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

$20,400,000
DISTRICT GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2013A

$6,000,000
DISTRICT GENERAL OBLIGATION
PROJECT BONDS, SERIES 2013B

Closing: July 12, 2013

CLOSING INDEX

BOND DOCUMENTS

The following are to be delivered as a condition precedent to the issuance and delivery of the above-referenced bonds (the "*Bonds*") of the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"):

FINANCING DOCUMENTS

1. Feasibility Study for the issuance of not to exceed $28,000,000 of the District's general obligation bonds.

2. Affidavit of publication of the Notice of Hearing on the report of the feasibility and benefits of certain projects to be financed with proceeds of the sale of District general obligation bonds.

3. (a) Agenda, Minutes of meeting of June 4, 2013
   (b) District Board Resolution No. 05-13, approving the feasibility report and other matters.
   (c) District Board Resolution No. 04-13, authorizing the issuance and sale of the Bonds to RBC Capital Markets, LLC, as the purchaser of the Bonds (the "*Purchaser*") in accordance with the Purchase Contract.

4. Indenture of Trust and Security Agreement, dated as of July 1, 2013, from the District to Wells Fargo Bank, National Association, as Trustee (the "*Trustee*").

5. Standby Contribution Agreement, dated as of July 1, 2013, by and among the District, the Trustee and DMB White Tank, LLC (the "*Owner*").

6. Guaranty.

7. Purchase Contract between the District Board and the Purchaser.

8. First Amendment Dated as of July 1, 2013 to Standby Contribution Agreement dated as of October 1, 2006 by and among the District, Owner and Trustee.

9. County Assessor's Certificate.

10. District Closing Certificate and Certificate as to Tax Matters.

11. Issuer Request for Disbursement of Costs of Issuance and Release of Funds Held in Developer Payment Account.

12. Closing Certificate of Town of Buckeye, Arizona.

13. Closing Certificate of the Owner.

14. Owner's Certificate of Market Value.

15. Closing Certificate of Guarantor.

16. Acknowledgement and Request for Authentication and Delivery of Bonds.

17. Certificate Regarding Indebtedness.

18. Trustee's Certificate of Completion and Authentication.

19. Receipt of Trustee.

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

21. Certificate of the Underwriter Regarding Initial Offering Prices.

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

23. Receipt for Bonds.

24. Specimen Bonds.

25. Copy of Blanket Letter of Representations.

26. Internal Revenue Service Form 8038-G; certificate of mailing.

27. Reports to the Arizona Department of Revenue; certificate of mailing.

28. Investor Letters.

29. Limited Offering Memorandum dated July 2, 2013.

30. Preliminary Limited Offering Memorandum dated June 13, 2013.

OPINIONS

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

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

33. Opinion of Counsel to Underwriter.

34. Opinion of Counsel to Owner.

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

Verrado District 1 Community Facilities District (1 CD)
Clerk, Town of Buckeye (1 paper, 1 CD)
Finance Director, Town of Buckeye (1 CD)
Wells Fargo Bank, National Association (1 CD)
Greenberg Traurig, LLP (1 CD)
RBC Capital Markets, LLC (1 CD)
Stifel Nicolaus & Company, Incorporated (1CD's)
Gust Rosenfeld P.L.C. (1 CD)

FEASIBILITY STUDY

For The Issuance of
Not to Exceed
$28,000,000 Principal Amount

of

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

DISTRICT GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2013A
AND
DISTRICT GENERAL OBLIGATION PROJECT BONDS,
SERIES 2013B

June 4, 2013

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SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY STUDY; GENERAL DESCRIPTION OF DISTRICT, DEVELOPER AND PROJECT

INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the Board of Directors of the Verrado District 1 Community Facilities District (Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its District General Obligation Refunding Bonds, Series 2013A (the "Refunding Bonds") and District General Obligation Project Bonds, Series 2013B (the "Project Bonds" and, together with the Refunding Bonds, the "Series 2013 Bonds") in a principal amount of not-to-exceed $28,000,000 pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act"). The principal amount of the Refunding Bonds and Project Bonds will not exceed $6,000,000 and $22,000,000, respectively. The District is authorized to issue up to $100,000,000 in principal amount of general obligation bonds. In April 2003, the District issued $24,000,000 aggregate principal amount of General Obligation Bonds, Series 2003 (the "Series 2003 Bonds") and in October 2006, the District issued $18,600,000 aggregate principal amount of General Obligation Bonds, Series 2006 (the "Series 2006 Bonds"). Proceeds from the Series 2013 Bonds will be used to acquire the public infrastructure listed in Section Two and refund all outstanding principal from the Series 2003 Bonds. Upon issuance of the Series 2013 Bonds, the Series 2003 Bonds will be redeemed in full and no longer considered an outstanding debt obligation of the District.

PURPOSE OF FEASIBILITY STUDY

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

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

GENERAL DESCRIPTION OF DISTRICT, DEVELOPER AND PROJECT

The District was created to finance and construct or acquire a portion of the public infrastructure (the "**Public Infrastructure**") that is part of the project known as Verrado, which is a master-planned residential and commercial development (the "**Verrado Project**"). The Verrado Project is bounded by the Northern Avenue alignment on the north, by approximately what would be the 235th Avenue alignment on the west, approximately ¼ mile south of McDowell Road at the southernmost point, and Jackrabbit Trail on the east, all within the Town of Buckeye, Arizona. The boundaries of Verrado Project encompass approximately 8,800 acres.

Formation of the District was approved by the Town on June 19, 2001 upon the request of all the landowners within the District. The District boundaries are coincident with the boundaries of Verrado and comprise approximately 8,800 acres. A legal description of the land within the District is included as Appendix A to this Feasibility Study.

Simultaneous with the formation of the District, formation of the Verrado Western Overlay Community Facilities District (Town of Buckeye, Arizona) (the "**Western Overlay District**") was also approved by the Town. The Western Overlay District, as its boundaries were thereafter adjusted, comprises approximately 4,926 acres and is wholly contained within the District.

The Developer is DMB White Tank, LLC, an Arizona limited liability company (the "Developer"), the manager of which is DMB Associates, Inc., an Arizona corporation ("DMB"). The sole member of Developer is DMB White Tank Holdings LLC, a Delaware limited liability company.

DMB is a privately held, diversified real estate investment and development firm with real estate holdings through affiliated companies that include residential communities, commercial developments and golf course properties located in Arizona, California, Hawaii, and Utah. DMB was formed in 1984 by Drew Brown, Mark Sklar and Bennett Dorrance. Since its inception, DMB has pursued large scale real estate development. Early activities focused on commercial development, including the 1.2 million square-foot Centerpoint project in Tempe, Arizona. In the late 1980s and early 1990s, DMB focused on acquisition of both commercial properties and forming joint ventures to develop master planned communities.

Starting in 1994, DMB focused primarily on master planned community development. In most cases, a DMB managed entity partners with a landowner. Master planned communities developed or in development by DMB affiliated entities, besides Verrado, include DC Ranch in Scottsdale, Arizona (8,000 acres); Marley Park in Surprise, Arizona (956 acres); One Scottsdale in Scottsdale, Arizona (120 acres); Power Ranch in Gilbert, Arizona (2,000 acres); Forest Highlands in Flagstaff, Arizona (500 acres); Ladera Ranch in Orange County, California (4,000 acres); Lahontan in North Lake Tahoe, California (720 acres), Martis Camp in North Lake Tahoe, California (2,200 acres); Santaluz in San Diego, California (4,000 acres); Kukui'ula, on Kauai, Hawaii (1,010 acres); Glenwild in Park City, Utah (950 acres) and Eastmark in Mesa, Arizona (3,200 acres).

In addition to public infrastructure financed by the District and the Verrado Western Overlay District in the amounts of $42.6 million and $13 million, respectively, as of March 31, 2013, the Developer has invested approximately $435.7 million in the Verrado Project and estimates that an additional $650.1 million will be required to complete the remaining future phases of development. The funds invested to date consist of the following approximate amounts:

Item	Amount
Planning, engineering and entitlement	$26,512,000
Land and acquisition	68,691,000
Offsite, backbone and parcel infrastructure	137,484,000
Golf development and operations	36,012,000
Amenity improvements	9,125,000
Commercial development and operations	9,102,000
Vertical development	7,067,000
CFD standby contributions and associated costs	11,404,000
Marketing	22,412,000
Project administration and other	107,877,000
Total Verrado Project Investment	**$435,686,000**

As of March 31, 2013, the Developer has closed on 3,353 residential lots, inclusive of 277 custom lots, within the District, representing approximately $181.1 million in land sale revenue. Single-family production (non-custom) homes in the District currently sell for prices (base) ranging from approximately $175,000 to $350,000 and range in size from 1,750 to 4,400 square feet. Custom homes range from $500,000 to more than $3 million.

The Developer intends to launch another phase of the project, Phase 3 South, in the fall of 2013 which will absorb approximately 208 acres and will include 634 single-family production lots. The aggregate gross land sale revenue generated from these transactions is projected to approximate $42 million. Additionally, the Developer has initiated the preliminary planning of an active-adult community within the project which will encompass up to an additional 1,300 acres on the northeastern portion of the District and be comprised of up to approximately 3,500 age-restricted single family production homes. It is anticipated that this age-restricted community will formally launch in the spring of 2015.

In addition to residential development, the Developer has also developed several commercial projects and major amenities within the Verrado Project. In 2004, the Developer completed construction of a two and three-level mixed use development, consisting of approximately 32,000 square feet of neighborhood retail center and 45 apartment units. Tenants have been occupying both the retail and residential space since January 2004. In 2008, the Developer completed construction of two two-story office buildings, consisting of approximately 29,000 total square feet. Tenants occupying these office spaces have included engineering firms, numerous medical users, dentists and insurance providers. Major community amenities include the approximately 16,000 square-foot Raven Clubhouse with Verrado Grille and Golf Shop, an 18-hole championship golf course and an approximately 16,000 square-foot community center with fitness equipment, programming space and community pools.

SECTION TWO

DESCRIPTION
OF
PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

Listed below is a detailed description of the Public Infrastructure to be financed by the District with the proceeds of the sale of the Project Bonds. All improvements and related costs, as listed below, have been publicly bid and either completed or are currently under construction. The table in Section Four outlines the completion date of the Public Infrastructure.

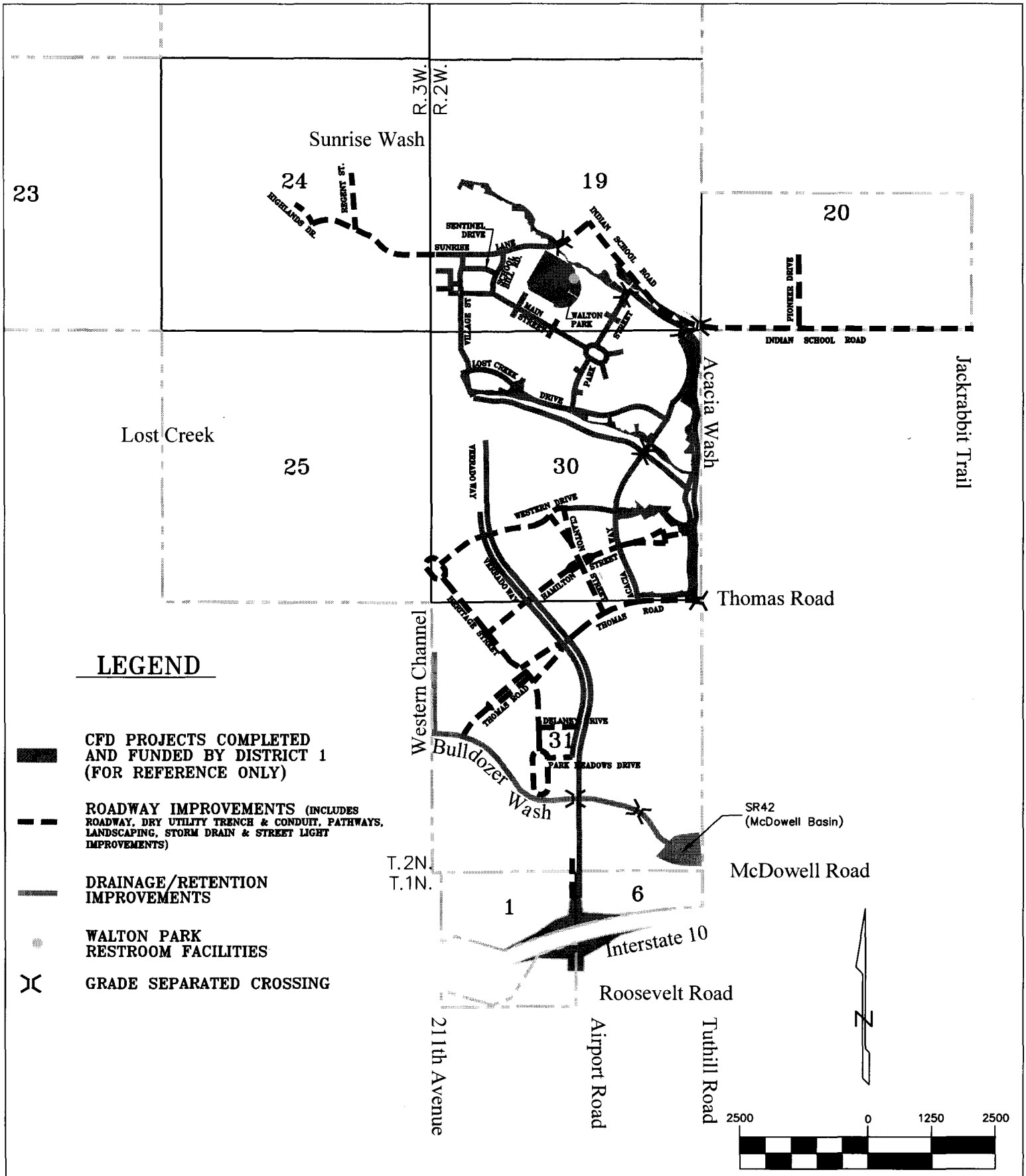
	Project Descriptions	Estimated Cost	To be Paid By the Project Bonds
A.	**Phase 2 Roadway & Landscape Improvements** – represents balance of payments for improvements previously conveyed to the District 1 on 11/4/08. Includes roadway and landscape improvements (street trees and irrigation only) on Hamilton St. and Delaney Dr. in Phase 2W previously approved and conveyed to District 1. Total approved amount to be funded by District 1 from proceeds of the Series 2006 Bond was $444,249. District 1 funded $3,440.93 of this amount on 12/3/08 resulting in $440,808 remaining to be reimbursed.	$440,808	$440,808
B.	**Phase 2 Infrastructure: Dry Utility Trench & Conduit & Street Lights** – Includes dry utility trench & conduit and street lighting within previously completed collector roadway segments (Thomas Rd., Heritage St., Hamilton St., Western Dr. and Delaney Dr.) in Phase 2W.	1,023,977	1,023,977
C.	**Pioneer Drive 3E** – Roadway improvements for a 0.5-mile collector road in Phase 3 East adjacent to High School, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	536,670	536,670
D.	**Highlands Drive 3N** – Roadway improvements for a 0.25-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	183,206	183,206
E.	**Regent Street 3N** – Roadway improvements for a 0.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	383,799	383,799
F.	**Sunrise Lane 3N** – Roadway improvements for a 0.75-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	2,084,978	2,084,978
G.	**Walton Park Restrooms** – Restroom facility in the Phase 1 District Park ("Walton Park")	188,931	188,931
H.	**Welcome Center Roadway (Verrado Way/McDowell Road)** – Roadway improvements at Verrado Way and McDowell Rd. for access to new Welcome Center, including storm drain, concrete, paving, dry utility trench and conduit, street lighting and signage.	390,115	390,115
I.	**Indian School Road** – Roadway improvements for a 1.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving and dry utility trench and conduit.	938,173	767,516
J.	**Bulldozer Wash & McDowell Basin** – Includes grading, concrete structures, erosion protection and drainage improvements for Bulldozer Wash and McDowell Basin (SR42), a 1.25 mile regional drainage channel and retention basin. Refer to item "P" for completed landscape improvements.	$1,646,889	$0

	Project Descriptions	Estimated Cost	To be Paid By the Project Bonds
K.	**Verrado Way (I10-Market Street)** – Roadway improvements for a 0.25-mile arterial roadway expansion from 4 lanes to 6 lanes, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscaping.	579,243	0
L.	**Western Channel (Phase 2W)** – Grading, drainage and Landscape & irrigation improvements for a 0.5-mile drainage channel in Phase 2 West.	350,000	0
M.	**Phase 1BS, 2E and 2W Groundcover Landscape Improvements** – Includes finish groundcover landscaping and irrigation on previously completed roadways in Phase 1BS, 2E and 2W per ongoing job order contracts. Portions of these segments are complete or near complete.	204,603	0
	Total Estimated Costs for Projects	**$8,951,392**	**$6,000,000**

The Developer or other applicable entity will dedicate or otherwise transfer all portions of the Public Infrastructure to the Town and costs to operate and maintain the same shall be paid as necessary from the $0.30 per $100 secondary assessed valuation ad valorem property tax levied by the District for such purpose.

SECTION THREE

MAP SHOWING LOCATION OF PUBLIC INFRASTRUCTURE AND AREA TO BE BENEFITED



AMENDED INFRASTRUCTURE EXHIBIT FOR DISTRICT 1

VERRADO

BUCKEYE, ARIZONA

DMB

WOOD/PATEL

CIVIL ENGINEERS HYDROLOGISTS LAND SURVEYORS CONSTRUCTION MANAGERS
2051 West Northern, Suite 100, Phoenix, Arizona 85021 Phone (602) 335-8500

04/18/13

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SECTION FOUR

ESTIMATE OF COSTS AND TIMETABLE FOR PUBLIC INFRASTRUCTURE

The table in Section Two outlines the costs for the completion of the Public Infrastructure. The table below outlines the completion date of the Public Infrastructure. Portions of the proceeds from the Project Bonds, after payment of the costs of issuance (See Section Five), will be used to finance the acquisition of a portion of the Public Infrastructure listed in Section Two.

	Project Descriptions	Estimated Cost	Completion Date
A.	**Phase 2 Roadway & Landscape Improvements**	$440,808	March 2007
B.	**Phase 2W Infrastructure; Dry Utility Trench & Conduit and Streetlights**	1,023,977	March 2007
C.	**Pioneer Drive 3E**	536,670	November 2007
D.	**Highlands Drive 3N**	183,206	February 2008
E.	**Regent Street 3N**	383,799	March 2008
F.	**Sunrise Lane 3N**	2,084,978	June 2008
G.	**Walton Park Restrooms**	188,931	February 2009
H.	**Welcome Center Roadway (McDowell Road)**	390,115	May 2009
I.	**Indian School Road**	938,173	August 2009
J.	**Bulldozer Wash & McDowell Basin**	1,646,889	May 2012
K.	**Verrado Way (I10-Market Street)**	579,243	November 2012
L.	**Western Channel (Phase 2 West)**	350,000	November 2013
M.	**Phase 1BS, 2E & 2W Groundcover Landscape**	204,603	November 2014

SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

The Public Infrastructure will be acquired by the District by way of a Plan of Finance described below. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Series 2013 Bonds and to the extent necessary to comply with Federal and State law.

Formation and Authorization

In response to a petition from the owners of 100% of the property within the District, the Town Council formed the District on June 19, 2001. Pursuant to an election held on August 7, 2001, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $100,000,000 in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds.

Existing and Proposed Debt

The District issued its $24,000,000 General Obligation Bonds, Series 2003 in April 2003 and its $18,600,000 General Obligation Bonds, Series 2006 in October 2006. It is anticipated that approximately $26,520,000 of general obligation bonds will be issued in July 2013. The amount stated on the cover of this report ($28,000,000) is a not-to-exceed amount. The Refunding Bonds will be structured to achieve upfront savings with the final maturity remaining in 2027. Upon issuance of the Refunding Bonds, the proceeds will be used to redeem all outstanding Series 2003 Bonds on July 15, 2013. The proceeds of the Project Bonds, in a principal amount not to exceed $6 million, will be used to reimburse the Developer for the cost of public infrastructure and will have a final maturity of approximately twenty (20) years. Refer to tables One and Two in this section for schedules of estimated revenue versus debt service requirements (note: table Two reflects no SAV growth beginning in fiscal years 2015 and thereafter) and table Three for the estimated absorptions, revenue and debt service through build-out within the District. The Series 2013 Bonds will be unrated and will be sold through a limited offering ("non public" offering pursuant to A.R.S. 48-722) to qualified institutional buyers or accredited investors who will deliver a signed investor letter.

After the issuance of the Series 2013 Bonds, it is anticipated that a $3.00 tax rate will continue to be levied to pay debt service on both the Series 2013 Bonds and the Series 2006 Bonds.

Sources and Uses of Funds

The estimated Sources and Uses of Funds relating to the issuance of the Series 2013 Bonds are as follows:

SOURCES:	Refunding Bonds	Project Bonds	Total
Par Amount of Bonds	$20,570,000	$5,950,000	$26,520,000
Net Premium / (Net Original Issue Discount)	486,845	51,666	538,511
Developer Costs of Issuance Contribution	670,852	194,048	864,900
	$21,727,697	$6,195,714	$27,923,411
USES:			
Deposit to Redeem the Series 2003 Bonds	$21,053,125	$0	$21,053,125
Deposit to Acquisition Fund	0	6,000,000	6,000,000
Costs of Issuance, including Underwriter's Discount *	670,852	194,048	864,900
Additional Proceeds	3,720	1,666	5,386
	$21,727,697	$6,195,714	$27,923,411

Estimated Costs of Issuance *

Item	Refunding Bonds	Project Bonds	Total
Bond Counsel	$69,808	$20,192	$90,000
Underwriter's Counsel	38,782	11,218	50,000
Financial Advisor	116,346	33,654	150,000
Underwriter's Discount	411,400	119,000	530,400
Town Administration	19,391	5,609	25,000
Offering Document	3,878	1,122	5,000
Trustee	3,490	1,010	4,500
Miscellaneous	7,756	2,244	10,000
Total	$670,852	$194,048	$864,900

Use of Proceeds

The District will apply the proceeds from the sale of the Series 2013 Bonds to the acquisition of a portion of the Public Infrastructure listed in Section Two (and costs related thereto) and to refund all outstanding principal of the Series 2003 Bonds.

Standby Contribution Agreement

The $3.00 tax levy, given the existing tax base, is not currently sufficient to provide for the existing and proposed debt service of the Series 2013 Bonds and the Series 2006 Bonds. (Please see Table One of this section). As a result, the Developer will enter into a standby contribution agreement (the "2013 Contribution Agreement") whereby at closing with respect to the Series 2013 Bonds and on or before May 1 of each fiscal year thereafter, the Developer will make a payment to the District in amounts necessary to maintain the tax rate at $3.00 for the debt service given the then existing tax base and the debt service requirements of the Series 2013 Bonds. The 2013 Contribution Agreement will be in effect for the life of the Series 2013 Bonds and is only subject to release if certain conditions are met, principally that the $3.00 tax rate for debt service can provide for annual maximum debt service of the Series 2013 Bonds and all outstanding bonds of the District, including the Series 2006 Bonds.

The Developer has previously entered into a similar standby contribution agreement with respect to the debt service on the Series 2006 Bonds (the "2006 Contribution Agreement"). The obligations of the Developer under the 2013 Contribution Agreement (but not under the 2006 Contribution Agreement) are secured by a Guaranty (the "Guaranty") from ABD Investments Limited Partnership (the "2013 Guarantor"). For the purpose of determining the obligations of the Developer under the 2013 Contribution Agreement and, if necessary, the obligations of the 2013 Guarantor under the Guaranty, all tax revenues received by the District for debt service will be applied first to the debt service on the Series 2006 Bonds.

District Assessed Valuation

Shown below are the Full Cash Values and Secondary Assessed Values for the District since fiscal year 2006-2007.

Fiscal Year	Full Cash Value	Secondary Assessed Value
2013-14 *	$540,188,977	$54,919,966
2012-13	506,451,824	51,517,086
2011-12	525,675,302	54,835,773
2010-11	592,220,337	70,917,296
2009-10	829,439,528	104,452,505
2008-09	828,709,245	101,031,743
2007-08	606,303,680	79,285,881
2006-07	302,706,083	42,195,614

Source: Maricopa County Assessor's Office.
* Preliminary, based on the February 2013 Preliminary Abstract.

Homeowner Obligation

Based on an average home price of $250,000 at the total $3.30 ($3.00 for debt service plus $0.30 for operations and maintenance) tax levy, a homeowner's tax bill for the District equals approximately $676 annually, or $56 per month.

TABLE ONE

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

Estimated Debt Service and Revenue Projections (With SAV Growth and Absorptions)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
					Series 2013 Refunding & New Money (4)								
Fiscal Year	Net Secondary Assessed Valuation (1)(2)	Outstanding District 1 Debt Service	Current Estimated Net Total Payment Under Standby Contribution Agreement	Refunded Debt Service (3)	Estimated Refunding Debt Service	Estimated New Money Debt Service	Total Combined Debt Service	Combined Debt Tax Rate	District Revenues at $3.00 Tax Rate & 95% Collections (5)	Fund Balance Available for Debt Service (6)	Estimated Payment Under SCA Net of DS Fund Deposit (6)	Refunding Savings	
2012	$54,835,773	$3,539,003	$1,976,183				$3,539,003	$3.00	$1,562,820				2012
2013	51,517,086	3,491,753	2,023,516	$1,453,125			2,038,628	3.00	1,468,237		$570,391	$1,453,125	2013
2014	54,919,966	3,743,290	2,178,071	2,358,250	$907,583	$289,757	2,582,379	3.00	1,565,219	$1,521,373	0	1,450,667	2014
2015	62,169,882	3,678,965	1,907,123	2,290,600	2,145,150	450,788	3,984,303	3.00	1,771,842	504,213	1,708,248	145,450	2015
2016	70,058,137	3,607,025	1,610,368	2,222,950	2,220,150	379,188	3,983,413	3.00	1,996,657		1,986,756	2,800	2016
2017	80,603,696	3,638,823	1,341,617	2,255,300	2,250,150	350,188	3,983,860	3.00	2,297,205		1,686,655	5,150	2017
2018	95,745,587	3,467,955	739,206	2,081,500	2,076,750	522,188	3,985,393	3.00	2,728,749		1,256,643	4,750	2018
2019	117,408,546	3,497,125	150,981	2,110,000	2,107,950	487,188	3,982,263	3.00	3,346,144		636,119	2,050	2019
2020	140,652,210	3,516,408	0	2,132,000	2,130,750	468,188	3,983,345	2.83	4,008,588		0	1,250	2020
2021	166,451,185	3,532,318	0	2,147,500	2,145,350	454,588	3,984,755	2.39	4,743,859		0	2,150	2021
2022	191,353,332	3,544,588	0	2,156,500	2,151,950	446,188	3,986,225	2.08	5,453,570		0	4,550	2022
2023	223,421,384	3,542,950	0	2,159,000	2,155,750	442,788	3,982,488	1.78	6,367,509		0	3,250	2023
2024	251,430,997	3,442,673	0	2,055,000	2,051,750	544,188	3,983,610	1.58	7,165,783		0	3,250	2024
2025	285,335,039	3,434,720	0	2,051,000	2,047,250	552,938	3,983,908	1.40	8,132,049		0	3,750	2025
2026	320,708,586	3,427,860	0	2,040,500	2,038,750	560,438	3,986,548	1.24	9,140,195		0	1,750	2026
2027	354,232,384	3,411,558	0	2,023,500	2,021,250	576,688	3,985,995	1.13	10,095,623		0	2,250	2027
2028	384,454,242	1,385,813	0	0	0	561,188	1,947,000	0.51	10,956,946		0	0	2028
2029	416,129,292	1,385,625	0			560,438	1,946,063	0.47	11,859,685		0	0	2029
2030	448,265,918	1,387,228	0			558,688	1,945,915	0.43	12,775,579		0	0	2030
2031	480,234,820	1,385,353	0			559,800	1,945,153	0.41	13,686,692		0	0	2031
2032	501,767,889	0	0			559,600	559,600	0.11	14,300,385		0	0	2032
2033	515,225,603	0	0			563,088	563,088	0.11	14,683,930		0	0	2033
		$58,522,025	**$9,950,882**	$31,536,725	$28,450,533	9,888,094	$65,323,927				**$7,844,811**	**$3,086,192**	

(1) FY 2012 & 2013 SAV are actual, as provided by the Maricopa County Assessor's office (MCAO); FY 2014 is based on the February Preliminary Abstract. FY 2015 is an early preliminary provided by MCAO on 2/28/13. FY 2016 and after assumes 2.50% increase in existing SAV.

