382,385.00	3,240.00	2,466.41
07/15/2030	1,387,227.50	1,383,187.50	4,040.00	2,775.48
07/15/2031	1,385,352.50	1,382,392.50	2,960.00	1,913.24
	20,188,295.27	18,471,532.81	1,716,762.46	1,661,094.17

Savings Summary

PV of savings from cash flow	1,661,094.17
Less: Prior funds on hand	-355,675.00
Net PV Savings	1,305,419.17

SUMMARY OF REFUNDING RESULTS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Dated Date	03/30/2017
Delivery Date	03/30/2017
Arbitrage yield	3.550510%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	14,055,000.00
True Interest Cost	3.550510%
Net Interest Cost	3.550000%
All-In TIC	3.900139%
Average Coupon	3.550000%
Average Life	8.852
Par amount of refunded bonds	14,055,000.00
Average coupon of refunded bonds	5.347834%
Average life of refunded bonds	8.254
PV of prior debt to 03/30/2017 @ 3.550510%	15,942,730.15
Net PV Savings	1,305,419.17
Percentage savings of refunded bonds	9.287934%

SUMMARY OF BONDS REFUNDED

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2006:					
2018 Term Bond	07/15/2018	5.050%	1,140,000.00	05/04/2017	100.000
2031 Term Bond	07/15/2031	5.350%	12,915,000.00	05/04/2017	100.000
			14,055,000.00		

ESCROW STATISTICS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
DSF	226,635.98				225,883.93		752.05
BP	14,055,000.00				14,008,360.94		46,639.06
	14,281,635.98				14,234,244.87	0.00	47,391.11

Delivery date	03/30/2017
Arbitrage yield	3.550510%

ESCROW REQUIREMENTS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Interest	Principal Redeemed	Total
05/04/2017	226,635.98	14,055,000.00	14,281,635.98
	226,635.98	14,055,000.00	14,281,635.98

FORM 8038 STATISTICS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Dated Date	03/30/2017
Delivery Date	03/30/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
2031 Term Bond:						
	07/15/2019	720,000.00	3.550%	100.000	720,000.00	720,000.00
	07/15/2020	910,000.00	3.550%	100.000	910,000.00	910,000.00
	07/15/2021	940,000.00	3.550%	100.000	940,000.00	940,000.00
	07/15/2022	980,000.00	3.550%	100.000	980,000.00	980,000.00
	07/15/2023	1,010,000.00	3.550%	100.000	1,010,000.00	1,010,000.00
	07/15/2024	1,050,000.00	3.550%	100.000	1,050,000.00	1,050,000.00
	07/15/2025	1,080,000.00	3.550%	100.000	1,080,000.00	1,080,000.00
	07/15/2026	1,125,000.00	3.550%	100.000	1,125,000.00	1,125,000.00
	07/15/2027	1,165,000.00	3.550%	100.000	1,165,000.00	1,165,000.00
	07/15/2028	1,205,000.00	3.550%	100.000	1,205,000.00	1,205,000.00
	07/15/2029	1,245,000.00	3.550%	100.000	1,245,000.00	1,245,000.00
	07/15/2030	1,290,000.00	3.550%	100.000	1,290,000.00	1,290,000.00
	07/15/2031	1,335,000.00	3.550%	100.000	1,335,000.00	1,335,000.00
		14,055,000.00			14,055,000.00	14,055,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/15/2031	3.550%	1,335,000.00	1,335,000.00		
Entire Issue			14,055,000.00	14,055,000.00	8.8516	3.5505%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	355,675.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	14,055,000.00
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	8.2540
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Bonds, Series 2006:					
TERM18	07/15/2017	635,000.00	5.050%	100.000	635,000.00
TERM18	07/15/2018	505,000.00	5.050%	100.000	505,000.00
TERM31	07/15/2018	165,000.00	5.350%	100.000	165,000.00
TERM31	07/15/2019	705,000.00	5.350%	100.000	705,000.00
TERM31	07/15/2020	740,000.00	5.350%	100.000	740,000.00
TERM31	07/15/2021	780,000.00	5.350%	100.000	780,000.00
TERM31	07/15/2022	825,000.00	5.350%	100.000	825,000.00
TERM31	07/15/2023	865,000.00	5.350%	100.000	865,000.00
TERM31	07/15/2024	915,000.00	5.350%	100.000	915,000.00
TERM31	07/15/2025	960,000.00	5.350%	100.000	960,000.00
TERM31	07/15/2026	1,015,000.00	5.350%	100.000	1,015,000.00
TERM31	07/15/2027	1,070,000.00	5.350%	100.000	1,070,000.00
TERM31	07/15/2028	1,125,000.00	5.350%	100.000	1,125,000.00
TERM31	07/15/2029	1,185,000.00	5.350%	100.000	1,185,000.00
TERM31	07/15/2030	1,250,000.00	5.350%	100.000	1,250,000.00
TERM31	07/15/2031	1,315,000.00	5.350%	100.000	1,315,000.00
		14,055,000.00			14,055,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Bonds, Series 2006	05/04/2017	10/17/2006	8.2540
All Refunded Issues	05/04/2017		8.2540

COST OF ISSUANCE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Cost of Issuance	$/1000	Amount
Bond Counsel - Gust Rosenfeld	3.38670	47,600.00
Paying Agent- Zions	0.01779	250.00
Trustee - Zions (Acceptance)	0.14230	2,000.00
Trustee - Zions (1st year annual admin fee)	0.21345	3,000.00
Escrow Trustee - Zions	0.03557	500.00
Financial Advisor - FirstSouthwest	3.55745	50,000.00
Placement Agent - RBC	15.00000	210,825.00
Placement Agent Counsel - Greenberg Traurig	1.77873	25,000.00
Counsel to Purchaser - Kutak	0.88936	12,500.00
Miscellaneous & Contingency	0.28460	4,000.00
	25.30594	355,675.00

DISCLOSURE AGREEMENT

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

This Disclosure Agreement (this "*Agreement*") is executed and delivered by the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*"), in connection with the issuance of $14,055,000 aggregate principal amount of the District's District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"). The Bonds are initially purchased by Texas Capital Bank, N.A. (the "*Purchaser*") and are being issued pursuant to Resolution No. 04-16, adopted by the Board of Directors of the District on September 6, 2016, and as thereafter supplemented by Resolution No. 01-17, adopted by the Board of Directors of the District on February 7, 2017 (together, the "*Resolution*"), and an Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), from the District to Zions Bank, a division of ZB, National Association, as trustee. The District covenants and agrees as follows:

1. *Definitions.* In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Agreement:

"Annual Financial Information" means the financial information and operating data set forth in Section 3.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the Audited Financial Statements as set forth in Section 3.

Audited Financial Statements means the audited financial statements of the District for the prior fiscal year, if any.

2. *Purpose of this Agreement.* This Agreement is executed and delivered by the District as of the date set forth below in order to provide the Purchaser with certain Annual Financial Information and Audited Financial Statements of the District.

3. *Annual Financial Information Disclosure.* If not otherwise available, on the website of the District or the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board, by the time required, the District shall provide its Annual Financial Information and its Audited Financial Statements to the Purchaser at the address below for so long as the Purchaser is the registered owner of the Bonds when available but no later than 210 days after the end of the respective fiscal year. Annual Financial Information shall include certain information, in the form and substance of the information contained on the Sample Continuing Disclosure Annual Report attached as Exhibit A, including (i) Property Valuations in the District, (ii) Property Classification, (iii) Net Assessed Limited Property Valuation of Major Taxpayers, (iv) Taxes Levied and Collected in the District; (v) Audited Financial Statements, and (vi) any other financial information as reasonably requested by Purchaser.

4. *Amendments; Waiver.* No amendment or waiver of any provision of this Agreement or consent to any departure by the District from any such provision shall in any event be effective unless the same shall be in writing and signed by the Purchaser. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the event any agreement contained in this Agreement should be breached by the District and thereafter waived by the Purchaser, such waiver shall be limited to the particular breach so waived for the specific period set out in such waiver and such waiver shall not constitute a waiver of such breach for any other period and shall not waive any other or similar breach hereunder.

5. *Termination of Agreement.* This Agreement shall be terminated hereunder if the District shall no longer have liability for any obligation on or relating to repayment of the Bonds under the Resolution or the Indenture.

6. *Dissemination Agent.* The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

7. *Beneficiaries.* This Agreement shall inure solely to the benefit of the District, the dissemination agent, if any, and the Purchaser, and shall create no rights in any other person or entity.

8. *Assignment.* The District shall not transfer obligations under this Agreement.

9. *Notices.* All written notices to be given under this Agreement may be given by first class mail, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States first class mail, postage prepaid to the address set forth below:

If to the District:
Verrado Community Facilities District 1
530 E. Monroe Ave.
Buckeye, AZ 85326

If to the Purchaser:
Texas Capital Bank, N.A.
2000 McKinney Avenue
Dallas, Texas 75201

10. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

11. *Attorney's Fees.* To the extent not otherwise prohibited by applicable law with respect to the District, in the event of a dispute between the parties under this Agreement, the losing party in such dispute shall pay all reasonable costs and expenses incurred by the prevailing party in connection therewith, including but not limited to attorney's fees.

12. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the District and shall be valid and enforceable at the time of such acceptance.

13. *Governing Law.* This Agreement shall be governed by the laws of the State of Arizona.

14. *Subject to Appropriation.* Pursuant to Arizona law, the District's undertaking to provide information under this Agreement is subject to appropriation to cover the costs of preparing and sending the Annual Financial Information Disclosure. Should funds that would enable the District to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact will be made in a timely manner to the Purchaser.

[Remainder of page left blank intentionally.]

WITNESS my hand this 30th day of March, 2017.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
District Chairman

Exhibit A

Sample
Continuing Disclosure Annual Report

Continuing Disclosure
Annual Report

Relating To

$20,400,000

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

AND

$6,000,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

CUSIP: 92511Q

Submitted:
TBD

Continuing Disclosure Annual Report

Pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Commission, this Continuing Disclosure Annual Report will be submitted to the Electronic Municipal Market Access (EMMA) system and the EMMA Continuing Disclosure Service of the Municipal Securities Rulemaking Board (MSRB), as a repository for municipal continuing disclosure information.

Website: www.emma.msrb.org

TABLE OF CONTENTS

	Page
I. Financial Information and Operating Data of the District	
Property Valuations in the District	*1*
Property Classification	*1*
Net Assessed Limited Property Valuation of Major Taxpayers	*1*
Taxes Levied and Collected in the District	*2*
II. Other	
The District does not currently obtain audited financial statements.	

PROPERTY VALUATIONS IN THE DISTRICT

Fiscal Year	Full Cash Value	Net Assessed Limited Property Value
2016-17	$958,010,117	$74,061,646
2015-16	819,274,280	67,730,018

Fiscal Year	Full Cash Value	Secondary Assessed Value
2014-15	$654,426,107	$63,972,940
2013-14	538,302,456	54,610,531
2012-13	506,451,824	51,517,086
2011-12	525,675,302	54,835,773
2010-11	592,220,337	70,917,296

Source: Maricopa County Assessor's Office.

PROPERTY CLASSIFICATION

	Secondary Assessed Valuation		Net Assessed Limited Property Valuation	
Description	2015-16	2015-16 Percent of Total	2016-17	2016-17 Percent of Total
Commerical, Industrial, Utilities & Mines	$4,108,297	6.07%	$4,149,779	5.60%
Agricultural & Vacant	15,363,163	22.68%	13,400,327	18.09%
Residential (Owner Occupied)	33,297,378	49.16%	39,379,710	53.17%
Residential (Rental Occupied)	14,961,180	22.09%	17,131,830	23.13%
Total	$67,730,018	100.00%	$74,061,646	100.00%

Source: Maricopa County Assessor's Office.

NET ASSESSED LIMITED PROPERTY VALUATION OF MAJOR TAXPAYERS

Taxpayer	2016-17 Net Assessed Limited Property Valuation	As Percent of District's 2016-17 Net Assessed Limited Property Valuation
Fidelity National Title Company Tr B176	$4,374,339	5.91%
Arizona Public Service Company	1,390,141	1.88%
Dmb White Tank Llc	1,379,545	1.86%
Mainstreet Core Properties Llc	993,552	1.34%
Banner Health	877,467	1.18%
Av Homes Of Arizona Llc	820,098	1.11%
Maracay 91 Llc	702,512	0.95%
Dmb Verrado Golf I Llc	683,303	0.92%
Meritage Homes Of Arizona Inc	491,445	0.66%
Standard Pacific Of Arizona Inc	413,221	0.56%
	$12,125,623	16.37%

Source: Maricopa County Assessor's Office.

TAXES LEVIED AND COLLECTED IN THE DISTRICT

Fiscal Year (a)	Real and Secured Personal Property Tax Levy (b)	Collected to June 30th End of Tax Fiscal Year		Total Collections (c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2016-17	$3,062,818	(d)	(d)	$1,791,527	58.49%
2015-16	2,823,595	$2,752,969	97.50%	2,804,717	99.33%
2014-15	2,111,119	2,077,837	98.42%	2,094,923	99.23%
2013-14	1,802,158	1,771,557	98.30%	1,767,859	98.10%
2012-13	1,700,074	1,675,577	98.56%	1,679,923	98.81%
2011-12	1,809,589	1,788,513	98.84%	1,760,405	97.28%
2010-11	2,340,279	2,284,861	97.63%	2,227,582	95.18%

Source: Maricopa County Treasurer's Office.

(a) Tax levy is as reported by the Treasurer as of August of each fiscal year. Amount does not include adjustments made to levy amounts after the August report.

(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, unless the full year's taxes are paid 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. Collections resulting in other than 100% represent increases and/or decreases to the levy amount after the initial August levy amount set by the Board of Supervisors.

(c) Reflects collections made through February 28, 2017.

(d) Fiscal year 2016-17 taxes in course of collection.

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF THE CITY

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

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

2. That the City 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 (6) City Council Members and that on March 30, 2017, the following persons are the duly qualified and acting Mayor and City Council Members of the City Council:

Jackie A. Meck	Mayor
Craig Heustis	Vice Mayor
Jeanine Guy	Council Member
G. Patrick HagEstad	Council Member
Michelle Hess	Council Member
Eric Orsborn	Council Member
Tony Youngker	Council Member

3. (a) That on July 19, 2001, Resolution No. 16-01 (the "*Resolution*") of the Mayor and City Council of the City of Goodyear, Arizona, Ordering Formation of Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and City Council of the City at a duly called meeting (the "*Meeting*") of the Mayor and City Council of the City 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 City 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 City 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 City Council or the City, the titles of the Mayor and City Council Members to their respective offices or the validity, due authorization and execution of the Resolution; restricting or preventing the City from performing its obligations under the Resolution; or attempting to limit, enjoin or otherwise restrict or prevent the Mayor and City Council or the City from functioning pursuant to the terms of the Resolution.

6. That all of the findings and the representations and warranties of the City 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.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the City on March 30, 2017.

CITY OF BUCKEYE, ARIZONA

By _____
Mayor

By _____, Deputy
City Clerk

By _____
City Manager

ZDS:jh2 2915237.1 3/21/2017

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF THE DISTRICT

We, the undersigned Chairperson, District Clerk and District Treasurer of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*"), hereby certify as follows:

A. We have executed, attested and countersigned, as applicable, $14,055,000 principal amount of the District's District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"); and we are the duly elected, qualified and acting officers indicated therein and authorized to execute, attest and countersign, as applicable, the typewritten Bonds. We further certify that we have executed, attested and countersigned, as applicable, 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 March 30, 2017, and are in the denomination of $100,000 of principal each or any 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 A*.

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

Interest is payable on January 15 and July 15 of each year during the term of each of the Bonds, commencing on July 15, 2017, and as otherwise set forth on the attached *Exhibit A*.

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

(i) On September 6, 2016, Resolution No. 04-16 of the District Board (the "*Authorizing Resolution*") was duly adopted at a duly called meeting (the "*Authorizing Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Authorizing Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Authorizing Meeting was posted more than twenty-four (24) hours prior to the Authorizing Meeting and that the Authorizing Meeting was open to the public.

(ii) On February 7, 2017, Resolution No. 01-17 of the District Board (the "*Private Placement Resolution*" and together with the Authorizing Resolution, the "*Resolution*") was duly adopted at a duly called meeting (the "*Private Placement Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Private Placement Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Private Placement Meeting was posted more than twenty-four (24) hours prior to the Private Placement Meeting and that the Private Placement Meeting was open to the public.

(iii) The Resolution duly authorized the issuance and sale of the Bonds and delivery thereof to Texas Capital Bank, N.A., as the initial purchaser of the Bonds pursuant to a

Placement Agent Agreement, dated the date hereof (the "*Placement Contract*"), by and between the District and RBC Capital Markets, LLC, as placement agent.

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

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

We further certify that:

(i) The representations, warranties and covenants contained in the Resolution and the Placement 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.

(ii) No litigation is pending or, to the actual knowledge of the undersigned, threatened in any court in any way affecting the existence of the District or the titles of its officers or directors to their respective positions, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or the collection of ad valorem taxes of the District pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or the Loan Documents (as defined in the Placement Contract), or contesting the powers of the District or its authority with respect to the Bonds, the Resolution or the Loan Documents.

(iii) The District has complied in all material respects with the Resolution and the Loan Documents and the terms of the Bonds and satisfied all material conditions on its part to be performed or satisfied prior to the delivery of the Bonds.

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

[Signature Page to Follow]

DATED: March 30, 2017.

Chairperson, Verrado District 1 Community Facilities District (City of Buckeye, Arizona)

Summer Stewart, Deputy
District Clerk, Verrado District 1 Community Facilities District (City of Buckeye, Arizona)

District Treasurer, Verrado District 1 Community Facilities District (City of Buckeye, Arizona)

ZDS:zds 2915251.2 3/22/2017

EXHIBIT A

Maturity Date (July 15)	Principal Amount	Interest Rate	Yield
2031	$14,055,000	3.55%	3.55%

The Bonds are subject to redemption prior to their stated maturity as follows:

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement. The Bonds are subject to special mandatory redemption at any time in the event of a default under the terms of either the Standby Contribution Agreement upon payment of the Redemption Price by the Developer 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. The Redemption Date shall be the first day of the first calendar month after payment of the Redemption Price to the Trustee for which notice of the redemption can be given not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date

Optional Redemption.

The Bonds are subject to optional redemption prior to maturity, at the option of the District, in whole or in part as selected by the District, on July 15, 2025, or on any date thereafter, by the payment of a redemption price equal to the principal amount to be redeemed, plus interest accrued to the date fixed for redemption, but without premium.

Mandatory Redemption.

The Bonds are subject to mandatory redemption prior to their stated maturity, at random or such other manner as selected by the District, as shown below, and in following the principal amounts, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption but without premium.

July 15, 2031 Term Bond

(July 15)	Principal Amount
2019	$ 720,000
2020	910,000
2021	940,000
2022	980,000
2023	1,010,000
2024	1,050,000
2025	1,080,000
2026	1,125,000
2027	1,165,000
2028	1,205,000
2029	1,245,000
2030	1,290,000
2031 (maturity)	1,335,000
Total	$14,055,000

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF THE OWNER

The undersigned Executive Vice President and Chief Financial Officer/Treasurer of DMB Associates, Inc., an Arizona corporation (the "*Manager*"), Manager of DMB White Tank, LLC, an Arizona limited liability company (the "*Owner*"), acting for and on behalf of the Owner, hereby certifies as follows:

1. That he is the qualified and acting Executive Vice President and Chief Financial Officer/Treasurer and, as such officer, is familiar with the books and limited liability company records of the Owner.

2. That the Owner is a limited liability company, 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 its members.

3. That the Owner has the requisite limited liability company power and authority to execute and deliver and perform the obligations of the Owner contained in the Standby Contribution Agreement, dated as of March 1, 2017 (the "*Standby Contribution Agreement*"), by and among the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*"), the Owner and Zions Bank, a division of ZB, National Association, as trustee (the "*Trustee*"); the First Amendment to Standby Contribution Agreement, dated as of March 1, 2017 (the "*First Amendment to 2013 SCA*"), amending the Standby Contribution Agreement, dated as of July 1, 2013, by and among the District, the Owner and the Trustee, as trustee of the District's District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B; and the Development Financing Participation and Intergovernmental Agreement No. 1 (Verrado District 1 Community Facilities District), recorded in Maricopa County, Arizona on July 3, 2001, at Document No. 2001-0594335 (the "*Development Agreement*", and, collectively with the Standby Contribution Agreement and the First Amendment to 2013 SCA, collectively, the "*Owner Documents*"), as executed and delivered by the duly authorized officer of the Manager of the Owner.

4. That the Owner Documents were approved and the execution and delivery thereof was authorized by the Unanimous Written Consent of the Board of Directors of DMB Associates, Inc., as Manager of DMB White Tank, LLC, effective as of March 28, 2017 (the "*Consent*").

(a) That the Consent authorizes, among other things, the execution and delivery of the Owner Documents; that the Consent has not been altered, amended, repealed, revoked or rescinded as of the date hereof; and that no meeting was necessary to adopt the Consent and authorize the execution and delivery of the Owner Documents on behalf of the Owner.

(b) That the Owner nor the Manager have rules of procedure which would invalidate or make ineffective the Consent and that the Consent has been adopted in accordance with the Articles of Organization, as amended, and the Operating Agreement of the Owner.

5. That the officer executing and delivering the Owner Documents has been authorized to execute and deliver the Owner Documents by all necessary limited liability company action, and the Owner Documents are in full force and effect and are valid and legally binding obligations of the Owner.

6. That the person named below was on the date or dates of the execution or acceptance of the Owner Documents, and is on the date hereof, the duly qualified and acting incumbent of the office of the Manager set forth below his signature and the signature appearing above his name is the genuine official signature of said officer.

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

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

9. 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 (including previously executed standby contribution agreements with the District) 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.

10. That the consummation of the transactions contemplated by the Owner Documents and compliance by the Owner with the provisions thereof will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, agreement or other instrument to which the Owner is a party or by which the Owner may be bound.

11. 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 effectiveness or validity of the Consent or the Owner Documents or the performance by the Owner of its obligations set forth in the Owner Documents or the conduct of the Owner's business; or contesting or questioning the proceedings and authority under which the Owner Documents have been authorized and are delivered and executed.

12. That attached hereto as Exhibit A is a true, complete and correct copy of the Amended and Restated Articles of Organization of DMB White Tank, LLC, dated October 12, 1999, as filed with the Arizona Corporation Commission on November 1, 1999, as File No. L-0858094-6, as amended by the First Amendment to Amended and Restated Articles of Organization of DMB White Tank, LLC, dated December 31, 2005, as filed with the Arizona Corporation Commission on January 9, 2006, as File No. L0858094-6, the Second Amendment to Amended and Restated Articles of Organization of DMB White Tank, LLC, dated November 30, 2006, as filed with the Arizona Corporation Commission on December 1, 2006, as File No. L-0858094-6 and the Third Amendment to the Amended and Restated Articles of Organization of DMB White Tank, LLC, dated September 1, 2010, as filed with the Arizona Corporation Commission on September 24, 2010, as File No. L-0888094-6 (collectively, the "*Articles*"), which are in full force and effect, as amended, as of the date hereof and that no further amendments to the Articles have been filed subsequent to the last date on which they were certified by the Arizona Corporation Commission.