(2) Represents estimated absorptions as provided by the Developer and reflects 3.0% annual growth on new home prices.

(3) Represents all outstanding Series 2003 bonds (2013-2027), callable on 7/15/2013 at 100. The 2013 maturity is non-callable.

(4) Interest rates are estimated as of 4/18/13 (Assumes Non Rated). Reflects $6 million New Money and Developer contribution toward costs of issuance.

(5) Fiscal year 2012 based on actual tax collections through December 2012 (reflects pro-rata for debt portion).
Fiscal year 2013 and thereafter assumes $3.00 debt tax rate and collections rat of 95%.

(6) Represents estimated fund balance remaining after payment of the Series 2006 principal and interest due on July 15, 2013.

Refunding Summary	
Refunded Par Amount	$20,400,000
Gross Cashflow Savings	**$3,086,192**
PV Savings from Cashflow	$3,026,173
Plus: Refunding Funds on Hand	($667,132)
Net Present Value Savings	$2,359,042
Net PV Savings %	11.564%

TABLE TWO

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

Estimated Debt Service and Revenue Projections (With No SAV Growth and No Absorptions)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
					Series 2013 Refunding & New Money (4)								
Fiscal Year	Net Secondary Assessed Valuation (1)(2)	Outstanding District 1 Debt Service	Current Estimated Net Total Payment Under Standby Contribution Agreement	Refunded Debt Service (3)	Estimated Refunding Debt Service	Estimated New Money Debt Service	Total Combined Debt Service	Combined Debt Tax Rate	District Revenues at $3.00 Tax Rate & 95% Collections (5)	Fund Balance Available for Debt Service (6)	Estimated Payment Under SCA Net of DS Fund Deposit (6)	Refunding Savings	
2012	$54,835,773	$3,539,003	$1,976,183				$3,539,003	$3.00	$1,562,820				2012
2013	51,517,086	3,491,753	2,023,516	$1,453,125			2,038,628	3.00	1,468,237		$570,391	$1,453,125	2013
2014	54,919,966	3,743,290	2,178,071	2,358,250	$907,583	$289,757	2,582,379	3.00	1,565,219	$1,521,373	0	1,450,667	2014
2015	54,919,966	3,678,965	2,113,746	2,290,600	2,145,150	450,788	3,984,303	3.00	1,565,219	504,213	1,914,871	145,450	2015
2016	54,919,966	3,607,025	2,041,806	2,222,950	2,220,150	379,188	3,983,413	3.00	1,565,219		2,418,193	2,800	2016
2017	54,919,966	3,638,823	2,073,603	2,255,300	2,250,150	350,188	3,983,860	3.00	1,565,219		2,418,641	5,150	2017
2018	54,919,966	3,467,955	1,902,736	2,081,500	2,076,750	522,188	3,985,393	3.00	1,565,219		2,420,173	4,750	2018
2019	54,919,966	3,497,125	1,931,906	2,110,000	2,107,950	487,188	3,982,263	3.00	1,565,219		2,417,043	2,050	2019
2020	54,919,966	3,516,408	1,951,188	2,132,000	2,130,750	468,188	3,983,345	3.00	1,565,219		2,418,126	1,250	2020
2021	54,919,966	3,532,318	0	2,147,500	2,145,350	454,588	3,984,755	3.00	1,565,219		2,419,536	2,150	2021
2022	54,919,966	3,544,588	0	2,156,500	2,151,950	446,188	3,986,225	3.00	1,565,219		2,421,006	4,550	2022
2023	54,919,966	3,542,950	0	2,159,000	2,155,750	442,788	3,982,488	3.00	1,565,219		2,417,268	3,250	2023
2024	54,919,966	3,442,673	0	2,055,000	2,051,750	544,188	3,983,610	3.00	1,565,219		2,418,391	3,250	2024
2025	54,919,966	3,434,720	0	2,051,000	2,047,250	552,938	3,983,908	3.00	1,565,219		2,418,688	3,750	2025
2026	54,919,966	3,427,860	0	2,040,500	2,038,750	560,438	3,986,548	3.00	1,565,219		2,421,328	1,750	2026
2027	54,919,966	3,411,558	0	2,023,500	2,021,250	576,688	3,985,995	3.00	1,565,219		2,420,776	2,250	2027
2028	54,919,966	1,385,813	0	0	0	561,188	1,947,000	3.00	1,565,219		381,781	0	2028
2029	54,919,966	1,385,625	0			560,438	1,946,063	3.00	1,565,219		380,843	0	2029
2030	54,919,966	1,387,228	0			558,688	1,945,915	3.00	1,565,219		380,696	0	2030
2031	54,919,966	1,385,353	0			559,800	1,945,153	3.00	1,565,219		379,933	0	2031
2032	54,919,966	0	0			559,600	559,600	1.02	1,565,219		0	0	2032
2033	54,919,966	0	0			563,088	563,088	1.03	1,565,219		0	0	2033
		$58,522,025	**$16,216,572**	$31,536,725	$28,450,533	9,888,094	$65,323,927				**$33,037,687**	**$3,086,192**	

(1) FY 2012 & 2013 SAV are actual, as provided by the Maricopa County Assessor's office (MCAO); FY 2014 and thereafter is based on the February 2013 Preliminary Abstract.

(2) Does not include future Developer absorptions.

(3) Represents all outstanding Series 2003 bonds (2013-2027), callable on 7/15/2013 at 100. The 2013 maturity is non-callable.

(4) Interest rates are estimated as of 4/18/13 (assumes Non Rated). Reflects $6 million New Money and Developer contribution toward costs of issuance.

(5) Fiscal year 2012 based on actual tax collections through December 2012 (reflects pro-rata for debt portion).
Fiscal year 2013 and thereafter assumes $3.00 debt tax rate and collections rat of 95%.

(6) Represents estimated fund balance remaining after payment of the Series 2006 principal and interest due on July 15, 2013.

Refunding Summary	
Refunded Par Amount	$20,400,000
Gross Cashflow Savings	**$3,086,192**
PV Savings from Cashflow	$3,026,173
Plus: Refunding Funds on Hand	($667,132)
Net Present Value Savings	$2,359,042
Net PV Savings %	11.564%

TABLE THREE

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
Projected Absorption, Tax Revenue and Debt Service Schedule

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
District 1																				
Annual Absorption - Additions to Tax Base[1,2]																				
Residential Absorption (Homes)	-	146	240	174	221	446	392	449	363	587	430	484	484	300	148	150	116	117	10	10
Age Restricted Residential Absorption (Homes)	-	-	-	55	200	200	200	200	200	200	200	300	300	300	300	300	300	245	-	-
Non-Residential Absorption (Square Feet)	-	-	-	53,906	53,906	53,906	134,765	134,765	134,765	134,765	134,765	134,765	134,765	269,529	269,529	269,529	269,529	269,529	242,576	-
Annual Changes in Assessed Value ($000's)																				
Vacant Land	-	(417)	73	1,381	671	636	521	351	428	(156)	(1,134)	(1,249)	(1,493)	(3,233)	(674)	-	-	-	-	-
Residential	-	3,411	6,261	6,181	11,186	17,326	16,421	18,464	16,741	23,762	19,769	24,964	25,713	20,458	13,510	13,278	12,684	11,442	887	914
Non-Residential	-	-	-	1,232	1,269	1,307	3,367	3,468	3,572	3,679	3,789	3,903	4,020	8,281	8,530	8,786	9,049	9,321	8,640	-
Annual Appreciation	-	4,256	1,554	1,751	2,015	2,394	2,935	3,516	4,161	4,784	5,586	6,286	7,133	8,018	8,856	9,611	10,403	11,207	12,006	12,544
Total	**-**	**7,250**	**7,888**	**10,546**	**15,142**	**21,663**	**23,244**	**25,799**	**24,902**	**32,068**	**28,010**	**33,904**	**35,374**	**33,524**	**30,222**	**31,675**	**32,137**	**31,969**	**21,533**	**13,458**
Cumulative Assessed Value ($000's)[3,4]																				
Vacant Land	4,296	3,879	3,952	5,332	6,004	6,640	7,160	7,511	7,939	7,783	6,649	5,400	3,907	674	-	-	-	-	-	-
Residential	16,345	19,756	26,017	32,198	43,384	60,710	77,131	95,595	112,336	136,098	155,866	180,831	206,544	227,002	240,512	253,790	266,474	277,916	278,803	279,716
Non-Residential	34,279	34,279	34,279	35,511	36,781	38,088	41,455	44,923	48,494	52,173	55,963	59,866	63,886	72,167	80,697	89,482	98,532	107,852	116,493	116,493
Annual Appreciation[5]	-	4,256	5,811	7,562	9,577	11,971	14,906	18,422	22,584	27,367	32,953	39,239	46,372	54,390	63,246	72,857	83,260	94,467	106,473	119,017
Total	**54,920**	**62,170**	**70,058**	**80,604**	**95,746**	**117,409**	**140,652**	**166,451**	**191,353**	**223,421**	**251,431**	**285,335**	**320,709**	**354,232**	**384,454**	**416,129**	**448,266**	**480,235**	**501,768**	**515,226**
Assessed Value Per $100	**549**	**622**	**701**	**806**	**957**	**1,174**	**1,407**	**1,665**	**1,914**	**2,234**	**2,514**	**2,853**	**3,207**	**3,542**	**3,845**	**4,161**	**4,483**	**4,802**	**5,018**	**5,152**
CFD Tax Revenue Received ($000's)																				
Debt Service Tax Revenue[6] $ 3.00	1,565	1,772	1,997	2,297	2,729	3,346	4,009	4,744	5,454	6,368	7,166	8,132	9,140	10,096	10,957	11,860	12,776	13,687	14,300	14,684
Debt Service Requirement ($000's)																				
Annual Debt Service																				
2006 Bonds	(1,385)	(1,388)	(1,384)	(1,384)	(1,386)	(1,387)	(1,384)	(1,385)	(1,388)	(1,384)	(1,388)	(1,384)	(1,387)	(1,388)	(1,386)	(1,386)	(1,387)	(1,385)	-	-
2013 Refunding Bonds	(908)	(2,145)	(2,220)	(2,250)	(2,077)	(2,108)	(2,131)	(2,145)	(2,152)	(2,156)	(2,052)	(2,047)	(2,039)	(2,021)	-	-	-	-	-	-
2013 New Money Bonds	(290)	(451)	(379)	(350)	(522)	(487)	(468)	(455)	(446)	(443)	(544)	(553)	(560)	(577)	(561)	(560)	(559)	(560)	(560)	(563)
Combined Annual Debt Service	**(2,582)**	**(3,984)**	**(3,983)**	**(3,984)**	**(3,985)**	**(3,982)**	**(3,983)**	**(3,985)**	**(3,986)**	**(3,982)**	**(3,984)**	**(3,984)**	**(3,987)**	**(3,986)**	**(1,947)**	**(1,946)**	**(1,946)**	**(1,945)**	**(560)**	**(563)**
Combined Breakeven Tax Rate	**$ 4.70**	**$ 6.41**	**$ 5.69**	**$ 4.94**	**$ 4.16**	**$ 3.39**	**$ 2.83**	**$ 2.39**	**$ 2.08**	**$ 1.78**	**$ 1.58**	**$ 1.40**	**$ 1.24**	**$ 1.13**	**$ 0.51**	**$ 0.47**	**$ 0.43**	**$ 0.41**	**$ 0.11**	**$ 0.11**

Notes:

1. Projected absorption is based on various internal project analyses conducted by the Developer based on, among other factors, market analyses performed by recognized industry experts.
2. Annual Absorption for Residential represents occupied conventional single family and custom homes as of end of the second quarter of the preceding year. Non-residential absorption represents square footage absorbed as of the end of the second quarter of the preceding year.
3. Fiscal 2014 Cumulative Assessed Value of $54,920 and related breakouts of Vacant Land, Residential and Non-Residential are based on the February 2013 Abstract published by the Maricopa County Assessor.
4. Assessed Value is based on the Full Cash Value of each property type, as determined by the Maricopa County Assessor. The Assessed Values for Vacant Land, Residential and Non-Residential are based on Assessment Ratios of 16%, 10% and 20%, respectively.
5. Assumes annual appreciation rate of 2.5% on all existing Assessed Values for the period 2016 -2033. Note that annual appreciation of 7.75% is assumed for 2015 based on preliminary valuation information obtained from the Maricopa County Assessor.
6. Debt Service Tax Revenue assumes a rate of $3 per $100 of Assessed Value and a collection rate assumption of 95%.

APPENDIX A

Legal Description For
Verrado District 1
Community Facilities District
(Town of Buckeye, Arizona)

EXHIBIT A

WOOD/PATEL

CIVIL ENGINEERS • HYDROLOGISTS • LAND SURVEYORS

Darrel E. Wood, P.E., R.L.S.
Ashok C. Patel, P.E., R.L.S.
James S. Campbell, P.E.
Gordon W. R. Wirt, P.E.
Thomas R. Gettings, R.L.S.
Bruce Friedhoff, P.E.
Scott A. Nelson, R.L.S.
Richard L. Hines, P.E.
Timothy A. Hurd, P.E.
Michael J. Sesma, R.L.S.
Jack K. Moody, P.E.
Leslie J. Kland, P.E.
Curtis L. Brown, P.E.
R. Scott Rasmussen, P.E.
Paul M. Haas, P.E.
Shimin Zou, Ph.D., P.E.
Michael T. Young, P.E.
Steven D. Gustafson, P.E.
John Bulkin, P.E.
Robert J. Hedrick, P.E.
Jason Engelhardt, P.E.
Joseph C. Dacosta, P.E.
Maher Hazine, P.E.

Revised August 30, 2000
Revised August 28, 2000
Revised September 13, 1999
Revised June 14, 1999
June 7, 1999
WP #97678.03

See Exhibit "A"

PARCEL DESCRIPTION
Caterpillar
Proposed Formation Exhibit for
Community Facilities District (CFD)
"District 1"

PARCEL "A"

PARCEL NO. 1:

The South half of Section 20, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 3:

Lots 1, 2, 3 and 4, the East half of the West half, and the East half of Section 7, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 4:

That portion of Section 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 19, said point being a G.L.O. brass cap which bears South 01 degrees 16 minutes 12 seconds East along the West line of said Section 19, a distance of 12.38 feet from the Southeast corner of Section 24, Township 2 North, Range 3 West;

THENCE North 00 degrees 05 minutes 12 seconds West, continuing along said West line, a distance of 1662.38 feet;
THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 1787.58 feet;
THENCE North 49 degrees 16 minutes 47 seconds East, a distance of 1245.15 feet;
THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 2304.31 feet to a point of curvature of a tangent curve concave to the West;
THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 40 degrees 17 minutes 40 seconds, and an arc length of 703.27 feet to a point of tangency;
THENCE South 00 degrees 25 minutes 33 seconds East, a distance of 63.42 feet to a point on the South line of the Southeast quarter of said Section 19;
THENCE South 89 degrees 34 minutes 27 seconds West along said South line, a distance of 1832.76 feet to the South quarter corner of said Section 19;
THENCE South 89 degrees 34 minutes 51 seconds West along the South line of the Southwest quarter of said Section 19, a distance of 2641.88 feet to the TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 5:

That portion of Section 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Northwest corner of said Section 19, said point being a ½ inch ACP stamped LS 19324;
THENCE South 00 degrees 08 minutes 44 seconds East along the East line of Section 24, Township 2 North, Range 3 West, a distance of 856.96 feet to the TRUE POINT OF BEGINNING, said point being on the arc of a non-tangent curve concave to the Northwest, a radial line of said curve through said point having a bearing of South 22 degrees 42 minutes 19 seconds East;
THENCE Northeasterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 03 degrees 02 minutes 28 seconds, and an arc length of 79.62 feet to a point of tangency;
THENCE North 64 degrees 15 minutes 13 seconds East, a distance of 1571.18 feet to a point of curvature of a tangent curve concave to the South;

THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 25 degrees 33 minutes 20 seconds, and an arc length of 669.05 feet to a point on the North line of said Section 19;
THENCE North 89 degrees 48 minutes 33 seconds East along said North line, a distance of 150.00 feet;
THENCE South 04 degrees 07 minutes 50 seconds West, a distance of 1265.21 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 2000.00 feet, a central angle of 44 degrees 51 minutes 03 seconds, and an arc length of 1565.59 feet to a point of tangency;
THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 100.00 feet;
THENCE South 49 degrees 16 minutes 47 seconds West, a distance of 1245.15 feet;
THENCE South 89 degrees 34 minutes 51 seconds West, a distance of 1787.47 feet to a point on the West line of the Southwest quarter of said Section 19;
THENCE North 00 degrees 05 minutes 12 seconds West along said West line, a distance of 969.93 feet to the West quarter corner of said Section 19;
THENCE North 00 degrees 56 minutes 58 seconds West along said West line, a distance of19.93 feet to the East quarter corner of Section 24, Township 2 North, Range 2 West;
THENCE North 00 degrees 08 minutes 44-seconds West along the East line of said Section 24, a distance of 1757.45 feet to the TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 6:

Sections 18 and 19, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT that portion of said Section 19 described as follows:

BEGINNING at the Southwest corner of said Section 19, said point being a G.L.O. brass cap which bears South 01 degrees 16 minutes 12 seconds East along the West line of said Section 19, a distance of 12.38 feet from the Southeast corner of Section 24, Township 2 North, Range 3 West;
THENCE North 00 degrees 05 minutes 12 seconds West, continuing along said West line, a distance of 1662.38 feet;

THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 1787.58 feet;
THENCE North 49 degrees 16 minutes 47 seconds East, a distance of 1245.15 feet;
THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 2304.31 feet to a point of curvature of a tangent curve concave to the West;
THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 40.degrees 17 minutes 40 seconds, and an arc length of 703.27 feet to a point of tangency;
THENCE South 00 degrees 25 minutes 33 seconds East, a distance of 63.42 feet to a point on the South line of the Southeast quarter of said Section 19;
THENCE South 89 degrees 34 minutes 27 seconds West along said South line, a distance of 1832.76 feet to the South quarter corner of said Section 19;
THENCE South 89 degrees 34 minutes 51 seconds West along the South line of the Southwest quarter of said Section 19, a distance of 2641-86 feet to the TRUE POINT OF BEGINNING;

EXCEPT that portion of said Section 19 described as follows:

COMMENCING at the Northwest corner of said Section 19, said point being a ½ inch ACP stamped LS 19324;
THENCE South 00 degrees 08 minutes 44 seconds East along the East line of Section 24, Township 2 North, Range 3 West, a distance of 856.96 feet to the TRUE POINT OF BEGINNING, said point being on the arc of a non-tangent curve concave to the Northwest, a radial line of said curve through said point having a bearing of South 22 degrees 42 minutes 19 seconds East;
THENCE Northeasterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 03 degrees 02 minutes 28 seconds, and an arc length of 79.62 feet to a point of tangency;
THENCE North 64 degrees 15 minutes 13 seconds East, a .distance of 1571.18 feet to a point of curvature of a tangent curve concave to the South;
THENCE Easterly along the arc of said-curve to the right, having a radius of 1500.00 feet, a central angle of 25 degrees 33 minutes 20 seconds, and an arc length of 669.05 feet to a point on the North line of said Section 19;
THENCE North 89 degrees 48 minutes 33 seconds East along said North line, a distance of 150.00 feet;
THENCE South 04 degrees 07 minutes 50 seconds West, a distance of 1265.21 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 2000.00 feet, a central angle of 44 degrees 51 minutes 03 seconds, and an arc length of 1565.59 feet to a point of tangency;
THENCE South 40 degrees 43 minutes 13 seconds East, a distance of 100.00 feet;
THENCE South 49 degrees 16 minutes 47 seconds West, a distance of 1245.15 feet;

THENCE South 89 degrees 34 minutes 51 seconds West, a distance of 1787.47 feet to a point on the West line of the Southwest quarter of said Section 19;
THENCE North 00 degrees 05 minutes 12 seconds West along said West line, a distance of 969.93 feet to the West quarter corner of said Section 19;
THENCE North 00 degrees 56 minutes 58 seconds West along said West line, a distance of 19.93 feet to the East quarter corner of Section 24, Township 2 North, Range 2 West;
THENCE North 00 degrees 08 minutes 44 seconds West along the East line of said Section 24, a distance of 1757.45 feet to the TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 7:

That portion of Sections 30 and 31, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 30, said point being a G.L.O. brass cap;
THENCE North 03 degrees 46 minutes 34 seconds East, a distance of 1315.07 feet;
THENCE South 86 degrees 13 minutes 26 seconds East, a distance of 334.04 feet to a point of curvature of a tangent curve concave to the North;
THENCE Easterly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 23 degrees 46 minutes 34 seconds, and an arc length of 622.46 feet to a point of tangency;
THENCE North 70 degrees 00 minutes 00 seconds East, a distance of 1795.40 feet;
THENCE South 20 degrees 00 minutes 00 seconds East, a distance of 42.78 feet to a point of curvature of a tangent curve concave to the West;
THENCE Southerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 19 degrees 47 minutes 00 seconds, and an arc length of 345.28 feet to a point of tangency;
THENCE South 00 degrees 13 minutes 00 seconds East, a distance of 1584.28 feet to a point on the South line of said Section 30;
THENCE continuing South 00 degrees 13 minutes 00 seconds East, a distance of 776.75 feet;
THENCE South 78 degrees 35 minutes 03 seconds West, a distance of 2856.28 feet to a point on the West line of the Northwest quarter corner of said Section 31;

THENCE North 00 degrees 07 minutes 44 seconds West along said West line, a distance of 1313.31 feet to the Northwest corner of said Section 31, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 05.

PARCEL NO. 8:

That portion of Sections 30 and 31, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southeast corner of said Section 30, said point being a 3-1/2 inch aluminum cap;
THENCE South 00 degrees 13 minutes 21 seconds East along the East line of said Section 31, a distance of 300.00 feet;
THENCE South 78 degrees 35 minutes 03 seconds West, a distance of 2537.96 feet;
THENCE North 00 degrees 13 minutes 00 seconds West, a distance of 776.75 feet to a point on the North line of said Section 31;
THENCE continuing North 00 degrees 13 minutes 00 seconds West, a distance of 1584.28 feet to a point of curvature of a tangent curve concave to the West;
THENCE Northerly along the arc of said curve to the left, having a radius of 1000.00 feet, a central angle of 19 degrees 47 minutes 00 seconds, and an arc length of 345.28 feet to a point of tangency;
THENCE North 20 degrees 00 minutes 00 seconds West, a distance of 42.78 feet;
THENCE North 70 degrees 00 minutes 00 seconds East, a distance of 1728.96 feet to a point of curvature of a tangent curve concave to the South;
THENCE Easterly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 19 degrees 28 minutes 58 seconds, and an arc length of 510.06 feet to a point of tangency;
THENCE North 89 degrees 28 minutes 58 seconds East, a distance of 441.06 feet to the East quarter corner of said Section 30;
THENCE South 00 degrees 96 minutes 50 seconds East along the East line of said Section 30, a distance of 2622.84 feet to the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal

or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 9:

A parcel of land lying within Section 31, Township 2 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the southeast corner of said Section 31, said point being the POINT OF BEGINNING of the herein described parcel;
THENCE along the south line of said Section 31, South 89°57'41" West, a distance of 2487.65 feet, to the northwest corner of Section 6, Township 1 North, Range 2 West, said point also being the northeast corner of Section 1, Township 1 North, Range 3 West;
THENCE leaving said south line, North 00°14'20" West, a distance of 4485.83 feet;
THENCE North 78°35'03" East, a distance of 2537.96 feet, to a point on the east line of said Section 31;
THENCE along said east line, South 00°13'21" East, a distance of 2345.41 feet, to the east quarter corner of said Section 31;
THENCE continuing along said east line, South 00°12'22" East, a distance of 2641.08 feet, to the POINT OF BEGINNING.

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 10:

A parcel of land lying within Section 31, Township 2 North, Range 2 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the northwest corner of said Section 31;
THENCE along the west line of said Section 31, South 00°07'44" East, a distance of 1313.31 feet, to the POINT OF BEGINNING;
THENCE leaving said west line, North 78°35'03" East, a distance of 2856.28 feet;
THENCE South 00°14'20" East, a distance of 4485.83 feet, to a point on the south line of said Section 31, said point also being the northeast corner of Section 1, Township 1 North, Range 3 West, and the northwest corner of Section 6, Township 1 North, Range 2 West;

THENCE along the south line of said Section 31, South 89°16'01" West, a distance of 2634.48 feet, to the north quarter of said Section 1;
THENCE continuing along said south line, South 89°35'34" West, a distance of 174.95 feet, to the southwest corner of said Section 31;
THENCE along the west line of said Section 31, North 00°08'13" West, a distance of 2642.08 feet, to the west quarter corner of said Section 31;
THENCE continuing along said west line, North 00°07'44" West, a distance of 1313.32 feet, to the POINT OF BEGINNING.