13. That attached hereto as Exhibit B is a true, complete and correct copy of the Operating Agreement of DMB White Tank, LLC, dated as of October 12, 1999, as amended pursuant to an Assignment of Membership Interest and First Amendment to Operating Agreement, dated as of December 31, 2005, which was in full force and effect on October 1, 2006, an Assignment of Membership Interest and Second Amendment to Operating Agreement, dated as of November 30, 2006 and a Third Amendment to Operating Agreement, dated as of September 1 2010, which is in full force and effect, as amended, as of the date hereof.

14. That, with respect to the real property which is in the District (the "*Property*"), the Property is owned in part by the Owner and the Owner has the right to acquire the balance of the Property as provided in the Amended and Restated Trust Agreement, dated August 31, 2006, amending and restating the Trust Agreement, dated March 19, 2002, creating Trust No. B176 among Fidelity National Title Insurance Company, a California corporation, as the initial Trustee, Caterpillar Foundation, as First Beneficiary, and the Owner, as Second Beneficiary and that the Owner is proceeding with reasonable speed to develop and sell the Property to members of the general public for residential and commercial use.

15. That all of the representations and warranties of the Owner made and contained in the Owner Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were set forth herein as of the date hereof.

[REMAINING PAGE IS BLANK]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on March 30, 2017.

DMB White Tank, LLC,
an Arizona limited liability company

By: DMB ASSOCIATES, INC.,
An Arizona corporation, its Manager

By: _____
Andrew S. Beams
Executive Vice President/Treasurer/Chief Financial Officer

ATTACHMENTS

Exhibit A – Articles of Organization (as amended)
Exhibit B – Operating Agreement (as amended)

[Signature Page to Certificate of Owner]

EXHIBIT A

Articles of Organization

VER 1300.001

STATE OF ARIZONA
ACC:FAX
DATE FILED

NOV 01 1999

DATE APPR 11-1-99
TERM
BY Mary Baines

L-0858094-6

AMENDED AND RESTATED ARTICLES OF ORGANIZATION DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-633, the undersigned states as follows:

1. Name; Prior Filings. The name of the limited liability company (the "Company") affected by this instrument is "DMB White Tank, LLC." Articles of Organization were filed on behalf of the Company with the Arizona Corporation Commission on November 20, 1998, as File Number L-0858094-6.

2. Office; Agent. The address of the Company's registered office in Arizona is 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258. The name and business address of the Company's statutory agent are FC Service Corporation, 3003 North Central Avenue, Suite 2600, Phoenix, Arizona 85012-2913 (Attn: Gregg Hanks).

3. Dissolution. The latest date upon which the Company is to dissolve is December 31, 2050.

4. Management. Management of the Company is vested in one manager.

5. Name and Address of Manager. The name and address of the manager of the Company (the "Manager") are:

DMB Realco LLC
7600 East Doubletree Ranch Road
Suite 300
Scottsdale, Arizona 85258

6. Name and Address of Certain Member. DMB Realco LLC, whose address is set forth above, is the sole member of the Company that owns a twenty percent or greater interest in the capital or profits of the Company.

7. Additional Matters. Under the Company's operating agreement of even date herewith (the "Operating Agreement"), the Manager is required to designate an "Independent Member" who shall have the right to grant or withhold consent to each of the following actions by the Company (which may be taken by the Company only if there is an Independent Member and the Manager and Independent Member affirmatively vote to cause the Company to so act), for so long as the Company has any rights or obligations under the Master Agreement or holds any interest in the Trust Agreement (as those terms are defined on Exhibit A):

(a) engage in any business or activity other than those set forth on Exhibit A;

NOV 01 '99 10:50 FR FENNEMORE CRAIG PZ 1 602 9165999 TO 19742604326954424 P.02

(b) dissolve or liquidate, in whole or in part at any time prior to December 31, 2050 (except as provided in paragraph 7(e)(iv) below), or consolidate or merge with or into any other person or entity, or convey or transfer its properties and assets substantially as an entirety to any person or entity or change its legal structure;

(c) acquire all, or substantially all, of the assets or capital stock or other ownership interest of any other entity (except for an entity wholly-owned by the Company whose sole purpose is to engage in activities authorized under Exhibit A);

(d) institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file, or consent to, a petition seeking reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any substantial part of its property, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take limited liability company action in furtherance of any such action; or

(e) authorize the amendment of the Operating Agreement to (i) provide for any additional managers other than the Manager provided for hereunder; (ii) enlarge or alter the permitted business purposes of the Company as provided on Exhibit A; (iii) amend or repeal the restrictions on Company action as describe in this paragraph 7; or (iv) permit or cause the Company to dissolve or to liquidate; except that upon the insolvency of, or the institution of voluntary or involuntary bankruptcy proceedings involving, the Company which are not dismissed within sixty days, the Company shall dissolve.

8. Effect on Articles. This instrument supersedes in their entirety the Articles, effective as of the date set forth below.

Dated October 12, 1999.

DMB Realco LLC, an
Arizona limited liability company,
Manager of DMB White Tank, LLC,
an Arizona limited liability company

By: DMB Associates, Inc., an
Arizona corporation, Manager

By: _____
Its: Executive Vice President

PHX/GHANKS/901499 4/26043.001

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Exhibit A

(a) Investigate the acquisition of certain real property located in Maricopa County, Arizona (the "Property"), as more particularly defined and described in the Operating Agreement, and in connection therewith enter into one or more access agreements and agreements with consultants and advisers to assist the Company in such investigation;

(b) Acquire fee title to one or more parcels of real property located in Maricopa County, Arizona, in the vicinity of the Property (the "Related Parcels," and together with the Property, the "Properties");

(c) Enter into a Master Agreement (the "Master Agreement") with Caterpillar Foundation, an Illinois not-for-profit corporation ("Foundation"), pertaining to the Properties, and all agreements contemplated by or referred to in the Master Agreement;

(d) Enter into an agreement with Caterpillar, Inc., a Delaware corporation, pertaining to certain matters relating to the Properties (the "Caterpillar Agreement");

(e) Upon the satisfaction of the applicable requirements, terms and conditions of the Master Agreement, enter into a Trust Agreement (the "Trust Agreement"), in the form attached as an exhibit to the Master Agreement, and any and all other documents or agreements contemplated by the Master Agreement and the Trust Agreement, and cause the Property and the Easement Rights (as defined in the Operating Agreement) to be conveyed to the trustee under the Trust Agreement (the "Trustee");

(f) Develop a mixed-use real estate project on the Properties (the "Project");

(g) In connection with the exercise of the Company's rights under the Master Agreement and the Trust Agreement and the development of the Project undertake and/or direct the Trustee under the Trust Agreement to undertake (or to take actions necessary to permit or facilitate the Company in undertaking) each and every one of the following actions:

(i) master plan, zone, rezone and subdivide all or any part of the Properties, and in connection therewith cause the Properties to be annexed into a town or city and enter into development agreements, community master plans or ordinances, or other similar arrangements;

(ii) obtain or develop a water supply and distribution system for the Project and enter into agreements of every kind or nature with a private or public entity of any nature relating to the development and delivery of water to the Project;

(iii) develop a sanitary sewer system for the Project and enter into agreements of every kind or nature with a private or public entity of any nature relating to the development and/or provision of a sewer system or sewer services to the Project;

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(iv) obtain utility services of every kind and nature for the Project, including, without limitation, natural gas, electricity, cable television, telephone and communications services of every kind and nature;

(v) obtain any and all entitlements, permits and authorizations necessary or convenient for the development of the Project and in connection therewith make applications and filings and enter into agreements and stipulations of every kind and nature with governmental authorities having jurisdiction over the Project;

(vi) construct infrastructure and related improvements on all or any part of the Properties and/or the property that is subject to the Easement Rights and offsite improvements of every kind and nature (including, without limitation, a freeway interchange, roadways, water and sewer facilities and other improvements of any kind or nature) to other properties to facilitate or enhance in any manner the development of the Project or the value of the Properties;

(vii) improve and develop all or any part of the Properties into residential lots or superpads;

(viii) construct, own, operate and manage one or more golf courses on the Properties and acquire, maintain and dispose of furniture, fixtures and equipment relating to such golf courses;

(ix) establish membership programs for the golf courses and other improvements, facilities or amenities at the project and administer the same;

(x) construct dwelling units, office buildings, retail buildings, sales centers, restaurants, sports and recreational facilities, trails, pathways and other vertical improvements of every kind or nature on portions of the Properties;

(xi) grant easements or other property rights by documents that are customarily recorded with respect to all or any part of the Properties, establish homeowners' and similar associations, and subject all or any part of the Properties to covenants, conditions, restrictions, improvement districts, community facilities districts and similar arrangements;

(xii) hold all or any part of the Properties for investment;

(xiii) obtain community facilities district financing for the Project on terms and conditions authorized under the Trust Agreement ("Authorized CFD Financing"), and in connection therewith, take each and every action authorized or permitted under the Trust Agreement with respect to such financing;

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(xiv) acquire access easements, rights of way and similar property rights or interests necessary or desirable in connection with the development of the Properties;

(xv) own, operate, manage, lease, maintain, repair, replace, sell, exchange, dedicate, donate, transfer, assign or otherwise dispose of all or any part of the Properties or the Project (including, without limitation, any golf course or other improvements constructed on the Properties);

(h) retain contractors, consultants and employees to assist the Company in any and all activities of the Company as necessary or convenient to accomplish the purposes of the Company;

(i) enter into contracts, agreements and other arrangements of any kind or nature as are necessary or convenient to accomplish the purposes of the Company;

(j) provide bonds, surety arrangements, guarantees and other financial commitments of any kind or nature and lend money or advance credit as necessary or advisable for the development of the Project;

(k) exercise all of the Company's rights and remedies and perform all of the Company's duties and obligations under any agreement entered into pursuant to the foregoing provisions of this Exhibit A and, without limiting the generality of the foregoing, exercise any right and take any action which the Company is authorized or permitted to take under the Master Agreement, the Trust Agreement, the Caterpillar Agreement and any other agreement referred to therein or executed and delivered in connection therewith; and

(l) engage and direct the Trustee under the Trust Agreement to engage in any and all activities that are necessary, convenient or incidental to the accomplishment of the foregoing business purposes;

all on terms and conditions determined by the Manager, in its sole and absolute discretion, without the joinder or consent of any other Person (including, without limitation, the Independent Member).

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION COVER SHEET

YC

USE A SEPARATE COVER SHEET FOR EACH DOCUMENT

ARE YOU FILING: ☐ New Entity ☑ Change to existing entity ☐ Re-submission/Correction

PLEASE COMPLETE ALL APPROPRIATE SECTIONS
Type in Corp/LLC Name: DMB White Tank, LLC

FILING TYPE	REGULAR SERVICE FEE	EXPEDITED SERVICE FEE
☐ Articles of Domestication	☐ $100.00	☐ $135.00
☐ Articles of Incorporation (Profit)	☐ $ 60.00	☐ $ 95.00
☐ Articles of Incorporation (Non Profit)	☐ $ 40.00	☐ $ 75.00
☐ Articles of Organization (Limited Liability Company)	☐ $ 50.00	☐ $ 85.00
☐ Application For Authority (Business)	☐ $175.00	☐ $210.00
☐ Application to Conduct Affairs (Non Profit)	☐ $175.00	☐ $210.00
☐ Application for New Authority	☐ $175.00	☐ $210.00
☐ Application for Registration	☐ $150.00	☐ $185.00
☑ Articles of Amendment	☑ $ 25.00	☐ $ 50.00
☐ Articles of Amendment & Restatement	☐ $ 25.00	☐ $ 60.00
☐ Articles of Correction	☐ $ 25.00	☐ $ 60.00
☐ Articles of Merger/Share Exchange	☐ $100.00	☐ $135.00
☐ Articles of Merger (Limited Liability Company)	☐ $ 50.00	☐ $ 85.00
☐ Affidavit of Publication	☐ $ 0.00	☐ $ 35.00
☐ CORPORATIONS -Certified Copies* *If copies are for different entities the Expedite fee applies to each entity	☐ $5.00 Each (_____) (Enter Quantity)	☐ $40.00 (_____) (Enter Quantity)
☐ LLCs - Certified Copies* *If copies are for different entities the Expedite fee applies to each entity	☐ $10.00 Each (_____) (Enter Quantity)	☐ $45.00 (_____) (Enter Quantity)
☐ Good Standing Certificate* *If Good Standing Certificates are for different entities the Expedite fee applies to each entity	☐ $10.00 Each (_____) (Enter Quantity)	☐ $45.00 (_____) (Enter Quantity)
☐ Other: _____	☐ Regular Fee	☐ Expedite Fee

RECEIVED
JAN 27 2015
ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

SELECT PAYMENT TYPE: DO NOT WRITE YOUR CREDIT CARD NUMBER ON THIS FORM!

☐ Check Check # _____ Check Amount $ _____
☑ M.O.D. Account MOD Acct # 1333 Mod Amount $ 25.00
☐ Cash -- for in-person filings only (Do not send cash in the mail.) Cash Amount $ _____
☐ Credit Card -- for in-person filings only CC Amount $ _____
☐ No fee required

REQUIRED - SELECT ONE RETURN DELIVERY OPTION: ☐ Mail ☐ Pick Up ☑ Fax # (480) 367-7461

PLEASE PRINT E-MAIL ADDRESS CLEARLY:

☐ E-mail: _____

For Mail or Pick Up - Please list the person or company who will be picking up the completed documents.
DOCUMENTS WILL BE MAILED IF THEY ARE NOT PICKED UP IN A TIMELY MANNER (APPROXIMATELY ONE WEEK).

Person or Company Name: Georgia Moraga
Phone Number: 480-367-7261

Address:

City: State: Zip

FOR ARIZONA CORPORATION COMMISSION USE ONLY
PICK-UP BY: _____ DATE: _____

View current process times at: www.azcc.gov/Divisions/Corporations

FACSIMILE TRANSMITTAL

[redacted]

DATE: January 27, 2015

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME Arizona Corporation Commission

Facsimile No: (602) 542-4100

FROM:

Georgia Moraga
Corporate Paralegal
DMB ASSOCIATES, INC.
7600 E. DOUBLETREE RANCH ROAD, SUITE 300
SCOTTSDALE, AZ 85258-2137
Telephone: 480-367-7261
Facsimile: 480-367-7461
gmoraga@dmbinc.com

Total Number of Pages (including cover sheet): 5

Re: DMB White Tank, LLC - File – L-0858094-6

MESSAGE: Please file the attached Articles of Amendment and charge MOD Account #1333. If you have any questions, please contact me at (480) 367-7261. Thank you for your assistance in this matter.
Georgia

PLEASE CALL IMMEDIATELY IF THERE ARE ANY PROBLEMS DURING THIS TRANSMISSION OR IF YOU DO NOT RECEIVE ALL PAGES.

480-367-7288

OPERATOR: Toni Grucky

COMMISSIONERS
SUSAN BITTER SMITH – Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

ARIZONA CORPORATION COMMISSION

JODI JERICH
Executive Director

PATRICIA L. BARFIELD
Director
Corporations Division

March 3, 2015

PIQ HOLDINGS INC
7600 E DOUBLETREE RANCH ROAD
#300
SCOTTSDALE, AZ 85258-2137

RE: DMB WHITE TANK, LLC
File Number: L08580946

We are pleased to notify you that your Amendment to Articles of Organization for the above referenced limited liability company HAS BEEN APPROVED.

No publication is required.

We strongly recommend that you periodically monitor your company's record with the Commission, which can be viewed at www.azcc.gov/divisions/ corporations. If you have questions or need further information, please contact us at (602) 542-3026 in Phoenix, or Toll Free (Arizona residents only) at 1-800-345-5819.

Take our online customer service survey at www.azcc.gov/divisions/Corporations.

CF:10
REV. 01/2009

JAN-27-15 14:12 FROM-

AZ CORPORATION COMMISSION
FILED

JAN 2 7 2015

FILE NO. L-0858094-6

AZ Corp. Commission
04933934

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

ARTICLES OF AMENDMENT

Read the Instructions L015I

1. **ENTITY NAME** – give the exact name of the LLC as currently shown in A.C.C. records:

   DMB White Tank, LLC

2. **A.C.C. FILE NUMBER:** L-0858094-6
   Find the A.C.C. file number on the upper corner of filed documents OR on our website at: http://www.azcc.gov/Divisions/Corporations

CHECK THE BOX NEXT TO EACH CHANGE BEING MADE AND COMPLETE THE REQUESTED INFORMATION FOR THAT CHANGE.

3. ☐ **ENTITY NAME CHANGE** – type or print the exact NEW name of the LLC in the space below:

4. ☑ **MEMBERS CHANGE (CHANGE IN MEMBERS)** – *see Instructions L015I* – **Use one block per person** – FOR MEMBERS CURRENTLY SHOWN IN A.C.C. RECORDS – list the name of each member being changed, and below that provide any new information for that member (new name and/or address), then check all boxes that apply to indicate the change being made for that member. FOR NEW MEMBERS – in a **separate block**, list the name in the NEW Name blank and give the address, and check the appropriate box. If more space is needed, complete and attach the Amendment Attachment for Members form L044.

DMB White Tank Holdings LLC Name currently shown in ACC records DMB/DREI Holdings LLC NEW Name 7600 E. Doubletree Ranch Road, Suite 300 Address 1 Address 2 (optional) Scottsdale / AZ / 85258 City / State or Province / Zip UNITED STATES Country ☐ Address change ☐ Add as 20% or more member ☑ Name change ☐ Add as less than 20% member ☐ Remove member	Name currently shown in ACC records NEW Name Address 1 Address 2 (optional) City / State or Province / Zip Country ☐ Address change ☐ Add as 20% or more member ☐ Name change ☐ Add as less than 20% member ☐ Remove member
Name currently shown in ACC records NEW Name Address 1 Address 2 (optional) City / State or Province / Zip Country ☐ Address change ☐ Add as 20% or more member ☐ Name change ☐ Add as less than 20% member ☐ Remove member	Name currently shown in ACC records NEW Name Address 1 Address 2 (optional) City / State or Province / Zip Country ☐ Address change ☐ Add as 20% or more member ☐ Name change ☐ Add as less than 20% member ☐ Remove member

5. ☐ **MANAGERS CHANGE (CHANGE IN MANAGERS)** – **Use one block per person** – FOR MANAGERS CURRENTLY SHOWN IN A.C.C. RECORDS – list the name of each manager being changed, and below that provide any new information for that manager (new name and/or address), then check all boxes that apply to indicate the change being made for that manager. FOR NEW MANAGERS – **in a separate block,** list the name in the NEW Name blank and give the address, and check the appropriate box. If more space is needed, complete and attach the Amendment Attachment for Managers form L043.

Name currently shown in ACC records	Name currently shown in ACC records
NEW Name	NEW Name
Address 1	Address 1
Address 2 (optional)	Address 2 (optional)
City / State or Province / Zip	City / State or Province / Zip
Country	Country
☐ Address change ☐ Add as manager	☐ Address change ☐ Add as manager
☐ Name change ☐ Remove manager	☐ Name change ☐ Remove manager

6. ☐ **MANAGEMENT STRUCTURE CHANGE** – *see Instructions L015* – check only one box below and follow instructions:

☐ CHANGING TO *MANAGER*-MANAGED LLC – complete and attach the Manager Structure Attachment form L040. *The filing will be rejected if it is submitted without the attachment.*

☐ CHANGING TO *MEMBER*-MANAGED LLC – complete and attach the Member Structure Attachment form L041. *The filing will be rejected if it is submitted without the attachment.*

7. ☐ **STATUTORY AGENT CHANGE – NEW AGENT APPOINTED** – *see Instructions L015:*

7.1 *REQUIRED* – give the **name** (can be an individual or an entity) **and *physical or street address*** (not a P.O. Box) in Arizona of the NEW statutory agent:	**7.2** *OPTIONAL* – mailing address in Arizona of NEW Statutory Agent (can be a P.O. Box):
Statutory Agent Name (required)	
Attention (optional)	Attention (optional)
Address 1	Address 1
Address 2 (optional)	Address 2 (optional)
City / State / Zip	City / State / Zip

7.3 *REQUIRED* – the Statutory Agent Acceptance form M002 must be submitted along with these Articles of Amendment.

8. ☐ **STATUTORY AGENT ADDRESS CHANGE – ADDRESS OF CURRENT STATUTORY AGENT** – complete 8.1 and/or 8.2:

8.1 **NEW *physical or street address*** (not a P. O. Box) in Arizona of the existing statutory agent:	**8.2** **NEW mailing address** in Arizona of the existing statutory agent (can be a P.O. Box):
Attention (optional)	Attention (optional)
Address 1	Address 1
Address 2 (optional)	Address 2 (optional)
City / State / Zip	City / State / Zip

9. ☐ **ARIZONA KNOWN PLACE OF BUSINESS ADDRESS CHANGE:**

9.1 Is the NEW Arizona known place of business address the same as the street address of the statutory agent?

☐ Yes – go to number 10 and continue
☐ No – go to number 9.2 and continue

9.2 If you answered "No" to number 9.1, give the **NEW physical or street address** (not a P.O. Box) of the known place of business of the LLC in Arizona:

Attention (optional)			
Address 1			
Address 2 (optional)			
City		State or Province	Zip
Country			

10. ☐ **DURATION CHANGE** – check one to indicate the **NEW** duration or life period of the LLC:

☐ Perpetual
☐ The LLC's life period will end on this date: _____ (enter a date – mm/dd/yy)
☐ The LLC's life period will end upon the occurrence of this event:

_____ (describe an event)

11. ☐ **ENTITY TYPE CHANGE** – If changing entity type, check one and follow instructions:

☐ Changing to a PROFESSIONAL LLC – number 12 must also be completed.
☐ Changing to a NON-PROFESSIONAL LLC (professional LLC becoming a regular LLC).

12. ☐ **PROFESSIONAL SERVICES CHANGE** – describe the **NEW** type of professional services the professional LLC will render:

_____

13. ☐ **OTHER AMENDMENT** – If an amendment was made that was not addressed by the check boxes on this form, then you must attach to these Articles of Amendment a complete copy of the LLC's written amendment.

SIGNATURE: By checking the box marked "I accept" below, I acknowledge *under penalty of perjury* that this document together with any attachments is submitted in compliance with Arizona law.

☑ I ACCEPT

Mary S. Alexander — Mary S. Alexander — 01-27-15
Signature — Printed Name — Date (mm/dd/yy)

REQUIRED – check only one and fill in the corresponding blank if signing for an entity:

☒ This is a **manager-managed LLC** and I am signing individually as a **manager** or I am signing for an **entity manager named:** DMB Associates, Inc.	☐ This is a **member-managed LLC** and I am signing individually as a **member** or I am signing for an **entity member named:**

Filing Fee: $25.00 (regular processing) Expedited processing – add $35.00 to filing fee. All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.
All documents filed with the Arizona Corporation Commission are public record and are open for public inspection.
If you have questions after reading the instructions, please call 602-542-3026 or (within Arizona only) 800-345-5818.

FILED

JAN 09 2006

FILE NO. L-0858094-6

FIRST AMENDMENT TO AMENDED AND RESTATED ARTICLES OF ORGANIZATION OF DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-632, the undersigned, being the former and current managers of DMB White Tank, LLC, an Arizona limited liability company, state as follows:

1. Name. The name of the limited liability company (the "Company") affected by this instrument is DMB White Tank, LLC.

2. Prior Filings. Articles of Organization (the "Original Articles") were filed on behalf of the Company with the Arizona Corporation Commission on November 20, 1998, at File No. L-0858094-6. The Original Articles were superseded by Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 (the "Restated Articles").

3. Amendments to Articles. Sections 5 and 6 of the Restated Articles are hereby amended in their entirety to read as follows:

5. Name and Address of Manager. The name and address of the manager of the Company (the "Manager") are:

DMB Communities LLC,
an Arizona limited liability company
7600 East Doubletree Ranch Road
Suite 300
Scottsdale, Arizona 85258

6. Name and Address of Certain Member. DMB Communities LLC, whose address is set forth above, is the only member of the Company that owns a twenty percent or greater interest in the capital or profits of the Company.

4. Effect of Amendment. This First Amendment amends and supersedes all contrary provisions of the Restated Articles. Except as amended hereby, the Restated Articles shall remain in full force and effect.

Dated as of December 31, 2005.

FORMER MANAGER:

DMB Realco LLC,
an Arizona limited liability company

By: DMB Associates, Inc., an Arizona corporation, Manager

By: Mary S. Alexander
Its: Vice President

NEW MANAGER:

DMB Communities LLC,
an Arizona limited liability company

By: DMB Associates, Inc., an Arizona corporation, Manager

By: [signature]
Its: VP

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Director

DAVID RABER
Director, Corporations Division

January 23, 2005

FENNEMORE CRAIG
3003 N. Central Avenue
Phoenix, AZ 85012

RE: DMB WHITE TANK, LLC

We are pleased to notify you that your Articles of Amendment/Restated Articles of Organization were filed on 01/09/06.

If the publication box below has been checked, you must publish a copy of the Articles of Amendment/Restated Articles. 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 consecutive publications. For your convenience we have attached a list of known qualified newspapers for publishing.

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.

The Commission strongly recommends that you periodically check Commission records regarding the Limited Liability Company. The Commission web site www.cc.state.az.us/corp contains information specific to each corporation of record and is a good general source of information.

[] MUST BE PUBLISHED

[XXX] DO NOT PUBLISH

A.G. Rejano
Examiner
Corporations Division

If you have any questions, please call the Corporations Division Phoenix (602) 542-3135, Tucson (520)-628-6560 or toll free (Arizona residents only) at 1-800-345-5819
For more information contact our web site, at the address indicated below.

Applicother.wpd
Revised 03/2004

AZ CORPORATION COMMISSION
FILED

DEC 0 1 2006

FILE NO. L-0858094-6

SECOND AMENDMENT TO
AMENDED AND RESTATED ARTICLES OF ORGANIZATION
OF
DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-633, the undersigned, being current manager of DMB White Tank, LLC, an Arizona limited liability company, states as follows:

1. Name. The name of the limited liability company (the "Company") affected by this instrument is DMB White Tank, LLC.

2. Prior Filings. Articles of Organization (the "Original Articles") were filed on behalf of the Company with the Arizona Corporation Commission on November 20, 1998, at File No. L-0858094-6. The Original Articles were superseded by Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 (the "Restated Articles"). The Restated Articles were amended pursuant to a First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006.

3. Amendment to Articles. Section 6 of the Restated Articles, as amended, is hereby amended in its entirety to read as follows:

> 6. Name and Address of Certain Member. DMB White Tank Holdings, LLC, a Delaware limited liability company, 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258, is the only member of the Company that owns a twenty percent or greater interest in the capital or profits of the Company.

4. Effect of Amendment. This Second Amendment amends and supersedes all contrary provisions of the Restated Articles, as amended. Except as amended hereby, the Restated Articles, as amended, shall remain in full force and effect.

Dated as of November 30, 2006.

MANAGER:

DMB Communities LLC,
an Arizona limited liability company

By: DMB Associates, Inc., an
Arizona corporation, Manager

By: _____
Print Name: _____
Title: _____

PHX/1860567.1/26043.000

SEP-24-10 13:39 FROM-

AZ Corp. Commission
03252700

AZ CORPORATION COMMISSION
FILED

SEP 24 2010

FILE NO. L0858094-6

THIRD AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF ORGANIZATION OF DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-633, the undersigned states as follows:

1. Name; Prior Filings. The name of the limited liability company (the "Company") to which this instrument pertains is "DMB White Tank, LLC". The Company's original Articles of Organization were filed with the Arizona Corporation Commission on November 20, 1998 at Document Number L-0858094-6 (the "Original Articles"). Thereafter, the Original Articles were amended and restated in their entirety by the Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 (the "Restated Articles"). The Restated Articles were further amended pursuant to (a) the First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006 and (b) the Second Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on December 1, 2006.

2. Amendment. The Restated Articles are hereby amended by deleting paragraph 5 in its entirety and replacing it with the following:

5. Name and Address of Manager. The name and address of the manager of the Company (the "Manager") are:

DMB Associates, Inc.,
an Arizona corporation
7600 E. Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258.

3. Continuing Effect of Articles. This Third Amendment amends and supersedes all contrary provisions of the Restated Articles, as amended. Except as amended hereby, the Restated Articles, as amended, shall remain in full force and effect.

Dated effective as of September 1, 2010.

DMB Associates, Inc., an Arizona corporation,
Manager

By: Mary S. Alexander
Name: Mary S. Alexander
Its: Senior Vice President

EXHIBIT B

Operating Agreement

OPERATING AGREEMENT
OF
DMB WHITE TANK, LLC

This Operating Agreement (this "Agreement") is entered into as of October 12, 1999, by DMB Realco LLC, an Arizona limited liability company ("Realco"), as a Member and the sole Manager of DMB White Tank, LLC, an Arizona limited liability company (the "Company"), and shall bind the successors and assigns of Realco and any other Person who may acquire an interest as a Member in or Manager of the Company.

ARTICLE 1
THE LIMITED LIABILITY COMPANY

1.1 Definitions. Capitalized terms appearing in this Agreement and not otherwise defined herein shall have the meanings given those terms in Section 7.7.

1.2 Organization. The Company was formed as a manager-managed limited liability company upon the filing of articles of organization (the "Articles") with the Arizona Corporation Commission on November 20, 1998. Concurrently with the execution of this Agreement, the Company is filing amended and restated articles of organization (the "Amended Articles") with the Arizona Corporation Commission. The Company shall execute any required amendments to the Amended Articles and make or do all filings, recordings and other acts that may be appropriate to comply with the operation of the Company under the Act.

1.3 Company Name. The name of the Company is DMB White Tank, LLC. All business of the Company shall be conducted in the Company's name.

1.4 Place of Business. The address of the office at which all of the records of the Company shall be kept and the principal place of business of the Company shall be 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258, or at such other place or places within the State of Arizona as may be determined by the Manager.

1.5 Agent for Service of Process. The agent for service of process on the Company shall be FC Service Corporation, 3003 North Central Avenue, Suite 2600, Phoenix, Arizona 85012, or such other Person as shall be designated from time to time by the Manager.

1.6 Purpose. The purposes of the Company and the character of its business are to:

(a) Investigate the acquisition of certain real property located in Maricopa County, Arizona (the "Property"), as more particularly described in the Master Agreement, and in connection therewith enter into one or more access agreements and agreements with consultants and advisers to assist the Company in such investigation;

(b) Acquire fee title to one or more parcels of real property located in Maricopa County, Arizona, in the vicinity of the Property (the "Related Parcels," and together with the Property, the "Properties");

improvements of every kind and nature (including, without limitation, a freeway interchange, roadways, water and sewer facilities and other improvements of any kind or nature) to other properties to facilitate or enhance in any manner the development of the Project or the value of the Properties;

(vii) improve and develop all or any part of the Properties into residential lots or superpads;

(viii) construct, own, operate and manage one or more golf courses on the Properties and acquire, maintain and dispose of furniture, fixtures and equipment relating to such golf courses;

(ix) establish membership programs for the golf courses and other improvements, facilities or amenities at the project and administer the same;

(x) construct dwelling units, office buildings, retail buildings, sales centers, restaurants, sports and recreational facilities, trails, pathways and other vertical improvements of every kind and nature on portions of the Properties;

(xi) grant easements or other property rights by documents that are customarily recorded with respect to all or any part of the Properties, establish homeowners' and similar associations, and subject all or any part of the Properties to covenants, conditions, restrictions, improvement districts, community facilities districts and similar arrangements;

(xii) hold all or any part of the Properties for investment;

(xiii) obtain community facilities district financing for the Project on terms and conditions authorized under the Trust Agreement ("Authorized CFD Financing"), and in connection therewith, take each and every action authorized or permitted under the Trust Agreement with respect to such financing;

(xiv) acquire access easements, rights of way and similar property rights or interests necessary or desirable in connection with the development of the Properties;

(xv) own, operate, manage, lease, maintain, repair, replace, sell, exchange, dedicate, donate, transfer, assign or otherwise dispose of all or any part of the Properties or the Project (including, without limitation, any golf course or other improvements constructed on the Properties);

(h) retain contractors, consultants and employees to assist the Company in any and all activities of the Company as necessary or convenient to accomplish the purposes of the Company;

(i) enter into contracts, agreements and other arrangements of any kind or nature as are necessary or convenient to accomplish the purposes of the Company;

(c) Enter into a Master Agreement (the "Master Agreement") with Caterpillar Foundation, an Illinois not-for-profit corporation ("Foundation"), pertaining to the Property, and all agreements contemplated by or referred to in the Master Agreement;

(d) Enter into an Agreement to Remediate Certain Environmental Conditions (the "Remediation Agreement") with Caterpillar, Inc., a Delaware corporation, pertaining to certain conditions on the Property;

(e) Upon the satisfaction of the applicable requirements, terms and conditions of the Master Agreement, enter into a Trust Agreement (the "Trust Agreement"), in the form attached as an exhibit to the Master Agreement, and any and all other documents or agreements contemplated by the Master Agreement and the Trust Agreement, and cause the Property and the Easement Rights (as defined in the Master Agreement) to be conveyed to the trustee under the Trust Agreement (the "Trustee");

(f) Develop a mixed-use real estate project on the Properties (the "Project");

(g) In connection with the exercise of the Company's rights under the Master Agreement and the Trust Agreement and the development of the Project undertake and/or direct the Trustee under the Trust Agreement to undertake (or to take actions necessary to permit or facilitate the Company in undertaking) each and every one of the following actions:

(i) master plan, zone, rezone and subdivide all or any part of the Properties, and in connection therewith cause the Properties to be annexed into a town or city and enter into development agreements, community master plans or ordinances, or other similar arrangements;

(ii) obtain or develop a water supply and distribution system for the Project and enter into agreements of every kind or nature with a private or public entity of any nature relating to the development and delivery of water to the Project;

(iii) develop a sanitary sewer system for the Project and enter into agreements of every kind or nature with a private or public entity of any nature relating to the development and/or provision of a sewer system or sewer services to the Project;

(iv) obtain utility services of every kind and nature for the Project, including, without limitation, natural gas, electricty, cable television, telephone and communications services of every kind and nature;

(v) obtain any and all entitlements, permits and authorizations necessary or convenient for the development of the Project and in connection therewith make applications and filings and enter into agreements and stipulations of every kind and nature with governmental authorities having jurisdiction over the Project;

(vi) construct infrastructure and related improvements on all or any part of the Properties and/or the property that is subject to the Easement Rights and offsite

(j) provide bonds, surety arrangements, guarantees and other financial commitments of any kind or nature and lend money or advance credit as necessary or advisable for the development of the Project;

(k) exercise all of the Company's rights and remedies and perform all of the Company's duties and obligations under any agreement entered into pursuant to the foregoing provisions of this Section 1.6 and, without limiting the generality of the foregoing, exercise any right and take any action which the Company is authorized or permitted to take under the Master Agreement, the Trust Agreement, the Remediation Agreement and any other agreement referred to therein or executed and delivered in connection therewith; and

(l) engage and direct the Trustee under the Trust Agreement to engage in any and all activities that are necessary, convenient or incidental to the accomplishment of the foregoing business purposes;

all on terms and conditions determined by the Manager, in its sole and absolute discretion, without the joinder or consent of any other Person (including, without limitation, the Independent Member).

1.7 Powers. The Company is authorized to engage in all activities permitted by the Act, to the extent deemed necessary, convenient, incidental or advisable by the Manager to the accomplishment of the purpose of the Company as set forth in Section 1.6.

ARTICLE 2
SPECIAL PURPOSE PROVISIONS

2.1 Limited Purposes. The Company is a special purpose entity that has been organized and will be operated for the sole and exclusive purposes set forth in Section 1.6.

2.2 Independent Member.

(a) Designation of Independent Member. Prior to the execution of the Master Agreement by the Company, the Manager shall designate one or more individuals to act as a member (an "Independent Member") of the Company for the sole purpose of voting on matters described in Section 2.3(a). If the Independent Member then serving resigns or is removed in accordance with Section 2.2(d) or (e), the Manager shall designate a replacement Independent Member prior to the effective date of such resignation or removal. If the Independent Member then serving dies or becomes incapacited, the Manager shall designate a replacement Independent Member not later than thirty days following the date on which the Manager obtains actual knowledge of such death or incapacity. Any Independent Member designated from time to time by the Manager shall be subject to the approval of Foundation, which approval shall not be unreasonably withheld, conditioned or delayed. Any disagreement regarding whether Foundation has unreasonably withheld or conditioned its approval to the Independent Member designated by the Manager shall be subject to resolution in accordance with the procedures set forth in Sections 5.4 and 6 of the Trust Agreement.

(b) Qualifications of Independent Member. Each Independent Member shall be an individual who, except in his or her capacity as an Independent Member of the Company, is not and has not been before such individual's appointment as an Independent Member: (i) a member, manager, stockholder, partner, director, officer or employee of the Company or any of its Affiliates; (ii) affiliated with a significant customer, consultant, independent contractor or supplier of the Company or its Affiliates; or (iii) a Family Member of any Person described in clause (i) or (ii) above.

(c) Execution of Agreement. Each Independent Member shall sign a counterpart signature page to this Agreement, in the form attached hereto, whereby such Person agrees to all terms and conditions of this Agreement that are applicable to the Individual Member.

(d) Resignation of Independent Member. An Independent Member may resign as such at any time by giving written notice of resignation to the Manager; provided that such resignation shall not be effective until the date specified in the notice of resignation, which shall be no earlier than thirty days following delivery of such notice. An Independent Member shall and must give a notice of resignation at such time as he or she develops a relationship described in Section 2.2(b)(i), (ii) or (iii) with the Company, its Affiliates or Family Members of Persons specified in Section 2.2(b)(iii).

(e) Removal of Independent Member. An Independent Member may be removed for "cause" by the Manager; provided that such removal shall not be effective until a replacement Independent Member has been designated in accordance with Section 2.2(a). For purposes of this Agreement, "cause" shall mean and be limited to (i) the employment of the Independent Member by a competitor of the Company or its Affiliates, (ii) the conviction or a plea of guilty by the Independent Member to a felony, or (iii) failure of the Independent Member to exercise its voting rights under this Agreement after a written request by the Manager to do so, if such failure continues for more than fifteen days following any such request.

(f) Rights and Obligations. The sole rights and obligations of the Independent Member shall be to vote for or against matters requiring the affirmative vote of the Independent Member under Section 2.3(a). Notwithstanding any contrary provision of this Agreement or the Act, the Independent Member shall have no obligation to make capital contributions or to render services of any kind or nature to or for the benefit of the Company and shall have no economic rights or any other interests as a Member of the Company. The Independent Member shall have no rights of a member of a limited liability company granted under the Act, other than the voting rights specifically conferred on the Independent Member under this Section 2.2, and shall have no right to vote or to grant or withhold consent to any other matter relating to the Company. The Company shall have no obligation to provide financial information or reports to the Independent Member or to include the Independent Member in any meetings relating to the Company or its business; provided that the Manager shall give written notice to the Independent Member of any meeting to be convened for the purpose of considering any matter on which the Independent Member is entitled to vote pursuant to Section 2.3(a), at least fifteen days prior to the date of such meeting, and shall provide the Independent Member with such information as the Independent Member may reasonably request in connection with any meeting convened for such purpose.

2.3 Restrictions on Company Action. Notwithstanding any other provision of this Agreement to the contrary and any provision of law that would so empower the Company:

(a) Acts Requiring Consent of Independent Member. For so long as the Company has any rights or obligations under the Master Agreement or holds any interest in the Trust Agreement, the Company shall not have the authority to do any of the following unless there is an Independent Member, and the Manager and Independent Member affirmatively vote to cause the Company to so act:

(i) engage in any business or activity other than those set forth in Section 1.6;

(ii) dissolve or liquidate, in whole or in part at any time prior to December 31, 2050 (except as provided in Section 2.3(a)(v)(D)), or consolidate or merge with or into any other person or entity, or convey or transfer its properties and assets substantially as an entirety to any person or entity or change its legal structure;

(iii) acquire all, or substantially all, of the assets or capital stock or other ownership interest of any other entity (except for an entity wholly-owned by the Company whose sole purpose is to engage in activities authorized under Section 1.6);

(iv) institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against it, or file, or consent to, a petition seeking reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any substantial part of its property, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take limited liability company action in furtherance of any such action;

(v) authorize the amendment of this Agreement to (A) provide for any additional managers other than the Manager provided for hereunder; (B) enlarge or alter the permitted business purposes of the Partnership as provided in Section 1.6; (C) amend or repeal the restrictions on Company action in this Section 2.3; or (D) permit or cause the Company to dissolve or to liquidate; except that upon the insolvency of, or the institution of voluntary or involuntary bankruptcy proceedings involving, the Company which are not dismissed within sixty days, the Company shall dissolve.

(b) Prohibited Acts. The Company shall not do any of the following (each of which shall be deemed to be prohibited hereby):

(i) incur any indebtedness, secured or unsecured, other than (A) Authorized CFD Financing obtained on terms and conditions permitted under the Trust Agreement, and (B) trade and operational debt, payables or other obligations incurred in the ordinary course of business with trade creditors, contractors or other Persons providing goods or

services for the benefit of the Project, provided that such indebtedness shall be paid when due (and no indebtedness other than Authorized CFD Financing may be secured by the Project);

(ii) make any loans to any third party (including an Affiliate); or

(iii) grant or cause to be granted a security interest of any nature whatsoever in the Company's assets or the Project other than (A) as required under the Trust Agreement, or (B) as permitted in the Trust Agreement with respect to Authorized CFD Financing.

(c) Maintenance of Separate Business. The Company shall at all times:

(i) maintain bank accounts, payroll, books, financial statements, accounting records and other company documents and records separate from those of any other Person (including any Affiliate of the Company);

(ii) not commingle the Company's funds or other assets with those of any other Person (including any Affiliate of the Company);

(iii) act solely in its name and through its the Manager and its authorized officers and agents and in all respects hold itself out to the public as a legal entity separate and distinct from any other Person (including any Affiliate of the Company);

(iv) maintain, to the best of its ability, adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(v) segregate its individual assets from those of any other Person (including an Affiliate of the Company);

(vi) make investments directly or by brokers engaged and paid by the Company or its agents;

(vii) pay its own liabilities, including all administrative expenses and compensation to employees, consultants or agents, and all operating expenses, from its own separate assets;

(viii) not hold itself out to be responsible for the debts or obligations of any other Person;

(ix) not engage in any transacton with an Affiliate of the Company, other than as specifically authorized under the Trust Agreement or otherwise for goods or services provided to the Company by an Affiliate on arm's-length terms;

(x) pay from the Company's assets all obligations and indebtedness of any kind incurred by the Company;

(xi) abide by all limited liability company formalities, including the maintenance of current records of Company affairs;

(xii) cause its financial statements to be prepared in a manner that indicates the separate existence of the Company and its assets and liabilities;

(xiii) pay all its liabilities when due; and

(xiv) not assume or guaranty the obligations or liabilities of any Member or Affiliate of the Company.

(d) Additional Covenants. The Manager shall make decisions with respect to the business and daily operations of Company independent of and not dictated by any other Person, including Affiliates of the Company. The Members shall not assume or guarantee any obligations or liabilities of the Company.

ARTICLE 3
CAPITAL CONTRIBUTIONS

The Members shall make capital contributions to the Company from time to time as determined by the Manager in its sole discretion, which contributions shall be due within five business days following the Manager's written request therefor; provided that the Independent Member shall have no obligation to make capital contributions or to advance or provide funds to the Company.

ARTICLE 4
DISTRIBUTIONS

During the term of the Company, cash and property shall be distributed to the Members at such times and in such amounts as are determined by the Manager; provided that (a) no distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, and (b) no Independent Member shall be entitled to receive any distributions from the Company.

ARTICLE 5
MANAGEMENT OF THE COMPANY

Except as provided in Article 2, the business and affairs of the Company shall be managed solely by Realco, as Manager. Subject to Article 2, the Manager shall have full and complete authority, power and discretion to make any and all decisions and to do any and all things which it deems to be necessary or advisable to accomplish the business and objectives of the Company, consistent with the purpose of the Company as set forth in Section 1.6. Without limiting the generality of the foregoing, the Manager shall have the authority on behalf of the Company to undertake each and every activity that is within the scope of the purpose or powers of the Company set forth in Section 1.6. Notwithstanding any provision of this Agreement to the contrary, the signature of Realco, as Manager of the Company, shall be sufficient to convey title to

any property owned by the Company or to execute any document, agreement or instrument that is to be binding on the Company. Subject to Article 2, any Person dealing with the Company may rely (without further inquiry and without the need for formal Company resolutions or other evidence of authority) upon the acts of the Manager as binding on the Company with respect to all matters pertaining to the Company. Without limiting the generality of the foregoing, but subject to Article 2, the Manager (acting on behalf of the Company) is authorized to direct the Trustee under the Trust Agreement as to all matters on which the Company is entitled to act thereunder.

ARTICLE 6
DISSOLUTION AND WINDING UP

6.1 Dissolution Events. The Company shall dissolve and commence winding up and liquidating upon the first to occur of any of the following ("Dissolution Events"):

(a) Subject to Article 2, at the written direction of the Manager at any time;

(b) The happening of an event requiring dissolution of the Company under Section 2.3(a)(v)(d); or

(c) The happening of any other event that makes it unlawful or impossible to carry on the business of the Company.

The Company shall not dissolve or terminate upon the occurrence of any event of withdrawal (as set forth in Section 29-733 of the Act) with respect to any Member or Manager and upon the occurrence of an event of withdrawal with respect to the last remaining Member, the successors to the last remaining Member shall automatically become Members and shall continue the Company.

6.2 Notice of Winding Up. As soon as possible following the occurrence of a Dissolution Event, if the Company is not continued, a representative of the Company shall execute and file a notice of winding up with the Arizona Corporation Commission.

6.3 Winding Up. Upon a Dissolution Event, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors, but the separate existence of the Company shall continue until articles of termination have been filed with the Arizona Corporation Commission or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

6.4 Liquidation and Distribution of Assets. The Manager (or its successor in interest) shall be responsible for overseeing the winding up and liquidation of the Company and shall take full account of the Company's liabilities and assets upon a Dissolution Event. Any assets not required to discharge any liabilities of the Company shall be distributed to the Members (or their successors in interest). Upon the completion of the winding up, liquidation and distribution of the Company's assets the Company shall be deemed terminated. The Company shall comply

with any applicable requirements of the Act pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

6.5 Articles of Termination. When all Company debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the Company's remaining property and assets have been distributed to the Members (or their successor in interest), articles of termination shall be executed and filed on behalf of the Company with the Arizona Corporation Commission in the manner provided in the Act.