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 11:

That portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northeast corner of said Section 30, said point being a 3-1/4 inch aluminum cap;
THENCE South 00 degrees 06 minutes 35 seconds East along said East line of said Section 30, a distance of 2622.91 feet to the East quarter corner of said Section 30;
THENCE South 89 degrees 25 minutes 58 seconds West, a distance of 441.06 feet to a point of curvature of a tangent curve concave to the South;
THENCE Westerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 19 degrees 28 minutes 58 seconds, and an arc length of 510.06 feet to a point of tangency;
THENCE South 70 degrees 00 minutes 00 seconds West, a distance of 1728.96 feet;
THENCE North 20 degrees 00 minutes 00 seconds West, a distance of 50.00 feet to a point of curvature of a tangent curve concave to the East;
THENCE Northerly along the arc of said curve to the right, having a radius of 1000.00 feet, a central angle of 19 degrees 54 minutes 00 seconds, and an arc length of 347.32 feet to a point of tangency;
THENCE North 00 degrees 06 minutes 00 seconds West, a distance of 2901.73 feet to the North line of said Section 30;

THENCE North 89 degrees 34 minutes 27 seconds East along said North line of said Section 30, a distance of 2642.76 feet to the Northeast corner of said Section 30, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to .'-b e peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 12:

That portion of Section 30, Township 2 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 30, said point being a G.L.O. brass cap;
THENCE North 89 degrees 34 minutes 51 seconds East, a distance of 2641.88 feet along the North line of said Section 30;
THENCE South 00 degrees 06 minutes 00 seconds East, a distance of 2901.73 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 1000. n feet, a central angle of 19 degrees 54 minutes 00 seconds, and an arc length of 347.32 feet to a point of tangency;
THENCE South 20 degrees 00 minutes 00 seconds East, a distance of 50.00 feet;
THENCE South 70 degrees 00 minutes 00 seconds West, a distance of 1795.40 feet to a point of curvature of a tangent curve concave to the North;
THENCE Westerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 23 degrees 46 minutes 34 seconds, and an arc length of 622.46 feet to a point of tangency;
THENCE North 86 degrees 13 minutes 26 seconds West, a distance of 334.04 feet to a point on the arc of a non-tangent curve concave to the East, a radial line of said curve through said point having a bearing of North 86 degrees 13 minutes 26 seconds West;
THENCE Northerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 14 degrees 13 minutes 14 seconds, and an arc length of 372.29 feet to a point of tangency;
THENCE North 17 degrees 59 minutes 46 seconds East, a distance of 835.53 feet to a point of curvature of a tangent curve concave to the West;

THENCE Northerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 37 degrees 50 minutes 47 seconds, and an arc length of 990.81 feet to a point of tangency;
THENCE North 19 degrees 50 minutes 56 seconds West, a distance of 794.67 feet to a point of curvature of a tangent curve concave to the East;
THENCE Northerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 15 degrees 36 minutes 40 seconds, and an arc length of 408.70 feet to a point of tangency;
THENCE North 04 degrees 14 minutes 18 seconds West, a distance of 672.77 feet to the POINT OF BEGINNING:

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 13:

That portion of Section 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the Southeast corner of said Section 25, said point being a G.L.O. brass cap;
THENCE North 89 degrees 52 minutes 15 seconds West along the South line of said Section 25, a distance of 2635.19 feet to the South quarter corner of said Section 25;
THENCE North 89 degrees 41 minutes 17 seconds West along said South line, a distance of 2641.10 feet to the Southwest corner of said Section 30;
THENCE North 00 degrees 04 minutes 18 seconds West along the West line of said Section 25, a distance of 1000.00 feet;
THENCE North 75 degrees 41 minutes 52 seconds East, a distance of 5874.45 feet;
THENCE South 17 degrees 59 minutes 48 seconds West, a distance of 835.53 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 14 degrees 13 minutes 14 seconds, and an arc length of 372.29 feet to a point of tangency;
THENCE South 03 degrees 46 minutes 34 seconds West, a distance of 1315.07 feet to the Southeast corner of Section 25, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 14:

That portion of Sections 23 and 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southwest corner of said Section 23, said point being a G.L.O. brass cap;
THENCE North 00 degrees 05 minutes 59 seconds West along the West line of said Section 23, a distance of 600.00 feet;
THENCE North 67 degrees 14 minutes 01 seconds East, a distance of 5728.70 feet to a point on the East line of the Southeast quarter of said Section 23;
THENCE continuing North 67 degrees 14 minutes 01 seconds East, a distance of 1068.51 feet to a point on the arc of a non-tangent curve concave to the Northeast, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 31 degrees 16 minutes 47 seconds, and an arc length of 2402.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 44 degrees 09 minutes 57 seconds West;
THENCE South 44 degrees 09 minutes 57 seconds West, a distance of 1689.79 feet to a point on the South line of the Southwest quarter corner of said Section 24;
THENCE North 89 degrees 44 minutes 36 seconds West along said South line of said Section 24, a distance of 1000.00 feet to the Southwest corner of said Section 24;
THENCE North 89 degrees 42 minutes 50 seconds West along the South line of said Section 23, a distance of 2641.62 feet to the South quarter corner of said Section 23;
THENCE North 89 degrees 40 minutes 59 seconds West along the South line of said Section 23, a distance of 2640.87 feet to the Southwest corner of said Section 23, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL DESCRIPTION
Caterpillar
Proposed Formation Exhibit for
Community Facilities District (CFD)
"District 1"

Revised August 30, 2000
Revised August 28, 2000
Revised September 13, 1999
Revised June 14, 19999
June 7, 2000
WP#97678.03

See Exhibit "A"

PARCEL NO. 15:

That portion of Section 23, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 23, said point being a G.L.O. brass cap;
THENCE South 89 degrees 47 minutes 21 seconds East along the North line of said Section 23, a distance of 1857.42 feet;
THENCE South 53 degrees 00 minutes 55 seconds East, a distance of 2857.55 feet;
THENCE South 00 degrees 01 minutes 18 seconds East, a distance of 1216.34 feet;
THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 4481.73 feet to a point on the West line of the Southeast quarter corner of Section 23;
THENCE North 00 degrees 05 minutes 59 seconds West along said West line, a distance of 2043.82 feet to the West quarter corner of said Section 23;
THENCE North 00 degrees 05 minutes 41 seconds West along said West line, a distance of 2632.79 feet to the Northwest corner of Section 23, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 16:

That portion of Sections 23 and 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 24, said point bearing South 00 degrees 01 minutes 18 seconds East, a distance of 6.60 feet from a G.L.O. brass cap witness corner;
THENCE South 89 degrees 44 minutes 26 seconds East along the North line of said Section 24, a distance of 810.49 feet;
THENCE South 02 degrees 00 minutes 00 seconds East, a distance of 1065.56 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 12 degrees 33 minutes 16 seconds, and an arc length of 964.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees

26 minutes 44 seconds West;
THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 1068.51 feet to a point on the West line of the Southwest quarter corner of said Section 24;
THENCE continuing South 67 degrees 14 minutes 01 seconds West, a distance of 1246.97 feet;
THENCE North 00 degrees 01 minutes 18 seconds West, a distance of 1216.34 feet;
THENCE North 53 degrees 00 minutes 55 seconds West, a distance of 2857.55 feet to a point on the North line of the Northwest corner of said Section 23;
THENCE South 89 degrees 47 minutes 21 seconds East, a distance of 788.00 feet to the North quarter corner of said Section 23;
THENCE South 89 degrees 39 minutes 30 seconds East along the North line of said Section 23, a distance of 2644.01 feet to the Northeast corner of Section 23, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 17:

That portion of Section 24, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying Northerly of the following described property:

BEGINNING at the Southeast corner of said Section 24, said point being a G.L.O. brass cap;
THENCE South 01 degrees 16 minutes 12 seconds West, a distance of 12.38 feet to a point on the arc of a non-tangent curve concave to the North, a radial line of said curve through said point having a bearing of South 00 degrees 25 minutes 09 seconds East;-
THENCE Westerly along the arc of said curve to the right, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to a point on the South line of said Section 24;
THENCE continuing Northwesterly along the arc of said curve to the right, having a radius 4400.00 feet, a central angle of 70 degrees 50 minutes 15 seconds, and an arc length of 5439.92 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE North 75 degrees 23 minutes 57 seconds East, a distance of 4425.12 feet to a point on the East line of the Northeast quarter of said Section 24;

THENCE South 00 degrees 08 minutes 44 seconds East along said East line, a distance of 1757.45 feet to the East quarter corner of said Section 24, which bears North 00 degrees 56 minutes 58 seconds West along the East line of the Southeast quarter of said Section 24, a distance of 19.93 feet from the West quarter corner of Section 19, Township 2 North, Range 2 West;
THENCE South 00 degrees 05 minutes 59 seconds East along said East line, a distance of 2639.86 feet to the Southeast corner of said Section 24, said point also being the POINT OF BEGINNING;

EXCEPT the following described property:

BEGINNING at the Northwest corner of said Section 24, said point bearing South 00 degrees 01 minutes 18 seconds East, a distance of 6.60 feet from a G.L.O. brass cap witness corner;
THENCE South 89 degrees 44 minutes 26 seconds East along the North line of said Section 24, a distance of 810.49 feet;
THENCE South 02 degrees 00 minutes 00 seconds East, a distance of 1065.56 feet to a point of curvature of a tangent curve concave to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 12 degrees 33 minutes 16 seconds, and an arc length of 964.11 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE South 67 degrees 14 minutes 01 seconds West, a distance of 1068.51 feet to a point on the West line of the Southwest quarter corner of said Section 24;
THENCE continuing South 67 degrees 14 minutes 01 seconds West, a distance of 1246.97 feet;
THENCE North 00 degrees 01 minutes 18,.seconds West, a distance of 1216.34 feet;
THENCE North 53 degrees 00 minutes 55 seconds West, a distance of 2857.55 feet to a point on the North line of the Northwest corner of said Section 23;
THENCE South 89 degrees 47 minutes 21 seconds East, a distance of 788.00 feet to the North quarter corner of said Section 23;
THENCE South 89 degrees 39 minutes 30 seconds East along the North line of said Section 23, a distance of 2644.01 feet to the Northeast corner of Section 23, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL DESCRIPTION
Caterpillar
Proposed Formation Exhibit for
Community Facilities District (CFD)
"District 1"

Revised August 30, 2000
Revised August 28, 2000
Revised September 13, 1999
Revised June 14, 19999
June 7, 2000
WP#97678.03

See Exhibit "A"

PARCEL NO. 18:

That portion of Sections 24 and 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 30, said point being a G.L.O. brass cap;
THENCE South 04 degrees 14 minutes 18 seconds East, a distance of 672.77 feet to a point of curvature of a tangent curve to the East;
THENCE Southerly along the arc of said curve to the left, having a radius of 1500.00 feet, a central angle of 15 degrees 36 minutes 40 seconds, and an arc length of 408.70 feet to a point of tangency;
THENCE South 19 degrees 50 minutes 58 seconds East, a distance of 794.67 feet to a point of curvature of a tangent curve concave to the West;
THENCE Southerly along the arc of said curve to the right, having a radius of 1500.00 feet, a central angle of 37 degrees 50 minutes 47 seconds, and an arc length of 990.81 feet to a non-tangent line, a radial line of said curve ' through said point having a bearing of South 72 degrees 100 minutes 12 seconds East;
THENCE South 75 degrees 41 minutes 52 seconds West, a distance of 5874.45 feet to a point on the West line of the Southwest quarter corner of said Section 25;
THENCE North 00 degrees 04 minutes 18 seconds West along said West line, a distance of 1639.32 feet to the West quarter corner of said Section 25;
THENCE North 00 degrees 01 minutes 21 seconds West along said West line, a distance of 2637.50 feet to the Northwest corner of said Section 25;
THENCE South 89 degrees 44 minutes 36 seconds East along the North line of said Section 25, a distance of 1000.00 feet;
THENCE North 44 degrees 09 minutes 57 seconds East, a distance of 1689.79 feet to a point on the arc of a non-tangent curve concave to the Northeast, a radial line of said curve through said point having a bearing of South 44 degrees 09 minutes 57 seconds West;
THENCE Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 39 degrees 33 minutes 28 seconds, and an arc length of 3037.82 feet to a point of curvature of a curve concave to the North, said point being a point on the South line of the Southeast quarter of said Section 24;
THENCE continuing Southeasterly along the arc of said curve to the left, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal

or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 19:

That portion of Sections-24 and 25, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Southeast corner of said Section 24, said point being a G.L.O. brass cap;
THENCE South 01 degrees 16 minutes 12 seconds West, a distance of 12.38 feet to a point on the arc of a non-tangent curve concave to the North, a radial line of said curve through said point having a bearing of South 00 degrees 25 minutes 09 seconds East;
THENCE Westerly along the arc of said curve to the right, having a radius of 4400.00 feet, a central angle of 05 degrees 01 minutes 39 seconds, and an arc length of 386.07 feet to a point on the South line of said Section 24;
THENCE continuing Northwesterly along the arc of said curve to the right, having a radius of 4400-00 feet, a central angle of 70 degrees 50 minutes 15 seconds, and an arc length of 5439.92 feet to a non-tangent line, a radial line of said curve through said point having a bearing of South 75 degrees 26 minutes 44 seconds West;
THENCE North 75 degrees 23 minutes 57 seconds East, a distance of 4425.12 feet to a point on the East line of the Northeast quarter of said Section 24;
THENCE South 00 degrees 08 minutes 44 seconds East along said East line, a distance of 1757.45 feet to the East quarter corner of said Section 24, which bears North 00 degrees 56 minutes 58 seconds West along the East line of the Southeast quarter of said Section 24, a distance of 19.93 feet from the West quarter corner of Section 19, Township 2 North, Range 2 West;
THENCE South 00 degrees 05 minutes 59 seconds East along said East line, a distance of 2639.86 feet to the Southeast corner of said Section 24, said point also being the POINT OF BEGINNING;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL DESCRIPTION
Caterpillar
Proposed Formation Exhibit for
Community Facilities District (CFD)
"District I"

Revised August 30, 2000
Revised August 28, 2000
Revised September 13, 1999
Revised June 14, 19999
June 7, 2000
WP#97678.03

See Exhibit "A"

PARCEL NO. 20:

Lots 1, 2, 3 and 4, the South half of the North half, and the South half of Section 3, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

PARCEL NO. 21:

Sections 10, 11, 12 and 13, Township 2 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPTING THEREFROM all uranium, thorium, or any other material which is or may be determined by the laws of the State, the United States, or competent judicial decision of Federal or State of Arizona Court to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved in the Patent to said land recorded June 30, 1978 in Docket 13003, page 205.

Containing 8639.41 acres, or 376,332,700 square feet of land, more or less.

All parcels subject to existing rights-of -way and easements.

PARCEL DESCRIPTION
Caterpillar
Proposed Formation Exhibit for
Community Facilities District (CFD)
"District 1"

Revised August 30, 2000
Revised August 28, 2000
Revised September 13, 1999
Revised June 14, 19999
June 7, 2000
WP#97678.03

See Exhibit "A"

PARCEL "B1"

A parcel of land lying within Section 6, Township 1 North, Range 2 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the northwest corner of said Section 6, said point also being the POINT OF BEGINNING of the herein described parcel;

THENCE along the north line of Section 6 per the Results of Survey as recorded in Book 499, page 48, Maricopa County Records, North 89 degrees 57 minutes 39 seconds East, a distance of 2437.60 feet to the northwest corner of Parcel No. 3 of a Quit-Claim Deed as recorded in Docket 10822, page 9, Maricopa County Records;
THENCE leaving said north line, along the westerly line of said Parcel No. 3, South 14 degrees 06 minutes 52 seconds East, a distance of 206.19 feet, to the southeast corner of said Parcel No. 3 and to a point on the east line of Section 6 per said Results of Survey;
THENCE leaving said westerly line, along said east line, South 00 degrees 04 minutes 51 seconds East, a distance of 491.44 feet, to a point on the northerly right-of-way line of Interstate 10 and the beginning of a non-tangent curve;
THENCE leaving said east line, along said right-of-way line, westerly along said curve, having a radius of 11602.57 feet, concave southerly, whose radius bears South 02 degrees 39 minutes 27 seconds East, through a central angle of 12 degrees 26 minutes 54 seconds, a distance of 2520.84 feet, to a point on the west line of Section 6 per said Results of Survey, and a point of intersection with a non-tangent line;
THENCE leaving said northerly right-of-way line, along said west line, North 00 degrees 09 minutes 05 seconds West, a distance of 1078.18 feet, to the POINT OF BEGINNING.

Containing 47.7687 acres, or 2,080,805 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

PARCEL DESCRIPTION
Caterpillar
Proposed Formation Exhibit for
Community Facilities District (CFD)
"District 1"

Revised August 30, 2000
Revised August 28, 2000
Revised September 13, 1999
Revised June 14, 19999
June 7, 2000
WP#97678.03

See Exhibit "A"

PARCEL "B2"

PARCEL NO. 1:

The West 1240.84 feet of the following described parcel:

Lots 1 and 2, and the South half of the Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying North of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724.

PARCEL NO. 2:

Lots 1 and 2, and the South half of the Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying North of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724;

EXCEPT the West 1240.84 feet.

PARCEL NO. 3:

The Northeast quarter of Section 1, Township 1 North, Range 3 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying South of the land conveyed to the State of Arizona by and through the Department of Transportation in Docket 11015, page 374 and in Docket 11052, page 724.

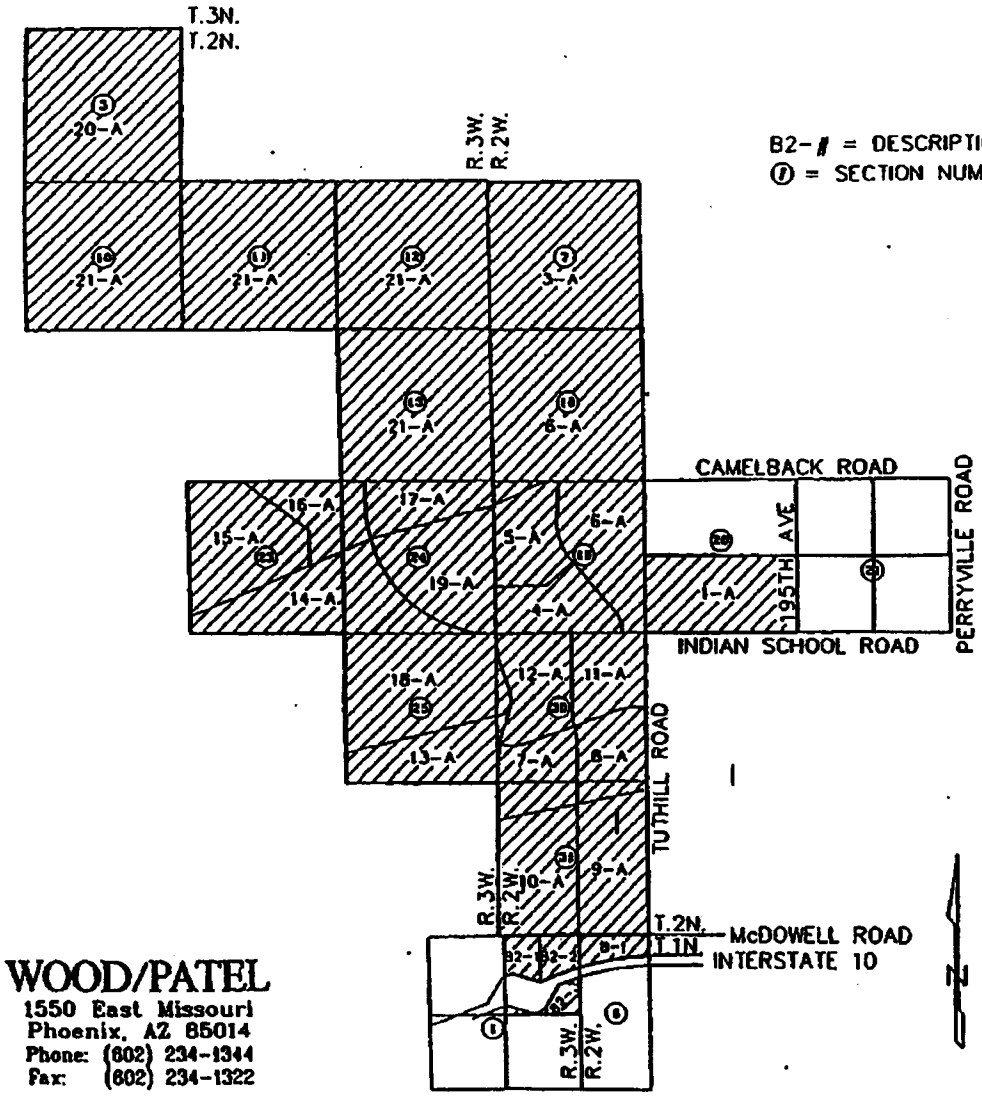
Containing 111.87 acres, or 1,118,680 square feet of land, more or less.

All parcels subject to existing rights-of-way and easements.

Y:\WP\Parcel Descriptions\97678.03 Revised Caterpillar Parcel 1, 11, B2.wpd.wpd

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
23385
MICHAEL J.
SEXTON
Date Signed
ARIZONA, U.S.A.

SWR:gmh 360027 10/5/00



WOOD/PATEL
1550 East Missouri
Phoenix, AZ 85014
Phone: (602) 234-1344
Fax: (602) 234-1322

REGISTERED LAND SURVEYOR
CERTIFICATE NO. 23385
MICHAEL J. SEXTON
Date Signed 8-29-00
ARIZONA U.S.A.

EXHIBIT "A"

CATERPILLAR
PROPOSED FORMATION EXHIBIT FOR
COMMUNITY FACILITIES DISTRICT (CFD)
"DISTRICT 1"

08-30-00
97678.03
PAGE 20 OF 20
NOT TO SCALE
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S.W.R.:jmh 360027 10/5/00

AFFIDAVIT OF PUBLICATION

NOTICE OF PUBLIC HEARING

TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA):

NOTICE IS HEREBY GIVEN that the Board of Directors of the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) will meet on June 4, 2013, commencing immediately upon the conclusion of the meeting of the Mayor and Council of the Town of Buckeye, which meeting will begin at 6:00 p.m. and will be held in the Town Council Chambers, 530 E. Monroe Avenue, Buckeye, Arizona 85326, to conduct a public hearing on, and to consider and review a feasibility report relative to the proposed projects to be financed by the issuance of general obligation bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 530 E. Monroe Avenue, Buckeye, Arizona 85326.

Published in the Buckeye Valley News May 16, 2013.

BUCKEYE VALLEY NEWS, LLC.

STATE OF ARIZONA
COUNTY OF MARICOPA } SS.

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

Buckeye Valley News, LLC.

TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

Publication Dates:
May - 16, 2013

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

Subscribed and sworn to before me this
16 day of
May, 2013

Karen Williams
Notary Public

OFFICIAL SEAL
KAREN WILLIAMS
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires July 19, 2016

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

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

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

JUNE 4, 2013
AGENDA

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

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

2. Approval of the May 7, 2013 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

Board Action: Motion to approve.

3. **Approval/Ratify Expenditures** - None.

4. **Board will conduct a Public Hearing on a Feasibility Report Submitted in Connection with the Proposed Issuance of General Obligation Bonds by the Verrado District 1 Community Facilities District (CFD)**
   (1) Open public hearing.
   (2) Staff overview.
   (3) Receive public comment.
   (4) Close public hearing.
   (5) Board of Directors to adopt Resolution No. 05-13 (Verrado District 1 CFD) authorizing the feasibility and benefits study relating to the acquisition and financing of certain improvements benefiting the District; declaring its intention to acquire and finance certain improvements as described in the Feasibility Study relating to such improvements; determining that General Obligation Project Bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto.

Board Action: Public Hearing and motion to approve.

5. **<u>Resolution No. 04-13</u> Authorizing the Sale and Issuance of its District (Verrado District 1 CFD) General Obligation Refunding Bonds, Series 2013A and its General Obligation Project Bonds, Series 2013B; Approving the Form and Authorizing the Execution and Delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Bonds, a Standby Contribution Agreement, a Depository Trust Agreement, and certain other documents securing the payment of the Bonds; Awarding the Bonds to the Purchaser thereof; Ratifying and Approving the Form of a Preliminary Limited Offering Memorandum relating to the Bonds; Authorizing the Preparation of a Final Limited Offering Memorandum relating to the Bonds; and Authorizing the Levying of an Ad Valorem Tax on Taxable Property in the District for the payment of the Bonds.**

Board of Directors to adopt Resolution No. 04-13 authorizing the sale and issuance of its District (Verrado District 1 CFD) General Obligation Refunding Bonds, Series 2013A and its General Obligation Project Bonds, Series 2013B; approving the form and authorizing the execution and delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Bonds, a Standby Contribution Agreement, a Depository Trust Agreement, and certain other documents securing the payment of the Bonds; awarding the Bonds to the Purchaser thereof; ratifying and approving the form of a preliminary limited offering memorandum relating to the Bonds; authorizing the preparation of a final limited offering memorandum relating to the Bonds; and authorizing the levying of an ad valorem tax on taxable property in the District for the payment of the Bonds.

Board Action: Motion to approve.

6. **<u>Resolution No. 04-13</u> Acknowledging and Agreeing to the Acceptance and Service Agreement by and between the Town of Buckeye, an Arizona municipal corporation and Buckeye Land Management, Inc., an Arizona corporation, for Water/Wastewater Infrastructure and Related Appurtenances for Sundance Well No. 7 Equipping and Authorizing the release of $543,973.19 held in the Sundance CFD SA#2 Acquisition and Construction Fund.**

Board of Directors to adopt Resolution No. 04-13 acknowledging and agreeing to the Acceptance and Service Agreement by and between the Town of Buckeye, an Arizona municipal corporation and Buckeye Land Management, Inc., an Arizona corporation, for Water/Wastewater Infrastructure and Related Appurtenances for Sundance Well No. 7 Equipping, and authorizing the Chairman of the Board to execute and deliver said Acknowledgement and Agreement on behalf of the District.

Board Action: Motion to approve.

7. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT

7A. RESOLUTION NO. 01-13 ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT

The Anthem Sun Valley Community Facilities District Board will adopt Resolution No. 01-13 [Anthem Sun Valley] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

8. ELIANTO COMMUNITY FACILITIES DISTRICT

8A. RESOLUTION NO. 01-13 ELIANTO COMMUNITY FACILITIES DISTRICT

The Elianto Community Facilities District Board will adopt Resolution No. 01-13 [Elianto] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

9. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

9A. RESOLUTION NO. 02-13 FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

The Festival Ranch Community Facilities District Board will adopt Resolution No. 02-13 [Festival Ranch] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

10. MIRIELLE COMMUNITY FACILITIES DISTRICT

10A. RESOLUTION NO. 01-13 MIRIELLE COMMUNITY FACILITIES DISTRICT

The Mirielle Community Facilities District Board will adopt Resolution No. 01-13 [Mirielle] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

11. SUNDANCE COMMUNITY FACILITIES DISTRICT

11A. RESOLUTION NO. 01-13 COMMUNITY FACILITIES DISTRICT

The Sundance Community Facilities District Board will adopt Resolution No. 01-13 [Sundance] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

12. TARTESSO WEST COMMUNITY FACILITIES DISTRICT

12A. RESOLUTION NO. 01-13 TARTESSO WEST COMMUNITY FACILITIES DISTRICT

The Tartesso West Community Facilities District Board will adopt Resolution No. 01-13 [Tartesso West] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

13. TRILLIUM COMMUNITY FACILITIES DISTRICT

13A. RESOLUTION NO. 01-13 TRILLIUM COMMUNITY FACILITIES DISTRICT

The Trillium Community Facilities District Board will adopt Resolution No. 01-13 [Trillium] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

14. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

14A. RESOLUTION NO. 01-13 VERRADO DISTRICT NO 1 COMMUNITY FACILITIES DISTRICT

The Verrado District 1 Community Facilities District Board will adopt Resolution No. 01-13 [Verrado District 1] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

15. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

15A. RESOLUTION NO. 01-13 VERRADO WESTERN OVERLAY COMMUNITYFACILITIES DISTRICT

The Verrado Western Overlay Community Facilities District Board will adopt Resolution No. 01-13 [Verrado Western Overlay] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

16. WATSON ROAD COMMUNITY FACILITIES DISTRICT

16A. RESOLUTION NO. 01-13 WATSON ROAD COMMUNITY FACILITIES DISTRICT

The Watson Road Community Facilities District Board will adopt Resolution No. 01-13 [Watson Road] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

17. WESTPARK COMMUNITY FACILITIES DISTRICT

17A. RESOLUTION NO. 01-13 WESTPARK COMMUNITY FACILITIES DISTRICT

The Westpark Community Facilities District Board will adopt Resolution No. 01-13 [Westpark] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

18. Citizen Input / Appearances from the Floor

Board Action: None.

19. Adjournment

Board Action: Motion to adjourn.

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

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

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

JUNE 4, 2013
MOTIONS

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

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

2. Approval of the May 7, 2013 Joint Meeting Minutes for the following Community Facilities Districts: ***APPROVED***

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

Board Action: Motion to approve.