ARTICLE 7
MISCELLANEOUS

7.1 Limitation on Liability. The Members' liability for the debts and obligations of the Company shall be strictly limited as set forth in Section 29-651 of the Act and other applicable law.

7.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and their legal representatives, successors, transferees and assigns.

7.3 Headings. Article and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

7.4 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

7.5 Variation of Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

7.6 Governing Law. The laws of the State of Arizona shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the Members and Manager of the Company.

7.7 Defined Terms. The following terms shall have the meanings set forth below:

"Act" means the Arizona Limited Liability Company Act, as set forth in A.R.S. § 29-601, et seq., as amended from time to time.

"Affiliate" means, with respect to any Person (a) any Person directly or indirectly controlling, controlled by or under common control with such Person (for this purpose, a Person shall be deemed to control another Person if it owns ten percent or more of the outstanding securities or equity interests in such other Person), (b) any Person owning or controlling ten percent or more of the outstanding securities or equity interests in such Person, (c) any officer, director, partner, manager, trustee or beneficiary of such Person, (d) any Person who is an officer,

director, partner, manager, trustee, beneficiary or holder of ten percent or more the outstanding securities or equity interests in any Person described in clauses (a) through (c) above, or (e) any Family Member of any Person described in clauses (a) through (d) above.

"Agreement" has the meaning given that term in the introductory paragraph on page 1.

"Amended Articles" has the meaning given that term in Section 1.2.

"Articles" has the meaning given that term in Section 1.2.

"Authorized CFD Financing" has the meaning given that term in Section 1.6(f)(xiii).

"Bankruptcy Action" means (a) taking any action that might cause the Company to become insolvent; (b) (i) commencing any case or other action on behalf of the Company relating to bankruptcy, insolvency, reorganization or relief of debtors generally; (ii) instituting proceedings to have the Company adjudicated as bankrupt or insolvent; (iii) consenting to the institution of bankruptcy or insolvency proceedings against the Company; (iv) filing a petition or consenting to a petition seeking reorganization, arrangement, adjustment, winding-up, dissolution, composition, liquidation or other relief on behalf of the Company of its debts under any federal or state law relating to bankruptcy; (v) seeking or consenting to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for the Company or a substantial portion of its properties; (vi) making any assignment for the benefit of the Company's creditors; or (vii) taking any action or causing the Company to take any action in furtherance of any of the foregoing.

"Company" has the meaning given that term in the introductory paragraph on page 1.

"Dissolution Event" has the meaning given that term in Section 6.1.

"Family Member" means, with respect to any Person the parents of such Person and any lineal descendants of the parents of such Person (whether by birth or adoption).

"Foundation" has the meaning given that term in Section 1.6(b).

"Independent Member" has the meaning given that term in Section 2.2.

"Manager" means Realco or any other Person unanimously approved by the Members as the "Manager" of the Company, but only if the designation of such Person as Manager is also reflected by an amendment to the Articles filed with the Arizona Corporation Commission in accordance with the Act.

"Master Agreement" has the meaning given that term in Section 1.6(b).

"Member" means Realco and any Person subsequently admitted as a member of the Company pursuant to the Act and this Agreement. The term "Member" as used herein shall not be deemed to refer to or include any Independent Member.

"Person" means any individual, partnership, corporation, trust, limited liability company or other entity.

"Project" has the meaning given that term in Section 1.6(e).

"Properties" has the meaning given that term in Section 1.6(b).

"Property" has the meaning given that term in Section 1.6(a).

"Realco" has the meaning given that term in the introductory paragraph on page 1.

"Related Parcels" has the meaning given that term in Section 1.6(b).

"Remediation Agreement" has the meaning given that term in Section 1.6(c).

"Trust Agreement" has the meaning given that term in Section 1.6(d).

"Trustee" has the meaning given that term in Section 1.6(d).

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

Manager/Member

DMB Realco LLC, an Arizona
limited liability company

By: DMB Associates, Inc., an
Arizona corporation, Manager

By: _____
Its: Executive Vice President

APPROVAL AND ACCEPTANCE
BY INDEPENDENT MEMBER
(To be signed by each individual designated as an Individual Member)

The undersigned hereby agrees to be bound by all terms and conditions that are applicable to the "Independent Member" under the Operating Agreement to which this Approval and Acceptance is attached:

_____
Printed Name

_____
Signature

_____
Date

Address for Notices:

_____
_____
_____
_____

DESIGNATION OF INDEPENDENT MEMBER

Pursuant to Section 2.2(a) of the Operating Agreement of DMB White Tank, LLC dated as of October 12, 1999 (the "Operating Agreement"), DMB Realco LLC, an Arizona limited liability company, as the "Manager" of DMB White Tank, LLC, an Arizona limited liability company (the "Company"), hereby designates Thomas L. May as the current "Independent Member" of the Company, as such term is defined in the Operating Agreement.

Dated this 19th day of March, 2002.

DMB Realco LLC, an Arizona
limited liability company, Manager

By: DMB Associates, Inc., an
Arizona corporation, Manager

By: _____
Charley Fredericks,
Vice President

Approval:

Pursuant to Section 2.2(a) of the Operating Agreement,
the undersigned approves the designation of Thomas L. May
as the current Independent Member of the Company

Caterpillar Foundation, an Illinois not-for-profit corporation

By: _____
Thomas L. May, Vice President

APPROVAL AND ACCEPTANCE
BY INDEPENDENT MEMBER

The undersigned hereby agrees to be bound by all terms and conditions that are applicable to the "Independent Member" under the Operating Agreement to which this Approval and Acceptance is attached:

THOMAS L. MAY
Printed Name

Signature

3/19/2002
Date

Address for Notices:

c/o Caterpillar Inc.
100 N.E. Adams Street
Peoria, Illinois 61629-9320

ASSIGNMENT OF MEMBERSHIP INTEREST AND FIRST AMENDMENT TO OPERATING AGREEMENT

DMB WHITE TANK, LLC

This Assignment of Membership Interest and First Amendment to Operating Agreement (the "First Amendment"), is entered into as of December 31, 2005, by and between DMB Realco LLC, an Arizona limited liability company ("Realco"), and DMB Communities LLC, an Arizona limited liability company ("Communities").

RECITALS

A. DMB White Tank, LLC (the "Company") is an Arizona limited liability company formed pursuant to Articles of Organization filed with the Arizona Corporation Commission on November 20, 1998, as thereafter amended by Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 (the "Restated Articles").

B. The business and affairs of the Company are governed by the Operating Agreement of DMB White Tank, LLC, dated as of October 12, 1999 (the "Operating Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Operating Agreement.

C. Realco desires to assign to Communities all of Realco's interest as the sole Member of the Company, and in connection with such assignment, to consent to the admission of Communities as the sole Member and sole Manager of the Company, in the place of Realco. In connection with such assignment, Communities desires to become the sole Member and Manager of the Company.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Realco and Communities agree as follows:

1. Assignment. Realco hereby assigns to Communities, as a capital contribution, all of Realco's interest as the sole Member of the Company, as such interest is more particularly described in the Operating Agreement. Communities hereby accepts such assignment, and is hereby admitted as the sole Member of the Company in the place of Realco.

2. Replacement of Manager. Effective upon the execution of this First Amendment, Communities is hereby designated as the sole Manager of the Company, in the place of Realco. By signing this First Amendment, Realco and Communities unanimously consent to, and affirmatively vote in favor of, the designation of Communities as the sole Manager of the Company, as provided above.

3. Amendment. From and after the date of this First Amendment, all references in the Operating Agreement to "Realco," whether in the capacity as a Member or Manager, shall be deemed to refer to "Communities" in the same such designated capacity.

4. Acceptance of Operating Agreement. Communities hereby agrees to be bound by each and every provision of the Operating Agreement, as though Communities were designated as the original Member and Manager of the Company therein, in the place of Realco.

5. Amendment of Restated Certificate. Promptly following the execution of this First Amendment, Realco and Communities shall execute and file with the Arizona Corporation Commission a First Amendment to Amended and Restated Articles of Organization of DMB White Tank, LLC, in the form attached hereto as Exhibit A.

6. Continuing Effect. Except as modified by this First Amendment, all terms and provisions of the Operating Agreement shall remain in full force and effect in accordance with the terms thereof.

7. Counterpart Execution; Delivery by Facsimile. This First Amendment, including the Consent of Independent Member set forth below, may be executed in any number of counterparts, each of which shall be an original and such counterparts shall together constitute but one and the same instrument, and such counterparts may be delivered by facsimile transmission, with the same effect as delivery of signed originals.

[The remainder of this page is intentionally blank]

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first above written.

DMB Realco LLC,
an Arizona limited liability company

By: DMB Associates, Inc.,
an Arizona corporation, Manager

By: _____
Its: VP

DMB Communities LLC,
an Arizona limited liability company

By: DMB Associates, Inc.,
an Arizona corporation, Manager

By: _____
Its: VP

Consent of Independent Member:

The undersigned, having been designated as the Independent Member of the Company, hereby consents to, and votes in favor of, the substitution of Communities as the Manager of the Company, in the place of Realco, to the extent such consent is required under either the Operating Agreement or the Restated Articles.

_____
Thomas L. May, not in an individual capacity, but
solely as the Independent Member of the Company

ASSIGNMENT OF MEMBERSHIP INTEREST
AND
SECOND AMENDMENT TO OPERATING AGREEMENT

DMB WHITE TANK, LLC

This Assignment of Membership Interest and Second Amendment to Operating Agreement (the "Second Amendment"), is entered into as of November 30, 2006, by and between DMB Communities LLC, an Arizona limited liability company ("Communities"), and DMB White Tank Holdings, LLC, a Delaware limited liability company ("Holdings").

RECITALS

A. DMB White Tank, LLC (the "Company") is an Arizona limited liability company formed pursuant to Articles of Organization filed with the Arizona Corporation Commission on November 20, 1998, as thereafter amended by Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 and a First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006 (collectively, the "Articles").

B. The business and affairs of the Company are governed by the Operating Agreement of DMB White Tank, LLC, dated as of October 12, 1999, as amended pursuant to an Assignment of Membership Interest and First Amendment to Operating Agreement, dated as of December 31, 2005 (together, the "Operating Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Operating Agreement.

C. Communities desires to assign to Holdings all of Communities' interest as the sole Member of the Company, and in connection with such assignment, to consent to the admission of Holdings as the sole Member of the Company, in the place of Communities. In connection with such assignment, Holdings desires to become the sole Member of the Company.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Communities and Holdings agree as follows:

1. Assignment. Communities hereby assigns to Holdings, as a capital contribution, all of Communities' interest as the sole Member of the Company, as such interest is more particularly described in the Operating Agreement. Holdings hereby accepts such assignment, and is hereby admitted as the sole Member of the Company in the place of Communities.

2. Amendment. From and after the date of this Second Amendment, all references in the Operating Agreement to "Communities" in the capacity as a Member shall be deemed to refer to "Holdings" in such designated capacity.

3. Acceptance of Operating Agreement. Holdings hereby agrees to be bound by each and every provision of the Operating Agreement, as though Holdings were designated as the original Member of the Company therein.

4. Amendment to Articles. Promptly following the execution of this Second Amendment, Communities, as the Manager of the Company, shall execute and file with the Arizona Corporation Commission a Second Amendment to Amended and Restated Articles of Organization of DMB White Tank, LLC, in the form attached hereto as Exhibit A.

5. Continuing Effect. Except as modified by this Second Amendment, all terms and provisions of the Operating Agreement shall remain in full force and effect in accordance with the terms thereof.

6. Counterpart Execution; Delivery by Facsimile. This Second Amendment may be executed in any number of counterparts, each of which shall be an original and such counterparts shall together constitute but one and the same instrument, and such counterparts may be delivered by facsimile transmission, with the same effect as delivery of signed originals.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date first above written.

DMB Communities LLC,
an Arizona limited liability company

By: DMB Associates, Inc.,
an Arizona corporation, Manager

By: _____
Print Name: Timothy A. Klucke
Title: EVP

DMB White Tank Holdings, LLC,
a Delaware limited liability company

By: DMB Communities LLC,
an Arizona limited liability company, Manager

By: DMB Associates, Inc.,
an Arizona corporation, Manager

By: _____
Print Name: ANDREW BEAMS
Title: VP

EXHIBIT A

SECOND AMENDMENT TO AMENDED AND RESTATED ARTICLES OF ORGANIZATION OF DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-633, the undersigned, being current manager of DMB White Tank, LLC, an Arizona limited liability company, states as follows:

1. Name. The name of the limited liability company (the "Company") affected by this instrument is DMB White Tank, LLC.

2. Prior Filings. Articles of Organization (the "Original Articles") were filed on behalf of the Company with the Arizona Corporation Commission on November 20, 1998, at File No. L-0858094-6. The Original Articles were superseded by Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 (the "Restated Articles"). The Restated Articles were amended pursuant to a First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006.

3. Amendment to Articles. Section 6 of the Restated Articles, as amended, is hereby amended in its entirety to read as follows:

> 6. Name and Address of Certain Member. DMB White Tank Holdings, LLC, a Delaware limited liability company, 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258, is the only member of the Company that owns a twenty percent or greater interest in the capital or profits of the Company.

4. Effect of Amendment. This Second Amendment amends and supersedes all contrary provisions of the Restated Articles, as amended. Except as amended hereby, the Restated Articles, as amended, shall remain in full force and effect.

Dated as of November __, 2006.

MANAGER:

DMB Communities LLC,
an Arizona limited liability company

By: DMB Associates, Inc., an
Arizona corporation, Manager

By: _____
Print Name: _____
Title: _____

THIRD AMENDMENT TO OPERATING AGREEMENT

DMB WHITE TANK, LLC

This Third Amendment to Operating Agreement (the "Third Amendment"), is entered into as of September 1, 2010, by DMB White Tank Holdings, LLC, a Delaware limited liability company ("Holdings") and DMB Associates, Inc., an Arizona corporation ("DMB").

RECITALS

A. DMB White Tank, LLC ("the Company") is an Arizona limited liability company formed pursuant to Articles of Organization filed with the Arizona Corporation Commission on November 20, 1998, as thereafter amended by Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999, a First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006 and a Second Amendment to the Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on December 1, 2006 (collectively, the "Articles").

B. The business and affairs of the Company are governed by the Operating Agreement of DMB White Tank, LLC, dated as of October 12, 1999, as amended pursuant to an Assignment of Membership Interest and First Amendment to Operating Agreement, dated as of December 31, 2005 and an Assignment of Membership Interest and Second Amendment to Operating Agreement, dated as of November 30, 2006 (together, the "Operating Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Operating Agreement.

C. The Operating Agreement reflects that DMB Communities LLC, an Arizona limited liability company, is the Manager of the Company.

D. Holdings desires to appoint DMB as the Manager of the Company, in place of Communities.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Holdings and DMB agree as follows:

1. Appointment of Manager. Holdings hereby appoints DMB as the Manager of the Company. DMB hereby accepts such appointment and is hereby the Manager of the Company in place of Communities.

2. Amendment. From and after the date of this Second Amendment, all references in the Operating Agreement to "Communities" in the capacity as the Manager shall be deemed to refer to "DMB" in such designated capacity.

3. Acceptance of Operating Agreement. DMB hereby agrees to be bound by each and every provision of the Operating Agreement, as though DMB was designated as the original Manager of the Company herein.

4. Amendment to Articles. Effective as of the date of this Third Amendment, DMB, as the Manager of the Company, shall execute and file with the Arizona Corporation Commission a Third Amendment to Amended and Restated Articles of Organization of DMB White Tank, LLC, in the form attached hereto as Exhibit A.

5. Continuing Effect. Except as modified by this Third Amendment, all terms and provisions of the Operating Agreement shall remain in full force and effect in accordance with the terms thereof.

6. Counterpart Execution; Delivery by Facsimile. This Third Amendment may be executed in any number of counterparts, each of which shall be an original and such counterparts shall together constitute but one and the same instrument, and such counterparts may be delivered by facsimile transmission, with the same effect as delivery of signed originals.

IN WITNESS WHEREOF, the parties have executed this Third Amendment as of the date first above written.

SOLE MEMBER:

DMB White Tank Holdings, LLC, a Delaware limited liability company

BY: DMB Associates, Inc., an Arizona corporation, Manager

By: _____
Print Name: ANDREW BEAMS
Title: EVP

MANAGER:

DMB Associates, Inc., an Arizona corporation

By: Mary S. Alexander
Print Name: MARY S ALEXANDER
Title: Senior Vice President

EXHIBIT A

THIRD AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF ORGANIZATION OF DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-633, the undersigned states as follows:

1. Name; Prior Filings. The name of the limited liability company (the "Company") to which this instrument pertains is "DMB White Tank, LLC". The Company's original Articles of Organization were filed with the Arizona Corporation Commission on November 20, 1998 at Document Number L-0858094-6 (the "Original Articles"). Thereafter, the Original Articles were amended and restated in their entirety by the Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on November 1, 1999 (the "Restated Articles"). The Restated Articles were further amended pursuant to (a) the First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006 and (b) the Second Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on December 1, 2006.

2. Amendment. The Restated Articles are hereby amended by deleting paragraph 5 in its entirety and replacing it with the following:

5. Name and Address of Manager. The name and address of the manager of the Company (the "Manager") are:

DMB Associates, Inc.,
an Arizona corporation
7600 E. Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258.

3. Continuing Effect of Articles. This Third Amendment amends and supersedes all contrary provisions of the Restated Articles, as amended. Except as amended hereby, the Restated Articles, as amended, shall remain in full force and effect.

Dated effective as of September 1, 2010.

DMB Associates, Inc., an Arizona corporation,
Manager

By:_____
Name: Mary S. Alexander
Its: Senior Vice President

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF THE DISTRICT ATTORNEY REGARDING LITIGATION

The undersigned District Attorney of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*"), hereby certifies as follows (terms used but not otherwise defined herein have the meanings assigned to them in the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), between the District and Zions Bank, a division of ZB, National Association, as trustee, and the Placement Agent Agreement, dated the date hereof, between the District and RBC Capital Markets, LLC, as placement agent):

That based on an investigation of the records of the Superior Court of Maricopa County and the United States District Court, District of Arizona, Phoenix Division through March 15, 2017, there is no litigation pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the sale or execution and delivery of the Bonds, the application of proceeds or the performance by the District of the provisions of the Resolution, the Indenture or the Loan Documents or the levy and collection of the ad valorem taxes for payment of the Bonds, (B) in any way contesting or affecting the authority for, or the validity of, the Resolution, the Bonds, the Indenture or the Loan Documents, or the application of the proceeds of the Bonds, or (C) in any way contesting the existence or powers of the District.

Dated: March 30, 2017.

Zachary D. Scags

District Attorney, Verrado District 1 Community Facilities District (City of Buckeye, Arizona)

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

TAX CERTIFICATE OF THE DISTRICT

The undersigned are the Chairperson of the District Board and the District Treasurer of Verrado District 1 Community Facilities District (City 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 $14,055,000 in aggregate principal amount of the District's District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"). The Bonds are authorized to be issued pursuant to Resolution No. 04-16 adopted by the District Board of the District on September 6, 2016, as thereafter supplemented by Resolution No. 01-17 adopted by the District Board of the District on February 7, 2017 (collectively, the "*Resolution*") and the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), by and between the District and Zions Bank, a division of ZB, National Association (the "*Trustee*"), as trustee.

This certificate 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, issuing and delivering the Bonds and this certificate on the date hereof.

Section 1.2 **Reliance on Other Parties**. In making the representations herein, the District relies on (i) the pricing information and certifications and representations provided by Texas Capital Bank, N.A., the purchaser of the Bonds (the "*Purchaser*") as set forth in the Certificate of Purchaser, dated March 30, 2017, and the Receipt for Bonds, dated March 30, 2017 (together, the "*Purchaser's Certificate*"); and (ii) the certifications and representations of FirstSouthwest, a Division of Hilltop Securities Inc. (the "*Financial Advisor*") as set forth in the Certificate of Financial Advisor as to Yield on the Bonds, dated March 30, 2017. The District is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of the pricing information or representations and certifications of the Purchaser or the Financial Advisor.

Section 1.3 **Prior Bonds**. The term "*Prior Bonds*" as used in this certificate and its attachments means, the District's District General Obligation Bonds, Series 2006, dated October 17, 2016 (the "*Series 2006 Bonds*"). The term "*Bonds Being Refunded*" as used in this certificate and its attachments means, collectively, $14,055,000 aggregate principal amount of the Series 2006 Bonds maturing on July 15, 2018 and July 15, 2031, which Bonds Being Refunded are to be refunded with the proceeds of the Bonds. The Prior Bonds were initially issued and delivered for the purposes of acquiring and constructing certain public infrastructure improvements within the District (the "*Prior Project*") pursuant to the terms of the ballot question approved at a prior special bond election.

Section 1.4 **Purpose of the Bonds.** The Bonds are being issued to provide funds to current refund $14,055,000 principal amount of the Series 2006 Bonds maturing on July 15, 2018 and July 15, 2031.

Section 1.5 **Refunded Trustee.** The term "*Refunded Trustee*" as used in this certificate and its attachments means Zions Bank, a division of ZB, National Association, as trustee pursuant to the Indenture of Trust and Security Agreement, dated as of October 1, 2006 (the "*2006 Indenture*"), with respect to the Bonds Being Refunded.

Section 1.6 **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 purchasers of municipal bonds.

Section 1.7 **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 and the Resolution and the Indenture.

Section 1.8 **Reasonable Expectations**. To the best of each of the undersigned's knowledge, information and belief, the expectations contained herein 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 are dated March 30, 2017, and are in the denomination of $100,000 of principal amount or integral multiples of $5,000 in excess thereof and shall have the terms shown on *Exhibit B* attached hereto and incorporated herein. Interest is payable semiannually on January 15 and July 15 during the term of each of the Bonds, commencing on July 15, 2017. The Bonds are subject to call for redemption prior to their stated maturity dates as set forth in *Exhibit B*.

Section 2.3 Sources and Uses of Proceeds. The total sources and uses of the proceeds of the Bonds are as shown on *Exhibit C* 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 D* attached hereto.

Section 2.5 Single Issue. No obligations other than the Bonds are (i) being sold at substantially the same time (within fifteen (15) days) as the Bonds, (ii) being sold pursuant to the same plan of financing as the Bonds, and (iii) 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; Temporary Periods. As shown on *Exhibit C* attached hereto, the following funds and accounts will be funded at closing: the respective funds held by the Refunded Trustee pursuant to the 2006 Indenture pertaining to the Bonds Being Refunded, and an account held by the Trustee for the payment of Issuance Costs. A breakdown of the uses of such funds and the relevant Temporary Period, if applicable, is provided below:

(a) Issuance Costs. DMB White Tank, LLC, or its affiliate, as developer in the District's boundaries, shall deposit $355,675.00 to the Costs of Issuance Account established by the Trustee pursuant to the Indenture for payment of Issuance Costs related to the Bonds.

(b) Refunding of Bonds Being Refunded; Trust Account; Waiver of Temporary Period.

(i) $14,055,000.00 of the Sale Proceeds of the Bonds shall be deposited with the Trustee pursuant to the Indenture, who will then transfer such entire amount to the Refunded Trustee, and the Refunded Trustee will, together with ad valorem tax collections already on deposit with the Refunded Trustee, pay debt service and current refund the Bonds Being Refunded in accordance with the 2006 Indenture.