3. Approval/Ratify Expenditures - None.

4. Board will conduct a Public Hearing on a Feasibility Report Submitted in Connection with the Proposed Issuance of General Obligation Bonds by the Verrado District 1 Community Facilities District (CFD) ***APPROVED***

(1) Open public hearing.
(2) Staff overview.
(3) Receive public comment.
(4) Close public hearing.
(5) Board of Directors to adopt Resolution No. 05-13 (Verrado District 1 CFD) authorizing the feasibility and benefits study relating to the acquisition and financing of certain improvements benefiting the District; declaring its intention to acquire and finance certain improvements as described in the Feasibility Study relating to such improvements; determining that General Obligation Project Bonds will be issued to finance the costs and expenses thereof under the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and all amendments thereto.

Board Action: Public Hearing and motion to approve.

5. <u>Resolution No. 04-13</u> Authorizing the Sale and Issuance of its District (Verrado District 1 CFD) General Obligation Refunding Bonds, Series 2013A and its General Obligation Project Bonds, Series 2013B; Approving the Form and Authorizing the Execution and Delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Bonds, a Standby Contribution Agreement, a Depository Trust Agreement, and certain other documents securing the payment of the Bonds; Awarding the Bonds to the Purchaser thereof; Ratifying and Approving the Form of a Preliminary Limited Offering Memorandum relating to the Bonds; Authorizing the Preparation of a Final Limited Offering Memorandum relating to the Bonds; and Authorizing the Levying of an Ad Valorem Tax on Taxable Property in the District for the payment of the Bonds. ***APPROVED***

Board of Directors to adopt Resolution No. 04-13 authorizing the sale and issuance of its District (Verrado District 1 CFD) General Obligation Refunding Bonds, Series 2013A and its General Obligation Project Bonds, Series 2013B; approving the form and authorizing the execution and delivery of an Indenture of Trust and Security Agreement, a Purchase Contract relating to the Bonds, a Standby Contribution Agreement, a Depository Trust Agreement, and certain other documents securing the payment of the Bonds; awarding the Bonds to the Purchaser thereof; ratifying and approving the form of a preliminary limited offering memorandum relating to the Bonds; authorizing the preparation of a final limited offering memorandum relating to the Bonds; and authorizing the levying of an ad valorem tax on taxable property in the District for the payment of the Bonds.

Board Action: Motion to approve.

6. <u>Resolution No. 04-13</u> Acknowledging and Agreeing to the Acceptance and Service Agreement by and between the Town of Buckeye, an Arizona municipal corporation and Buckeye Land Management, Inc., an Arizona corporation, for Water/Wastewater Infrastructure and Related Appurtenances for Sundance Well No. 7 Equipping and Authorizing the release of $543,973.19 held in the Sundance CFD SA#2 Acquisition and Construction Fund. ***APPROVED***

Board of Directors to adopt Resolution No. 04-13 acknowledging and agreeing to the Acceptance and Service Agreement by and between the Town of Buckeye, an Arizona municipal corporation and Buckeye Land Management, Inc., an Arizona corporation, for Water/Wastewater Infrastructure and Related Appurtenances for Sundance Well No. 7 Equipping, and authorizing the Chairman of the Board to execute and deliver said Acknowledgement and Agreement on behalf of the District.

Board Action: Motion to approve.

7. ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT

7A. RESOLUTION NO. 01-13 ANTHEM SUN VALLEY COMMUNITY FACILITIES DISTRICT

The Anthem Sun Valley Community Facilities District Board will adopt Resolution No. 01-13 [Anthem Sun Valley] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

8. ELIANTO COMMUNITY FACILITIES DISTRICT

8A. RESOLUTION NO. 01-13 ELIANTO COMMUNITY FACILITIES DISTRICT

The Elianto Community Facilities District Board will adopt Resolution No. 01-13 [Elianto] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

9. FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

9A. RESOLUTION NO. 02-13 FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT

The Festival Ranch Community Facilities District Board will adopt Resolution No. 02-13 [Festival Ranch] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

10. MIRIELLE COMMUNITY FACILITIES DISTRICT

10A. RESOLUTION NO. 01-13 MIRIELLE COMMUNITY FACILITIES DISTRICT

The Mirielle Community Facilities District Board will adopt Resolution No. 01-13 [Mirielle] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

11. SUNDANCE COMMUNITY FACILITIES DISTRICT

11A. RESOLUTION NO. 01-13 COMMUNITY FACILITIES DISTRICT

The Sundance Community Facilities District Board will adopt Resolution No. 01-13 [Sundance] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

12. TARTESSO WEST COMMUNITY FACILITIES DISTRICT

12A. RESOLUTION NO. 01-13 TARTESSO WEST COMMUNITY FACILITIES DISTRICT

The Tartesso West Community Facilities District Board will adopt Resolution No. 01-13 [Tartesso West] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

13. TRILLIUM COMMUNITY FACILITIES DISTRICT

13A. RESOLUTION NO. 01-13 TRILLIUM COMMUNITY FACILITIES DISTRICT

The Trillium Community Facilities District Board will adopt Resolution No. 01-13 [Trillium] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.

Board Action: Motion to approve. ***APPROVED***

14. VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

14A. RESOLUTION NO. 01-13 VERRADO DISTRICT NO 1 COMMUNITY FACILITIES DISTRICT *APPROVED*

The Verrado District 1 Community Facilities District Board will adopt Resolution No. 01-13 [Verrado District 1] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

15. VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT

15A. RESOLUTION NO. 01-13 VERRADO WESTERN OVERLAY COMMUNITYFACILITIES DISTRICT *APPROVED*

The Verrado Western Overlay Community Facilities District Board will adopt Resolution No. 01-13 [Verrado Western Overlay] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve.

16. WATSON ROAD COMMUNITY FACILITIES DISTRICT

16A. RESOLUTION NO. 01-13 WATSON ROAD COMMUNITY FACILITIES DISTRICT

The Watson Road Community Facilities District Board will adopt Resolution No. 01-13 [Watson Road] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve. ***APPROVED***

17. WESTPARK COMMUNITY FACILITIES DISTRICT

17A. RESOLUTION NO. 01-13 WESTPARK COMMUNITY FACILITIES DISTRICT

The Westpark Community Facilities District Board will adopt Resolution No. 01-13 [Westpark] approving the tentative budget of the District for the fiscal year 2013-2014, beginning July 1, 2013 and ending June 30, 2014, and setting hearing dates for the budget and tax levy.
Board Action: Motion to approve. ***APPROVED***

18. Citizen Input / Appearances from the Floor

Board Action: None.

19. Adjournment

Board Action: Motion to adjourn.

RESOLUTION NO. 05-13 (VERRADO DISTRICT 1)

RESOLUTION OF THE BOARD OF DIRECTORS OF VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), APPROVING THE FEASIBILITY AND BENEFITS STUDY RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY STUDY RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT GENERAL OBLIGATION PROJECT BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

WHEREAS, pursuant to Section 48-715, Arizona Revised Statues ("*A.R.S.*"), as amended, the Board of Directors of the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), has caused a study of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared (the "Feasibility Study"), relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of general obligation bonds of the District, which study includes, among other things, a description of certain public infrastructure to be acquired and all other information useful to understand the Project, an estimate of the cost to construct, acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

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

BE IT RESOLVED BY THE DISTRICT BOARD OF THE VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA), that:

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

"*Act*" shall mean Title 48, Chapter 4, Article 6, A.R.S., as amended.

"*Board*" shall mean this board of directors of the District.

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

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

"*District*" shall mean the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona).

"*Feasibility Study*" shall mean the feasibility and benefits study pertaining to the Project on file with the Clerk prior to the date and time of this resolution, discussing the matters required by Section 48-715, A.R.S., as amended.

"*General Plan*" shall mean the General Plan dated June 14, 2001 for the District.

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

Section 2. Approval of Feasibility Study. Based on the review by the Board and the presentation of the Feasibility Study at the public hearing on June 4, 2013, the Feasibility Study is hereby adopted and approved in the form submitted to the Board. The Feasibility Study has been filed with the Clerk prior to adoption of this resolution. The publication by the Clerk of the notice of the hearing on the Feasibility Study is hereby ratified and approved.

Section 3. Resolution of Intent. This Board hereby identifies the public infrastructure of the Project, the areas benefited, the expected methods of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Feasibility Study, for any and all purposes of the Act. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

Section 4. Preliminary Approval to Issue and Sell Bonds. The Board hereby declares its intent to proceed with the financing of the Project in substantially the manner of the financing structure presented in the Feasibility Study and hereby declares its intent to issue not to exceed $6,000,000 principal amount of Bonds to finance the costs of the Project. The preparation and distribution of a Preliminary Limited Offering Memorandum pertaining to the issuance of the Bonds is hereby authorized and the District Manager is authorized to deem final the Preliminary Limited Offering Memorandum.

[SIGNATURE ON FOLLOWING PAGE]

PASSED, ADOPTED AND APPROVED on June 4, 2013.

Chairman

Clerk

Attachments: Exhibit A - Description of Improvements

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on June 4, 2013, and that a quorum was present thereat and that the vote thereon was 5 ayes and Ø nays; 2 did not vote or were absent.

Clerk

EXHIBIT A

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

	Project Descriptions	Estimated Cost	To be Paid By the Project Bonds
A.	**Phase 2 Roadway & Landscape Improvements** – represents balance of payments for improvements previously conveyed to the District 1 on 11/4/08. Includes roadway and landscape improvements (street trees and irrigation only) on Hamilton St. and Delaney Dr. in Phase 2W previously approved and conveyed to District 1. Total approved amount to be funded by District 1 from proceeds of the Series 2006 Bond was $444,249. District 1 funded $3,440.93 of this amount on 12/3/08 resulting in $440,808 remaining to be reimbursed.	$440,808	$440,808
B.	**Phase 2 Infrastructure: Dry Utility Trench & Conduit & Street Lights** – Includes dry utility trench & conduit and street lighting within previously completed collector roadway segments (Thomas Rd., Heritage St., Hamilton St., Western Dr. and Delaney Dr.) in Phase 2W.	1,023,977	1,023,977
C.	**Pioneer Drive 3E** – Roadway improvements for a 0.5-mile collector road in Phase 3 East adjacent to High School, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	536,670	536,670
D.	**Highlands Drive 3N** – Roadway improvements for a 0.25-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	183,206	183,206
E.	**Regent Street 3N** – Roadway improvements for a 0.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	383,799	383,799
F.	**Sunrise Lane 3N** – Roadway improvements for a 0.75-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	2,084,978	2,084,978
G.	**Walton Park Restrooms** – Restroom facility in the Phase 1 District Park ("Walton Park")	188,931	188,931
H.	**Welcome Center Roadway (Verrado Way/McDowell Road)** – Roadway improvements at Verrado Way and McDowell Rd. for access to new Welcome Center, including storm drain, concrete, paving, dry utility trench and conduit, street lighting and signage.	390,115	390,115
I.	**Indian School Road** – Roadway improvements for a 1.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving and dry utility trench and conduit.	938,173	767,516
J.	**Bulldozer Wash & McDowell Basin** – Includes grading, concrete structures, erosion protection and drainage improvements for Bulldozer Wash and McDowell Basin (SR42), a 1.25 mile regional drainage channel and retention basin. Refer to item "P" for completed landscape improvements.	$1,646,889	$0

	Project Descriptions	Estimated Cost	To be Paid By the Project Bonds
K.	**Verrado Way (I10-Market Street)** – Roadway improvements for a 0.25-mile arterial roadway expansion from 4 lanes to 6 lanes, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscaping.	579,243	0
L.	**Western Channel (Phase 2W)** – Grading, drainage and Landscape & irrigation improvements for a 0.5-mile drainage channel in Phase 2 West.	350,000	0
M.	**Phase 1BS, 2E and 2W Groundcover Landscape Improvements** – Includes finish groundcover landscaping and irrigation on previously completed roadways in Phase 1BS, 2E and 2W per ongoing job order contracts. Portions of these segments are complete or near complete.	204,603	0
	Total Estimated Costs for Projects	**$8,951,392**	**$6,000,000**

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RESOLUTION NO. 04-13 (VERRADO DISTRICT 1)

A RESOLUTION OF THE BOARD OF DIRECTORS OF VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) AUTHORIZING THE SALE AND ISSUANCE OF ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A AND ITS GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A STANDBY CONTRIBUTION AGREEMENT, A GUARANTY, A DEPOSITORY TRUST AGREEMENT, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING THE FORM OF A PRELIMINARY LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AUTHORIZING THE PREPARATION OF A FINAL LIMITED OFFERING MEMORANDUM RELATING TO THE BONDS; AND AUTHORIZING THE LEVYING OF AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT FOR THE PAYMENT OF THE BONDS.

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

1. **Findings**.

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

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

(c) Pursuant to the Enabling Act, the District Board has caused a feasibility study dated June 4, 2013 of the feasibility and benefits of (i) the projects relating to certain public infrastructure provided for in the General Plan of the District and to be financed with proceeds of the sale of a portion of the District's bonds, and (ii) the refinancing of certain outstanding bonds of the District, such study having been prepared by or on behalf of the District and including a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, the costs of constructing the projects, an estimate of the cost to acquire, operate and maintain the projects, a map or description of the area to be benefited by the projects, and a plan for financing the projects (collectively, the study, and the study is referred to as the "*Feasibility Study*"). A public hearing on the Feasibility Study was held June 4, 2013, after provision of publication of notice of the hearing as provided by law, and, pursuant to the Enabling Act and by resolution adopted on June 4, 2013, the Feasibility Study was ratified and approved in all respects.

(d) The District Board has determined to authorize the issuance of the District's General Obligation Project Bonds, Series 2013B (the "*Project Bonds*") to provide funds for any and all of the public infrastructure purposes provided for in the Enabling Act, the Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the District, the Town of Buckeye, Arizona (the "*Town*") and DMB White Tank, LLC, an Arizona limited liability company (the "*Company*") (the "*Development Agreement*") and the Feasibility Study, to the extent authorized in the Election.

(e) Pursuant to (1) the Enabling Act and (2) Resolution No. 02-03 adopted on March 26, 2003, the District Board authorized the issuance of District General Obligation Bonds, Series 2003 (the "*Bonds Being Refunded*") to provide funds for a portion of certain other public infrastructure purposes authorized in the Election.

(f) The District Board has determined that it is expedient to refund all of the outstanding Bonds Being Refunded and that the issuance by the District of certain General Obligation Refunding Bonds, Series 2013A (the "*Refunding Bonds*" and, together with the Project Bonds, shall be referred to as the "*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.

(g) 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.

(h) The District has previously issued its General Obligation Bonds, Series 2006 (the "*2006 Bonds*") in the original principal amount of $18,600,000, $16,315,000 of which remains outstanding. Timely payment of any debt service for the 2006 Bonds not paid from the revenues of a $3.00 tax levy will be payable with respect to the 2006 Bonds from amounts paid pursuant to a Standby Contribution Agreement, dated as of October 1, 2006 (the "*2006 Standby Contribution Agreement*"), by and among the District, the Company and Wells Fargo Bank, N.A., as trustee.

(i) The parties to the 2006 Standby Contribution Agreement desire to amend the 2006 Standby Contribution Agreement in the form of a First Amendment to Standby Contribution Agreement, dated as of July 1, 2013 (the "*First Amendment to Standby Contribution Agreement*"), to clarify, that for purposes of calculating the amounts due from the Company under the 2006 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 2006 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 refunding bonds.

(j) Upon issuance of the Bonds the District Board (1) shall enter in its minutes a record of the Bonds sold and their numbers and dates and (2) shall levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is defined in the Indenture referred to below) when due.

(k) 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 July 1, 2013 or such other date as set forth in the hereinafter defined Purchase Contract for the sale of the Bonds (the "*Indenture*"), from the District to Wells Fargo Bank, N.A., as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance and sale of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

(l) Pursuant to the Enabling Act, the District Board has determined to enter into a Standby Contribution Agreement, to be dated as of July 1, 2013 or such other date as set forth in the Purchase Contract (the "*Standby Contribution Agreement*"), by and between the District and the Company to pay debt service for the Bonds not paid from the revenues of $3.00 tax levy, as well as a Depository Trust Agreement, to be dated as of July 1, 2013 or such other date as set forth in the Purchase Contract (the "*Depository Trust Agreement*"), by and between the District and Wells Fargo Bank, N.A., as depository trustee (the "*Depository Trustee*"), with respect to the safekeeping and handling of money and obligations to be held in trust for the payment of the Bonds Being Refunded. Pursuant to the Standby Contribution Agreement, for purposes of determining the amount due under the Standby Contribution Agreement and secured by the Guaranty, the tax revenues shall be allocated first to the 2006 Bonds before being applied to the Bonds.

(m) There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Standby Contribution Agreement, (2) the proposed form of the Depository Trust Agreement, (3) the proposed form of the Indenture, (4) the proposed form of Guaranty, to be dated as of July 1, 2013 or such other date as set forth in the Purchase Contract (the "Guaranty"), executed by ABD Investments Limited Partnership, an Arizona limited partnership, in favor of the District and the Trustee, (5) the proposed form of the Purchase Contract relating to the Bonds, to be dated even date with their sale (the "*Purchase Contract*"), by and between the District and RBC Capital Markets, LLC (the "*Underwriter*"), (6) the proposed form of the Preliminary Limited Offering Memorandum relating to the Bonds, to be dated the date determined by the District Manager (the "*Preliminary Limited Offering Memorandum*") and (7) the proposed form of First Amendment to Standby Contribution Agreement. (The documents described in Clauses (1) through (7), both inclusive, are hereinafter referred to, collectively, as the "*Bond Documents.*")

(n) The District Board hereby finds and determines that (1) the amount of indebtedness evidenced by the Bonds does not exceed the estimated cost of the public infrastructure improvements plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith as indicated in the Feasibility Study and (2) the total aggregate outstanding amount of the Bonds and bonds previously issued does not

exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is acquired by the District with proceeds of the Bonds all as provided in the Enabling Act.

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

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

(a) The Bonds are hereby authorized to be issued in one or more series of general obligation bonds of the District in a principal amount not to exceed $28,000,000. One series shall be designated "*District General Obligation Refunding Bonds, Series 2013A*" and shall be issued in a principal amount not to exceed $22,000,000, and the second series shall be designated "*District General Obligation Project Bonds, Series 2013B*" and shall be issued in a principal amount not to exceed $6,000,000. Both Series of Bonds shall be issued in accordance with the Enabling Act and the Refunding Act. The District Manager or District Treasurer is 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 Underwriter; provided, however, with respect to the Refunding Bonds, the determinations must result in a present value debt service saving, inclusive of all costs and expenses, of at least five percent (5%) of the principal amount of the Bonds Being Refunded. The 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 pursuant to the terms of the Prior Bond Resolution.

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

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

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

6. **Other Actions Necessary**. The Chairman (or any other member of the District Board in the event the Chairman is absent or unable to take the desired action), the District Manager, the District Clerk and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents and the Final Limited Offering Memorandum, including without limitation, the 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 Underwriter and such parties as the Underwriter may request and to use the services of a dissemination agent to satisfy such request.

7. **Distribution of Disclosure Documents**. The Preliminary Limited Offering Memorandum is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and the District Manager or any member of the District Board is hereby authorized and directed to complete, execute and deliver the "Final Limited Offering Memorandum" in substantially the form presented at the meeting at which this Resolution was adopted, with such completions and changes as may be acceptable to such District Manager or member of the District Board, and the distribution and use of the Final Limited Offering Memorandum by the Underwriter is hereby approved.

8. **Tax Levy**.

(a) For each year while any Bond is outstanding, the District Board shall annually levy and thereafter forward to Maricopa County for collection an ad valorem tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources authorized in the Enabling Act and provided for under the Bond Documents, to pay Debt Service when due, but with respect to the Refunding Bonds, 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 Bonds constitute funds to pay Debt Service and shall be deposited in the Bond Fund for the Bonds and shall be kept separately from other funds of the District.

(c) The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds and such other costs of the District as are permitted under "public infrastructure purposes" as provided in the Enabling Act. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Town, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the

State. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

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

10. **Appointment of Trustee, Depository Trustee and Clerk**. Wells Fargo Bank, N.A. is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture and as Depository Trustee for the purpose of the Depository Trust Agreement. The District Clerk shall be the person serving as Clerk of the Town, currently Lucinda Aja, and such person is hereby appointed District Clerk. The District Manager shall continue to be the person serving as Town Manager.

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

12. **Severability; Amendment**.

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

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

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

[SIGNATURE ON FOLLOWING PAGE]

PASSED by the District Board of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) on June 4, 2013.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN 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. 04-13 was duly passed by the Board of Directors of the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) at a regular meeting held on June 4, 2013, and that a quorum was present thereat and that the vote thereon was 5 ayes and 0 nays; 2 did not vote or were absent.

District Clerk

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

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

DATED AS OF JULY 1, 2013

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

AND

DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

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THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of July 1, 2013 (this "*Indenture*"), from Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*" or "*District*"), to Wells Fargo Bank, N.A, 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 Town Clerk of the Town of Buckeye, Arizona (the "*Municipality*") on June 19, 2001 (the "*General Plan*"); and

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

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

WHEREAS, general obligation bonds approved at the Election were, pursuant to a Resolution of the Board adopted on March 26, 2003 (the "*Refunded Bond Resolution*"), issued as District General Obligation Bonds, Series 2003 (the "*Bonds Being Refunded*") to provide funds for a portion of 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 June 4, 2013 (the "*Bond Resolution*"), the Board has determined that it is expedient to refund the Bonds Being Refunded and that the issuance of the Refunding Bonds (as hereinafter defined) by the District 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 Refunding Bonds and may issue and sell the Refunding Bonds to refund the Bonds Being Refunded 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 total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate shall not exceed

the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded; and

WHEREAS, pursuant to the Bond Resolution, the Board (1) has also authorized the issuance of not to exceed $6,000,000 aggregate principal amount of the District's Project Bonds (as hereinafter defined and, together with the Refunding Bonds, the "*Bonds*"), and (2) has entered in its minutes a record of the Bonds sold and their numbers and dates and levied and caused an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the Issuer sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is hereinafter defined) when due; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the Issuer, DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*"), and Caterpillar Foundation, 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, a Guaranty, dated as of even date herewith (the "*Guaranty*"), has been executed and delivered by ABD Investments Limited Partnership, an Arizona limited partnership and affiliate of the Developer, in favor of the Issuer and the Trustee, in order to provide for an unconditional guaranty by the Guarantor of the Developer's obligations under the Standby Contribution Agreement; and

WHEREAS, by the Bond Resolution, the Board has duly authorized the issuance of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, has duly authorized the execution and delivery 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 Acquisition Fund and the Bond Fund established with the Trustee as hereinafter described shall be to secure only the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) but excluding any money in the Rebate Fund; and

GRANTING CLAUSE SECOND

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

"Acquisition Fund" means the Series 2013 Acquisition Fund of the Issuer so defined in Section 5.03.

"*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 and integral multiples of $5,000 in excess thereof; provided, however, that "Authorized Denomination" means $5,000 and integral multiples thereof upon compliance with the terms of Section 3.04F hereof.

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

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

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

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

"*Bond Fund*" means the Series 2013 Bond Fund of the Issuer so defined in Section 5.01.

"*Bond Purchase Agreement*" means the Purchase Contract, dated July 2, 2013, between the Issuer and the Underwriter.

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

"*Bond Registrar*" means Wells Fargo Bank, 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 the Board Resolution adopted on June 4, 2013 which, among other things provided for the issuance of the Bonds.

"*Bonds*" means all bonds authenticated and delivered hereunder being, collectively, the Project Bonds and the Refunding Bonds.

"*Bonds Being Refunded*" means the Issuer's General Obligation Bonds, Series 2003, currently outstanding in the principal amount of $20,400,000.

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

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

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

"*Business Day*" means any day other than a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the principal corporate trust office of the Trustee is located.

"*CEDE*" means CEDE & Co., as nominee of DTC, and any successor nominee of DTC.

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

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

"*Costs of Acquisition and Construction*" means all items of expense directly or indirectly relating to the cost of the "public infrastructure purposes" (as such term is defined in the Enabling Act) and as described in the Report.

"*Costs of Issuance*" means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Standby Contribution Agreement, and the Guaranty, 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 with respect to the Bonds or Parity Bonds; and (iv) fees and costs incurred in connection with complying with any undertaking to provide continuing secondary market disclosure if entered into by the Issuer with respect to the Bonds or Parity Bonds.

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

"*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.

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

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

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

"*DTC*" means The Depository Trust Company, a limited purpose trust company, organized under the laws of the State of New York, and its successors and assigns, as the depository for the Book-Entry Bonds.

"*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.

"*Guarantor*" means ADB Investments Limited Partnership, an Arizona limited partnership.

"*Guaranty*" means the Guaranty dated as of July 1, 2013 made by the Guarantor for the benefit of the Issuer and the Trustee.

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

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

"*Interest Payment Date*" means each January 15 and July 15 commencing January 15, 2014.

"*Issuer*" means Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), a community facilities district formed by the Municipality and duly organized and validly existing, pursuant to the laws of the State.

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

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

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

"*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 Town of Buckeye, Arizona.

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

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

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

"*Parity Bonds*" means other general obligation bonds of the Issuer, including the 2006 Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

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

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

"*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.

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

"*Project Bonds*" means the Issuer's District General Obligation Project Bonds, Series 2013B in the aggregate principal amount of $6,000,000.

"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.

"*Refunding Bonds*" means the Issuer's District General Obligation Refunding Bonds, Series 2013A, in the aggregate principal amount of $20,400,000.

"*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.

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

"*Securities Depository*" means DTC as securities depository for the Bonds until a successor securities depository is appointed pursuant to Section 3.04C and thereafter shall mean such successor securities depository.

"*Series 2013 Developer Payment Account*" means a special account of the Issuer so defined in Section 5.01.

"*Series 2013 Developer Reserve Account*" means a special account of the Issuer so defined in Section 5.01.

"*Series 2013 Tax Account*" means a special account of the Issuer so defined in Section 5.01.

"*Sinking Fund Installment*" means, with respect to the Bonds, the mandatory sinking fund redemption payments due on the Bonds pursuant to Section 4.02.

"*S&P*" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, 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(ii).

"*Substitute Collateral*" shall mean cash, Government Obligations or a full recourse letter of credit, surety bond, investment agreement or other financial assurance instrument acceptable to the Issuer that is issued or guaranteed by an entity with a long term obligation rating by S & P or Moody's of at least "A", and issued in the applicable amount necessary to redeem the Bonds on the first optional call date.

"*Standby Contribution Agreement*" means that certain Standby Contribution Agreement, dated as of July 1, 2013 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 Certificate as to Tax Matters 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 Wells Fargo Bank, 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.

"*2006 Bonds*" means the Issuer's District General Obligation Bonds, Series 2006.

"*Underwriter*" means RBC Capital Markets, LLC, as the underwriter of the Bonds pursuant to the Bond Purchase Agreement.

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

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 707 Wilshire Blvd., 17th Floor, Los Angeles, CA 90017, Attention: Corporate Trust Services or at any other address furnished in writing to such Person by the Trustee, or

(2) the Issuer shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Issuer addressed to it at c/o Verrado District 1 Community Facilities District (Town 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 District. The District 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 District during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections, granting the District access to, and use of, the Information, provided that, the District agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.11 and, subject to the requirements of law, including the public records law of the State of Arizona, the District will preserve the confidentiality of any information, records, or papers the District views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.12. Scrutinized Business Operations. Pursuant to A.R.S. Sections 35-391.06 and 35-393.06, the Trustee certifies that it does not have scrutinized business operations in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in A.R.S. Section 35-391 or 35-393, as applicable. If the District determines that the Trustee submitted a false certification, the District may impose remedies as provided by law including terminating the Trustee's services.