(ii) The uninvested cash and anticipated receipts from the Government Obligations, if any, on deposit with the Refunded Trustee, without regard to any reinvestment thereof, will be used to pay, and are expected to be sufficient to pay, when due, interest on the Bonds Being Refunded as such becomes due and to redeem the outstanding principal amount of the Prior Bonds that comprise the Bonds Being Refunded on, as applicable, the maturity date, the designated redemption date or the first optional redemption date of the Bonds Being Refunded, and all are redeemed without premium.

(iii) Any moneys remaining on deposit in the respective funds held by the Refunded Trustee upon the final disbursement of funds sufficient to pay principal and interest of, and premium on, the Bonds Being Refunded shall be transferred by the Refunded Trustee to the District in accordance with the applicable provisions of the 2006 Indenture.

(iv) The proceeds in the respective funds held by the Refunded Trustee and the Trustee may not be used to acquire or hold Higher Yielding Investments with respect to the Bonds. The District waives any right to invest any portion of the respective funds held by the Refunded Trustee and the Trustee in Higher Yielding Investments, including waiver of the applicable Temporary Period pursuant to Section 1.148-9(g) of the Treasury Regulations.

Section 3.2 Bona Fide Debt Service Fund; Temporary Period.

(a) 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 becomes due, and which will be used primarily to achieve a proper matching of revenues and debt service during each Bond Year, and will be depleted to pay debt service at least once each Bond Year, except for any carryover amount which is not expected to exceed the greater of the earnings from investments in 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. 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 (1) year of the receipt thereof.

(b) Thirteen-Month Temporary Period. Any moneys held in the Bond Fund and allocated to the Bonds, which are to be used to pay principal of or interest 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.

(c) Arbitrage Rebate Requirements. 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 thereunder to the extent earnings on such fund do not exceed $100,000 per year.

Section 3.3 Bonds Being Refunded; Temporary Periods. With respect to the Bonds Being Refunded, the District incurred binding obligations to commence the Prior Project and expended thereon not less than $100,000, or two and one-half percent (2-1/2%) of the estimated cost of the Prior Project, whichever is lesser. Work on the Prior Project has proceeded with due diligence and without substantial interruption and all proceeds of the Bonds Being Refunded have been expended and were expended on the Prior Project within three (3) years of the date of initial delivery of and payment for each series of the Bonds Being Refunded and all amounts received from investment of those amounts have been, or will be, so spent within three (3) years or will, within one (1) year of receipt, be expended or commingled for the purpose of accounting for expenditures with substantial tax or other substantial revenues from operations. Amounts described in this paragraph may be invested without restriction as to yield during such three-year and one-year periods.

Section 3.4 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 3.5 **No Replacement**. Other than the funds described above, the District has on hand no funds which could legally and practically be used to provide for payment of the Bonds Being Refunded which are not either committed to and necessary for such purpose in addition to the proceeds of the Bonds, or (on the date hereof) pledged, budgeted, earmarked or necessary 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 3.6 **No Overissuance**. 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 1.4 of this certificate.

Section 3.7 **Disposition of the Prior Project; Purchase of Bonds**. The District does not expect to dispose of the Prior 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 the discount rate that, when used in computing the present value, as of the issue date, of all unconditionally payable payments of principal and interest to be paid on an obligation and the cost of Qualified Guarantees (if any) paid and to be paid with respect to such obligation, produces an amount equal to the present value, as of the issue date, using the same discount rate, of the aggregate Issue Price of the Bonds. In determining the yield on the Bonds, the Issue Price of the Bonds is the aggregate of the Issue Price of each maturity of the Bonds. The Issue Price of the Bonds may not exceed their fair market value as of the sale date. The Purchaser certifies in the Purchaser's Certificate that the Issue Price of the Bonds is $14,055,000.00. 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 Financial Advisor, is at least 3.5505%.

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 **Rebate Fund**. In the event the District is required to rebate its earnings and profits from the investment of the Bonds, the District will establish a special fund designated the "*Rebate Fund*," which shall be funded, held, invested, expended and accounted for in accordance with the Resolution, the Indenture and this certificate. The Rebate Fund shall be kept separate and apart from all other funds and moneys. Moneys in the Rebate Fund shall not be considered moneys held for the benefit of the owners from time to time of the Bonds, or except as provided in Section 7.6 hereof, for the benefit of the District. Moneys in the Rebate Fund (including earnings on deposits thereon) shall be held in trust and shall be held for future payment to the United States Treasury as required by Section 148(f) of the Code and the Treasury Regulations promulgated thereunder, and as contemplated under the provisions of this certificate.

Section 5.2 **Compliance with Rebate Requirements of the Code and Treasury Regulations**. The District covenants and agrees with respect to the Bonds to take such action and make, or cause to be made, all calculations, transfers and payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) of the Code and the Treasury Regulations promulgated thereunder with respect to the Gross Proceeds of the Bonds to the extent not excepted under Section 148(f)(4) of the Code. Notwithstanding the foregoing, the computations and payments of amounts referred to in this Article 5 need not be made to the extent that the District will not thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel.

Section 5.3 **Recordkeeping**. The District consents and agrees to keep and retain, or cause to be kept until six (6) years (or longer if required by Arizona law) after the retirement of the last obligation of the Bonds, adequate records with respect to each and every Non-purpose Investment attributable to the Gross Proceeds of the Bonds. Such records shall include: (a) the purchase price; (b) purchase date; (c) any accrued interest paid; (d) face amount; (e) coupon rate; (f) interest payment date (if applicable); (g) disposition price; (h) accrued interest paid (if any); (i) disposition date; and (j) broker's fees. If any Non-purpose Investment becomes Gross Proceeds of the Bonds on a date other than the date the Non-purpose Investment is purchased, the records required to be kept shall include the Fair Market Value of the Non-purpose Investment on the date it becomes Gross Proceeds. If any Non-purpose Investment is held after the date the last obligation of the Bonds is retired, the records required to be maintained shall include the Fair Market Value of the Non-purpose Investment on the date that the last obligation of the Bonds is retired. Amounts will be segregated whenever held to maintain these records.

Section 5.4 **Investments -- In General**. Except as provided in the last sentence of this Section 5.4, all amounts that constitute Gross Proceeds of the Bonds and any amounts in the Rebate Fund shall be invested at all times to the extent practicable. Such investments shall be based on the standards of a prudent investor taking into account the date on which such moneys will be needed. No amounts may be held as cash or be invested in zero yield investments other than obligations of the United States purchased directly from the United States. Where moneys cannot otherwise be invested due to the denomination, price or availability of investments, such amounts shall be invested in an interest-bearing

deposit account of a bank with a yield not less than that paid to the general public or held uninvested to the least extent necessary.

Section 5.5. 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 of America 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).

ARTICLE 6
OTHER TAX MATTERS

Section 6.1 Not Private Activity Bonds. Neither the Bonds Being Refunded nor the Bonds are Private Activity Bonds because they do not satisfy both the Private Use Test and the Private Security or Payment Test or the Private Loan Financing Test.

(a) Private Use Test. No portion of the Proceeds of the Bonds Being Refunded or the Bonds were, or 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 Being Refunded or the Bonds or any of the property acquired, constructed, remodeled, renovated or equipped out of the Proceeds of the Bonds Being Refunded or 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 (i) ten percent (10%) or more of the Proceeds of the Bonds Being Refunded or 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), (ii) five percent (5%) or more of the Proceeds of the Bonds Being Refunded or the Bonds are used as described in (i) either (A) in a manner unrelated to the governmental purpose for which the Bonds Being Refunded or the Bonds were, or is, issued or (B) in a manner related to a governmental purpose for which the Bonds Being Refunded were, or the Bonds are, issued but in an amount in excess of the amount used for the governmental purpose to which such use relates.

(b) Private Security or Payment Test. The District will not cause the payment of the principal of, or interest on more than ten percent (10%) of the Proceeds of the Bonds Being Refunded or the Bonds (or five percent (5%) or more of the Proceeds of the Bonds Being Refunded or the Bonds for an unrelated purpose or use that is disproportionate to the government use financed by the Bonds Being Refunded or the Bonds) to be (under the terms of the issue or any underlying arrangement), directly or indirectly, (i) secured by any interest in (A) 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 (B) payments in respect of such property; or (ii) derived from payments (whether or not to 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.

(c) Private Loan Financing Test. The District will not use any of the Proceeds of the Bonds Being Refunded or the Bonds in a manner that five percent (5%) (or $5,000,000, if less) of the Proceeds of the Bonds Being Refunded or 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 Being Refunded were, or 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 Prior Bonds Not Hedge Bonds. At the time the Prior Bonds were issued, the District reasonably expected to spend at least 85% of the Spendable Proceeds of the Prior Bonds to carry out the governmental purpose for which such issue was issued within three (3) years from the date such issue was issued. Not more than 50% of the proceeds of the Prior Bonds were invested in investments having a substantially guaranteed yield for four years or more.

Section 6.4 Information Return. The District will file with the Internal Revenue Service Form 8038-G (and all other required reporting forms) within the time and in the manner prescribed by the Internal Revenue Service under Section 149(e) of the Code.

ARTICLE 7
MISCELLANEOUS

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

Section 7.2 Permitted Changes; Opinion of Bond Counsel. In the Resolution, the District covenanted to comply with requirements necessary in order for interest on the Bonds to remain

tax exempt for federal income tax purposes under the provisions of the Code. To implement the covenants in the Resolution, the District, certifies, represents to and covenants with the owners from time to time of the Bonds to comply with the provisions hereof 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.

Section 7.5 **Termination**. This certificate shall terminate if (i) the Bonds have been fully paid and returned at least seventy-five (75) days prior to the effective date of termination, and (ii) the Rebate Amount, if any, shall have been paid to or upon the order of the United States and any other payments required under Section 148(f) of the Code have been made to the United States.

Section 7.6 **Interest of District in Rebate Fund**. The District hereby acknowledges that amounts, if any, on deposit in the Rebate Fund are held for payment to the United States Treasury. Notwithstanding the foregoing, the District shall be deemed to have an interest in such amounts to the extent such amounts represent amounts available to satisfy the obligation of the District to rebate certain amounts to the United States Treasury.

[Signature Page to Follow]

DATED: March 30, 2017.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
Chairperson, District Board

By _____
District Treasurer

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 one year's earnings thereon allocable to the issue or one-twelfth of the annual debt service on the issue).

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

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

(B) Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract is treated as its fair market value on the purchase date if (i) the issuer makes a bona fide solicitation from at least three reasonably competitive providers (i.e., a provider that has an established industry reputation as a competitive provider of the type of investments being purchased) for a specified guaranteed investment contract and receives at least three bona fide bids from providers (one of which is from a reasonably competitive provider) that have no material financial interest in the issue (i.e., a lead underwriter, financial advisor or broker); (ii) the issuer purchases the highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's or other third party's fees); (iii) the yield on the guaranteed investment contract (determined net of broker's or other third party's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds; (iv) the determination of the terms of the guaranteed investment contract takes into account as a significant factor the issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds; (v) the terms of the guaranteed investment contract, including

collateral security requirements, are reasonable; (vi) the obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract; (vii) the fee for each guaranteed investment contract or investments purchased for a yield restricted defeasance escrow does not exceed the lesser of (a) $39,000 or (b) the greater of (A) .2% of the amount of gross proceeds the issuer reasonably expects, as of the date the contract is acquired, to be deposited in the contract over the term of the contract, or (B) $4,000; and (viii) for any issue, the fees do not exceed $110,000 for all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with the gross proceeds of the issue..

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

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

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

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

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

"*Investment Proceeds*" means any amounts actually or constructively received from investing Proceeds of an issue.

"*Issuance Costs*" means any financial, legal administrative and other fees or costs incurred in connection with the issuance of an issue, including a premium paid for a Qualified Guarantee and 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 Purchaser's Certificate.

"*Issuer*" means the Verrado District 1 Community Facilities District (City of Buckeye, Arizona).

"*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.

"*Net Sale Proceeds*" means the proceeds from the sale of an issue of bonds, less the portion of such proceeds deposited in a reasonably required debt service reserve fund, less any such proceeds used to refund any other governmental obligation, and less the portion of such proceeds invested as part of the Minor Portion.

"*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.

"*Proceeds*" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue.

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

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

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

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

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

"*Spendable Proceeds*" means the Net Sale Proceeds of an issue.

"*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

MATURITY SCHEDULE

Maturity Date (July 15)	Principal Amount	Interest Rate
2031	$14,055,000	3.55%

The Bonds are subject to redemption prior to their stated maturity as follows:

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement.

The Bonds are subject to special mandatory redemption at any time in the event of a default under the terms of the Standby Contribution Agreement upon payment of the Redemption Price by the Developer 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. The Redemption Date shall be the first day of the first calendar month after payment of the Redemption Price to the Trustee for which notice of the redemption can be given not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date.

Optional Redemption.

The Bonds are subject to optional redemption prior to maturity, at the option of the District, in whole or in part as selected by the District, on July 15, 2025, or on any date thereafter, by the payment of a redemption price equal to the principal amount to be redeemed, plus interest accrued to the date fixed for redemption, but without premium.

Mandatory Redemption.

The Bonds are subject to mandatory redemption prior to their stated maturity, at random or such other manner as selected by the District, as shown below, and in following the principal amounts, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption but without premium.

July 15, 2031 Term Bond

(July 15)	Principal Amount
2019	$ 720,000
2020	910,000
2021	940,000
2022	980,000
2023	1,010,000
2024	1,050,000
2025	1,080,000
2026	1,125,000
2027	1,165,000
2028	1,205,000
2029	1,245,000
2030	1,290,000
2031 (maturity)	1,335,000
Total	$14,055,000

EXHIBIT C

SOURCES AND USES OF BOND PROCEEDS

SOURCES

Principal Amount of Bonds	$14,055,000.00
Developer Contribution	355,675.00
TOTAL SOURCES	**$14,410,675.00**

USES

Transfer to Refunded Trustee for the Bonds Being Refunded	$14,055,000.00
Deposit with the Trustee for Issuance Costs	355,675.00
TOTAL USES	**$14,410,675.00**

EXHIBIT D

Principal Amount of Bonds	$14,055,000.00
ISSUE PRICE	14,055,000.00
SALE PROCEEDS	14,055,000.00
Less: Minor Portion	100,000.00
NET SALE PROCEEDS	$13,955,000.00

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

ACKNOWLEDGEMENT AND REQUEST FOR AUTHENTICATION AND DELIVERY OF BONDS; INSTRUCTION TO REFUNDED TRUSTEE

I, Larry Price, District Treasurer of Verrado District 1 Community Facilities District (the "*District*"), hereby acknowledge that, pursuant to Resolution No. 04-16 of the District Board adopted on September 6, 2016 and Resolution No. 01-17 of the District Board adopted on February 7, 2017 (collectively, the "*Resolution*"), the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), between the District and Zions Bank, a division of ZB, National Association, as trustee (the "*Trustee*") and the Placement Agent Agreement, dated the date hereof (the "*Placement Contract*"), by and between the District and RBC Capital Markets, LLC (the "*Placement Agent*"), received from Texas Capital Bank, N.A. (the "*Purchaser*"), on the date of this certificate and for deposit to the funds and accounts of the District held by the Trustee pursuant to the Indenture, the following amounts for the purchase of the District's District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"):

Principal	$14,055,000.00
TOTAL	$14,055,000.00

I also acknowledge receipt of $355,675.00 from DMB White Tank, LLC, for deposit to the funds and accounts of the District held by the Trustee pursuant to the Indenture for the payment of issuance costs of the Bonds.

The total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District.

The undersigned hereby requests that the appropriate District and Trustee officials, acting pursuant to the Resolution and the Indenture, authenticate $14,055,000 principal amount of the Bonds in the amounts and interest rates and maturing on the date shown in the Resolution and the Placement Contract and cause the same to be delivered to the Purchaser.

The District hereby also instructs Zions Bank, a division of ZB, National Association, as trustee (the "*Refunded Trustee*") under the Indenture of Trust and Security Agreement, dated as of October 1, 2006 (the "*2006 Indenture*"), pertaining to the Bonds Being Refunded (as defined in the Indenture) to (i) redeem the Bonds Being Refunded on May 4, 2017

(comprised of $14,055,000 of the Bonds Being Refunded) and interest (comprised of $226,635.98 for the Bonds Being Refunded), (ii) mail or distribute electronically applicable notices of refunding and notices of redemption pertaining to the Bonds Being Refunded, (iii) terminate the 2006 Indenture, as such 2006 Indenture is deemed satisfied after payment in full of all sums due thereunder and shall be of no force and effect, and (iii) after payment in full of the Bonds Being Refunded and any other amounts owed under the 2006 Indenture, release any surplus funds on deposit with the Refunded Trustee to the District.

[Signature Page to Follow]

Dated: March 30, 2017.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
District Treasurer

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

TRUSTEE'S CERTIFICATE OF COMPLETION AND AUTHENTICATION

The undersigned, an authorized representative of Zions Bank, a division of ZB, National Association, as trustee (the "*Trustee*") pursuant to the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), by and between Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*") and the Trustee hereby certifies that:

(a) The performance of its duties and obligations under the Indenture, the Standby Contribution Agreement, dated as of March 1, 2017 (the "*SCA*"), by and among the District, the Trustee and DMB White Tank, LLC (the "*Owner*"), the First Supplemental Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*2013 First Supplemental Indenture*"), by and between the District and the Trustee, as trustee of the District's District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B (collectively, the "*2013 Bonds*"), and the First Amendment to Standby Contribution Agreement, dated as of March 1, 2017 (collectively with the Indenture, the SCA and the 2013 First Supplemental Indenture, the "*Trustee Documents*"), by and among the District, the Owner and the Trustee, as trustee of the 2013 Bonds, have been duly authorized by all necessary corporate action on the part of the Trustee and under present law do 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 Trustee Documents 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 September 6, 2016, as thereafter supplemented by a resolution of the District adopted on February 7, 2017, authorizing the issuance and sale of the Bonds.

(c) Pursuant to the written request and authorization from the District, the Trustee has authenticated the Bonds and caused the Bonds to be delivered in accordance with such written authorization and direction to the Trustee. The persons authenticating the Bonds and executing 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.

(f) There is no litigation, action, suit or proceeding pending by or before any court, administrative agency, arbitrator or governmental body that challenges (A) the authority of the Trustee, its officers or its employees to take any and all other actions as may be required on the part of the Trustee to carry out, give effect to and consummate the transactions contemplated by the Trustee Documents, or (B) the proper authorization, execution and delivery of the Trustee Documents or authentication of the Bonds.

Dated: March 30, 2017.

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

ZDS:zds 2932434.1 3/21/2017

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION

Bonding Arrangements Authorization

In accordance with the authority granted to me by the Trust Committee of the Board of Directors of Zions Bank, a division of ZB, National Association, I have authorized the bonding arrangements described in the attached EXHIBIT A.

IN WITNESS WHEREOF, I have executed this certificate this 27th day of March, 2017.

Richard J. Sullivan III
Executive Vice President
Director Corporate Trust Division

STATE OF COLORADO)
: ss.
COUNTY OF DENVER)

On this 27th day of March, 2017, personally appeared before me Richard J. Sullivan III, Executive Vice President and Director Corporate Trust Division of Zions Bank, a division of ZB, National Association, who acknowledged that he executed the foregoing.

Margaret B. Wagner
Notary Public

Residing at: Denver, Colorado

MARGARET B. WAGNER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19994033066
MY COMMISSION EXPIRES NOVEMBER 23, 2019

EXHIBIT A
AUTHORIZATION

With respect to bonding arrangements, for and not to exceed $14,055,000.00 for the following Bond Issue:

Verrado District 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017

in which Zions Bank, a division of ZB, National Association participates as trustee, the following officers are hereby authorized to execute, authenticate and attest for and on behalf of Zions Bank, a division of ZB, National Association any and all agreements, documents and certificates, including, but not limited to, any Indenture, as may be necessary in connection with issuance of bonds pursuant to such arrangement and the finalization of such transaction:

Richard J. Sullivan, III - EVP & Trust Officer
Allison Blackman – Asst. VP & Trust Officer
Anna McCully – AVP & Trust Officer
Annette Langheinrich – Vice President
Arla K. Scott – Vice President & Trust Officer
Bryant Eckert – Vice President
Carl J. Mathis – Vice President & Trust Officer
Dan Ellison – Vice President & Trust Officer
Daniel J. Dixon – Sr. Vice President & Trust Officer
Daryl Pomykala – Vice President
David Van Wagoner - Vice President & Trust Officer
David W. Bata – Sr. Vice President & Trust Officer
Dawn Richards – Vice President & Trust Officer
Deirdre H. McLendon – Vice President & Trust Officer
Eric Mitzel – Vice President
Erin Fitzpatrick – Vice President
Gloria Goff – Vice President
Gregory G. Cross – Vice President & Trust Officer
Jacqueline Nowak – Vice President
James E. Becker – Officer
Joni D'Amico – Sr. Vice President & Trust Officer
Joseph Dailey – Trust Officer
Linda Anderson – Trust Officer
Lorrie Letchworth – Trust Officer
Mark D. Petrasso – SVP & Business Devel.Officer
Mark Henson - Vice President & Trust Officer
Mary Jane Henson – Senior Vice President
Melissa Urishko –VP & Trust Officer
Michael Jones – Vice President
Nancy Eatros - Vice President & Trust Officer
Neil B. Witoff – Vice President & Trust Officer
Pathricia O'Connor – Vice President & Trust Officer
Ramona K. Johns –VP & Trust Officer
Robert Cafarelli – Vice President
Robert Demos – Vice President
Ryan M. Pollihan – Vice President & Trust Officer
Sandi Kinney – Vice President & Trust Officer
Sandra D. Stevens – Vice President & Trust Officer
Scott Blair – Vice President & Trust Officer
Shelene Brown – Vice President & Trust Officer
Stephanie Nicholls – Vice President & Trust Officer
Tony Hongnoi – Vice President
Twyla D. Lehto – SVP & Trust Officer
Vladimir Muñoz – Vice President
Verena Critser – Trust Officer

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

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION

CORPORATE TRUST TRANSACTION APPROVAL RESOLUTION

January 12, 2012

RESOLVED: That David Hemingway and/or Richard Sullivan are hereby authorized to accept new corporate trust accounts when it is necessary to make a decision and the timing does not allow the proposed account to be presented to the Trust Committee. Any accounts accepted in this manner will be presented to the Trust Committee for ratification of such action at the next meeting.

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

RECEIPT OF TRUSTEE

The undersigned, does hereby acknowledge for and on behalf of Zions Bank, a division of ZB, National Association (the "*Trustee*"), as trustee pursuant to the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), between Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*") and the Trustee, as follows:

1. $14,055,000 principal amount of Verrado District 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"), maturing on July 15, 2031, and bearing interest from their dated date (payable semiannually on January 15 and July 15 in each year, commencing on July 15, 2017), have this day been delivered to, or upon the order of Texas Capital Bank, N.A. upon payment to the Trustee of the purchase price of the Bonds as follows:

Par Amount of the Bonds	$14,055,000.00
Plus: Developer Cash Contribution	355,675.00
Total Amount Received	$14,410,675.00

2. Pursuant to the provisions of the Indenture, proceeds of the Bonds have been applied as follows:

FUND OR ACCOUNT	AMOUNT
Transfer to Refunded Trustee	$14,055,000.00
Deposit to Costs of Issuance Account	355,675.00
Total:	$14,410,675.00

Dated: March 30, 2017

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION, as Trustee

By: Nancy Eaton
Its: Vice President

ZDS:dlh 2932433.2 3/24/2017

Report of Bond and Security Issuance

Pursuant to A.R.S. § 35-501B

This information is due to the Arizona State Treasurer's Office within 60 days of the issue.