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 (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an Opinion of Counsel) placed thereon (or attached thereto) as may, consistently herewith, be determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

B. The definitive Bonds shall be printed 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 Refunding Bonds shall be in the following form:

[FORM OF FACE OF REFUNDING BOND]

REGISTERED REGISTERED
No. R-_____ $_____

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
	July 15, ____	July 12, 2013	_____

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the

Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

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

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated _____

JTG:akr 1943016.6 7/9/2013

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

[FORM OF INVESTOR LETTER]

[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either

been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____

By _____

Name _____

Title _____

Date _____

The Project Bonds shall be in the following form:

[FORM OF FACE OF PROJECT BOND]

REGISTERED
No. R-_____

REGISTERED
$_____

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
	July 15, ____	July 12, 2013	_____

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on

each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (Maturity)	160,000

The Bonds maturing on July 15, 2029, 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, 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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (Maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (Maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy

of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

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

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

By_____
District Chairman

ATTEST:

_____
District Clerk

Dated_____

JTG:akr 1943016.6 7/9/2013

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

[FORM OF INVESTOR LETTER]

[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making

investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____

By _____

Name _____

Title _____

Date _____

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.

Wells Fargo Bank, 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.

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ARTICLE III

TERMS AND ISSUANCE OF THE BONDS

Section 3.01. Title and Terms.

A. There shall be two series of Bonds issued and secured hereunder entitled "*VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A*" and the second series entitled "*VERRADO DISTRICT 1 GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B.*" The Bonds shall be dated as of July 12, 2013.

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 Refunding Bonds which may be authenticated and delivered and Outstanding is limited to $20,400,000, 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
2014	$720,000	2.00%
2015	1,295,000	4.00
2016	1,280,000	4.00
2017	1,365,000	4.00
2018	1,245,000	4.00
2019	1,320,000	4.25
2020	1,400,000	5.00
2021	1,485,000	5.00
2022	1,570,000	5.00
2023	1,650,000	5.00
2027	7,070,000	6.00

D. The aggregate principal amount of the Project Bonds which may be authenticated and delivered and Outstanding is limited to $6,000,000, 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
2023	$1,060,000	5.00%
2029	2,320,000	5.70
2033	2,620,000	6.00

E. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from and including July 12, 2013, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each

January 15 and July 15 commencing January 15, 2014 (herein each referred to as an "Interest Payment Date").

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

(ii) If the Book-Entry-Only System is not in effect, the principal of or Redemption Price for the Bonds shall be payable upon surrender of the Bonds to the Paying Agent in the Place of Payment when due. Interest on the Bonds payable on any Interest Payment Date shall be payable as provided in Section 3.02B.

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

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

B. If the Book-Entry System is not in effect:

(i) Interest on any Bond which is payable on, and is punctually paid or duly provided for on, any Interest Payment Date shall be paid to the Person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest. Such interest, in the absence of other arrangements acceptable to the Paying Agent made by the 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.

(ii) Any interest on any Bond which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date (herein referred to as "*Defaulted Interest*") shall forthwith cease to be payable to the 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 than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each 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.

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

Section 3.03. Execution, Authentication, Delivery and Dating.

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

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

(1) the Bond Resolution, duly and validly adopted by the Board, authorizing the execution and delivery 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 Guaranty duly and validly executed and delivered by the Guarantor,

(4) the Certificate of Qualified Investor as set forth in Section 2.02 hereof from each Beneficial Owner,

(5) a copy of the "Bloomberg" screen, as described in the Bond Purchase Agreement, and

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

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

D. No Bond shall be entitled to any right or benefit under this Indenture, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided in Section 2.02, executed by the Trustee by manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or authenticated and delivered.

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

F. The Bonds shall constitute general obligations of the Issuer. The Bonds shall be payable from (i) the proceeds of ad valorem property taxes imposed each year upon all taxable property in the Issuer without limit as to rate or amount; provided, however, the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded; (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 Account).

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. Book-Entry-Only System.

(i) The Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond (which may be typewritten) for each maturity of each series of the Bonds. Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond Register in the name of CEDE & Co., as nominee of DTC, the Securities Depository for the Bonds. The Trustee, the Paying Agent and the Issuer may treat the Securities Depository (or its nominee) as the sole, exclusive, and absolute owner of the Bonds registered in its name for all purposes, whether or not such Bond shall be overdue (including, without limitation, receiving payment of the principal, premium, if any, and interest on the Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice required or permitted to be given to Owners hereunder, registering the transfer of Bonds, obtaining any consent from the Owners, and providing for any other action to be taken by the Owners hereunder), and none of the Trustee, the Paying Agent or the Issuer shall be affected by any knowledge or notice to the contrary. So long as the Bonds are registered in the name of a Securities Depository, including DTC, or its nominee, including CEDE & Co., payment of the principal of, premium, if any, purchase price of, and interest

on such Bonds shall be made only to the Securities Depository or its nominee as such Owner, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. None of the Paying Agent, the Trustee or the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in a Bond under or through the Securities Depository or any Participant, or any other person which is not shown in the Bond Register as being an Owner, with respect to: the accuracy of any records maintained by the Securities Depository or any Participant; the payment by the Securities Depository or any Participant of any amount in respect of the principal of, premium, if any, purchase price of, or interest on the Bonds; any notice which is permitted or required to be given to Owners hereunder; the selection by the Securities Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Securities Depository (or its nominee) as the Owner of the Bonds. Except under the conditions specified in subsection (C) of this Section 3.04, no person other than the Securities Depository shall receive authenticated Bonds. Upon delivery by the Securities Depository to the Paying Agent of written notice to such effect, the Securities Depository may substitute a new nominee in place of any existing nominee and subject to the provisions herein with respect to Record Dates, the term "CEDE & Co." in this Indenture shall refer to such new nominee of the Securities Depository.

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

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

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

C. Discontinuance of Book-Entry-Only System. In the event (i) DTC, or any successor as Securities Depository, determines not to continue to act as Securities Depository, or (ii) the Issuer determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate of an Issuer Representative to such incumbent Securities Depository, the Trustee and the Paying Agent to that effect, then the Issuer shall discontinue the Book-Entry-Only System with the incumbent Securities Depository. If the Issuer determines to replace the incumbent Securities Depository with another Securities Depository, the Issuer shall prepare or direct the preparation of replacement Bonds for the Bonds registered in the name of the incumbent Securities Depository, or its nominee, to be registered in the name of such successor Securities Depository, or its nominee, or make such other arrangements acceptable to the Issuer, the Paying Agent, the Trustee and the successor Securities Depository as are not inconsistent with the terms of this Indenture. If the

Issuer fails to identify a successor Securities Depository to replace the incumbent Securities Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the incumbent Securities Depository or its nominee, but shall be registered in whatever name or names the incumbent Securities Depository, or its nominee, shall designate in accordance with the provisions of Section 3.04D hereof. In such event the Issuer shall, at its expense, prepare, execute, and deliver a sufficient quantity of Bonds to the Trustee for authentication and delivery to carry out the transfers and exchanges provided in this Section and Section 3.04D hereof. All such Bonds shall be in fully registered form in Authorized Denominations.

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

(i) The Bonds shall be issued in the form of fully registered Bonds in Authorized Denominations. The interest on the Bonds shall be payable on the Interest Payment Dates by check mailed by the Paying Agent to the respective Owners thereof at their addresses as they appear on the applicable Record Date in the Bond Register, except that in the case of a 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 10 days prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such 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.

(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.

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

Section 3.05. 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 or the Guaranty.*** The Bonds are subject to special mandatory redemption in whole, at any time, in the event of a default under the terms of either the Standby Contribution Agreement or the Guaranty, and upon payment by the Developer or Guarantor, as applicable, 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 maturing on and after July 15, 2024 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, 2023 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. The Project Bonds maturing on July 15, 2023, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in 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:

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (Maturity)	160,000

B. The Refunding Bonds maturing on July 15, 2027, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in 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:

Redemption Date (July 15)	Principal Amount
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (Maturity)	1,905,000

C. The Project Bonds maturing on July 15, 2029, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in 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:

Redemption Date (July 15)	Principal Amount
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029	565,000

D. The Project Bonds maturing on July 15, 2033, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in 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:

Redemption Date (July 15)	Principal Amount
2030	$600,000
2031	635,000
2032	670,000
2033 (Maturity	715,000

D. 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 Securities Depository according to its procedures. If the Bonds are not Book-Entry Bonds, the selection shall be made 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) to be redeemed,

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

(5) that, except as otherwise provided under the Book-Entry-Only System, Bonds to be redeemed are to be surrendered for payment of the Redemption Price to the Paying Agent in the Place of Payment and the address of such Paying Agent.

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

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

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

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

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

Section 4.05. Deposit of Redemption Price and Interest. On or before the Business Day preceding the earliest date for mailing of the notice required by Section 4.04 with regard to any Redemption Date relating to Section 4.01A, 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. Except as otherwise provided under the Book-Entry-Only System, any Bond which is to be redeemed only in part shall be surrendered at the principal corporate trust office of the Trustee, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same Stated Maturity and of any Authorized Denomination or Denominations as requested by such 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 "District General Obligation Refunding and Project Bonds, Series 2013 Bond Fund" (herein referred to as the "*Bond Fund*") and within the Bond Fund (1) a special account designated the "*Series 2013 Tax Account*", (2) a special account designated as the "*Series 2013 Developer Payment Account*" and (3) as and when applicable, a special account designated as the "*Series 2013 Developer Reserve Account*". The money deposited to the Series 2013 Tax Account, the Series 2013 Developer Payment Account and the Series 2013 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 2013 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(B), including collections of delinquent taxes;

(2) in the Series 2013 Developer Payment Account, amounts received pursuant to subsections B(1) and B(2) hereof;

(3) in the Series 2013 Developer Reserve Account, amounts received pursuant to subsection B(3) hereof; and

(4) 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 preceding Business Day) of each year prior to the termination of the Standby Contribution Agreement, the Trustee shall deposit in the Series 2013 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 2013 Tax Account plus the amount in the Series 2013 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 2013 Developer Payment Account upon receipt all amounts paid to it pursuant to a Tax Contribution Request.

(3) At any time, or from time to time, the Trustee shall deposit into the Series 2013 Developer Reserve Account upon receipt all amounts paid to it by or on behalf of the Guarantor as provided for in the Guaranty, all amounts paid to it by the Developer and constituting Substitute Collateral as provided for in Section 2.1(E)(ii) of the Standby Contribution Agreement and all amounts paid to it by or on behalf of the Developer or Guarantor constituting the Redemption Price for Bonds as provided for in this Indenture.

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

(1) Funds on deposit in the Series 2013 Tax Account and the Series 2013 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 2013 Tax Account and the Series 2013 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 2013 Developer Reserve Account, including any investment income attributable thereto, shall be transferred to the Series 2013 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 2013 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 2013 Developer Reserve Account to the Series 2013 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 2013 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2013 Developer Payment Account and, after disbursing from the Series 2013 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 2013 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 2013 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 2013 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2013 Developer Payment Account and, after disbursing from the Series 2013 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 2013 Developer Payment Account to the Developer or, in the event of conflicting claims, as a court of competent jurisdiction may direct.

Section 5.03. Acquisition Fund. There is hereby created by the Issuer and established with the Trustee the special fund of the Issuer designated its "District General Obligation Bonds, Series 2013 Acquisition Fund" (herein referred to as the "*Series 2013 Acquisition Fund*"). The money deposited to the Series 2013 Acquisition Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.04.

Section 5.04. Deposits to and Application of Acquisition Fund. The Issuer shall deposit to the credit of the Series 2013 Acquisition Fund the balance of the proceeds of the Bonds remaining after the deposits to the special accounts of the Bond Fund as provided in Section 5.05A. Upon receipt of an Issuer Request, amounts on deposit in the Series 2013 Acquisition Fund shall be applied by the Trustee in the amounts and to the persons set forth in such Issuer Request to pay Costs of Issuance and Costs of Acquisition and, to the extent the funds deposited to the Series 2013 Acquisition Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the Issuer as provided by Issuer Request to transfer such unexpended proceeds or income to the Series 2013 Developer Payment Account of the Bond Fund. On July 1, 2016 any amounts remaining in the Series 2013 Acquisition Fund shall be transferred to the Series 2013 Tax Account of the Bond Fund.

Section 5.05. Disposition of Proceeds of Bonds and Developer Cash Contribution. Simultaneously with delivery of the Bonds to the initial purchaser thereof, the Issuer shall cause the Trustee to deposit the proceeds of the Bonds and the Developer's cash contribution of $783,840.00 as follows:

A. *Acquisition Fund.* $6,255,840.00 shall be deposited to the credit of the Series 2013 Acquisition Fund for the purposes described in Section 5.04.

B. *Transfer to Prior Trustee.* $21,053,125.00 shall be transferred immediately upon receipt to Wells Fargo Bank, National Association, as trustee for the Bonds Being Refunded for deposit to the Tax Account of the Bonds Being Refunded.

C. *Bond Fund.* $53,512.40 shall be deposited to the credit of the Series 2013 Tax Account of the Bond Fund.

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 Series 2013 Acquisition Fund shall, as nearly as may be practical, be continuously invested and reinvested by the Trustee in Permitted Investments as directed by the Issuer.

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

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

E. All investments in the Funds established under 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 Account 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, the Underwriter 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 (b) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof, and

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

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

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

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

Section 6.02. Defeasance. Any Bond shall be deemed to be no longer Outstanding when payment of the principal of such Bond, plus interest thereon to the Maturity thereof (whether such Maturity be by reason of the Stated Maturity thereof or call for redemption, if notice of such call has been given or waived or irrevocable arrangements therefor satisfactory to the Trustee have been made) shall have been provided for by depositing for such payment from funds of the Issuer under the terms provided in this Section (1) money sufficient to make such payment or (2) money and Governmental Obligations certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Trustee and Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such deposit shall be made either with the Trustee or, if notice of such deposit is given to the Trustee, with a state or nationally chartered bank with a minimum combined capital and surplus of $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 of $3.00 per $100 of secondary assessed valuation 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 secondary tax rate in light of:

(i) the actual secondary assessed valuation of the eligible 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.

Section 6.05. ***Release of the Guaranty.*** The Guaranty shall be released by the Issuer upon receipt of proof of satisfaction of each of the following conditions:

A. The deposit and receipt of "Substitute Collateral", in form and substance as approved by the Issuer, and upon expiration of any applicable bankruptcy preference periods, as provided for in Section 2.1(E)(ii)(2) or 2.1(G) of the Standby Contribution Agreement; or

B. The release of the Standby Contribution Agreement or the occurrence of any event or circumstance that would require the release of the Standby Contribution Agreement as provided for in Section 6.04.

Upon release by the Issuer of the Guaranty, the Issuer shall so provide written direction to the Trustee to release the Guaranty. Upon receipt of such written direction from the Issuer, the Trustee shall release the Guaranty whereupon the Guarantor 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 Guaranty, 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, the Standby Contribution Agreement or the Guaranty 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 the Guaranty or in aid of the execution of any power granted in this Indenture, in the Standby Contribution Agreement or in the Guaranty 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 or the Guaranty, 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, the Standby Contribution Agreement, or the Guaranty, 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, the Guaranty 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 or the Guaranty, 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, the Developer or the Guarantor or the property of the Issuer, the Developer or the Guarantor, 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, the Developer or the Guarantor for the payment of overdue principal, premium, or interest or the amounts due under the Standby Contribution Agreement or Guaranty) 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 or the Guaranty 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 or the Guaranty.

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 both series 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/or the Guaranty; 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 or the Guaranty, provided that

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

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 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. For purposes of this Section, so long as the Bonds are held by the Securities Depository pursuant to the Book-Entry-Only System hereof, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Owner, upon receipt by the Trustee of appropriate certification of such Beneficial Ownership.

Section 7.12. Waiver of Past Defaults.

A. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the 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 or the Guaranty and its consequences, except a default in respect of a covenant or provision hereof which under Article Twelve cannot be modified or amended without the consent of the 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 an Officers' Certificate or, for purposes of Section 10.06(B), an appropriate certificate of the Rebate Consultant.

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

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

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

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

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

Section 9.01. Supplemental Indentures or Amendments to Bond Resolution, Standby Contribution Agreement, Guaranty 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, the Standby Contribution Agreement or the Guaranty 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, the Guaranty or the Bonds contained; or

D. to add to the covenants of the Issuer, Developer or Guarantor 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, the Standby Contribution Agreement or the Guaranty which may be inconsistent with any other provision herein or in the Bond Resolution, the Standby Contribution Agreement or the Guaranty 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, the Standby Contribution Agreement or the Guaranty, provided such action shall not adversely affect the interests of the Owners of the Bonds.

Section 9.02. Supplemental Indentures or Amendments to the Bond Resolution, the Standby Contribution Agreement or the Guaranty 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, the Standby Contribution Agreement or the Guaranty, for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions hereof, the Bond Resolution, the Standby Contribution Agreement or the Guaranty or of modifying in any manner the rights of the Owners of the Bonds under this Indenture, the Bond Resolution, the Standby Contribution Agreement or the Guaranty; provided, however, that no such supplemental indenture or amendments to the Bond Resolution, the Standby Contribution Agreement or the Guaranty 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, the Standby Contribution Agreement or the Guaranty, 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, the Standby Contribution Agreement or the Guaranty 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, the Standby Contribution Agreement or the Guaranty, 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, the Standby Contribution Agreement or the Guaranty. In executing, or accepting the additional trusts created by, any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement or the Guaranty 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, the Standby Contribution Agreement or the Guaranty, 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, the Standby Contribution Agreement or the Guaranty. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes, and upon the amendment of the Bond Resolution, the Standby Contribution Agreement or the Guaranty under this Article, the Bond Resolution, the Standby Contribution Agreement or the Guaranty shall be modified in accordance therewith, and such amendment shall form a part of the Bond Resolution, the Standby Contribution Agreement or the Guaranty 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, the Standby Contribution Agreement or the Guaranty. Bonds authenticated and delivered after the execution of any supplemental indenture, amendment to the Bond Resolution, the Standby Contribution Agreement or the Guaranty pursuant to this Article may bear a notation as to any matter provided for in such supplemental indenture, amended Bond Resolution, Standby Contribution Agreement or Guaranty. If the Issuer shall so determine, new Bonds so modified as to conform to any such supplemental indenture, amended Bond Resolution, the Standby Contribution Agreement or the Guaranty 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 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 of $3.00 per $100 of secondary assessed valuation to pay such Debt Service on the Bonds and the Parity Bonds, provided, however, that the tax rate in any year may be less than $3.00 if such lower tax rate shall produce based on the then current secondary assessed valuation of the property within the boundaries of the Issuer secondary ad valorem tax revenues sufficient to pay in full the aggregate Debt Service on the Bonds and 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 and application 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.

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 Agreement and to make therein such elections as required by law to assure the purchasers and owners of the Bonds that the proceeds of the Bonds will not be used in a manner which would or might result in the Bonds being "arbitrage bonds" under Section 148 of the Code. The Tax Agreement shall constitute a certification 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 Agreement. The Tax Agreement shall constitute an agreement of the Issuer to follow certain covenants which may require the Issuer to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Agreement.

D. The Issuer further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable

from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Bonds to be included in gross income for federal income tax purposes.

E. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10.07. No Personal Liability of Officials of the Issuer. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, director, agent, servant or employee of the Issuer, the Trustee 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 (TOWN OF BUCKEYE, ARIZONA)

By _____
District Chairman

ATTEST:

_____
District Clerk

WELLS FARGO BANK, N.A., as Trustee

By _____
Its _____

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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District Chairman

ATTEST:

_____
District Clerk

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By_____
Its VICE PRESIDENT

STANDBY CONTRIBUTION AGREEMENT

DATED AS OF JULY 1, 2013

BY AND AMONG

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

DMB WHITE TANK, LLC

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE

This **STANDBY CONTRIBUTION AGREEMENT**, dated as of July 1, 2013, is made by and among Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*"), DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*") and Wells Fargo Bank, National Association, solely in its capacity 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 is issuing its District General Obligation Refunding Bonds, Series 2013A in the aggregate principal amount of $20,400,000 (the "*Refunding Bonds*") and its District General Obligation Project Bonds, Series 2013B in the aggregate principal amount of $6,000,000 (the "*Project Bonds*" and, together with the Refunding Bonds, the "*Bonds*") concurrently herewith under and pursuant to the Indenture to refund the Issuer's previously issued General Obligation Bonds, Series 2003 (the "Refunded Bonds") and to finance the acquisition of certain public infrastructure as described in the hereinafter defined Feasibility Study, respectively.

B. As provided in the Indenture 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 Project Bonds are 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*").

C. As provided in the District Development Agreement, and in the Feasibility Study, presented to and approved by the Board on June 4, 2013 (the "*Feasibility Study*"), the Issuer shall provide for a mechanism by which the Developer shall contribute certain amounts for the benefit of the Issuer which shall be considered by the Issuer in levying taxes to pay principal and interest on the Bonds when due ("*Debt Service*") and this Standby Contribution Agreement satisfies the requirements of the District Development Agreement.

D. As provided in the Guaranty, of even date herewith, by and among ABD Investments Limited Partnership (the "*Guarantor*"), the District and the Trustee (the "*Guaranty*"), the Guarantor, as an affiliate of the Developer, has agreed to guarantee to the District and the Trustee the full and prompt payment of the Indebtedness (as such term is defined in the Guaranty).

E. 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.

F. In order to comply with the provisions of the District Development Agreement in respect of the issuance of the 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 Standby Contribution Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(A) The terms defined hereinabove, hereinafter in the Indenture and in the Guaranty have the meanings assigned to them hereinabove, hereinafter, in Article One of the Indenture and in the Guaranty 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 Standby Contribution 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 Standby Contribution 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 Town 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 Los Angeles, California, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 707 Wilshire Blvd., 17th Floor, Los Angeles, California 90017, Attention: Corporate Trust 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: Eric Carlson, Senior Vice President of Finance, with copies to DMB Associates, Inc., 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258-2137, Attention: Mary Alexander, 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 Standby Contribution 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 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 1.4. Successors and Assigns. All covenants and agreements in this Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution Agreement.

Section 1.7. Governing Law. This Standby Contribution 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 Standby Contribution Agreement, without penalty(s) or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution Agreement on behalf of the Issuer is, at any time while this Standby Contribution 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 Standby Contribution Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution Agreement on behalf of the Issuer from any of the Trustee or the Developer arising as the result of this Standby Contribution Agreement. No person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution 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 Standby Contribution 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 District. The District 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 District during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections, granting the District access to, and use of, the Information, provided that, the District agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.9 and, subject to the requirements of law, including the public records law of the State of Arizona, the District will preserve the confidentiality of any information, records, or papers the District views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.10. Scrutinized Business Operations. Pursuant to A.R.S. Sections 35-391.06 and 35-393.06, the Trustee certifies that it does not have scrutinized business operations in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in A.R.S. Section 35-391 or 35-393, as applicable. If the District determines that the Trustee submitted a false certification, the District may impose remedies as provided by law including terminating the Trustee's services.

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 Standby Contribution 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 Standby Contribution 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. Business Days. For purposes of this Standby Contribution Agreement, if any date for any certification, payment, submission or determination is not a Business Day, the applicable certification, payment, submission or determination shall be made or done on the next succeeding day which is a Business Day.

Section 1.15. 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 of $3.00 per $100 of secondary assessed valuation 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 such secondary tax rate in light of the actual secondary assessed valuation of the eligible 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.

Section 1.16. Beneficiaries. This Standby Contribution 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 Standby Contribution Agreement to the same extent provided for the enforcement of remedies under the Indenture.

Section 1.17. Integration. This Standby Contribution 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 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 of $3.00 per $100 of secondary assessed valuation 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 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 of $3.00 per $100 (or such lesser tax rate as may be permitted in Section 10.01 of the Indenture) and the current secondary assessed valuation (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 Series 2006 Bonds (without regard to any optional redemption) due in the next succeeding calendar year on January 15 and July 15 (the "*Next Annual 2006 Debt Service Payment*"), (b) the amount in the Debt Service Fund established pursuant to the Indenture in respect of the Series 2006 Bonds estimated to be available to pay the Next Annual 2006 Debt Service Payment, if any, after payment of the current year's July 15th debt service payment on the Series 2006 Bonds (the "*2006 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 2006 Available Moneys, less Next Annual 2006 Debt Service Payment (such difference shall be known as the "Tax Year Tax Amount Net of 2006 Bonds"), and (f) the Tax Year Tax Amount Net of 2006 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.

(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 of $3.00 per $100 of secondary assessed valuation 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*").

(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 ended June 30, 2014, for the purposes of calculating the payments due from the Developer hereunder (the "Developer Obligation") and budgeted tax collections, and beginning in the Fiscal Year ending June 30, 2015 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 Series 2006 Bonds and thereafter, if monies are available, to the payment of Debt Service on the Bonds.

(E) (i) At all times prior to the termination of this Standby Contribution Agreement, the Developer shall cause to be provided to the Issuer and the Trustee, as applicable, Audited Financial Statements, Auditor's Opinion, Certificate, Auditor's Letter, and Internal Financial Statements and other deliverables as provided for in Section 15 of the Guaranty.

(ii) At any time prior to the termination of this Standby Contribution Agreement:

(1) If, on or prior to the date that is ten (10) business days prior to the date on which any Guarantor Audited Financial Statements, Auditor's Opinion or Auditor's Letter is due, (x) the Developer and the Guarantor have provided notice to the Issuer and the

Trustee that such information will not be timely made available or provided, as applicable, stating the reasons therefore, which reasons must be circumstances or conditions outside the reasonable control and contemplation of the Developer and the Guarantor, and (y) the managing partner of the Guarantor has delivered to the Issuer designee, the Issuer and the Trustee a Certificate, together with a completed Financial Covenant Calculations worksheet (the form of which is attached as Exhibit 1 to the Guaranty) and (if available) Internal Financial Statements for the fiscal year of the Guarantor then ended, stating that (i) the officer signing the Certificate on behalf of the managing partner has no knowledge of the occurrence of any Non-Payment Default or any other default under the Guaranty not heretofore reported and, if any Non-Payment Default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (ii) to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, the information contained in the Financial Covenant Calculations worksheet is accurate and, based on the Financial Covenants Calculations worksheet and any Internal Financial Statements then available, including the most recent Internal Financial Statements, the Guarantor is in compliance with the Financial Covenants as of the end of such fiscal year of the Guarantor (and, if applicable, any succeeding calendar months for which Internal Financial Statements are available), and (z) the Developer is not then in default under this Standby Contribution Agreement, including that the Developer shall have timely paid and deposited all sums payable by the Developer under this Standby Contribution Agreement, including all Annual Developer Payments and, if applicable, all December Developer Payments and/or June Developer Payments (and, at all times until full compliance with the requirements of the Guaranty in respect of the Audited Financial Statements, Auditor's Opinion and Auditor's Letter, as applicable, has been achieved, shall continue to timely pay and deposit all sums payable by the Developer under this Standby Contribution Agreement), then and in all such events, the Developer and the Guarantor shall have a reasonable period of time, not to exceed 60 days (which may be extended, at the sole discretion of the Issuer, for an additional 60 days), in which to cure such failure to timely provide any such Audited Financial Statement, Auditor's Opinion and/or Auditor's Letter, as applicable, provided that, in the event the Developer and the Guarantor thereafter fail to timely cure such failure to timely provide any such Audited Financial Statement, Auditor's Opinion and/or Auditor's Letter, the provisions of Section 2.1(E)(ii)(2) below shall control.