1. Jurisdiction: Verrado District 1 Community Facilities District (City of Buckeye, Arizona)	
2. Issue name/title: District General Obligation Refunding Bonds, Series 2017	
3. Dated Date: March 30, 2017 Closing Date: March 30, 2017	4. Par Amount: $14,055,000
5. Overall Interest Rate: 3.550000% (NIC)	6. Type of Bond or Security: general obligation refunding bond
7. Repayment source: ad valorem tax on all taxable property within the district	
8. Total amount outstanding: Total: $14,055,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $14,055,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: **For General Obligation Bonds:** a. Net full cash value: $862,451,673
b. Original Issue Discount (-) $0.00	b. Debt limit percentage: 60% of market value plus value of improvements
c. Premium Amount (+) $0.00	c. Total debt limit: Not less than $14,055,000
d. Original Issue Price (=) $14,055,000.00	12. Available debt limit: Total: Not less than $0
e. Placement Agent Fee (-) $0.00	13. Total amount authorized: N/A
f. Net Proceeds (=) $14,055,000.00	
14. Remaining authorized amount: N/A	15. If voter authorized, election dates: N/A

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.

Signature

March 30, 2017
Date

Title, address and phone number

Larry Price, Treasurer
Verrado District 1 Community
Facilities District
(City of Buckeye, Arizona)
530 E. Monroe Avenue
Buckeye, AZ 85326
623-349-6164

Trustee name, address, phone number

Zions Bank, a division of ZB, National
Association
Corporate Trust and Escrow Services
6001 N. 24th Street, Building B
Phoenix, Arizona 85016
602-212-5412

Political Subdivision Contact Name, address, phone number

Larry Price, Treasurer
Verrado District 1 Community
Facilities District
(City of Buckeye, Arizona)
530 E. Monroe Avenue
Buckeye, AZ 85326
623-349-6164

Submit this form with attachments within 60 days of issuance to:

Arizona State Treasurer's Office
Office of Project and Research
1700 W. Washington St.
Phoenix, AZ 85007

ZDS:dlh 2915768.2 3/23/2017

Arizona State Treasurer's Office
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 **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

Par Amount: $14,055,000 Date Closed: March 30, 2017

Maturity Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield Or Price	Original Issue Price	Premium or Discount 10b or 10c
2031 *	$14,055,000	3.55%	3.55%	$14,055,000	$0.00
Total	$14,055,000			$14,055,000	$0.00
10e Underwriter's discount and/or Placement Agent fee, if any				(0.00)	
10f Net proceeds (as shown on issuance form)				$14,055,000	

*Subject to mandatory annual redemption of principal.

There was no Official Statement prepared in connection with this financing.

Name of Issue: **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

Costs of Issuance

Bond Counsel's Fee and Costs	$ 47,600.00
Lender's Counsel's Fee and Costs	12,500.00
Financial Advisor	50,000.00
Trustee (Zions Bank)	5,750.00
Placement Agent	210,825.00
Placement Agent's Counsel's Fee and Costs	25,000.00
Miscellaneous	4,000.00
TOTAL:	**$355,675.00**

TO BE PAID FROM DEVELOPER CONTRIBUTION; NO COSTS OF ISSUANCE WERE PAID FROM BOND PROCEEDS

BOND DEBT SERVICE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
07/15/2017		145,527.81	145,527.81	145,527.81
01/15/2018		249,476.25	249,476.25	
07/15/2018		249,476.25	249,476.25	498,952.50
01/15/2019		249,476.25	249,476.25	
07/15/2019	720,000	249,476.25	969,476.25	1,218,952.50
01/15/2020		236,696.25	236,696.25	
07/15/2020	910,000	236,696.25	1,146,696.25	1,383,392.50
01/15/2021		220,543.75	220,543.75	
07/15/2021	940,000	220,543.75	1,160,543.75	1,381,087.50
01/15/2022		203,858.75	203,858.75	
07/15/2022	980,000	203,858.75	1,183,858.75	1,387,717.50
01/15/2023		186,463.75	186,463.75	
07/15/2023	1,010,000	186,463.75	1,196,463.75	1,382,927.50
01/15/2024		168,536.25	168,536.25	
07/15/2024	1,050,000	168,536.25	1,218,536.25	1,387,072.50
01/15/2025		149,898.75	149,898.75	
07/15/2025	1,080,000	149,898.75	1,229,898.75	1,379,797.50
01/15/2026		130,728.75	130,728.75	
07/15/2026	1,125,000	130,728.75	1,255,728.75	1,386,457.50
01/15/2027		110,760.00	110,760.00	
07/15/2027	1,165,000	110,760.00	1,275,760.00	1,386,520.00
01/15/2028		90,081.25	90,081.25	
07/15/2028	1,205,000	90,081.25	1,295,081.25	1,385,162.50
01/15/2029		68,692.50	68,692.50	
07/15/2029	1,245,000	68,692.50	1,313,692.50	1,382,385.00
01/15/2030		46,593.75	46,593.75	
07/15/2030	1,290,000	46,593.75	1,336,593.75	1,383,187.50
01/15/2031		23,696.25	23,696.25	
07/15/2031	1,335,000	23,696.25	1,358,696.25	1,382,392.50
	14,055,000	4,416,532.81	18,471,532.81	18,471,532.81

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name
Verrado District 1 Community Facilities District (City of Buckeye, Arizona)

2 Issuer's employer identification number (EIN)
46-0503766

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)
James T. Giel

3b Telephone number of other person shown on 3a
602-257-7495

4 Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
One E. Washington Street | 1600

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Phoenix, Arizona 85004

7 Date of issue
03/30/2017

8 Name of issue
District General Obligation Refunding Bonds, Series 2017

9 CUSIP number
N/A

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Larry Price, District Treasurer

10b Telephone number of officer or other employee shown on 10a
623-349-6164

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Refunding bonds originally issued to finance public infrastructure.	18	14,055,000	00
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/15/2031	$ 14,055,000	$ 14,055,000	8.8516 years	3.5505 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	14,055,000	00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	0 00			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	14,055,000 00			
28	Proceeds used to advance refund prior issues	28	0 00			
29	Total (add lines 24 through 28)			29	14,055,000	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	0	00

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 ▶	8.2540 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	05/04/2017
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/17/2006

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date: March 30,2017 — Larry Price, District Treasurer (Type or print name and title)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
James T. Giel		03/30/2017		P01085621

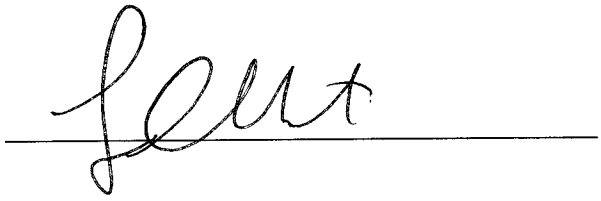
Firm's name ▶ Gust Rosenfeld P.L.C. — Firm's EIN ▶ 86-0688020

Firm's address ▶ 1 E. Washington Street, Suite 1600, Phoenix, AZ 85004 — Phone no. 602-257-7422

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Report of Bond and Security Issuance for the above-captioned financing, addressed to the Arizona State Treasurer's Office, Office of Project and Research, 1700 W. Washington Street, Phoenix, AZ 85007, on April 12, 2017.



Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ **Under Internal Revenue Code section 149(e)**
▶ **See separate instructions.**
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name **Verrado District 1 Community Facilities District (City of Buckeye, Arizona)**	2 Issuer's employer identification number (EIN) **46-0503766**
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) **James T. Giel**	3b Telephone number of other person shown on 3a **602-257-7495**
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite **One E. Washington Street** **1600**	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code **Phoenix, Arizona 85004**	7 Date of issue **03/30/2017**
8 Name of issue **District General Obligation Refunding Bonds, Series 2017**	9 CUSIP number **N/A**
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) **Larry Price, District Treasurer**	10b Telephone number of officer or other employee shown on 10a **623-349-6164**

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ **Refunding bonds originally issued to finance public infrastructure.**	18	14,055,000	00
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/15/2031	$ 14,055,000	$ 14,055,000	8.8516 years	3.5505 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0 00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	14,055,000 00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	0 00		
25	Proceeds used for credit enhancement	25	0 00		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00		
27	Proceeds used to currently refund prior issues	27	14,055,000 00		
28	Proceeds used to advance refund prior issues	28	0 00		
29	Total (add lines 24 through 28)			29	14,055,000 00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	0 00

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 ▶	8.2540 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	05/04/2017
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/17/2006

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶ _____			
c	Enter the name of the GIC provider ▶ _____			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶ _____

c Enter the EIN of the issuer of the master pool obligation ▶ _____

d Enter the name of the issuer of the master pool obligation ▶ _____

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶ _____

c Type of hedge ▶ _____

d Term of hedge ▶ _____

42 If the issuer has superintegrated the hedge, check box . . . . ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement . . . . ▶ _____

b Enter the date the official intent was adopted ▶ _____

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative	Date	Type or print name and title
	March 30, 2017	Larry Price, District Treasurer

Paid Preparer Use Only

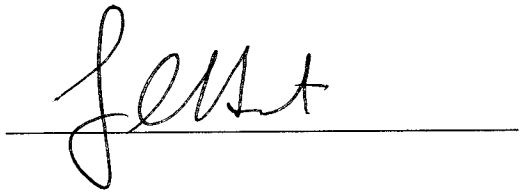
Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
James T. Giel		03/30/2017		P01085621

Firm's name ▶	Gust Rosenfeld P.L.C.	Firm's EIN ▶	86-0688020
Firm's address ▶	1 E. Washington Street, Suite 1600, Phoenix, AZ 85004	Phone no.	602-257-7422

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Information Return for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on April 12, 2017.



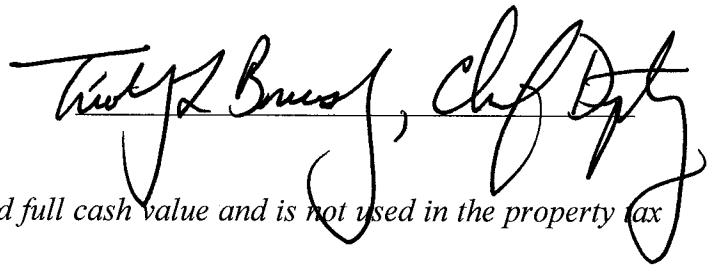
$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

COUNTY ASSESSOR'S CERTIFICATE

I, the undersigned, hereby certify that the estimated full cash value for tax purposes of all the taxable property within the Verrado District 1 Community Facilities District (City of Buckeye, Arizona), as shown on the most recent assessment roll for State and County taxes established on the third Monday in August, 2016 is $958,010,117*.

DATED: March 30, 2017.

MARICOPA COUNTY ASSESSOR



* *The number certified above is the estimated full cash value and is not used in the property tax calculation.*

ZDS:jh2 2915430.1 3/21/2017

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF PURCHASER

The undersigned authorized representative, for and on behalf of Texas Capital Bank, N.A. (the "*Purchaser*"), does hereby certify as follows with regard to $14,055,000 Verrado District 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"):

1. Initial Purchase Price. The aggregate of the initial purchase price is $14,055,000.00.

2. Authority. The Purchaser has full power and authority to carry on its business as now conducted, deliver this certificate and the Certificate of Qualified Investor, and make the representations and certifications contained therein and herein.

The Purchaser understands that Bond Counsel and the District will rely upon this certificate. All terms not defined herein have the meanings ascribed to those terms in the Tax Certificate of the District that is included in the transcript of proceedings of which this certificate is a part.

DATED: March 30, 2017.

TEXAS CAPITAL BANK, N.A., as Purchaser

By: _____
Name: James B. Swift, Jr.
Title: SVP

ZDS:zds 2915434.2 3/28/2017

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

RECEIPT FOR BONDS

On behalf of the purchaser of the $14,055,000 aggregate principal amount of Verrado District 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017 (the "Bonds"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

DATED: March 30, 2017.

TEXAS CAPITAL BANK, N.A.

By _____
Its SVP

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

CERTIFICATE OF FINANCIAL ADVISOR AS TO YIELD ON THE BONDS

FirstSouthwest, a Division of Hilltop Securities Inc., has been chosen by the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*"), to act as Financial Advisor with respect to the issuance of the District's District General Obligation Refunding Bonds, Series 2017 (the "*Bonds*"). As part of its duties as Financial Advisor to the District, FirstSouthwest, a Division of Hilltop Securities Inc., has agreed to determine the yield on the above-referenced Bonds. The term "yield" in this context means the discount rate that, when used in computing the present value, as of the date hereof, of all unconditionally payable payments of principal and interest on the Bonds and amounts reasonably expected to be paid as fees for qualified guarantees on the issue (if any), produces an amount equal to the present value, as of the date hereof, 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 the Bonds may not exceed their fair market value as of the sale date. Texas Capital Bank, N.A., the Purchaser of the Bonds, has certified the initial offering price of the Bonds in the Certificate of Purchaser contained in the closing transcript regarding the Bonds of which this certificate is a part. The Bonds were sold at private sale, were not offered to the public and there is no Purchaser's discount. Based on the purchase price so certified, the undersigned has calculated the yield on the Bonds is at least 3.5505%.

The weighted average maturity of the Bonds is at least 75% of the weighted average maturity of the Bonds Being Refunded (as defined in the Tax Certificate of the District contained in the closing transcript).

DATED: March 30, 2017.

FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES INC.

By

James Sult
SVP, Senior Relationship Manager
Texas Capital Bank, N.A.
2000 McKinney Avenue
Dallas, Texas 75201

Phone: (602) 402-8606
james.sult@texascapitalbank.com

RBC Capital Markets, LLC

Zions Bank, a division of ZB, National Association

Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)

Re: $14,055,000 Verrado District 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

Texas Capital Bank, N.A. (the "Lender") has agreed to make available to the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) ("Borrower"), subject to the terms and conditions set forth in the Term Sheet of February 10, 2017 (the "Commitment Letter"), the above-referenced bank loan (the "Bank Loan").

In connection with the Bank Loan, the Lender makes the following representations to RBC Capital Markets, LLC (the "Placement Agent"), the Trustee (as defined herein), and the Borrower, upon which such parties may rely:

1. The Lender has been provided with, or given access to, all financial and other information it has requested of the Borrower in connection with the Bank Loan.

2. The Lender has such information and experience in financial and business matters that it is capable of evaluating the merits and risks of the Bank Loan and considers it prudent to make the Bank Loan available to Borrower. 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 (other than a natural person) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission) (either of which shall constitute a "Qualified Investor").

3. The Lender understands that no offering statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Bank Loan. The Lender has made its own inquiry and analysis with respect to the Borrower and the security therefore and other material factors affecting the security for and the payment of the Bank Loan. The Lender hereby acknowledges that it is not relying upon, and waives any requirements of, due diligence in investigation or inquiry on the part of the Placement Agent and that the Placement Agent has not made any representations concerning the accuracy or completeness of any information supplied to the Lender. Furthermore the undersigned acknowledges that the Borrower and the respective officers, directors, board members, advisors, employees and agents thereof have not undertaken to furnish, nor has the undersigned requested, any information to ascertain the accuracy or completeness of any information that may have been furnished by any other party.

4. The Lender has entered into the Bank Loan with no present intention to transfer or resell and the Lender intends to book and hold the Bank Loan as a loan in its loan portfolio. To the extent the word "Bond" may

"Indenture"), by and between the Borrower and Zions Bank, a division of ZB, National Association (the "Trustee"), as trustee. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a Certificate of Qualified Investor in the form of the Certificate of Qualified Investor provided in the Indenture, and provide such executed Certificate of Qualified Investor to the Trustee before any transfer of any Bank Loan to such transferee will be registered.

6. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bank Loan or an interest therein by the undersigned, and agrees to hold the Borrower harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such undersigned's failure to comply.

7. This certificate 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 Bank Loan.

This letter shall inure only to the benefit of the addressees.

EXECUTED this 30th day of March, 2017

By Texas Capital Bank
Name [signature]
Title SVP
Date 3-30-2017

FirstSouthwest
A Division of Hilltop Securities

2398 E Camelback Road, Suite 340
Phoenix, AZ 85016

602.224.7114 Direct
602.956.2033 Fax
Larry.given@hilltopsecurities.com

Memorandum

Larry Given
Director

Date: March 27, 2017

To: Closing Participants

Subject: **Closing Memo**
Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)
District General Obligation Refunding Bonds, Series 2017
Direct Bank Loan

Time and Location: The closing for the above-captioned bond issue is scheduled for **Thursday, March 30, 2017 at 11:00 a.m. Arizona Time (MST)**, in the offices of Gust Rosenfeld P.L.C., One East Washington Street, Suite 1600, Phoenix, Arizona, 85004-2553; 602-257-7422. The closing may also be attended via conference call to be arranged prior to the closing.

Closing:

I. Sources and Uses of Funds

Sources:

Par Amount:	$ 14,055,000.00
Developer Contribution	355,675.00
Debt Service Fund Transfer	226,635.98
Total:	$ 14,637,310.98

Uses:

Redemption of Bonds Being Refunded	$ 14,281,635.98
Costs of Issuance	355,675.00
Total:	$ 14,637,310.98

II. Settlements

DMB, Inc. ("DMB"), will make a cash contribution prior to closing. DMB will wire transfer federal funds in the amount of **$355,675.00**, to Zions Bank Corporate Trust (the "Trustee") no later than **Wednesday, March 29, 2017**.

On the morning of closing, Texas Capital Bank, N.A. (the "Bank"), will wire transfer federal funds to the Trustee in the aggregate amount of **$14,055,000.00**.

The wire transfers from DMB and the Bank to the Trustee will be made in accordance with the following instructions:

ZB, NA dba Zions Bank
ABA #: 124000054
Credit: Corporate Trust Account #080-00061-5
Further Credit: Account #9010153
Attention: Nancy Eatros (602) 212-5412

The Trustee shall apply the $**14,055,000.00** proceeds received from the Bank, together with **$226,635.98** held in the 2006 Tax Account, as follows:

Redeem Series 2006 Principal Bonds Being Refunded	$14,055,000.00
Series 2006 Interest Due at Redemption (05-04-2017)	226,635.98
Total	$14,281,635.98

The Trustee shall apply the **$355,675.00** contribution received from DMB to pay the costs of Issuance of the transaction.

III. Costs of Issuance

All invoices for costs of issuance related to the Bonds should be submitted to: Nancy Eatros, Zions Bank Corporate Trust, email: nancy.eatros@zionsbank.com

Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)

$14,055,000
District General Obligation Refunding Bonds,
Series 2017
(Direct Bank Loan)

Delivery Date: March 30, 2017

Term Bond

Maturity July 15	CUSIP®	Interest Rate	Principal Amount	Yield
2031	NA	3.55%	$14,055,000	3.55%

$14,055,000
Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)
District General Obligation Refunding Bonds, Series 2017
(Direct Bank Loan)

Distribution List

ISSUER

Verrado District 1 Community Facilities District
530 E. Monroe Ave.
Buckeye, AZ 85326
Fax: (623) 349-6099

Roger Klingler, District Manager
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rklingler@buckeyeaz.gov

Larry Price, District Treasurer
(623) 349-6164
lprice@buckeyeaz.gov

Kim Sandstrom, Senior CFD Accountant
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ksandstrom@buckeyeaz.gov

Lucinda Aja, District Clerk
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laja@buckeyeaz.gov

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Zions Bank Corporate Trust
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Phoenix, AZ 85016
Fax: (602) 955-7449

Nancy Eatros, Vice President
(602) 212-5412
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PURCHASER

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James Sult
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Scottsdale, AZ 85253

Chris Dodd
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SOURCES AND USES OF FUNDS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Dated Date	03/30/2017
Delivery Date	03/30/2017

Sources:	
Bond Proceeds:	
Par Amount	14,055,000.00
Other Sources of Funds:	
Developer Contribution	355,675.00
Debt Service Fund	226,635.98
	582,310.98
	14,637,310.98

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	14,281,635.98
Delivery Date Expenses:	
Cost of Issuance	355,675.00
	14,637,310.98

BOND PRICING

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2031 Term Bond:					
	07/15/2019	720,000	3.550%	3.550%	100.000
	07/15/2020	910,000	3.550%	3.550%	100.000
	07/15/2021	940,000	3.550%	3.550%	100.000
	07/15/2022	980,000	3.550%	3.550%	100.000
	07/15/2023	1,010,000	3.550%	3.550%	100.000
	07/15/2024	1,050,000	3.550%	3.550%	100.000
	07/15/2025	1,080,000	3.550%	3.550%	100.000
	07/15/2026	1,125,000	3.550%	3.550%	100.000
	07/15/2027	1,165,000	3.550%	3.550%	100.000
	07/15/2028	1,205,000	3.550%	3.550%	100.000
	07/15/2029	1,245,000	3.550%	3.550%	100.000
	07/15/2030	1,290,000	3.550%	3.550%	100.000
	07/15/2031	1,335,000	3.550%	3.550%	100.000
		14,055,000			

Dated Date	03/30/2017	
Delivery Date	03/30/2017	
First Coupon	07/15/2017	
Par Amount	14,055,000.00	
Original Issue Discount		
Production	14,055,000.00	100.000000%
Underwriter's Discount		
Purchase Price	14,055,000.00	100.000000%
Accrued Interest		
Net Proceeds	14,055,000.00	

BOND DEBT SERVICE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Principal	Interest	Debt Service
07/15/2017		145,527.81	145,527.81
07/15/2018		498,952.50	498,952.50
07/15/2019	720,000	498,952.50	1,218,952.50
07/15/2020	910,000	473,392.50	1,383,392.50
07/15/2021	940,000	441,087.50	1,381,087.50
07/15/2022	980,000	407,717.50	1,387,717.50
07/15/2023	1,010,000	372,927.50	1,382,927.50
07/15/2024	1,050,000	337,072.50	1,387,072.50
07/15/2025	1,080,000	299,797.50	1,379,797.50
07/15/2026	1,125,000	261,457.50	1,386,457.50
07/15/2027	1,165,000	221,520.00	1,386,520.00
07/15/2028	1,205,000	180,162.50	1,385,162.50
07/15/2029	1,245,000	137,385.00	1,382,385.00
07/15/2030	1,290,000	93,187.50	1,383,187.50
07/15/2031	1,335,000	47,392.50	1,382,392.50
	14,055,000	4,416,532.81	18,471,532.81