(2) If any Audited Financial Statements, any Auditor's Opinion, any Certificate, any Auditor's Letter or any Internal Financial Statements are not timely made available or provided (as applicable) to the Issuer and the Trustee as provided for in Section 15 of the Guaranty, and/or any Audited Financial Statement, Auditor's Opinion, Certificate, Auditor's Letter, Internal Financial Statements or Financial Covenant Calculations worksheet indicates that the Guarantor is not in compliance with the Financial Covenants described in Section 5 of the Guaranty, i.e., indicates that the Guarantor has failed to maintain the required minimum Net Worth or the required minimum Liquidity, then and in any such event, the Developer shall promptly cause to be deposited with the Trustee and in all events within ten (10) days of the date on which performance was due or within ten (10) days of the occurrence of such circumstance or condition (as applicable), for deposit into the Series 2013 Developer Reserve Account of the Bond Fund, Substitute Collateral in form and substance satisfactory to the Issuer, in an amount sufficient to pay the outstanding and unpaid principal, any premium and any accrued and unpaid interest with respect to the Bonds through the first optional call date of the

Bonds. Notwithstanding the foregoing, in the event that, at any time, the Internal Financial Statements or the Audited Financial Statements made available to the Issuer designee, as provided for in Section 15 of the Guaranty, indicate that the Guarantor was not in compliance with the Financial Covenants as of the last day of the reporting period covered by such Internal Financial Statements or Audited Financial Statements, as applicable, but the Certificate submitted by the managing partner of the Guarantor includes an additional certification that, as of the last day of the calendar month immediately preceding the month in which the Certificate is submitted, the Guarantor is in compliance with the Financial Covenants and the Financial Covenants Calculations worksheet includes as an addendum Internal Financial Statements dated as of the end of the calendar month immediately preceding the calendar month in which such Financial Covenants Calculations worksheet is submitted indicating that the Guarantor is in compliance with the Financial Covenants, then and only in such event, the Developer shall not be required to deposit Substitute Collateral and no default shall have occurred under this Standby Contribution Agreement or the Guaranty unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer, on or before the date that is thirty (30) days following the date on which the Internal Financial Statements or Audited Financial Statements (as applicable) were required to be made available to the Issuer, audited financial statements prepared in accordance with GAAP for the reporting period that commenced as of the first day of the month following the reporting period covered by the most recent Audited Financial Statements made available to the Issuer designee in accordance with Section 15 of the Guaranty and that extends, in any instance where the Audited Financial Statements have indicated noncompliance with the Financial Covenants, through the last day of the third month of the then-current fiscal year of Guarantor, or, in any instance where the Internal Financial Statements have indicated noncompliance with the Financial Covenants, through last day of the seventh month of the then-current fiscal year of Guarantor, accompanied by an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date, whereupon the Issuer shall provide a statement to the Trustee advising the Trustee that such information has been provided and that such information indicates that the Guarantor is in compliance with the Financial Covenants as of the applicable date. By way of example, if the Guarantor's fiscal year is a calendar year and the Audited Financial Statements for the fiscal year 2013 are made available to the Issuer designee on April 30, 2014 and such Audited Financial Statements indicate that, as of the last day of the reporting period covered by the Audited Financial Statements (e.g., as of December 31, 2013), the Guarantor was not in compliance with the Financial Covenants but the Certificate concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an additional certification that, as of March 31, 2014, the Guarantor is in compliance with the Financial Covenants and the Financial Covenant Calculations worksheet concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an addendum consisting of the Guarantor's Internal Financial Statements as of March 31, 2014 that indicates compliance with the Financial Covenants, the Developer shall not be required to deposit substitute collateral and no default under this Standby Contribution Agreement or the Guaranty shall be deemed to have occurred unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer designee, on or before May 30, 2014, an audited financial statement of the Guarantor prepared in accordance with GAAP as of March 31, 2014 that indicates compliance with the Financial Covenants together with an

Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date. As a further example, if the Internal Financial Statements for the mid-year 2014 are made available to the Issuer designee on August 31, 2014 and such Internal Financial Statements indicate that, as of the last day of the reporting period covered by the Internal Financial Statements (e.g., as of June 30, 2014), the Guarantor was not in compliance with the Financial Covenants but the Certificate concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an additional certification that, as of July 31, 2014, the Guarantor is in compliance with the Financial Covenants and the Financial Covenant Calculations worksheet concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an addendum consisting of the Guarantor's internal unaudited financial statements as of July 31, 2014 that indicates compliance with the Financial Covenants, the Developer shall not be required to deposit Substitute Collateral and no default under this Standby Contribution Agreement or the Guaranty shall be deemed to have occurred unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer designee, on or before September 30, 2014, audited financial statements of the Guarantor prepared in accordance with GAAP as of July 31, 2014 that indicates compliance with the Financial Covenants together with an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date. If the Developer is obligated to and fails to timely deposit Substitute Collateral as hereinbefore provided, a Non-Payment Default shall have occurred, whereupon the provisions of Section 2.4 shall apply. If the Developer is obligated to and timely deposits Substitute Collateral in the outstanding principal amount of the Bonds and all interest accruing through the first optional call date of the Bonds, in form and substance satisfactory to the Issuer, then and in such event, upon the deposit of such Substitute Collateral with the Trustee and expiration of any applicable bankruptcy preference periods, the Guaranty shall be released by the Issuer and the Guarantor shall have no further obligation in respect of the Indebtedness (nor shall the Guaranty be eligible to be thereafter utilized as security for the obligations of the Developer under this Standby Contribution Agreement).

(F) If any of the events or acts described in Section 7 of the Guaranty have occurred, the Guarantor shall be deemed to be in default under the Guaranty and the Developer shall be deemed to be in default under this Standby Contribution Agreement, whereupon the Developer and/or the Guarantor shall deposit with the Trustee the Redemption Price required by Section 4.04 of the Indenture in order to provide for the special mandatory redemption of the Bonds.

(G) Provided the Developer and the Guarantor are not in default under this Standby Contribution Agreement or the Guaranty, at any time prior to the termination of this Standby Contribution Agreement, the Developer may provide notice to the Trustee and the Issuer that the Developer wishes to propose Substitute Collateral for the Guaranty in an amount sufficient to pay the outstanding and unpaid principal and any accrued and unpaid interest with respect to the Bonds through the first optional call date of the Bonds, whereupon, if the Issuer determines that the proposed Substitute Collateral, issued in favor of the Issuer and the Trustee is

satisfactory and, in the opinion of Bond Counsel, will not affect the tax-exempt status of the Bonds, then and in such event, upon the deposit of such Substitute Collateral with the Trustee and expiration of any applicable bankruptcy preference periods, the Guaranty shall be released by the Issuer and the Guarantor shall have no further obligation with respect to the Indebtedness (nor shall the Guaranty be eligible to be thereafter utilized as security for the obligations of the Developer under this Standby Contribution Agreement).

(H) If a request is made by any Beneficial Owner to the Trustee for copies of any or all of the information provided to the Issuer and the Trustee under Section 15 of the Guaranty or Section 2.1(E)(ii) of this Standby Contribution Agreement, then, at any time prior to the termination of this Standby Contribution Agreement, the Trustee shall, after confirming that the party requesting such information is a Beneficial Owner, copy such request to the Developer whereupon the Developer shall cause the Guarantor to provide, or shall provide, copies of such information to such Beneficial Owner as advised by the Trustee.

Section 2.2. Nature of Obligations. The obligations of the Developer under this Standby Contribution Agreement shall be absolute and unconditional and shall remain in full force and effect until the Developer is released pursuant to Section 1.12 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 (A) any failure by the Developer to timely cause to be made available or provided the information required by Section 2.1(E)(i), as the time for such performance may be extended under the provisions of Section 2.1(E)(ii)(1), (B) any event described in Section 2.1(F), or (C) 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, including any amount the Developer is required to pay or cause to be paid or deposited with the Trustee under Section 2.1(E)(ii)(2), 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 (including the 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District ~~Manager~~ Chairman

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By:_____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

WELLS FARGO BANK, N.A., as Trustee

By_____
Its_____

IN WITNESS WHEREOF, the parties hereto have caused this Standby Contribution 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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District Manager

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By: _____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

WELLS FARGO BANK, N.A., as Trustee

By_____
Its_____

IN WITNESS WHEREOF, the parties hereto have caused this Standby Contribution 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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District Manager

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By:_____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By_____
Its VICE PRESIDENT

GUARANTY

This Guaranty, dated as of July 1, 2013, is made by ABD Investments Limited Partnership, an Arizona limited partnership (the **"Guarantor"**), for the benefit of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) formerly known as Whitestone District 1 Community Facilities District (Town of Buckeye, Arizona), an Arizona community facility district (with its participants, successors and assigns, referred to herein as the **"District"** or the **"Issuer"**) and Wells Fargo Bank, National Association, in its capacity as trustee (the **"Trustee"**) under the terms and provisions of the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the **"Indenture"**).

RECITALS

A. The Issuer pursuant to Title 48, Chapter 4, Article 6 (the **"Enabling Act"**) and a bond resolution adopted by the board of directors of the Issuer on June 4, 2013 issued general obligation bonds in the aggregate principal amount of $26,400,000 which shall be known as the Issuer's $20,400,000 District General Obligation Refunding Bonds, Series 2013A (the **"Refunding Bonds"**) and the Issuer's $6,000,000 District General Obligation Project Bonds, Series 2013B (the **"Project Bonds"** and, together with the Refunding Bonds, the **"Bonds"**), pursuant to the terms of the Indenture. The payment of principal, interest and all other amounts constituting Debt Service (as such term is defined in the Indenture) (collectively, the **"Debt Service Obligations"**) shall be funded by an ad valorem tax levied at a rate of not greater than $3.00 per $100 of secondary assessed value (the "**Maximum Tax Rate**") on all taxable property within the boundaries of the District. DMB White Tank, LLC, an Arizona limited liability company ("**Developer**"), is a beneficial owner of and is in the process of developing, a portion of the real property located within the District (the "**Property**"). The Issuer shall use the proceeds from the issuance of the Bonds to finance and refinance the development of the public infrastructure within the District, thereby increasing the value of the Property, and to refund the Issuer's outstanding District General Obligation Bonds, Series 2003 to achieve debt service savings.

B. The Issuer, Trustee and the Guarantor agree and acknowledge that tax proceeds generated by the levy and collection of the Maximum Tax Rate will not be sufficient to pay the Debt Service Obligations until and unless there is a significant increase in the secondary assessed valuation in the District.

C. The Developer has agreed to execute and deliver a Standby Contribution Agreement (the "**Contribution Agreement**") under which Developer agrees to pay any shortfall that may occur between the tax proceeds generated by the levy of the Maximum Tax Rate and the Debt Service Obligations (the "**Shortfall**") until such time as the Developer is released from such obligation under the Contribution Agreement. The Guarantor, as an affiliate of the Developer, agrees that it is in the Guarantor's best interests to execute and deliver this Guaranty as a guaranty of Developer's obligations under the Contribution Agreement.

AGREEMENT

ACCORDINGLY, the Guarantor, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees as follows:

1. Recitals. The Guarantor acknowledges that the foregoing Recitals are true, accurate and incorporated into this Guaranty.

2. Definitions. In addition to the terms defined hereinabove and hereinafter, as used herein, the following terms have the meanings set forth below:

"**Affiliate**" shall be defined as any person or entity controlling, controlled by or under common control with the Developer and/or the Guarantor.

"**Development**" shall be defined as any development project in respect of which there are Guaranteed Obligations, as reflected in the consolidated balance sheet of the Guarantor at any time or from time to time.

"**Liquidity**" shall be defined as the Qualifying Assets less the Qualifying Liabilities.

"**Net Worth**" shall be defined as "total assets" minus "total liabilities", as presented in the audited or unaudited consolidated balance sheet of the Guarantor or any Development (as applicable) and determined as of the end of the applicable period (e.g., the sixth month or the year).

"**Qualifying Assets**" shall be defined as all assets that can reasonably be converted into cash within one year from the date that is the last day of the applicable period (e.g., the sixth month or the year), as presented in the audited or unaudited (as applicable) consolidated balance sheet of the Guarantor,.

"**Qualifying Liabilities**" shall be defined as all liabilities that will mature or become due within one year from the date that is the last day of the applicable period (e.g., the sixth month or the year), as presented in the audited or unaudited (as applicable) consolidated balance sheet of the Guarantor.

"**Undercollateralized Obligations**" shall be defined as the sum of (i) the Bonds (including all outstanding principal in respect of the Bonds) and (ii) the total amount of all other debts, liabilities, loan agreements, funding commitments and obligations of the Guarantor, of every type and description but excluding the unfunded portion of any loan agreements or funding commitments with Affiliates, payment or funding of which is guaranteed by the Guarantor, whether such debt, liability, loan agreement, funding commitment or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several (the "**Guaranteed Obligations**"), provided that the Guaranteed Obligations in respect of any Development shall be included in the calculation of "Undercollateralized Obligations" only if, and to the extent that, the total Guaranteed Obligations pertaining to any

particular Development exceed 60% of the Net Worth of such Development. For example, if there were $35,000,000 in Guaranteed Obligations and $70,000,000 Net Worth in respect of a particular Development, then the resulting Guaranteed Obligations/Net Worth ratio would be 50%, i.e., less than the 60% Guaranteed Obligations/Net Worth ratio threshold, and the Guaranteed Obligations in respect of that Development would not be included in the calculation of "Undercollateralized Obligations". As a further example, if there were $50,000,000 in Guaranteed Obligations and $70,000,000 Net Worth in respect of a particular Development, then the resulting Guaranteed Obligations/Net Worth ratio would be approximately 71.4%, i.e., greater than the 60% Guaranteed Obligations/Net Worth ratio threshold, and the Guaranteed Obligations in respect of that Development would be included in the calculation of "Undercollateralized Obligations" to the extent that the total amount of the Guaranteed Obligations in respect of the Development were to exceed 60% of the Net Worth of the Development; i.e., [($50,000,000 total Guaranteed Obligations) - {60% ($70,000,000 Net Worth) = $42,000,000} = $8,000,000], meaning $8,000,000 in respect of the Development would be included in the calculation of "Undercollateralized Obligations". In addition, and notwithstanding the foregoing, for purposes of calculating the Net Worth of a particular Development, the Guarantor shall be entitled, at its option, to utilize the fair market value of the Development as determined by a "Qualifying Appraisal" as the value of the total assets of such Development on the applicable consolidated balance sheet. A "**Qualifying Appraisal**" shall mean an "as is" appraisal, dated no earlier than one year prior to the date of the certificate provided for in Section 15 below, that is completed by an MAI certified appraiser.

3. Indebtedness Guaranteed. The Guarantor hereby absolutely and unconditionally guarantees to the Issuer and the Trustee the full and prompt payment when due, whether at maturity or earlier by reason of mandatory redemption, acceleration or otherwise, of each and every other sum now or hereafter owing to the Issuer by the Developer under the Contribution Agreement, including but not limited to an amount equal to the Shortfall, in each case whether now existing or hereafter arising, whether absolute or contingent, primary or secondary, sole, joint, several or joint and several, secured or unsecured, and, in the instances provided for in the Indenture, the Contribution Agreement and Section 7 below, the principal amount of the Bonds and all interest with respect to the Bonds that is unpaid and accruing to the date of actual payment (all of said sums being hereinafter called the **"Indebtedness")**.

4. Guarantor's Representations and Warranties. The Guarantor represents and warrants to the Issuer that (i) the Guarantor is an Arizona limited partnership, duly organized and existing, in good standing, and has full power and authority to make and deliver this Guaranty; (ii) the execution, delivery and performance of this Guaranty by the Guarantor has been duly authorized by all necessary action of its partners and does not and will not violate the provisions of, or constitute a default under, any presently applicable law or its organizational documents or any agreement presently binding on it; (iii) this Guaranty has been duly executed and delivered by an authorized representative of the Guarantor and constitutes its lawful, binding and legally enforceable obligation; and (iv) the authorization, execution, delivery and performance of this Guaranty does not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency. The Guarantor represents and warrants to the Issuer that the Guarantor has a direct and substantial economic

interest in the Developer and expects to derive substantial benefits therefrom and from the issuance of the Bonds and any other transactions and events resulting in the creation of the Indebtedness guaranteed hereby, and that this Guaranty is given for a valid business purpose.

5. Financial Covenants. Until the obligations of the Developer under the Contribution Agreement have been fully satisfied and the Developer has been released from the Contribution Agreement pursuant to the terms of the Indenture and the Contribution Agreement, or until the Guarantor has been released from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement, the Guarantor shall comply with the following financial covenants (collectively, the "**Financial Covenants**"):

(i) The Guarantor shall have, at the time of execution of this Guaranty, a minimum Net Worth of $200,000,000; and

(ii) The Guarantor shall maintain, at all times, a minimum Net Worth of three (3) times the amount of the Undercollateralized Obligations and a minimum Liquidity of one and one-half (1.5) times the amount of the Undercollateralized Obligations.

6. Unconditional Nature. No act or thing need occur to establish the Guarantor's liability hereunder, and no act or thing, except full payment and discharge of all of the Indebtedness or the Developer being released from the Contribution Agreement pursuant to the terms of the Indenture and the Contribution Agreement, or the Guarantor being released from this Guaranty in the event Substitute Collateral (as defined in the Contribution Agreement) is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement, shall in any way exonerate the Guarantor hereunder or modify, reduce, limit or release the Guarantor's liability hereunder. This is an absolute and unconditional guaranty of payment of the Indebtedness.

7. Dissolution, Termination or Insolvency of Guarantor. The dissolution, termination or adjudication of bankruptcy of the Guarantor shall not affect the validity or binding nature of this Guaranty. Without limitation of the foregoing, if the Guarantor shall be dissolved, terminated or shall be or become insolvent (however defined), or if the Guarantor voluntarily commences or there is commenced involuntarily against the Guarantor a petition for receivership, an acknowledgement or claim of inability to pay debts or other obligations, or other proceeding pertaining to the actual or claimed insolvency of the Guarantor case under the United States Bankruptcy Code, the Guarantor acknowledges that the Guarantor shall be deemed in default of this Guaranty and the applicable provisions of the Contribution Agreement and Indenture shall apply, including that the Bonds be subject to special mandatory redemption.

8. Non-Compliance. In the event the Guarantor is not in compliance with the Financial Covenants or the Guarantor is not in compliance with the requirements described in Section 15 below (a "**Non-Payment Default**"), then and in any such event, the applicable provisions of the Contribution Agreement and Indenture shall control including, as applicable, that the Bonds be subject to special mandatory redemption if such Non-Payment Default is not cured within the applicable cure periods or Substitute Collateral is not deposited with the Trustee.

9. Subrogation, etc. The Guarantor hereby waives all rights that the Guarantor may now have or hereafter acquire, whether by subrogation, contribution, reimbursement, recourse, exoneration, contract or otherwise, to recover from the Developer or from any property of the Developer any sums paid under this Guaranty until all of the Indebtedness shall have been fully paid and discharged. The Guarantor will not exercise or enforce any right of contribution to recover any such sums from any person who is a co-obligor with the Developer or a guarantor or surety of the Indebtedness or from any property of any such person until all of the Indebtedness shall have been fully paid and discharged.

10. Enforcement Expenses. The Guarantor will pay or reimburse the Issuer and the Trustee for all costs, expenses and attorneys' fees paid or incurred by the Issuer and the Trustee in endeavoring to collect and enforce the Indebtedness and in enforcing this Guaranty.

11. Issuer's and Trustee's Rights. The Issuer and the Trustee shall not be obligated by reason of its acceptance of this Guaranty to engage in any transactions with or for the Developer. Whether or not any existing relationship between the Guarantor and the Developer has been changed or ended, the Issuer and the Trustee may enter into transactions resulting in the creation or continuance of the Indebtedness and may otherwise agree, consent to or suffer the creation or continuance of any of the Indebtedness, without any consent or approval by the Guarantor and without any prior or subsequent notice to the Guarantor. The Guarantor's liability shall not be affected or impaired by any of the following acts or things (which the Issuer or Trustee are expressly authorized to do, omit or suffer from time to time, without consent or approval by or notice to the Guarantor): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all of the Indebtedness (except as provided for and expressly subject to the terms of the Contribution Agreement which permit the deposit of substitute collateral under certain circumstances); (ii) one or more extensions or renewals of the Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities, if any, or other contractual terms applicable to any of the Indebtedness or any amendment or modification of any of the terms or provisions of any agreement under which the Indebtedness or any part thereof arose; (iii) any waiver or indulgence granted to the Developer, any delay or lack of diligence in the enforcement of the Indebtedness or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any of the Indebtedness; (iv) any full or partial release of, compromise or settlement with, or agreement not to sue, the Developer or any guarantor or other person liable in respect of any of the Indebtedness; (v) any release, surrender, cancellation or other discharge of any evidence of the Indebtedness or the acceptance of any instrument in renewal or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for the Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to preserve, protect, insure, care for, exercise or enforce any collateral security; or any modification, alteration, substitution, exchange, surrender, cancellation, termination, release or other change, impairment, limitation, loss or discharge of any collateral security; (vii) any collection, sale, lease or disposition of, or any other foreclosure or enforcement of or realization on, any collateral security; (viii) any assignment, pledge or other transfer of any of the Indebtedness or any evidence thereof; (ix) any manner, order or method of application of any payments or credits upon the Indebtedness; and (x) any election by the Issuer under Section 1111(b) of the United States Bankruptcy Code. The Guarantor waives any and all defenses and discharges available to a surety, guarantor or accommodation co-obligor.

12. Waivers by Guarantor. The Guarantor waives any and all defenses, claims, setoffs and discharges of the Developer, or any other obligor, pertaining to the Indebtedness, except the defense of discharge by payment in full of the Indebtedness (upon expiration of all bankruptcy preference periods as referenced in Section 13) or by the release of the Developer from the Contribution Agreement as provided for in the Indenture and the Contribution Agreement or by the release of the Guarantor from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the Issuer or the Trustee any defense of waiver, release, discharge or disallowance in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Developer or any other person liable in respect of any of the Indebtedness, or any setoff available against the Issuer or the Trustee to the Developer or any other such person, whether or not on account of a related transaction, except discharge by payment in full of the Indebtedness (upon expiration of all bankruptcy preference periods as referenced in Section 13) or the release of the Developer from the Contribution Agreement as provided for in the Indenture and the Contribution Agreement or by the release of the Guarantor from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement. The Guarantor expressly agrees that the Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Developer or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The liability of the Guarantor shall not be affected or impaired by (i) any voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the Developer's assets, (ii) the marshaling of the Developer's assets and liabilities, or (iii) the insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting the Developer or any of its assets. The Guarantor will not assert, plead or enforce against the Issuer or the Trustee any claim, defense or setoff available to the Guarantor against the Developer. The Guarantor waives presentment, demand for payment, notice of dishonor or nonpayment and protest of any instrument evidencing the Indebtedness. The Issuer shall not be required first to resort for payment of the Indebtedness to the Developer or other persons, or their properties, or first to enforce, realize upon or exhaust any collateral security for the Indebtedness, before enforcing this Guaranty. The Guarantor waives the benefits of Arizona Revised Statutes Sections 12-1641, 12-1642, 33-814 and 12-1566.

13. If Payments Set Aside, etc. If any payment applied by the Issuer or the Trustee to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Developer or any other obligor), the Indebtedness to which such payment was applied shall for the purpose of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

14. Additional Obligation of Guarantor. The Guarantor's liability under this Guaranty is in addition to and shall be cumulative with all other liabilities of the Guarantor to the Issuer as guarantor, surety, endorser, accommodation co-obligor or otherwise, of any of the

Indebtedness, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

15. Financial Information. The Guarantor shall provide the following information, as described below, to the Issuer and the Trustee (as applicable) and, in the event a request is made by any Beneficial Owner (as such term is defined in the Indenture) to the Trustee, the Trustee shall, after confirming that the party requesting such information is a Beneficial Owner, provide a copy of such request to the Guarantor whereupon the Guarantor shall provide copies of the information provided to the Issuer, and the Trustee to such Beneficial Owner as advised by the Trustee.

(a) As soon as available, and in any event within 120 days after the end of each fiscal year of the Guarantor, the Guarantor shall provide notice to the Issuer designee that the Guarantor's audited annual financial statements (the "**Audited Financial Statements**") are available for review, which Audited Financial Statements shall include the Guarantor's balance sheet as of the end of such fiscal year and the related statements of the Guarantor's income, partner's capital and cash flows for the fiscal year then ended, shall be prepared in accordance with GAAP and shall be accompanied by the unqualified opinion of independent certified public accountants selected by the Guarantor and acceptable to the Issuer (the "**Auditor's Opinion**"), and shall thereafter make such Audited Financial Statements and Auditor's Opinion available to the Issuer designee. In addition, concurrent with the notice to the Issuer designee concerning the Audited Financial Statements, the managing partner of the Guarantor shall deliver to the Issuer designee, the Issuer and the Trustee a certificate ("**Certificate**") stating (i) whether or not the officer signing the Certificate on behalf of the managing partner has knowledge of the occurrence of any default under this Guaranty not heretofore reported and, if any such default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (ii) that the information contained in the Financial Covenant Calculations worksheet (attached as Exhibit 1 to this Guaranty) is accurate to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner and, based on the Audited Financial Statements, Auditor's Opinion and the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, whether or not the Guarantor is in compliance with the Financial Covenants as of the end of such fiscal year. The Certificate shall be accompanied by a letter from the Guarantor's independent certified public accountants in substantially the form of Exhibit 2 to this Guaranty, enumerating certain procedures performed in respect of the Financial Covenant Calculations (the "**Auditor's Letter**").

(b) As soon as available, and in any event within 60 days after the last day of the sixth month (i.e., mid-year) of each fiscal year of the Guarantor, the Guarantor shall provide notice to the Issuer designee that the Guarantor's unaudited internal financial statements (the "**Internal Financial Statements**") are available for review, which Internal Financial Statements shall include the Guarantor's internal balance sheet and related statements of income and partner's capital of the Guarantor as of the end of such month and for the year-to-date period then ended and shall be prepared in accordance with GAAP (excluding footnotes to financial statements and subject to year-end audit adjustments). In addition, concurrent with the notice to the Issuer designee concerning the Internal Financial Statements, the managing partner of the Guarantor shall deliver to the Issuer designee, the Issuer and the Trustee a Certificate stating (i) that the Internal Financial Statements made available to the Issuer designee have been prepared

in accordance with GAAP subject to year-end audit adjustments, (ii) whether or not the officer signing the Certificate on behalf of the managing partner has knowledge of the occurrence of any default under this Guaranty not heretofore reported and, if any such default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (iii) that the information contained in the Financial Covenant Calculations worksheet (attached as Exhibit 1 to this Guaranty) is accurate to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner and, based on the Internal Financial Statements and the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, whether or not the Guarantor is in compliance with the Financial Covenants as of the end of such year-to-date period.

16. No Duties Owed by Issuer. The Guarantor acknowledges and agrees that the Issuer and the Trustee (i) have not made any representations or warranties with respect to, (ii) do not assume any responsibility to the Guarantor for, and (iii) have no duty to provide information to the Guarantor regarding, the enforceability of any of the Indebtedness or the financial condition of the Developer or any guarantor. The Guarantor has independently determined the creditworthiness of the Developer and the enforceability of the Indebtedness and until the Indebtedness is paid in full will independently and without reliance on the Issuer continue to make such determinations.

17. Miscellaneous. This Guaranty shall be effective upon delivery to the Issuer, without further act, condition or acceptance by the Issuer or the Trustee, shall be binding upon the Guarantor and the successors and assigns of the Guarantor and shall inure to the benefit of the Issuer, the Trustee and their participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful provisions and application thereof, and to this end the provisions of this Guaranty are declared to be severable. This Guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Guarantor and the Issuer. This Guaranty shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Arizona. The Guarantor hereby (i) consents to the personal jurisdiction of the state and federal courts located in the State of Arizona in connection with any controversy related to this Guaranty; (ii) waives any argument that venue in any such forum is not convenient, (iii) agrees that any litigation initiated by the Issuer, the Trustee or the Guarantor in connection with this Guaranty may be venued in either the state or federal courts located in Maricopa County, Arizona; and (iv) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

18. Waiver of Jury Trial. **THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, BASED ON OR PERTAINING TO THIS GUARANTY.**

IN WITNESS WHEREOF, this Guaranty has been duly executed by the Guarantor as of the date first written above.

ABD Investments Limited Partnership, an Arizona limited partnership

By: Hank, Inc., an Arizona corporation,
Its: managing general partner

Name: _____
Title: ~~President~~ CEO

Address: ABD Investments Limited Partnership
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258-2137

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 1st day of July, 2013, by Dawn M. Olsen, of Hank, Inc., the managing general partner of ABD Investments Limited Partnership, an Arizona limited partnership, on behalf of the limited partnership.

(Seal and Expiration Date)

01-09-2017

Georgia L. Moraga
Notary Public

OFFICIAL SEAL
GEORGIA L. MORAGA
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires January 9, 2017

JTG:akr 1943967.2 5/20/2013

EXHIBIT 1

Financial Covenant Calculations
Reporting Period Ended: December 31, 2013

(Attached)

ABD Investments Limited Partnership and Subsidiary

Financial Covenant Calculations
December 31, 2012

Liquidity Test

Liquidity:	
Cash and cash equivalents	$ 3,178,785
Receivable from related parties	2,898,403
Marketable securities, at market	626,524,649
Qualifying assets	632,601,837
Accounts payable	4,294
Accrued interest payable	938,221
Bank lines of credit	95,800,000
Qualifying liabilities	96,742,515
Total liquidity	535,859,322
Undercollateralized obligations:	
2003 bonds under obligation	20,400,000
Other undercollateralized obligations (1)	-
Total undercollateralized obligations	20,400,000
Coverage requirement	1.5
Liquidity requirement	30,600,000
Liquidity excess / (shortfall)	$ 505,259,322

Net Worth Test

Total qualifying assets	$ 632,601,837
Less: Total qualifying liabilities	96,742,515
Net worth	535,859,322
Undercollateralized obligations:	
2003 bonds under obligation	20,400,000
Other undercollateralized obligations (1)	-
Total undercollateralized obligations	20,400,000
Coverage requirement	3.0
Net worth requirement	61,200,000
Net worth excess / (shortfall)	$ 474,659,322

Exhibit 1-2

(1) Detail of Other Undercollateralized Obligations (Unaudited)

	Guaranteed Debt Obligation	Net Worth	Ratio	Undercollateralized Obligation
Project B - Verrado (ABD II guarantee)	$ 10,000,000	$ 88,291,081	11%	$ -

EXHIBIT 2

Letter from Guarantor's Independent Certified Public Accountants

Verrado District 1 Community Facilities District
ABD Investments Limited Partnership

We have performed the procedures enumerated below, which were agreed to by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) and the management of ABD Investments LP, an Arizona Limited Partnership, solely to assist you in verifying the agreement of certain amounts and the mathematical accuracy of the attached Financial Covenant Calculations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report was requested or for any other purpose.

The procedures performed and findings are as follows:

1. We compared the following amounts contained in the attached Financial Covenant Calculations schedule to the related amounts in the audited consolidated balance sheet of ABD Investments Limited Partnership and Subsidiary as of December 31, _____. No exceptions were noted:

Cash and Cash Equivalents	_____
Receivable from Related Party	_____
Dividend Receivable	_____
Marketable Securities, at market	_____
Accounts Payable	_____
Accrued Interest Payable	_____
Payable to Related Party	_____
Bank Lines of Credit	_____
Total Assets	_____
Total Liabilities	_____

2. We recalculated all amounts in the attached Financial Covenant Calculations schedule, as applicable, to check for mathematical accuracy. No exceptions were noted.

We were not engaged to, and did not make a determination as to whether the attached Financial Covenant Calculations were in accordance with the Guaranty Agreement dated _____, between _____ and _____, nor did we perform an audit on the attached Financial Covenant Calculations, the objective of which would be the expression of an

opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Phoenix, Arizona
Day, Month, Year

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

PURCHASE CONTRACT

July 2, 2013

District Board
Verrado District 1 Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

The undersigned, on behalf of RBC Capital Markets, LLC (the "Underwriter"), offers to enter into the following agreement (this "Contract") with Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), which, upon the Issuer's written acceptance of such offer, will be binding upon the Issuer and upon the Underwriter. Such offer is made subject to the Issuer's written acceptance hereof on or before 5:00 p.m., Mountain Standard Time, on the date indicated above, and, if not so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in the following agreement shall have the same meanings set forth in the Bond Resolution or the Limited Offering Memorandum (as both are hereinafter defined). In addition to acceptance of this Contract by the District as provided hereinabove, the obligations of the Underwriter under this Purchase Contract shall be conditioned on the execution and delivery of the Indemnity Letters, each dated the date hereof (each an "Indemnity Letter" and, together, the "Indemnity Letters"), by each of DMB White Tank, LLC (the "Developer") and ABD Investments Limited Partnership (the "Guarantor") as Attachment I and Attachment II, respectively.

1. Purchase and Sale of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriter shall purchase from the Issuer, and the Issuer shall sell and deliver to the Underwriter, all, but not less than all, of the $20,400,000 aggregate principal amount of the "Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A" (the "Refunding Bonds") and $6,000,000 aggregate principal amount of the "Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B" (the "Project Bonds" and, collectively with the Refunding Bonds, the "Bonds"). Inasmuch as this purchase and sale represents a negotiated transaction, it is agreed that (i) the Underwriter is not acting as an agent or fiduciary of the Issuer, but rather is acting solely in its capacity as underwriter for itself and its own account (ii) the transaction contemplated by this Contract is an "arm's length," commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement and (v) the Issuer has consulted its own legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

(b) The principal amount, dated date, maturities, redemption provisions and interest rates per annum and prices or yields with respect to the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the resolution adopted by the Board of the Issuer on June 4, 2013 (the "Bond Resolution"), and the Indenture of Trust and Security Agreement, to be dated as of July 1, 2013 (the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (the "Trustee").

(c) The purchase price for the Bonds shall be $26,578,637.40 (representing the par amount of the Bonds ($26,400,000) plus original issue premium of $706,637.40 less Underwriter's discount of $528,000.00).

2. Limited Offering. The Underwriter is making a limited offering of all of the Bonds at prices not to exceed the public offering prices (or to be less than the yields) set forth on the cover of the Limited Offering Memorandum (as hereinafter defined) and may subsequently change such offering prices (or yields) without any requirement of prior notice. The Underwriter may offer and sell portions of the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower (or yields higher) than the public offering prices (or yields) stated on the cover of the Limited Offering Memorandum. The Underwriter is selling the Bonds only to "Sophisticated Municipal Market Professionals" ("SMMPS") as such term is defined by the Municipal Securities Rulemaking Board.

3. The Limited Offering Memorandum.

(a) The Preliminary Limited Offering Memorandum, dated June 13, 2013 (the "Preliminary Limited Offering Memorandum"), of the Issuer relating to the Bonds has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Limited Offering Memorandum is hereby deemed "final" by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

(b) The Issuer hereby authorizes the preparation of the Limited Offering Memorandum, to be dated even date herewith (the "Limited Offering Memorandum"), of the Issuer relating to the Bonds and the use of the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

(c) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide the Limited Offering Memorandum to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Issuer shall notify the Underwriter (and provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Issuer shall forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Limited Offering Memorandum so that the statements in the Limited Offering Memorandum as so amended and supplemented shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Limited Offering Memorandum shall comply with law. If such notification shall be subsequent to the Closing Date, the Issuer shall furnish such legal opinions, certificates, instruments and other documents

as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum.

(d) Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the Closing Date.

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, hereby represents and warrants to, and the Issuer hereby covenants with, as applicable, the Underwriter that:

(a) The Issuer is a community facilities utilities district of the State of Arizona (the "State"), duly created, organized and existing under the laws of the State, specifically Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended and supplemented (the "Act"), and has full legal right, power and authority under the Act, and at the Closing Date shall have full legal right, power and authority under the Act and the Bond Resolution (i) to enter into, execute and deliver this Contract, the Bond Resolution, the Indenture, the Standby Contribution Agreement, to be dated as of July 1, 2013 (the "Standby Contribution Agreement"), and the Continuing Disclosure Undertaking, to be dated the date of the initial delivery of the Bonds (the "Undertaking," in substantially the form in the Limited Offering Memorandum and collectively with this Purchase Contract, the Indenture, the Standby Contribution Agreement and all documents required hereunder and thereunder to be executed by the Issuer, the "Issuer Documents"), by and among the District, the Developer and the Trustee; (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein; (iii) to carry out and consummate the Bond financings transactions contemplated by the Issuer Documents and the Preliminary Limited Offering Memorandum and (iv) to approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum), and the Issuer has complied, and shall on the Closing Date be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Preliminary Limited Offering Memorandum and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Preliminary Limited Offering Memorandum and the Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of

the Issuer Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) and the selling of the Bonds to the Underwriter, (ii) has been duly and validly adopted by the Issuer and (iii) is in full force and effect;

(c) The Issuer Documents shall constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Contract, shall constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and upon the issuance, authentication and delivery of the Bonds as aforesaid and the Indenture shall provide, for the benefit of the registered owners, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth therein;

(d) The Issuer is not in breach of or default in any respect under any applicable constitutional provision, statute or administrative rule or regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein shall not conflict with or constitute a breach of or default under any constitutional provision, statute, administrative rule or regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such statute, rule or regulation or instrument, except as provided by the Indenture;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence

of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Issuer Documents conform to the descriptions thereof contained in the Preliminary Limited Offering Memorandum, and the proceeds of the sale of the Bonds will be applied generally as described in the Preliminary Limited Offering Memorandum;

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of an valorem property taxes from which principal of and interest on the Bonds are to be paid pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or, when finalized, the Limited Offering Memorandum or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) The Preliminary Limited Offering Memorandum did not and, as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided, that as to the information provided by the Developer or the Guarantor, respectively, relating to the Developer, the Guarantor and the Project, the Issuer is relying solely on the information provided;

(i) At the time of the Issuer's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the Closing Date, the Limited Offering Memorandum shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Limited Offering Memorandum, as so supplemented or amended, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer shall apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and the Indenture and shall not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds;

(l) The Issuer shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer shall not be required to expend any monies, to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and shall advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial information regarding the Issuer in the Preliminary Limited Offering Memorandum fairly presents, and in the Limited Offering Memorandum shall fairly present, the financial position and results of the Issuer as of the dates and for the periods therein set forth, and, prior to the Closing, there shall be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer;

(n) The Issuer is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and except as disclosed in the Preliminary Limited Offering Memorandum, the Issuer is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the Issuer or ability of the Issuer to comply

with all the requirements set forth in the Preliminary Limited Offering Memorandum, the Bond Resolution, the Issuer Documents and the Bonds;

(o) Prior to the Closing Date, the Issuer shall not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter; and

(p) The officers and officials of the Issuer executing the Limited Offering Memorandum, the Issuer Documents and the Bonds and the officers and officials of the Issuer listed on the certificate of the Issuer to be delivered on the Closing Date have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and any certificate signed by any officer or official of the Issuer authorized to do so in connection with the transactions contemplated by this Contract shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing.

(a) At 8:00 a.m., Mountain Standard Time, on July 12, 2013, or on such other date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "Closing Date"), the Issuer shall, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter shall, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Contract by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of DTC in New York City, New York, or, if by the means of a "Fast Automated Securities Transfer," with the Trustee. The Bonds shall be printed or lithographed, shall be prepared and delivered as fully registered bonds, one Bond for the full amount maturing on each maturity date, and shall be registered in the name of "Cede & Co." and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purpose of inspection in New York City, New York, at DTC.

6. Closing Conditions. The Underwriter has entered into this Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein and of the Developer and the Guarantor contained in the Indemnity Letters and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and on the Closing Date. Accordingly, the Underwriter's obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the

Issuer of its obligations to be performed hereunder and under such documents and instruments on or prior to the Closing Date and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and of the Developer and the Guarantor contained in the Indemnity Letters shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all covenants and agreements required by this Contract to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Issuer Documents, the Guaranty, to be dated as of July 1, 2013 (the "Guaranty"), from the Guarantor, and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented and the Limited Offering Memorandum shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) On the Closing Date, all official action of the Issuer relating to the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) Prior to or on the Closing Date, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered, and the Trustee shall have duly authenticated, the Bonds;

(f) Prior to or on the Closing Date, no "event of default" shall have occurred or be existing under this Contract nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Contract;

(g) Prior to or on the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the Developer or the Guarantor, from that set forth in the Limited Offering Memorandum that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Limited Offering Memorandum;

(h) Prior to or on the Closing Date, the Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) Prior to or on the Closing Date, all steps to be taken and all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(j) Prior to or on the Closing Date, the Underwriter shall have received two copies of the transcript of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the Issuer, including, but not limited to, the following documents:

(1) An unqualified approving opinion of Gust Rosenfeld P.L.C., Bond Counsel, as to the Bonds, dated the Closing Date, addressed to the Issuer and substantially in the form included in the Limited Offering Memorandum;

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

(3) the opinion of counsel to the Developer and the Guarantor, dated the Closing Date, addressed to the Issuer and the Underwriter and substantially in the form attached hereto as Exhibit B;

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

(5) A certificate from each of the Developer and the Guarantor, each dated the Closing Date, signed by an authorized official of each of each of the Developer and the Guarantor and in form and substance satisfactory to the Issuer and the Underwriter, to the effect that the representations and warranties contained in the respective Indemnity Letters and in the respective documents executed by each of them in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing Date;

(6) A certificate or certificates of the Issuer, dated the Closing Date, signed by an authorized official or officials of the Issuer and in form and substance satisfactory to the Underwriter, in which such official, to the best of his knowledge, information and belief, states:

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

(ii) That, except as described in the Limited Offering Memorandum, no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the Issuer of the provisions of the Issuer Documents or the collection of the ad valorem property taxes for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, this Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the Issuer;

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

(iv) That the Issuer has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied prior to or on the Closing Date and

(v) That the Limited Offering Memorandum was, as of its date, and will be, as of the Closing Date, true, correct and complete in all material respects and did not, as of its date, and does not, as of the Closing Date, include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event has occurred since the date of the Limited Offering Memorandum which should be disclosed in the Limited Offering Memorandum which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect, provided, that as to the information provided by the Developer or the Guarantor, respectively, relating to the Developer, the Guarantor and the Project, the Issuer is relying solely on the information provided;

(7) A specimen of each series of the Bonds;

(8) A certified copy of the Bond Resolution and executed copies of the Issuer Documents and the Guaranty;

(9) A counterpart original of the Limited Offering Memorandum manually executed on behalf of the Issuer by the Chairman of the District Board;

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

(11) The filing copy of the Information Return Form 8038-G (IRS) and of the Report of Bond and Security Issuance Pursuant To A.R.S. § 35-301(B) (Arizona Department of Revenue) for the Bonds;

(12) A copy of the "Bloomberg" screen, dated the Closing Date, in form and substance satisfactory to the Issuer, which indicates that the authorized denominations for the Bonds are $100,000 and $5,000 integral multiples thereof and that the Bonds can be sold only by broker-dealers who can sell only to SMMPs; and

(13) Such additional opinions, letters, certificates (including certificates as to the accuracy and completeness of those sections of the Limited Offering Memorandum not otherwise covered by an opinion), instruments and other documents as the Underwriter or Counsel to the Underwriter may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy on the Closing Date, or prior to such date, of the representations and warranties of the Issuer and the Developer and the Guarantor and the due performance or satisfaction by the Issuer and the Developer and the Guarantor of all agreements and covenants then to be performed and all conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(b) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Contract and the Closing Date, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or

favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Bonds as described in the Limited Offering Memorandum, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress, an order, decree or injunction issued by any court of competent jurisdiction or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, or that the Bond Resolution or the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Limited Offering Memorandum or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereon) upon trading securities generally by any governmental authority or any national securities exchange or a general banking moratorium declared by federal, State of New York or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force or increase materially those now in force with respect to the

extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), for the validity or enforceability of the Special Assessments to pay principal of and interest on the Bonds;

(g) any event occurring or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer or the Developer or the Guarantor;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum and

(k) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay or cause to be paid solely from the proceeds of the sale of the Bonds or from a Developer cash contribution, the expenses incident to the performance of its obligations hereunder, including but not limited to (1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds, the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum and the Issuer Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of the Trustee and the Depository Trustee in connection with the issuance of the Bonds; (3) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (4) the fees and disbursements of any other experts or consultants retained by the Issuer in connection with the transactions contemplated hereby and (5) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses,

including, but not limited to, meals, transportation and lodging, if any, incurred by the Underwriter in connection with the issuance and sale of the Bonds. The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Contract; (ii) all advertising expenses in connection with the public offering of the Bonds and (iii) all other expenses incurred by them in connection with the public offering of the Bonds.

9. (a) Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same to the address set forth on the first page of this Contract, and any notice or other communication to be given to the Underwriter pursuant to this Contract may be given by delivering the same in writing to RBC Capital Markets, LLC, Suite 700, 2398 East Camelback Road, Phoenix, Arizona 85016, Attention: Mr. Nick Dodd, Director.

(b) Parties in Interest. This Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuer's representations, warranties, covenants and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Contract and (iii) any termination of this Contract.

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

(d) Choice of Law. This Contract shall be governed by and construed in accordance with the law of the State.

(e) Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

(f) Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

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

(h) Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

10. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party 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. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Contract and covenants that it shall take no action which would result in a violation of such Section.

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

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By.....
Nick Dodd, Director

ACCEPTED at ....m., Mountain Standard Time, this ..... day of July, 2013

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

By.....
Jackie A. Meck, Chairman, District Board

ATTEST:

.....
Lucinda Aja, District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD, PLC, Attorney for the District

By.....

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By.....
Nick Dodd, Director

ACCEPTED at ....4:30.... p.m., Mountain Standard Time, this ....2nd.... day of July, 2013

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

By.....
Jackie A. Meck, Chairman, District Board

ATTEST:

.....
Lucinda Aja, District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD, PLC, Attorney for the District

By.....

330725116.7-7/2/2013

SCHEDULE

The Refunding Bonds

Dated Date: As of Date of Delivery

Aggregate Principal Amount: $20,400,000

Interest Payment Dates: January 15, 2014, and July 15 and January 15 thereafter

Maturity Schedule:

Principal Amount	Maturity Date (July 15)	Interest Rate	Yield
$ 720,000	2014	2.00%	1.50%
1,295,000	2015	4.00	2.00
1,280,000	2016	4.00	2.50
1,365,000	2017	4.00	3.00
1,245,000	2018	4.00	3.40
1,320,000	2019	4.25	3.75
1,400,000	2020	5.00	4.10
1,485,000	2021	5.00	4.40
1,570,000	2022	5.00	4.70
1,650,000	2023	5.00	5.00

$7,070,000 6.00% Term Bond due July 15, 2027, To Yield 5.45%*

*Yield is calculated to first available redemption date.

Redemption Provisions:

Optional Redemption. The Bonds maturing after July 15, 2024, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at a price equal to the principal amount to be redeemed, plus interest accrued to the date of redemption, without premium.

Special Redemption. The Bonds will be subject to special mandatory redemption in whole in the event of a default under the terms of either the Standby Contribution Agreement or the Guaranty, upon payment by the Developer or the Guarantor, as applicable, of the principal amount of the Bonds plus interest accrued to the date of redemption, without premium, for such purpose. The date of redemption shall be the first day of the first calendar month after payment to the Trustee of such amount for which notice of redemption can be given as provided in the Indenture, not more than sixty (60) nor less than thirty (30) days prior to the date of redemption.

Mandatory Redemption. The Bonds maturing on July 15, 2027, shall be redeemed on the following Redemption Dates and in the following amounts upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest but without premium:

Redemption Date (July 15)	Principal Amount
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

The Project Bonds

Dated Date: As of Date of Delivery

Aggregate Principal Amount: $6,000,000

Interest Payment Dates: January 15, 2014, and July 15 and January 15 thereafter

Maturity Schedule:

$1,060,000 5.00% Term Bond due July 15, 2023, To Yield 5.00%
$2,320,000 5.70% Term Bond due July 15, 2029, To Yield 5.70%
$2,620,000 6.00% Term Bond due July 15, 2033, To Yield 5.95%*

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*Yield is calculated to first available redemption date.

Redemption Provisions:

Optional Redemption. The Bonds maturing after July 15, 2024, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at a price equal to the principal amount to be redeemed, plus interest accrued to the date of redemption, without premium.

Special Redemption. The Bonds will be subject to special mandatory redemption in whole in the event of a default under the terms of either the Standby Contribution Agreement or the Guaranty, upon payment by the Developer or the Guarantor, as applicable, of the principal amount of the Bonds plus interest accrued to the date of redemption, without premium, for such purpose. The date of redemption shall be the first day of the first calendar month after payment to the Trustee of such amount for which notice of redemption can be given as provided in the Indenture, not more than sixty (60) nor less than thirty (30) days prior to the date of redemption.

Mandatory Redemption. The Bonds maturing on July 15 in the following years, shall be redeemed on the following Redemption Dates and in the following amounts upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest but without premium.

Redemption Date (July 15)	Principal Amount
Bonds Maturing on July 15, 2023	
2016	$ 50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000
Bonds Maturing on July 15, 2029	
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000
Bonds Maturing on July 15, 2033	
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

EXHIBIT A

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

[Closing Date]

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

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B

WE HAVE ACTED as Bond Counsel to Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "Issuer") in connection with the issuance this date by the Issuer of bonds designated its District General Obligation Refunding Bonds, Series 2013A, in the principal amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the principal amount of $6,000,000 (hereinafter referred to as, collectively, the "Bonds") and otherwise as counsel to the Issuer. The Bonds (i) are issued under and secured by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the District Board of the Issuer on June 4, 2013 (hereinafter referred to as the "Resolution") and an Indenture of Trust and Security Agreement, dated as of July 1, 2013 (hereinafter referred to as the "Indenture"), from the Issuer to Wells Fargo Bank, N.A., as trustee (hereinafter referred to as the "Trustee"); (ii) are the subject of an Limited Offering Memorandum, dated July 2, 2013 (hereinafter referred to as the "Limited Offering Memorandum") and (iii) are being sold pursuant to a Purchase Contract, dated July 2, 2013 (hereinafter referred to as the "Purchase Contract"), by and between the Issuer and RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

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

(i) An executed copy of the Indenture;

(ii) An executed copy of the Purchase Contract;

(iii) An executed copy of the Limited Offering Memorandum;

(iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(v) an executed copy of a Standby Contribution Agreement, dated as of July 1, 2013 (hereinafter referred to as the "Standby Contribution Agreement"), by and among the Issuer, the Trustee and DMB White Tank, LLC (hereinafter referred to as the "Developer");

(vi) An executed copy of the Continuing Disclosure Undertaking, dated even date herewith (hereinafter referred to as, collectively with the Purchase Contract, the Indenture and the Standby Contribution Agreement, the "Issuer Documents"), from the Issuer;

(vii) Such other agreements, certificates (including particularly, but not by way of limitation, representations of each of the Developer and the Guarantor (as such term is defined in the Limited Offering Memorandum), opinions (including particularly, but not by way of limitation, opinions of counsel to each of the Developer and the Guarantor, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(viii) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee, the Developer and the Guarantor relating to the Limited Offering Memorandum and the Issuer Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the Issuer Documents, and the Bonds, (c) to approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited

Offering Memorandum, dated June 13, 2013 (the "Preliminary Limited Offering Memorandum"), with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Limited Offering Memorandum, the Resolution, the Issuer Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the District under, the Issuer Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the Issuer Documents and the Bonds and the consummation of the transactions contemplated by the Limited Offering Memorandum.

4. The Issuer has duly (a) adopted the Resolution, and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the Issuer Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Limited Offering Memorandum, the Bond Resolution, the Issuer Documents and the Bonds. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

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

6. Based solely upon a search of the records of the Superior Court in and for the State of Arizona, County of Maricopa and the United States District Court for the District of Arizona from ....., 2003, through ....., 2013, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no

basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Limited Offering Memorandum, the Bond Resolution, the Issuer Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the Issuer Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Limited Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. Further, there are no lawsuits pending or threatened against the Issuer which question the right of the Issuer to levy, receive and pledge ad valorem property taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Limited Offering Memorandum, the Bond Resolution, the Issuer Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum in the tax caption on the cover thereof, under the headings "INTRODUCTORY STATEMENT," "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT" (excluding "Property Valuations," "Net Secondary Assessed Valuations by Property Classification," "Net Secondary Assessed Valuations of Certain Taxpayers," "Record of Taxes Levied and Collected in the District," "Overlapping General Obligation Bonded Indebtedness" and "Additional Overlapping General Obligation Bonded Indebtedness"), "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE - The District," "LITIGATION," "TAX EXEMPTION," "BOND PREMIUM" and "RELATIONSHIPS AMONG PARTIES" (but solely as it relates to Bond Counsel) therein and in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," APPENDIX C - "FORM OF STANDBY CONTRIBUTION AGREEMENT," APPENDIX D - "FORM OF GUARANTY," APPENDIX E - "FORMS OF LEGAL OPINIONS," APPENDIX F - "FORM OF INVESTOR LETTER" and APPENDIX J - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds and fairly summarizes the information which it purports to summarize.

8. 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 were authorized and issued.