BOND DEBT SERVICE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
07/15/2017		145,527.81	145,527.81	145,527.81
01/15/2018		249,476.25	249,476.25	
07/15/2018		249,476.25	249,476.25	498,952.50
01/15/2019		249,476.25	249,476.25	
07/15/2019	720,000	249,476.25	969,476.25	1,218,952.50
01/15/2020		236,696.25	236,696.25	
07/15/2020	910,000	236,696.25	1,146,696.25	1,383,392.50
01/15/2021		220,543.75	220,543.75	
07/15/2021	940,000	220,543.75	1,160,543.75	1,381,087.50
01/15/2022		203,858.75	203,858.75	
07/15/2022	980,000	203,858.75	1,183,858.75	1,387,717.50
01/15/2023		186,463.75	186,463.75	
07/15/2023	1,010,000	186,463.75	1,196,463.75	1,382,927.50
01/15/2024		168,536.25	168,536.25	
07/15/2024	1,050,000	168,536.25	1,218,536.25	1,387,072.50
01/15/2025		149,898.75	149,898.75	
07/15/2025	1,080,000	149,898.75	1,229,898.75	1,379,797.50
01/15/2026		130,728.75	130,728.75	
07/15/2026	1,125,000	130,728.75	1,255,728.75	1,386,457.50
01/15/2027		110,760.00	110,760.00	
07/15/2027	1,165,000	110,760.00	1,275,760.00	1,386,520.00
01/15/2028		90,081.25	90,081.25	
07/15/2028	1,205,000	90,081.25	1,295,081.25	1,385,162.50
01/15/2029		68,692.50	68,692.50	
07/15/2029	1,245,000	68,692.50	1,313,692.50	1,382,385.00
01/15/2030		46,593.75	46,593.75	
07/15/2030	1,290,000	46,593.75	1,336,593.75	1,383,187.50
01/15/2031		23,696.25	23,696.25	
07/15/2031	1,335,000	23,696.25	1,358,696.25	1,382,392.50
	14,055,000	4,416,532.81	18,471,532.81	18,471,532.81

SAVINGS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Date	Prior Cash Flow	Refunding Debt Service	Savings	Present Value to 03/30/2017 @ 3.5505104%
07/15/2017	782,625.27	145,527.81	637,097.46	628,276.75
07/15/2018	1,386,455.00	498,952.50	887,502.50	849,906.09
07/15/2019	1,387,125.00	1,218,952.50	168,172.50	156,641.49
07/15/2020	1,384,407.50	1,383,392.50	1,015.00	2,255.90
07/15/2021	1,384,817.50	1,381,087.50	3,730.00	4,456.68
07/15/2022	1,388,087.50	1,387,717.50	370.00	1,451.90
07/15/2023	1,383,950.00	1,382,927.50	1,022.50	1,858.10
07/15/2024	1,387,672.50	1,387,072.50	600.00	1,395.39
07/15/2025	1,383,720.00	1,379,797.50	3,922.50	3,751.32
07/15/2026	1,387,360.00	1,386,457.50	902.50	1,360.60
07/15/2027	1,388,057.50	1,386,520.00	1,537.50	1,666.84
07/15/2028	1,385,812.50	1,385,162.50	650.00	917.96
07/15/2029	1,385,625.00	1,382,385.00	3,240.00	2,466.41
07/15/2030	1,387,227.50	1,383,187.50	4,040.00	2,775.48
07/15/2031	1,385,352.50	1,382,392.50	2,960.00	1,913.24
	20,188,295.27	18,471,532.81	1,716,762.46	1,661,094.17

Savings Summary

PV of savings from cash flow	1,661,094.17
Less: Prior funds on hand	-355,675.00
Net PV Savings	1,305,419.17

SUMMARY OF REFUNDING RESULTS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Dated Date	03/30/2017
Delivery Date	03/30/2017
Arbitrage yield	3.550510%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	14,055,000.00
True Interest Cost	3.550510%
Net Interest Cost	3.550000%
All-In TIC	3.900139%
Average Coupon	3.550000%
Average Life	8.852
Par amount of refunded bonds	14,055,000.00
Average coupon of refunded bonds	5.347834%
Average life of refunded bonds	8.254
PV of prior debt to 03/30/2017 @ 3.550510%	15,942,730.15
Net PV Savings	1,305,419.17
Percentage savings of refunded bonds	9.287934%

SUMMARY OF BONDS REFUNDED

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Oblgation Bonds, Series 2006:					
2018 Term Bond	07/15/2018	5.050%	1,140,000.00	05/04/2017	100.000
2031 Term Bond	07/15/2031	5.350%	12,915,000.00	05/04/2017	100.000
			14,055,000.00		

ESCROW STATISTICS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
DSF	226,635.98				225,883.93		752.05
BP	14,055,000.00				14,008,360.94		46,639.06
	14,281,635.98				14,234,244.87	0.00	47,391.11

Delivery date	03/30/2017
Arbitrage yield	3.550510%

ESCROW REQUIREMENTS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Period Ending	Interest	Principal Redeemed	Total
05/04/2017	226,635.98	14,055,000.00	14,281,635.98
	226,635.98	14,055,000.00	14,281,635.98

FORM 8038 STATISTICS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Dated Date	03/30/2017
Delivery Date	03/30/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
2031 Term Bond:						
	07/15/2019	720,000.00	3.550%	100.000	720,000.00	720,000.00
	07/15/2020	910,000.00	3.550%	100.000	910,000.00	910,000.00
	07/15/2021	940,000.00	3.550%	100.000	940,000.00	940,000.00
	07/15/2022	980,000.00	3.550%	100.000	980,000.00	980,000.00
	07/15/2023	1,010,000.00	3.550%	100.000	1,010,000.00	1,010,000.00
	07/15/2024	1,050,000.00	3.550%	100.000	1,050,000.00	1,050,000.00
	07/15/2025	1,080,000.00	3.550%	100.000	1,080,000.00	1,080,000.00
	07/15/2026	1,125,000.00	3.550%	100.000	1,125,000.00	1,125,000.00
	07/15/2027	1,165,000.00	3.550%	100.000	1,165,000.00	1,165,000.00
	07/15/2028	1,205,000.00	3.550%	100.000	1,205,000.00	1,205,000.00
	07/15/2029	1,245,000.00	3.550%	100.000	1,245,000.00	1,245,000.00
	07/15/2030	1,290,000.00	3.550%	100.000	1,290,000.00	1,290,000.00
	07/15/2031	1,335,000.00	3.550%	100.000	1,335,000.00	1,335,000.00
		14,055,000.00			14,055,000.00	14,055,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/15/2031	3.550%	1,335,000.00	1,335,000.00		
Entire Issue			14,055,000.00	14,055,000.00	8.8516	3.5505%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	355,675.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	14,055,000.00
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	8.2540
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
****FINAL****

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Bonds, Series 2006:					
TERM18	07/15/2017	635,000.00	5.050%	100.000	635,000.00
TERM18	07/15/2018	505,000.00	5.050%	100.000	505,000.00
TERM31	07/15/2018	165,000.00	5.350%	100.000	165,000.00
TERM31	07/15/2019	705,000.00	5.350%	100.000	705,000.00
TERM31	07/15/2020	740,000.00	5.350%	100.000	740,000.00
TERM31	07/15/2021	780,000.00	5.350%	100.000	780,000.00
TERM31	07/15/2022	825,000.00	5.350%	100.000	825,000.00
TERM31	07/15/2023	865,000.00	5.350%	100.000	865,000.00
TERM31	07/15/2024	915,000.00	5.350%	100.000	915,000.00
TERM31	07/15/2025	960,000.00	5.350%	100.000	960,000.00
TERM31	07/15/2026	1,015,000.00	5.350%	100.000	1,015,000.00
TERM31	07/15/2027	1,070,000.00	5.350%	100.000	1,070,000.00
TERM31	07/15/2028	1,125,000.00	5.350%	100.000	1,125,000.00
TERM31	07/15/2029	1,185,000.00	5.350%	100.000	1,185,000.00
TERM31	07/15/2030	1,250,000.00	5.350%	100.000	1,250,000.00
TERM31	07/15/2031	1,315,000.00	5.350%	100.000	1,315,000.00
		14,055,000.00			14,055,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Bonds, Series 2006	05/04/2017	10/17/2006	8.2540
All Refunded Issues	05/04/2017		8.2540

COST OF ISSUANCE

Verrado District 1 Community Facilities District (City of Buckeye, AZ)
District General Obligation Refunding Bonds, Series 2017
(Bank Loan)
FINAL

Cost of Issuance	$/1000	Amount
Bond Counsel - Gust Rosenfeld	3.38670	47,600.00
Paying Agent- Zions	0.01779	250.00
Trustee - Zions (Acceptance)	0.14230	2,000.00
Trustee - Zions (1st year annual admin fee)	0.21345	3,000.00
Escrow Trustee - Zions	0.03557	500.00
Financial Advisor - FirstSouthwest	3.55745	50,000.00
Placement Agent - RBC	15.00000	210,825.00
Placement Agent Counsel - Greenberg Traurig	1.77873	25,000.00
Counsel to Purchaser - Kutak	0.88936	12,500.00
Miscellaneous & Contingency	0.28460	4,000.00
	25.30594	355,675.00

REGISTERED
No. R-1

REGISTERED
$14,055,000

***RESTRICTIONS ON TRANSFER**. THIS BOND MAY BE TRANSFERRED ONLY IN WHOLE AND ONLY TO A "QUALIFIED INVESTOR," AS SUCH TERM IS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED, OR AN ACCREDITED INVESTOR (EXCLUDING NATURAL PERSONS) AS DEFINED IN RULE 501 OF REGULATION D OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, WHO EXECUTES THE CERTIFICATE OF QUALIFIED INVESTOR, THE FORM OF WHICH IS ATTACHED HERETO.*

THIS BOND IS ONLY TRANSFERABLE UPON COMPLIANCE WITH THE RESTRICTED TERMS PROVIDED HEREIN

UNITED STATES OF AMERICA
STATE OF ARIZONA

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

Interest Rate	Maturity Date	Original Dated Date
3.550%	July 15, 2031	March 30, 2017

REGISTERED OWNER: TEXAS CAPITAL BANK, N.A.

PRINCIPAL AMOUNT: FOURTEEN MILLION FIFTY-FIVE THOUSAND AND NO/100 DOLLARS ($14,055,000)

Verrado District 1 Community Facilities District, a community facilities district formed by the City 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 or cause the Trustee to pay to the "Registered Owner" specified above or registered assigns (the "*Owner*"), 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 such Principal Amount is paid or the payment thereof is duly provided for at Maturity (as such term is defined in the hereinafter defined Indenture), semiannually on each January 15 and July 15 commencing July 15, 2017 (each an "*Interest Payment Date*"), at the per annum "*Interest Rate*" specified above. Capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Indenture.

The interest, principal and Redemption Price payable on the Bonds shall be paid in lawful funds of the United States of America to the Registered Owner identified above or its registered assigns in same-day funds by the Trustee on the date due, in accordance with existing arrangements between the Issuer and the Registered Owner.

SPECIMEN

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 the 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.

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 March 1, 2017 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Zions Bank, a division of ZB, National Association, as trustee (the "*Trustee*"), which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the Owners 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 Owner of this Bond hereby consents. The Bonds are authorized to be issued by a Resolution of the District Board of the Issuer adopted on September 6, 2016, as thereafter supplemented by a Resolution of the District Board of the Issuer adopted on February 7, 2017 (collectively, the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 16, Arizona Revised Statutes, as amended (the "*Enabling Act*") and Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended (the "*Refunding 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 Indenture, from the proceeds of an *ad valorem* tax, unlimited as to rate but limited as to amount as described herein, to be levied and collected at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act (including amounts available from the Standby Contribution Agreement as described below) to pay debt service on the Bonds when due; provided, however, that pursuant to the Refunding Act the issuance of the Bonds shall in no way infringe upon the rights of the owners of certain district general obligation bonds of the District, previously issued and outstanding and being refunded with proceeds of the sale of the Bonds, to rely upon a tax levy for payment of the principal and interest on such refunded bonds if the obligations issued by or guaranteed by the United States government in which net proceeds of the Bonds are invested and which mature with interest thereon and redemption premiums, if any, and with other funds legally available for such purposes deposited in the respective principal and interest redemption funds and held in trust for the payment of such refunded bonds with interest and redemption premium, if any, on maturity or upon an available redemption date prove insufficient and further that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on such refunded bonds from the date of issuance of the Bonds to the final date of maturity of such refunded bonds. The owners of the Bonds must rely on the sufficiency of the funds and securities held irrevocably in trust for payment of such refunded bonds. DMB White Tank, LLC, an Arizona limited liability

SPECIMEN

company (the "*Developer*"), the developer of the land within the boundaries of the Issuer, has entered into a Standby Contribution Agreement dated as of March 1, 2017 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues collected within the boundaries of the Issuer. The Standby Contribution Agreement may be released prior to the Maturity of the Bonds by the Issuer upon satisfaction of certain conditions set forth in the Indenture.

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 of principal and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement. The Bonds are subject to special mandatory redemption at any time in the event of a default under the terms of the Standby Contribution Agreement upon payment of the Redemption Price by the Developer 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. The Redemption Date shall be the first day of the first calendar month after payment of the Redemption Price to the Trustee for which notice of the redemption can be given not more than sixty (60) nor less than thirty (30) days prior to the Redemption Date.

Optional Redemption. The Bonds are subject to optional redemption, at the option of the Issuer, on any date on or after July 15, 2025, in whole or in part, upon not more than sixty (60) nor less than thirty (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. All of the Bonds are subject to mandatory redemption and shall be redeemed 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 by mail as provided in the Indenture (and provided that such notice may be waived by the Initial Purchaser), upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

SPECIMEN

Redemption Date (July 15)	Principal Amount
2019	$720,000
2020	910,000
2021	940,000
2022	980,000
2023	1,010,000
2024	1,050,000
2025	1,080,000
2026	1,125,000
2027	1,165,000
2028	1,205,000
2029	1,245,000
2030	1,290,000
2031 (maturity)	1,335,000

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. So long as the Bonds are owned by the Initial Purchaser, annual payments of principal represented by mandatory sinking fund installments shall not require the surrender or presentment of this Bond except at maturity.

When redemption other than redemption at maturity, is authorized pursuant to the Indenture, the Trustee shall give notice of the redemption of the Bonds. Such notice shall specify: (a) the Redemption Date, (b) the Redemption Price, (c) 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) of the Bonds to be redeemed, (d) that on this 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 (e) that the 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. The notice shall further state that if, on the specified redemption date, moneys for redemption of all said Bonds to be redeemed, together with Interest to the date of redemption, shall be held by the Trustee, then, from and after such date of redemption, Interest with respect to the Bonds so called shall cease to accrue and become payable. If the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the notice shall further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption shall be cancelled and the notice shall be of no force or effect.

SPECIMEN

So long as the Bonds are held by the Initial Purchaser, no notice, presentment or surrender shall be required for mandatory redemption principal payments.

The Trustee shall cause notice of any redemption of the Bonds to be sent to the Registered Owner. Notice of such redemption shall be mailed by first class mail to the respective Owners of Bonds designated for redemption at their addresses appearing on the Bonds registration

books, at least thirty (30) days, but not more than sixty (60) days prior to the redemption date, which notice shall, in addition to setting forth the above information, set forth, in the case of each of the Bonds called only in part, the portion of the principal thereof which is to be redeemed; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Indenture and the Bond Resolution shall thereupon cease to be entitled to the benefits of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

If less than all the Outstanding Bonds are to be redeemed, the particular Bonds of a Maturity to be redeemed shall be determined by the Trustee pursuant to its procedures.

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 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.

Copies of the Bond Resolution and the 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 Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement at any time by the Issuer with the consent of the Owners of a majority in principal amount of the Bonds at the time Outstanding affected by such modification. The Bond Resolution and Indenture also contain provisions permitting the Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners of all the Bonds, to waive compliance by the Issuer with certain past defaults under the Bond Resolution or the

SPECIMEN

Indenture and their consequences. Any such consent or waiver by the Owner of this Bond or any Predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner 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.

Notwithstanding any other provision of this Bond to the contrary, this Bond may be transferred only in whole and only to a "Qualified Investor," as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor (excluding natural persons) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who executes the Certificate of Qualified Investor, the form of which is attached hereto.

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

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

Pursuant to Arizona law in effect at the time of issuance of this Bond, this Bond is not secured by a statutory lien upon the property tax revenues of the Issuer. Certain of the Issuer's other outstanding bonds are secured by such statutory lien in accordance with Arizona Revised Statutes Section 35-458. This means that in the event of the Issuer's bankruptcy, a bankruptcy judge may consider the Bonds to be subordinate to other general obligation bonds issued by the Issuer and secured by ad valorem taxes levied of the Issuer. The exact outcome if the Issuer declared bankruptcy and any bankruptcy judge's potential preferential treatment of investors in certain of the Issuer's general obligation bonds to the detriment of investors in the Bonds cannot be predicted at this time.

Pursuant to recent changes in Arizona law, should the Bonds be refunded in advance of their maturities with proceeds of refunding bonds in the future, the holders of such Bonds so refunded shall rely on the sufficiency of the funds or securities held in trust for the payment of such Bonds so refunded. Payment of the Bonds being refunded at that time in the future shall in no way infringe on the rights of the holders of the subsequent refunding bonds to rely on a tax levy for the payment of principal of and interest on such subsequent refunding bonds if the funds or securities held in trust for payment of the Bonds so refunded prove insufficient.

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.

SPECIMEN

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, attested and countersigned.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (CITY OF BUCKEYE, ARIZONA)

By _____
District Chairman

ATTEST:

Summer Stewart, Deputy
District Clerk

COUNTERSIGNED:

_____
District Treasurer

Dated: March 30, 2017.

CERTIFICATE OF AUTHENTICATION

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

Zions Bank, a division of ZB, National Association, as Trustee

By _____
Authorized Representative

DATE: March 30, 2017.

SPECIMEN

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 - _____ (Cust)
Custodian for _____ (Minor) Under Uniform
Gifts/Transfers to Minors Act of _____
(State)

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

ASSIGNMENT

For value received the undersigned, subject to the transfer restrictions described in the within Bond, hereby sells, assigns, and transfers unto (print or typewrite name, address, and zip code of transferee):

_____

_____

(Print or typewrite Social Security or other identifying number of transferee:
_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (print or typewrite name of attorney) _____ attorney, to transfer the within Bond on the book kept for registration thereof, with full power of substitution in the premises.

DATED: _____

_____

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

_____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular.

SPECIMEN

[FORM OF CERTIFICATE OF QUALIFIED INVESTOR]

[Letterhead of Purchaser]

Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)

Zions Bank, a division of ZB, National Association

Re: Verrado District 1 Community Facilities District (City of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2017

1. Please be advised that the undersigned, an authorized representative of _____ (the "Purchaser") is a Qualified Investor (as hereinafter defined) and is purchasing directly the captioned bonds (hereinafter referred to as the "Bonds"), such Bonds being in the original aggregate principal amount of $14,055,000, bearing the number R-1. Such purchase is solely for the account of the Purchaser, for the purpose of investment and not with an intent for or view to distribution or resale; provided, however, the Purchaser has retained the right to transfer the Bonds in compliance with this certificate and federal securities laws.

2. In the event that the Purchaser transfers such Bonds or any part thereof, the Purchaser shall comply with all provisions of the resolution of Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "District") authorizing the issuance of the Bonds, adopted on September 6, 2016, as thereafter supplemented by a resolution of the District adopted on February 7, 2017 (collectively, the "Resolution"). The Purchaser understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor (as hereinafter defined), and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bonds to such transferee will be registered.

3. The Purchaser 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 (other than a natural person) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission (either of which shall constitute a "Qualified Investor").

4. The Purchaser understands that: (i) the Resolution, the Indenture of Trust and Security Agreement, dated as of March 1, 2017, by and between Zions Bank, a division of ZB, National Association, as trustee, and the District (the "Indenture") and the Bonds are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) the Resolution, the Indenture and 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) any sale or transfer of the Bonds, or interests therein, must be to Qualified Investors, (v) the Bonds will not be listed on any stock or other securities exchange, (vi) the Bonds will not carry any bond rating from any rating service and (vii) the Bonds are not likely to be readily marketable.

5. The Purchaser assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bonds or an interest therein by the Purchaser, and agrees to hold the District harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such Purchaser's failure to comply.

SPECIMEN

6. The Purchaser acknowledges that the Purchaser 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 Purchaser 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, and the probable lack of any secondary market for the Bonds. The Purchaser acknowledges that it is experienced in transactions such as those relating to the Bonds and that the Purchaser is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The Purchaser is not relying on the District in making its decision to purchase the Bonds.

7. The Purchaser acknowledges that the District and the respective officers, directors, board members, advisors, employees and agents thereof have not undertaken to furnish, nor has the Purchaser requested, any information to ascertain the accuracy or completeness of any information that may have been furnished by any other party.

8. This certificate and all rights and responsibilities described herein 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: _____

SPECIMEN

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

REFUNDED TRUSTEE'S RECEIPT AND CERTIFICATE

The undersigned, on behalf of Zions Bank, a division of ZB, National Association, as trustee (the "*Refunded Trustee*") of the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "*District*") District General Obligation Bonds, Series 2006, dated October 17, 2006, maturing on July 15, 2018 and July 15, 2031 in the aggregate principal amount of $14,055,000 (the "*Bonds Being Refunded*") hereby certifies that the Refunded Trustee received on the date of this certificate the following amounts in connection with the issuance of the $14,055,000 aggregate principal amount of the District's District General Obligation Refunding Bonds, Series 2017 (the "*2017 Bonds*"):

Transfer from the Trustee of the 2017 Bonds	$14,055,000.00
TOTAL AMOUNT RECEIVED	$14,055,000.00

The proceeds shall be set aside, together with certain funds of the District in the amount of $226,635.98 already on deposit in the 2006 Tax Account held by the Refunded Trustee, to pay the Bonds Being Refunded, in special trust funds maintained by the Refunded Trustee and shall be used to pay the principal of $14,055,000 for the Bonds Being Refunded and interest comprised of $226,635.98 of the Bonds Being Refunded on May 4, 2017, in accordance with the instructions the Trustee has received from the District.

The undersigned further acknowledges receipt of instruction from the District to (i) mail or distribute electronically applicable notices of refunding and notices of redemption pertaining to the Bonds Being Refunded, (ii) terminate the Indenture of Trust and Security Agreement pertaining to the Bonds Being Refunded (the "*2006 Indenture*"), as such 2006 Indenture is deemed satisfied after payment in full of all sums due thereunder and shall be of no force and effect, and (iii) after payment in full of the Bonds Being Refunded and any other amounts owed under the 2006 Indenture, release any surplus funds on deposit with the Refunded Trustee to the District.

DATED: March 30, 2017.

ZIONS BANK, A DIVISION OF ZB, NATIONAL ASSOCIATION,
as Refunded Trustee

By _____
Authorized Representative

ZDS:jh2 2915765.1 3/21/2017

GUST ROSENFELD
ATTORNEYS SINCE 1921 P.L.C.

■ ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

March 30, 2017

District Board
Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District
(City of Buckeye, Arizona)
District General Obligation Refunding Bonds, Series 2017

Ladies and Gentlemen:

At your request we have examined the official proceedings leading to the issuance of $14,055,000 principal amount of District General Obligation Refunding Bonds, Series 2017, dated March 30, 2017 (the "*Bonds*"), issued by the Verrado District 1 Community Facilities District (City 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. 04-16, passed and adopted by the District Board (the "*District Board*") on September 6, 2016, and Resolution No. 01-17 passed and adopted by the District Board on February 7, 2017 (collectively, the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District, and the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "*Indenture*"), between the District and Zions Bank, a division of ZB, National Association, as trustee (the "Trustee"), and the Standby Contribution Agreement, dated as

of March 1, 2017, among the District, DMB White Tank, LLC, as developer, and the Trustee, have been executed and delivered and are 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, except that the total aggregate of taxes levied to pay the principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate amount of principal and interest to become due on the bonds being refunded from the date of issuance of the Bonds to the final date of maturity of the bonds being refunded; and subject further to the rights vested in the owners of such bonds being refunded to the payment of such bonds being refunded from the same tax source in the event of a deficiency in the moneys placed in trust for the purpose of providing for payment of principal of and premium and interest on such bonds being refunded. The owners of the Bonds must rely on the sufficiency of the moneys placed irrevocably in trust for payment of the bonds being refunded. Subject to the foregoing, it is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes of the District, an annual tax upon all taxable property in the District sufficient 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 income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. 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 requirement could cause the Bonds to be "arbitrage bonds" within the meaning of the Code or otherwise result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and 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.

Zachary D. Sakas
Bond Counsel

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GUST ROSENFELD
ATTORNEYS SINCE 1921 P.L.C.

■ ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

March 30, 2017

Texas Capital Bank, N.A.

RBC Capital Markets, LLC

Re: Verrado District 1 Community Facilities District (City of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017

We have acted as Bond Counsel to the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) (the "District") in connection with the sale, issuance and delivery on this date of its District General Obligation Refunding Bonds, Series 2017, in the aggregate principal amount of $14,055,000 (the "Bonds") and otherwise as counsel to the District. The Bonds (i) are issued pursuant to resolutions authorizing the sale, issuance and delivery of, and certain other matters related to, the Bonds adopted by the Board of Directors of the District on September 6, 2016 and February 7, 2017 (together, the "Resolution"); and (ii) are being acquired by Texas Capital Bank, N.A. (the "Purchaser") pursuant to a Placement Agent Agreement, dated the date hereof (the "Placement Contract"), by and between the District and RBC Capital Markets, LLC (the "Placement Agent"). 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 District, we have examined and relied upon:

(i) An executed copy of the Placement Contract;

(ii) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Placement Contract);

(iii) An executed copy of the Disclosure Agreement, dated the date hereof (the "Disclosure Agreement"), executed by the District;

(iv) An executed copy of the Indenture of Trust and Security Agreement, dated as of March 1, 2017 (the "Indenture") from the District to Zions Bank, a division of ZB, National Association (the "Trustee"), as trustee;

(iv) An executed copy of the First Supplemental Indenture of Trust and Security Agreement, dated as of March 1, 2017, by and between the District and Trustee (the "2013 First Supplemental Indenture"), relating to the District's outstanding District General Obligation Refunding Bonds, Series 2013A and outstanding District General Obligation Project Bonds, Series 2013B (collectively the "2013 Bonds");

(v) An executed copy of the Standby Contribution Agreement, dated as of March 1, 2017 (the "Standby Contribution Agreement"), by and among the District, the Trustee and DMB White Tank, LLC (the "Owner");

(vi) An executed copy of the First Amendment to Standby Contribution Agreement, dated as of March 1, 2017 (the "2013 First Amendment to Standby Contribution Agreement", and collectively with the Standby Contribution Agreement, the Disclosure Agreement, the Indenture, the 2013 First Supplemental Indenture, and the Placement Contract, the "District Documents") by and among the District, the Trustee and the Owner, relating to the 2013 Bonds;

(vii) Such other agreements, certificates (including particularly, but not by way of limitation, a certificate of the Owner, a certificate of the District Chair, the District Clerk, the District Treasurer and a certificate of the District Attorney, each dated the date hereof), an opinon of counsel to the Owner, letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and

(viii) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the District in the capacities described above, we have also participated in conferences from time to time with representatives of and representatives of the District, the Placement Agent, the City of Buckeye, Arizona, the Trustee, the Owner and the Purchaser 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 District is duly incorporated and validly existing as a political corporation and political subdivision under 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 and (c) to carry out and consummate all other transactions contemplated by the Resolution, the District Documents and the Bonds.

2. 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 of the Resolution or the authorization, execution and delivery and performance, as applicable, by the District of the District Documents and the Bonds and the consummation of the transactions contemplated by the Resolution, the District Documents and the Bonds.

3. The District has duly (a) adopted the Resolution and (b) authorized (i) the execution, delivery and issuance as applicable of, and the performance of its obligations under, the other of the District Documents and the Bonds; and (ii) the taking of the actions required on the part of the District to carry out, give effect to and consummate the transactions contemplated by the 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 to the date hereof in connection with the transactions contemplated by the aforesaid documents, and the Resolution is fully effective under and pursuant to the laws of the State of Arizona and is not subject to referendum.

4. 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 by the District under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or of any existing law, ordinance, administration regulation, court order or consent decree to District the Issuer is subject.

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

6. It is not necessary in connection with the sale and execution and delivery of the Bonds to the Purchaser 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.

7. The bonds being refunded with proceeds of the sale of the Bonds have been fully defeased pursuant to applicable law and the documents pursuant to which such bonds being refunded were authorized and issued.

8. There is no legal requirement to record, re-record, file or re-file any instrument in order to create, perfect, protect and maintain the enforceability of any pledge, lien or security interest granted or assigned by the Resolution.

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 marshaling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the District) any rights or remedies not specifically set forth therein.

Notwithstanding the foregoing, the enforceability of the Bonds by the Purchaser, as the owner of the Bonds, and the validity and enforceability of the Placement Contract by the Placement Agent is subject to all applicable laws regarding conflicts of interest, and we express no opinion with respect to the impact of any such laws on the enforceability of the Bonds by the Purchaser, as owner of the Bonds or the validity or enforceability of the Placement Contract.

This opinion is furnished by us as Bond Counsel. No attorney-client relationship has existed or exists between our firm and the addressees in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressees' 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 initial purchaser.

Respectfully submitted,

GUST ROSENFELD P.L.C.

Zachary D. Sakas
Bond Counsel

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March 30, 2017

District Board
Verrado District 1 Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
530 East Monroe Avenue
Town of Buckeye, Arizona 85326

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2017, in the amount of $14,055,000 (the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to DMB White Tank, LLC, an Arizona limited liability company (the "Owner"), DMB/DREI Holdings, LLC, a Delaware limited liability company ("DMB/DREI Holdings") and DMB Associates, Inc., an Arizona corporation ("DMB"), in connection with the sale and issuance of the captioned Bonds issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District").

For purposes of this opinion, we have examined the following documents, each of which is dated as of the date hereof unless otherwise indicated (the "Documents"):

1. Indenture of Trust and Security Agreement, by and between the District and Zions Bank, a division of ZB, National Association, as Trustee, dated as of March 1, 2017 (the "Trustee");

2. First Supplemental Indenture of Trust and Security Agreement, by and between the District and the Trustee, dated as of March 1, 2017, supplementing and amending that certain Indenture of Trust and Security Agreement, by and between the District and Wells Fargo Bank, N.A., as predecessor-in-trust to the Trustee ("Prior Trustee"), dated as of July 1, 2013;

3. Standby Contribution Agreement, by and among the District, the Owner and the Trustee, dated as of March 1, 2017 ("Standby Contribution Agreement");

4. First Amendment to Standby Contribution Agreement, by and among the District, the Owner and the Trustee, dated as of March 1, 2017, amending that certain Standby Contribution Agreement, by and among the District, the Owner and the Prior Trustee, dated as of July 1, 2013 ("First Amendment");

5. Closing Certificate of the Owner, dated as of March 30, 2017;

6. Operating Agreement of the Owner dated October 12, 1999, executed on behalf of DMB Realco LLC, an Arizona limited liability company ("Realco"), as amended pursuant to Assignment of Membership Interest and First Amendment to Operating Agreement dated December 31, 2005, as amended pursuant to Assignment of Membership Interest and Second Amendment to Operating Agreement dated November 30, 2006, as amended by Third Amendment to Operating Agreement dated September 1, 2010;

7. Amended and Restated Articles of Organization as filed with the Arizona Corporation Commission on November 1, 1999, as amended by First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006, as amended by Second Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on December 1, 2006, as amended by Third Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on September 24, 2010 as File No. L0858094-6;

8. Unanimous Written Consent of the Board of Directors of DMB Associates, Inc., as Manager of DMB White Tank, LLC, effective March 28, 2017, in its capacity of Manager of the Owner (as to the levy of ad valorem property taxes, issuance and sale of the Bonds and the negotiation, execution and delivery of documents including the Standby Contribution Agreements and the First Amendment);

9. Certificate of Good Standing of the Owner issued by the State of Arizona on March 29, 2017, a copy of which is included herewith;

10. Amended and Restated Operating Agreement of DMB/DREI Holdings dated December 31, 2014, between DMB Communities LLC, an Arizona limited liability company ("Communities"), DFE Real Estate Investments, LLC, an Arizona limited liability company, DMB/DREI Holdings and DMB;

11. Certificate of Formation of DMB WT Holdings as filed with the Delaware Secretary of State on November 22, 2006, as Document SRV 061076431 4256579 File, State of Delaware Certificate of Merger of a Foreign Limited Liability Company into a Domestic Limited Liability Company filed with the Delaware Secretary of State on December 24, 2014 as Document SRV 141587922 4256579 File, State of Delaware Certificate of Merger of a Foreign Limited Liability Company into a Domestic Limited Liability Company filed with the Delaware Secretary of State on December 24, 2014 as Document SRV 141587922 4256579 File, State of Arizona Articles of Merger of a Domestic Limited Liability Company into a Delaware Limited

Liability Company filed with the Arizona Corporation Commission on December 31, 2014 as File No. L1618582-3 and Agreement and Plan of Merger, effective as of December 31, 2014, between DFE Marley Park LLC and DMB WT Holdings, LLC;

12. Certificate of Good Standing of DMB/DREI Holdings issued by the State of Delaware on March 28, 2017, a copy of which is included herewith;

13. Articles of Amendment to the Articles of Incorporation of DMB, dated May 1, 2002, as filed with the Arizona Corporation Commission on June 11, 2002, as File No. 0172559-6;

14. Amended and Restated Bylaws of DMB, dated October 1, 2012;

15. Shareholder Governance and Voting Agreement, dated as of October 1, 2012, by and among DMB, Mark N. Sklar Trust dated May 18, 1972, as amended, Brown Family Trust dated August 30, 1980, as amended, and Bennett Dorrance Trust dated April 21, 1989, as amended;

16. Consent in Lieu of Annual Meeting of Board of Directors, dated December 7, 2016, pertaining to the election of officers of DMB and the ratification, approval and confirmation of lawful acts of the officers during the previous year and delegation of authority to such officers to execute and deliver agreements, contracts and other documents on behalf of DMB;

17. Consent in Lieu of Annual Meeting of Shareholders, dated December 7, 2016, electing as Directors Drew M. Brown, Bennett Dorrance, Bennett Dorrance, Jr., Mark N. Sklar and Susan Bansak and ratifying, approving and confirming the lawful acts of DMB, its officers and members of the Board of Directors during the previous year;

18. Certificate of Good Standing of DMB issued by the State of Arizona on March 29, 2017, a copy of which is included herewith;

19. Certificate of Executive Vice President/Secretary/General Counsel of DMB, dated March 30, 2017;

20. Certificate of Executive Vice President/Chief Financial Officer/Treasurer of DMB, dated March 30, 2017;

We have also examined such certificates of public officials, certificates of representatives of the Owner and such other documents and instruments as we have considered necessary or appropriate for the purposes of this opinion, upon which we have relied with respect to the accuracy of material or factual matters contained in such certificates, which were not independently established.

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Documents and the legal capacity of each natural person executing any of the Documents;

(b) The authenticity and completeness of Documents submitted as originals, and the conformity to originals of documents submitted as copies and, without investigation, that any certificate, representation (oral or otherwise), facsimile transmission, email or other documents on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, provided we have not acquired any knowledge of any facts inconsistent with this assumption;

(c) The due authorization, execution, acknowledgement where necessary, and delivery, and the validity and binding effect, of the Documents listed in paragraphs 1 through 4 above (the "Transaction Documents") with regard to the parties thereto other than the Owner, and that the transactions ("Transactions") contemplated by the Transaction Documents are fully authorized by all necessary action by or on behalf of the parties thereto other than the Owner and DMB, as applicable, and are in compliance with all laws, rules or regulations governing the parties thereto other than the Owner and DMB, as applicable;

(d) All parties to the Transaction Documents other than the Owner are duly formed and validly existing, have the power and authority under applicable laws and regulations to enter into and perform the Transactions, have complied in all material respects with all applicable laws and regulations with respect to the Transactions and 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 such Documents by such parties and to the consummation of the transactions described therein by such parties;

(e) The Transaction Documents accurately describe and contain all the agreements and understandings between the parties thereto with respect to the matters contained therein and 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 Transaction Documents or facts or events (such as fraud or duress) that have occurred in connection with the execution, acknowledgment and delivery of the Transaction Documents that would impair the enforceability of the Standby Contribution Agreement or the First Amendment (together, the "Developer Documents");

(f) All rules and regulations of governmental authorities, applicable to this opinion are generally available to lawyers practicing in the State of Arizona and are in a format that makes legal research reasonably feasible;

(g) All parties to the Transactions have complied with the requirement of good faith, fair dealing and conscionability and will perform their respective obligations and enforce their respective rights thereunder in circumstances and in a manner which is commercially reasonable and in accordance with applicable law (procedural or otherwise);

(h) The District has acted without notice of any defense against the enforcement of any rights created by the Transaction Documents;

(i) The truth and accuracy of all of the representations and warranties of all parties contained in the Documents and the absence of adverse facts not apparent from the face of the instruments and documents we have examined, except to the extent of our knowledge (as hereinafter defined);

(j) The truth and accuracy of all reports and other documents prepared by third party consultants relating to the transactions or the property that is the subject of the Transactions, or to any of the property within the District;

(k) Each of the Transaction Documents required to be executed, ratified, notarized, filed, recorded or indexed to be effective have been or, will be timely and properly filed, recorded or indexed in the appropriate governmental offices and that the recipient will timely file all necessary continuation statements;

(l) No interest, fees or other charges will be collected with respect to the Transactions that are not clearly specified in the Transaction Documents or that are not permitted by applicable law;

(m) DMB has paid all income taxes, fines, jeopardy, or fraud assessments, and interest due from it and payable to the State of Arizona; and

(n) The Owner holds the requisite title and rights to any real or personal property involved in the Transactions or otherwise purported to be owned by the Owner.

Whenever any portion of this opinion is limited to the existence or absence of fact "to our knowledge", it is limited to the current actual knowledge of the firm's attorneys who have devoted substantive attention to the matters related to the Transactions and the Transaction Documents on behalf of the Owner. Where statements in this opinion are qualified by the term "material" or "materially," those statements involve judgments and opinions as to the materiality or lack of materiality of any matter to the Owner or its business, assets or financial condition that are entirely those of the Owner, after having been advised by us as to the legal effect and consequences of such matters.

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

1. The Owner is a limited liability company, duly formed and existing under the laws of the State of Arizona and has the requisite limited liability company power and authority under the laws of the State of Arizona to enter into and perform its obligations under, and to consummate all transactions contemplated by, the Transaction Documents.

2. The Owner has taken all necessary limited liability company actions necessary to be taken by it or in its behalf to authorize (a) the execution, delivery and performance by the Owner of the Developer Documents and (b) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

3. DMB is a corporation, duly organized and existing under the laws of the State of Arizona and has the requisite corporate power and authority under the laws of the State of Arizona to enter into and perform its obligations under the Developer Documents, in its capacity of Manager of the Owner.

4. DMB has taken all necessary corporate action necessary to be taken by it or in its behalf to authorize (i) the execution, delivery and performance by the Owner of the Developer Documents and (ii) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

5. The Developer Documents have been duly and validly authorized, executed and delivered by the Owner and the Developer Documents constitute the valid and legally binding obligations of the Owner, enforceable against the Owner in accordance with their terms.

6. The execution and delivery by the Owner of the Developer Documents and consummation of the Transactions by the Owner thereunder (a) do not and will not result in a violation of any provision of, or in default under, the organizational documents of the Owner, DMB/DREI Holdings or DMB or, to our knowledge, any agreement or other instrument to which the Owner, DMB/DREI Holdings or DMB is a party or by which it or its properties are bound that are material to the business operations of the Owner, or (b) to our knowledge, conflict with any judgment, order or other governmental action or decree to which the Owner, DMB/DREI Holdings or DMB, or the properties or assets of any of them, are subject which, in any of the above cases, would materially and adversely affect the business, properties, assets, liabilities or condition (financial or otherwise) of the Owner.

7. To our knowledge, the Owner has obtained all material approvals, authorizations, consents and other actions by all federal, state and local governmental authorities that have jurisdiction over the Owner required to allow the Owner to (a) execute and deliver the Developer Documents and consummate the Transactions, and (b) conduct its business as such business is presently being conducted relating to the Transactions, except for such actions, approvals, authorizations, consents and orders that the Owner would expect to obtain in the ordinary course of its business.

8. To our knowledge, none of the Owner, DMB/DREI Holdings or DMB is in violation of any provision of, or in default under, its organizational documents or any agreement or other instrument, the violation of or default under which would materially and adversely affect the execution and delivery of the Developer Documents or consummation of the Transactions by, or the business, properties, assets, liabilities or condition (financial or otherwise) of, the Owner.

9. To our knowledge, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by any governmental authority with jurisdiction over the Owner, DMB/DREI Holdings or DMB or to which any of them is a party or of which any property or asset of the Owner is subject which, if determined adversely to the Owner, DMB/DREI Holdings or DMB would individually or in the aggregate: (a) have a material adverse effect on the financial condition or results of operations of the Owner as a whole, (b) materially and adversely affect the validity or enforceability of the Developer Documents, or (c) materially and adversely affect the execution and delivery of the Developer Documents and/or consummation of the Transactions by the Owner.

The opinions expressed herein are subject to the following qualifications:

(i) Enforceability of the Developer Documents may be limited by bankruptcy, insolvency, fraudulent transfer, fraudulent conveyance, reorganization, moratorium, arrangement, or laws or court decisions affecting the enforcement of creditors' rights generally.

(ii) Enforceability of certain rights and remedies in respect of the Developer Documents may be restricted by the doctrines of waiver, estoppel, election of remedies, commercial reasonableness or by the application of other equitable principles, whether remedies are sought in equity or at law. Without limiting the generality of the foregoing, we note specifically that such principles of equity are of general application, and in applying such principles an Arizona State court or a Federal District Court for the State of Arizona may determine that certain waivers, procedures, remedies, indemnities and other provisions of the Transaction Documents are unenforceable under or limited by Arizona law. The opinion on enforceability is limited to enforcement in courts in the State of Arizona and, as referenced below, assuming the application of Arizona law.

(iii) Certain waivers, procedures, remedies, indemnities and other provisions of the Developer Documents may be unenforceable under or limited by Arizona law; however, subject to the other qualifications and limitations expressed herein, such law will not, in our opinion, render invalid as a whole or substantially prevent the practical realization of the benefits intended in connection with the transactions contemplated by the Developer Documents if the other party(ies) act in good faith and in a commercially reasonable manner in the performance and enforcement thereof, and otherwise in accordance with the requirements of applicable law, except for the economic consequences of any procedural delay or of any application of the doctrines of penalty and forfeiture, and except that the principles of guaranty and suretyship may prevent the practical realization of the benefits intended by the indemnity provisions in the Developer Documents.

(iv) The qualification that any matter stated in general terms herein shall be limited by any less general or any more specific statement on such matter as may also be contained herein; and

(v) The qualification that in rendering the opinions set forth herein, we do not purport to express any opinion on the financial capability or condition of the Owner or any affiliate of the Owner, or its business operations or financial ability to perform under the Developer Documents or in connection with the transactions contemplated thereby.

We are expressing no opinion as to:

(a) The enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or willful misconduct of any party or the failure of any party to act in a commercially reasonable manner;

(b) The compliance of the Transaction Documents with, or the applicability or effect of, any registration or qualification with respect to any federal or state securities or tax law or regulation including any "blue sky" laws of any state;

(c) The applicability or effect of any federal or state tax, environmental or health or safety or zoning, land use or subdivision laws, rules or regulation, or any county or municipal ordinances;

(d) The title to or priority of any lien or security interest created in connection with the transactions contemplated by the Transaction Documents or with respect to the property that is the subject of the Transactions; or

(e) The legal validity and sufficiency of the acts of any of the other parties to the Transactions.

We do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and the limited liability law of the State of Delaware. With respect to such law, 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 enforceability 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.

The opinions contained herein are furnished to and solely for the benefit of the addressee. Accordingly, this opinion may not be relied upon by, filed with or furnished or delivered to or quoted in any manner to any other person or entity, or referred to in any financial statement, report or related document, without, in each instance, our prior written consent.

Respectfully submitted,

Ballard Spahr LLP

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ted Vogt, Executive Director of the Arizona Corporation Commission, do hereby certify that

****DMB WHITE TANK, LLC****

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 20th day of November 1998.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination 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 29th day of March, 2017, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

Ted Vogt, Executive Director

By: 1626082

STATE OF ARIZONA

Office of the

CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ted Vogt, Executive Director of the Arizona Corporation Commission, do hereby certify that

****DMB/DREI HOLDINGS LLC****

a foreign limited liability company organized under the laws of the jurisdiction of Delaware did obtain a Certificate of Registration in Arizona on the 2nd day of January 2015.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company has not had its Certificate of Registration revoked for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed a Certificate of Cancellation as of the date of this certificate.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 29th day of March, 2017, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION * 1912 * DITAT DEUS

Ted Vogt, Executive Director

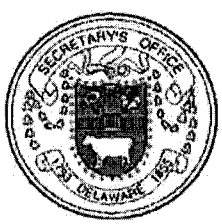
By: 1626068

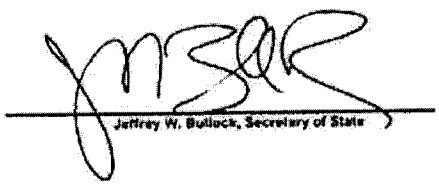
Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DMB/DREI HOLDINGS LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-EIGHTH DAY OF MARCH, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.





4256579 8300

SR# 20172086399

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202283438

Date: 03-28-17

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ted Vogt, Executive Director of the Arizona Corporation Commission, do hereby certify that

****DMB ASSOCIATES, INC.****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on January 23 1985.

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 29th day of March, 2017, A. D.

SEAL OF THE ARIZONA CORPORATION COMMISSION
DITAT DEUS
1912

Ted Vogt, Executive Director

By: 1626075

$14,055,000
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2017

COSTS OF ISSUANCE DISBURSEMENT

The Trustee is hereby requested to pay from the Costs of Issuance Account, as established pursuant to the Indenture of Trust and Security Agreement, dated as of March 1, 2017, between the Verrado District 1 Community Facilities District (City of Buckeye, Arizona) and Zions Bank, a division of ZB, National Association, as trustee, to the person or corporation the sum set forth in the attached Exhibit A.

Dated: March 30, 2017.

Larry Price, District Treasurer

ZDS:dlh 2932733.1 3/22/2017

EXHIBIT A

COSTS OF ISSUANCE

The following expenses are to be paid by the Trustee from the Costs of Issuance Account:

Cost of Issuance	Amount
Gust Rosenfeld P.L.C., Bond Counsel	$47,600.00
Zions Bank, a division of ZB, National Association	
Paying Agent	250.00
Acceptance Fee	2,000.00
First Year Annual Administration Fee	3,000.00
Escrow Trustee	500.00
FirstSouthwest, a Division of Hilltop Securities Inc., Financial Advisor	50,000.00
RBC Capital Markets, LLC, Placement Agent	210,825.00
Greenberg Traurig, LLP, Placement Agent Counsel	25,000.00
Kutak Rock LLP, Purchaser Counsel	12,500.00
Miscellaneous and Contingency	4,000.00
TOTAL	**$355,675.00**