9. It is not necessary in connection with the issuance and sale of the Bonds to the public to register the Bonds, the Standby Contribution Agreement or

the Guaranty 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.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the Issuer Documents are dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the Issuer Documents by the other party thereto and to the extent that the enforceability of the Issuer Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the Issuer Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the Issuer Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

EXHIBIT B

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

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

District Board
Verrado District 1 Community Facilities
District (Town of Buckeye, Arizona)
c/o City of Mesa, Arizona
P.O. Box 14466
Mesa, Arizona 85326

Re: Verrado Community Facilities District No. 1 (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A, in the amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the amount of $6,000,000 (collectively, the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to DMB White Tank, LLC, an Arizona limited liability company (the "Owner"), DMB White Tank Holdings, a Delaware limited liability company ("DMB WT Holdings") and DMB Associates, Inc., an Arizona corporation ("DMB"), in connection with the transactions provided for by the documents referred to herein in connection with the sale and issuance of the captioned Bonds sold pursuant to a Purchase Contract, dated July 2, 2013 (hereinafter referred to as the "Purchase Contract"), by and between RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter") and Verrado District 1 Community Facilities District (hereinafter referred to as the "District"). Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

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. Limited Offering Memorandum issued by the District ("Limited Offering Memorandum");

2. Indenture of Trust and Security Agreement, by and between the District and Wells Fargo Bank, N.A., as Trustee, dated as of July 1, 2013 (the "Trustee");

3. Standby Contribution Agreement, by and among the District, the Owner and the Trustee, dated as of July 1, 2013 ("Standby Contribution Agreement");

4. First Amendment to Standby Contribution Agreement, by and among the District, the Owner and the Trustee, amending that certain Standby Contribution Agreement (Verrado District 1 Community Facilities District - Series 2006 Bonds), by and among the District, the Owner and Trustee, dated as of October 1, 2006 ("First Amendment");

5. Developer Indemnity Letter, by the Owner, of even date with the Purchase Contract ("Developer Indemnity Letter");

6. Guaranty, by and among the District, the Trustee and ABD ("Guaranty");

7. Guarantor Indemnity Letter, by ABD, of even date with the Purchase Contract ("Guarantor Indemnity Letter");

8. Developer Closing Certificate, by the Owner, of even date with the Purchase Contract;

9. Guarantor Closing Certificate, by ABD, of even date with the Purchase Contract;

10. 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;

11. 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;

12. Written Consent of Member of the Owner, effective June 4, 2013, by DMB, as Manager of DMB WT Holdings, as the sole Member 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 Agreement and the Developer Indemnity Letter);

13. Certificate of Good Standing of the Owner issued by the State of Arizona on May 29, 2013, a copy of which is included herewith;

14. Amended and Restated Operating Agreement of DMB WT Holdings dated October 1, 2010, between DMB Communities LLC, an Arizona limited liability company ("Communities") and DFE Real Estate Investments, LLC, an Arizona limited liability company ("DFE");

15. 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;

16. Written Consent of Members of DMB WT Holdings, effective June 4, 2013, by: (a) DMB, as the Manager of Communities, and (b) DFE PTC, a Delaware limited liability company on behalf of DFE Legacy Trust, dated January 14, 2010, and Argonaut Private Equity, LLC as Manager of Argonaut Holdings LLC, an Oklahoma limited liability company, as the Members of DFE;

17. Certificate of Good Standing of DMB WT Holdings issued by the State of Delaware on May 30, 2013, a copy of which is included herewith;

18. 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;

19. Amended and Restated Bylaws of DMB, dated October 1, 2012

20. 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;

21. Consent in Lieu of Annual Meeting of the Board of Directors of DMB, dated December 5, 2012, executed by Drew M. Brown, Bennett Dorrance and Mark N. Sklar (as to the election of officers and the ratification, approval and confirmation of lawful acts of the officers during the previous year, and the delegation of authority to the officers to execute and deliver agreements, contracts and other documents on behalf of DMB);

22. Consent in Lieu of Annual Meeting of the Shareholders of DMB, dated December 5, 2012 executed by Drew M. Brown, Trustee of The Brown Family Trust dated August 30, 1980, as amended, Bennett Dorrance, Trustee of The Bennett Dorrance Trust dated April 21, 1989, as amended, and Mark N. Sklar, Trustee of the Mark N. Sklar Trust dated May 18, 1972, as amended (as to the election of directors and the ratification, approval and confirmation of the lawful acts of the Corporation, its officers and members of the Board of Directors during the previous year);

23. Consent in Lieu of Meeting of the Shareholders of DMB, dated April 11, 2013, executed by Mark N. Sklar, Trustee of the Mark N. Sklar Trust dated May 18, 1972, as

amended, Drew M. Brown, Trustee of The Brown Family Trust dated August 30, 1980, as amended and Bennett Dorrance, as Trustee of The Bennett Dorrance Trust dated April 21, 1989, as amended (as to the ratification, approval and affirmation of actions of the Legacy Board);

24. Unanimous Written Consent of the Board of Directors of DMB, effective May 21, 2013, executed by Drew M. Brown, Mark N. Sklar, Bennett Dorrance, Susan Bansak, Dawn M. Olsen and Charley Freericks (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 Agreement and the Developer Indemnity Letter);

25. Certificate of Incumbency of DMB, dated May 21, 2013 executed by Andrew S. Beams, Executive Vice President/Chief Financial Officer/Treasurer (and by Directors Drew M. Brown, Mark N. Sklar, Bennett Dorrance, Susan Bansak, Dawn M. Olsen and Charley Freericks);

26. Certificate of Good Standing of DMB issued by the State of Arizona on May 29, 2013, a copy of which is included herewith;

27. Certificate of Executive Vice President/Secretary/General Counsel of DMB, dated June 4, 2013, a copy of which is included herewith;

28. Certificate of Executive Vice President/Chief Financial Officer/Treasurer of DMB, dated June 4, 2013, a copy of which is included herewith;

29. Opinion of Special Counsel to DFE, Communities, Realco, the shareholders of DMB ("DMB Shareholders") and ABD, dated July 8, 2013, in reference to DFE, Communities, Realco, the DMB Shareholders and ABD, for the benefit of Underwriter and the District and for the reliance by the law firm of Greenberg Traurig (to which we expressly refer, and upon which we rely, for the opinions expressed herein), a copy of which is included herewith; and

30. Certificate of Good Standing of ABD issued by the State of Arizona on May 29, 2013, a copy of which is included herewith.

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 7 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, DMB WT Holdings and DMB, as applicable, and are in compliance with all laws, rules or regulations governing the parties thereto other than the Owner, DMB WT Holdings 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, First Amendment or Developer Indemnity Letter (collectively, the "Developer Documents") or the Guaranty or Guarantor Indemnity Letter (collectively, the "Guarantor 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 Underwriter and the District have 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 and ABD. 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 ABD or their respective business, assets or financial condition that are entirely those of the Owner or ABD, respectively, 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 WT Holdings is a limited liability company, duly formed and existing under the laws of the State of Delaware and, based solely on the Document listed in

paragraph 15, qualified to do business in the State of Arizona and has the requisite limited liability company power and authority under the laws of the State of Delaware to enter into and perform its obligations under the Document listed in paragraph 12.

4. DMB WT Holdings has taken all necessary limited liability company actions 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. 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 Document listed in paragraph 24 [authorizing resolution].

6. 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.

7. 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.

8. The Guarantor Documents constitute the valid and legally binding obligations of ABD, enforceable against ABD in accordance with their terms.

9. 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 WT Holdings or DMB or, to our knowledge, any agreement or other instrument to which the Owner, DMB WT 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 WT 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.

10. 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, and as described in the Limited Offering Memorandum, except for such actions, approvals, authorizations, consents and orders that the Owner would expect to obtain in the ordinary course of its business.

11. To our knowledge, none of the Owner, DMB WT 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 .

12. 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 WT 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 WT 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.

13. To our knowledge, the information contained in the Limited Offering Memorandum pertaining to the Owner and the Verrado planned community (referred to therein as the "Project") under the headings "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - General," "- The Standby Contribution Agreement," and "- The Guaranty and the Guarantor," "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE - Public Infrastructure," GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER," and "RISK FACTORS," respectively, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review we have not undertaken to determine independently the accuracy, completeness or fairness of the other statements contained therein except as and to the extent provided in this paragraph and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, we have not acquired any knowledge that the Official Statement (except for the financial information and notes thereto and schedules and other financial or statistical date included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which the statements are made, not misleading.

The opinions expressed herein are subject to the following qualifications:

(i) Enforceability of the Developer Documents and enforceability of the Guarantor Documents, respectively, 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 and the Guarantor Documents, respectively, 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 and of the Guarantor Documents, respectively, 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 or the Guarantor Documents, as applicable, 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 and/or the Guarantor 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 of ABD or any affiliate of ABD, respectively, or their respective business operations or financial ability to perform under the Developer Documents and the Guarantor Documents, as applicable, 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; provided, we hereby consent to the references made to this firm in the Limited Offering Memorandum.

Respectfully submitted,

EXHIBIT C

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

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

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B

This opinion is rendered pursuant to the Purchase Contract, dated July 2, 2013 (the "Purchase Contract"), by and between Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District") and RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter"), relating to the purchase by the Underwriter from the District of its District General Obligation Refunding Bonds, Series 2013A, in the principal amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the principal amount of $6,000,000 (hereinafter referred to as, collectively, the "Bonds"), and as counsel to the Underwriter solely for its use in connection with the issuance and the sale of the Bonds to the Underwriter by the District.

We have examined the Limited Offering Memorandum relating to the Bonds (hereinafter referred to as the "Limited Offering Memorandum"). We also have examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed other laws and information and have made investigations, as we have considered necessary or appropriate, for the purpose of rendering this opinion.

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

Offering Memorandum and representatives of the District and the Developer (as defined in the Limited Offering Memorandum) concerning the contents of the Limited Offering Memorandum and related matters. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Limited Offering Memorandum, on the basis of the information which was developed in the course of our performance of the services referred to hereinabove and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the Limited Offering Memorandum, at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Limited Offering Memorandum, in light of the circumstances under which such statements were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the information contained in the Limited Offering Memorandum on the cover thereof, under the heading 'TAX EXEMPTION thereto nor the financial information or other technical or statistical data included in the Limited Offering Memorandum or its Appendices nor to any information with respect to the Developer, as to all of which we express no opinion.

Respectfully submitted,

DEVELOPER INDEMNITY LETTER
FOR
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

July 2, 2013

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

District Board
Verrado District 1 Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B

This Indemnity Letter is delivered by DMB White Tank, LLC, an Arizona limited liability company (hereinafter referred to as the "Developer"), in order to induce RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter") and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District"), to enter into the Purchase Contract, dated July 2, 2013 (hereinafter referred to as the "Purchase Contract"), related to the sale and purchase by the Underwriter and District of the captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

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

(a) The Developer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Arizona and has the requisite limited liability company power to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - The Standby Contribution Agreement," "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE - Public Infrastructure," "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER" and "RISK FACTORS," taken as a whole, is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter and the Standby Contribution Agreement (hereinafter referred to as, collectively, the "Developer Documents") nor the consummation of any of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, contravenes the organizational documents of the Developer or conflicts with or results in a breach by the Developer of any of the terms, conditions or provisions of, or constitute a default by the Developer under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Developer is a party or by which it is bound or to which any of the property or assets of the Developer is subject, or any law or any order, rule or regulation applicable to the Developer of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Developer or any of its properties or operations, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Developer under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation, in each case which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Developer taken as a whole.

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

(e) The Developer has the full power and authority to execute and deliver the Developer Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and the Developer Documents, and the Developer Documents have been duly authorized by the Developer and, when executed will constitute valid, binding and enforceable obligations of the Developer except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by the Developer of the transactions contemplated by the Purchase Contract and the Developer Documents; provided that no representation is made as to the compliance of the offer and sale of the Bonds with any securities law or regulation (except with respect to Section 1(b) hereof) or any consents, approvals, authorizations or other action by the District.

2. To the extent permitted by law, the Developer shall indemnify and hold harmless the Underwriter and each director, trustee, partner, member, officer, official, counsel, bond counsel, financial advisor or employee thereof and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended (the Underwriter and any such person being herein called an "Underwriter Indemnified Party") and the District and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the District within the meaning of the Securities Act of 1933, as amended (the District and any such person being herein called a "District Indemnified Party" and, together with each Underwriter Indemnified Party, the "Indemnified Parties"), for, from and against any and all losses, claims, damages or liabilities, several as to the Underwriter Indemnified Parties, but joint or several as to the District Indemnified Parties, (i) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in the information identified in Section 1(b) above in the Limited Offering Memorandum or any amendment or supplement thereto, taken as a whole, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such section(s) or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Limited Offering Memorandum and (ii) with respect to a District Indemnified Party only, to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened to the extent arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Developer (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Developer, notify the Developer in writing of the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the

liability of the Developer by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Developer, but the omission to notify the Developer of any such action shall not relieve the Developer from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Developer of the commencement thereof, the Developer may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel reasonably satisfactory to such Indemnified Party and the Developer (it being understood that, except as hereinafter provided, the Developer shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Developer to such Indemnified Party of an election so to assume the defenses thereof, the Developer will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until the Developer assumes the defense of any such action at the request of such Indemnified Party, the Developer shall have the right to participate at its own expense in the defense of any such action. If the Developer shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Developer (in which case the Developer shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Developer.

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

4. This letter is solely for the benefit of the Underwriter and the District and its successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. The Developer hereby consents to the references made to the Developer in the Limited Offering Memorandum.

Respectfully submitted,

DMB WHITE TANK, LLC,
an Arizona limited liability company

By: DMB WHITE TANK HOLDINGS, LLC,
a Delaware limited liability company, its Member

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

By: .....
Andrew S. Beams,
Executive Vice President and
Chief Financial
Officer/Treasurer

ATTACHMENT II

GUARANTOR INDEMNITY LETTER
FOR
VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

July 2, 2013

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

District Board
Verrado District 1 Community Facilities
District (Town of Buckeye, Arizona)
c/o Town of Buckeye, Arizona
100 North Apache, Suite A
Buckeye, Arizona 85326

Attention: District Manager

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B

This Indemnity Letter is delivered by ABD Investments Limited Partnership, an Arizona limited partnership (hereinafter referred to as the "Guarantor"), in order to induce RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter") and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District"), to enter into the Purchase Contract, dated July 2, 2013 (hereinafter referred to as the "Purchase Contract"), related to the sale and purchase by the Underwriter and District of the

captioned Bonds (hereinafter referred to as the "Bonds"). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

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

(a) The Guarantor is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Arizona and is qualified to transact business in the State of Arizona.

(b) As of the date of the Preliminary Limited Offering Memorandum, the information in the Preliminary Limited Offering Memorandum under the headings "SECURITY FOR AND SOURCES OF PAYMENT - The Guaranty" and "- The Guarantor" and "RISK FACTORS," taken as a whole, is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter or the Guaranty, dated as of July 1, 2013, from the Guarantor (hereinafter referred to as, collectively, the "Guarantor Documents") nor the consummation of any of the transactions herein and therein contemplated, nor the fulfillment of, or compliance with, the terms hereof or thereof, contravenes the organizational documents of the Guarantor or conflicts with or results in a breach by the Guarantor of any of the terms, conditions or provisions of, or constitute a default by the Guarantor under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Guarantor is a party or by which it is bound or to which any of the property or assets of the Guarantor is subject, or any law or any order, rule or regulation applicable to the Guarantor of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Guarantor or any of its properties or operations, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Guarantor under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation, in each case which would materially affect the business, properties, assets, liabilities or conditions (financial or otherwise) of the Guarantor taken as a whole.

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

(e) The Guarantor has the full power and authority to execute and deliver the Guarantor Documents and perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Purchase Contract and the Guarantor Documents, and the Guarantor Documents have been duly authorized by the Guarantor and, when executed will constitute valid, binding and enforceable obligations of the Guarantor except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and general principles of equity and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by the Guarantor of the transactions contemplated by the Purchase Contract and the Guarantor Documents; provided that no representation is made as to the compliance of the offer and sale of the Bonds with any securities law or regulation (except with respect to Section 1(b) hereof) or any consents, approvals, authorizations or other action by the Town or the District.

2. To the extent permitted by law, the Guarantor shall indemnify and hold harmless the Underwriter and each director, trustee, partner, member, officer, official, counsel, bond counsel, financial advisor or employee thereof and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended (the Underwriter and any such person being herein called an "Underwriter Indemnified Party") and the District and each director, trustee, partner, member, officer, official or employee thereof and each person, if any, who controls the District within the meaning of the Securities Act of 1933, as amended (the District and any such person being herein called a "District Indemnified Party" and, together with each Underwriter Indemnified Party, the "Indemnified Parties"), for, from and against any and all losses, claims, damages or liabilities, several as to the Underwriter Indemnified Parties, but joint or several as to the District Indemnified Parties, (i) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in the information identified in Section 1(b) above in the Limited Offering Memorandum or any amendment or supplement thereto, taken as a whole, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated in such section(s) or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Limited Offering Memorandum and (ii) with respect to a District Indemnified Party only, to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened to the extent arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Guarantor (which consent shall not be unreasonably withheld).

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Guarantor, notify the Guarantor in writing of

the commencement thereof. Failure of the Indemnified Party to give such notice will reduce the liability of the Guarantor by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Guarantor, but the omission to notify the Guarantor of any such action shall not relieve the Guarantor from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Guarantor of the commencement thereof, the Guarantor may, or if so requested by such Indemnified Party shall, participate therein or assume the defenses thereof, with counsel reasonably satisfactory to such Indemnified Party and the Guarantor (it being understood that, except as hereinafter provided, the Guarantor shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Guarantor to such Indemnified Party of an election so to assume the defenses thereof, the Guarantor will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until the Guarantor assumes the defense of any such action at the request of such Indemnified Party, the Guarantor shall have the right to participate at its own expense in the defense of any such action. If the Guarantor shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Guarantor (in which case the Guarantor shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Guarantor.

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

4. This letter is solely for the benefit of the Underwriter and the District and its successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms "successors" and "assigns" as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. The Guarantor hereby consents to the references made to the Guarantor in the Limited Offering Memorandum.

Respectfully submitted,

ABD INVESTMENTS LIMITED PARTNERSHIP,
an Arizona limited partnership

By: HANK, INC., an Arizona Corporation,
its Managing General Partner

By: _____
Its: ~~President~~ CEO

FIRST AMENDMENT TO STANDBY CONTRIBUTION AGREEMENT

DATED AS OF JULY 1, 2013

BY AND AMONG

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

DMB WHITE TANK, LLC

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION,
AS TRUSTEE

This **FIRST AMENDMENT TO STANDBY CONTRIBUTION AGREEMENT**, dated as of July 1, 2013, is made by and among Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*"), DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*") and Wells Fargo Bank, National Association, as trustee (the "*Trustee*") under that certain Indenture of Trust and Security Agreement, dated as of October 1, 2006 (the "*Indenture*").

RECITALS

A. The Issuer has issued its District General Obligation Bonds, Series 2006 in the aggregate principal amount of $18,600,000 (the "*2006 Bonds*") under and pursuant to the Indenture.

B. The parties hereto entered into a Standby Contribution Agreement, dated as of October 1, 2006 (the "*2006 Standby Contribution Agreement*"), to provide additional security to the repayment of the 2006 Bonds.

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 Development under the 2006 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 2006 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 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. <u>Amendment to Section 2.1(D) of 2006 Standby Contribution Agreement</u>.

Section 2.1(D) of the 2006 Standby Contribution Agreement is hereby amended and restated, in whole, as follows:

(D) For the purpose of calculating the amounts due from the Developer hereunder, 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 2006 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 any refunding bonds.

Section 2. <u>Effect of Amendment</u>. In all other respects, the 2006 Standby Contribution Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the Additional Standby Contribution Agreement shall remain in full force and effect pursuant to its terms.

Section 3. **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 the Standby Contribution Amendment 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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District ~~Manager~~ Chairman

ATTEST:

District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By:_____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

WELLS FARGO BANK, N.A., as Trustee

By_____
Its_____

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Standby Contribution Amendment 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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District Manager

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By:_____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

WELLS FARGO BANK, N.A., as Trustee

By_____
Its_____

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Standby Contribution Amendment 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 (TOWN OF BUCKEYE, ARIZONA)

By_____
District Manager

ATTEST:

_____
District Clerk

DMB WHITE TANK, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By:_____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By_____
Its VICE PRESIDENT

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

COUNTY ASSESSOR'S CERTIFICATE

In order to derive the applicable percentage specified in Title 48, Chapter 4, Article 6, Arizona Revised Statutes, I, the undersigned, hereby certify that the **total full cash value** of all of the taxable property within the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) is $ 506,451,824 as shown on the most recent assessment roll for State and County taxes established on the third Monday in August, 2012.

DATED: July 10, 2013.

MARICOPA COUNTY ASSESSOR

Timothy L Bruce

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

DISTRICT CLOSING CERTIFICATE AND CERTIFICATE AS TO TAX MATTERS

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

A. Execution and Terms.

1. General. We have executed $20,400,000 principal amount of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A (the "*Refunding Bonds*") and $6,000,000 principal amount of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B (the "*Project Bonds*" and, together with the Refunding Bonds, the "*Bonds*"), and we are the duly elected, qualified and acting officers indicated therein and authorized to execute the typewritten Bonds. We further certify that we have executed the Bonds by having our signatures affixed to the Bonds by mechanical reproduction and we hereby adopt as and for our respective signatures the respective signatures shown on the Bonds. The Bonds are dated July 12, 2013, and are in the denomination of $100,000 each or integral multiples of $5,000 in excess thereof. The Bonds mature on the dates and in the amounts and bear interest at the rates set forth on the attached *Exhibit A*.

2. Optional Redemption. The Bonds maturing after July 15, 2024, are subject to call for redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at the price equal to the principal amount to be redeemed, without premium, plus accrued interest to the redemption date.

3. Mandatory Redemption. The Bonds of the indicated series maturing on July 15 of the following year, are subject to mandatory redemption on July 15 of the following years and in the following principal amounts at the price of one hundred percent (100%) of the principal amount of the Bonds or portion thereof being redeemed, plus accrued interest to the redemption date, without premium:

Project Bonds Maturing on July 15, 2023

Year (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Refunding Bonds Maturing on July 15, 2027

Year (July 15)	Principal Amount
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

Project Bonds Maturing on July 15, 2029

Year (July 15)	Principal Amount
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

Project Bonds Maturing on July 15, 2033

Year (July 15)	Principal Amount
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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

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

1. The Resolution. (a) On June 4, 2013, Resolution 05-13 of the District Board (the "*Resolution*") was duly adopted at a duly called meeting (the "*Meeting*") of the District Board, at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

(b) The Resolution duly authorized the issuance and sale of the Bonds and execution and delivery of the Purchase Contract for the Bonds, dated July 2, 2013 (the "*Purchase Contract*"), by and between the District and RBC Capital Markets, LLC, the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*Indenture*") from the District to Wells Fargo Bank, National Association, as trustee (the "*Trustee*"), the Standby Contribution Agreement, dated as of July 1, 2013 (the "*Standby Contribution Agreement*") by and among the District, DMB White Tank, LLC (the "*Owner*") and the Trustee and the First Amendment dated as of July 1, 2013 to Standby Contribution Agreement dated as of October 1, 2006 by and among the District, the Owner and the Trustee (the "*First Amendment to 2006 Agreement*"), (collectively, the Purchase Contract, Indenture, the Standby Contribution Agreement and First Amendment to 2006 Agreement, are hereafter referred to as the "*District Documents*").

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

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

2. Purchase Contract. The representations, warranties and covenants contained in the Purchase Contract for the Bonds 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;

3. No Litigation. Except as described in the Limited Offering Memorandum, dated July 2, 2013 relating to the Bonds (the "*Limited Offering Memorandum*"), no litigation is pending or threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the District of the provisions of the District Documents or the levy of ad valorem taxes for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, the Purchase Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the District;

4. No Repeal. 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 undersigneds;

5. Compliance with Agreements and Satisfaction of Conditions. The District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the date of the payment for and initial delivery of the Bonds;

6. Limited Offering Memorandum. The District has caused to be delivered to the Underwriter the Limited Offering Memorandum and hereby reaffirms that said Limited Offering Memorandum incorporates all preceding documents containing information concerning the Bonds and is deemed to be the final Limited Offering Memorandum as defined in Securities and Exchange Commission Rule 15c2-12 with respect to the Bonds. The Limited Offering Memorandum was, as of its date, and, as of the date hereof, is true, correct and complete in all material respects and did not, as of its date, and does not, as of the date hereof, include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading and no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Limited Offering Memorandum which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; provided that, as to the information provided by the Owner relating to the Owner and the Project, the District is relying solely on the information provided.

C. Tax Certifications. We further certify, in good faith, (i) that we are duly authorized officers of the District charged with the responsibility of issuing the Bonds; (ii) as to the following expectations of the District regarding the Bonds as of the date hereof, which is the date of issuance and delivery of the Bonds against payment therefor; and (iii) as to the following facts and estimates upon which such expectations are based.

1. The Project. The Refunding Bonds are being issued to provide funds to currently refund the District General Obligation Bonds, Series 2003, dated April 1, 2003, maturing on July 15, 2013, July 15, 2017 and July 15, 2027 in the aggregate principal amount of $20,400,000 (collectively, the "*Bond Being Refunded*"). The Project Bonds are being issued to acquire the project shown on the attached *Exhibit B* and to pay the expenses of issuance of the Bonds (collectively, the "*Project*").

2. Sources, Uses and Proceeds. (a) The District has received from the sale of the Bonds the following amounts:

Principal	$26,400,000.00
Plus: Original Issue Premium	706,637.40
Less purchaser's compensation	(528,000.00)
TOTAL AMOUNT RECEIVED FROM BOND SALE	
Plus: Developer Contribution	783,840.00
TOTAL AMOUNT RECEIVED	$27,362,477.40

(b) The "Issue Price", "Sale Proceeds", "Net Sale Proceeds" and "Minor Portion" for the Bonds are as set forth below:

Principal Amount of Bonds	$26,400,000.00
Pre-Issuance Accrued Interest	0.00
Net Premium	706,637.40
"Issue Price"	$27,106,637.40
Less Pre-Issuance Accrued Interest	(0.00)
"Sale Proceeds"	$27,106,637.40
Less Sale Proceeds deposited in Reserve	0.00
Less "Minor Portion"	(100,000.00)
"Net Sales Proceeds"	$27,006,637.40

3. Expenditure Test. (a) The District expects that the Net Sale Proceeds and investment proceeds of the Bonds will be allocated to expenditures for capital projects.

(b) The District has incurred, or within six months from the date hereof will incur, binding obligations to commence, acquire or construct the Project and to expend thereon at least 5% of the Net Sale Proceeds. The binding obligation consists of one or more contracts for acquisition or construction of the Project which are not subject to contingencies which are within the District's or a related party's control.

(c) Completion of the Project and the allocation of the Net Sale Proceeds to expenditures will proceed with due diligence.

(d) At least eighty-five percent (85%) of the Net Sale Proceeds will be allocated to expenditures on the Project within three (3) years of the date hereof.

4. No Abuse in Maturity. Neither the issuance of the Bonds nor any other action of the District will result in issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. The weighted average maturity of the portion of the proceeds of the Bonds that is to be used to finance the Project does not exceed 120% of the average reasonably expected economic life of the Project. The amount received from the sale of the Bonds plus all expected investment income or gain thereon, will not exceed the amount necessary for the governmental purposes for which the Bonds are being issued by more than the Minor Portion.

5. No Abuse in Amount. The amount received from the sale of the Bonds plus all expected investment income or gain received from the amount received from the sale of the Bonds will not exceed the amount necessary for the purposes for which the Bonds are being issued by more than five percent (5%), and any excess within such five percent (5%) is necessary as a reasonable amount to cover contingencies which may arise on projects such as the Project.

6. Investment Earnings. Any amounts received from investment or reinvestment of amounts received from the sale of the Bonds, or from investment of amounts derived from such investments, will be expended to pay interest on the Bonds during construction and any such amounts not expended within such period will be expended within one (1) year of receipt or commingled within one year of receipt for the purpose of accounting for expenditures with substantial tax revenues of the District. Any such commingled amounts shall within six (6) months from the date of such commingling, be expended for governmental purposes.

7 Disposition of Project. The District does not expect to dispose of the Project prior to the maturity of all of the Bonds except by transfer to the Town of Buckeye, Maricopa County or other political subdivision of the State of Arizona.

8. Bona Fide Debt Service Fund. It is expected that principal and interest on the Bonds will be paid from moneys received by the District within thirteen (13) months prior to being so spent, except for amounts received from the sale of the Bonds to be so spent, which will be so spent within three (3) years from the date hereof, and amounts derived from investment of amounts received from the sale of the Bonds to be so spent, which will be so spent within three (3) years from this date or within one (1) year from receipt. Moneys referred to above, other than any moneys received from the sale of the Bonds, are expected to be received each year in amounts equaling or exceeding the amount of debt service to be paid on the Bonds in that bond year. Moneys to be used to pay debt service will be credited to a fund which, to the extent it is expected to be used to pay the debt service on the Bonds, 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 year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year.

9. No Replacement. Amounts received from the sale of the Bonds and amounts derived from investment of such amounts will not replace, directly or indirectly, moneys used directly or indirectly to acquire investments which could legally and practically be used to finance the Project, the District having on hand no funds which could be used to finance the Project which are not pledged, budgeted, earmarked or expected to be used for other purposes.

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

11. No Reserve or Sinking Fund. Other than the fund described in paragraph 8 and the funds described in this paragraph 11, there are no funds or accounts which are reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds or which is directly or indirectly pledged to pay principal or interest on the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay principal or interest on the Bonds if the District encounters financial difficulties. Pursuant to the Standby Contribution Agreement and the Guaranty, funds are held and additional funds may be deposited and held in the future to supplement tax revenues until released pursuant to the Indenture.

12. Single Issue. The Refunding Bonds and the Project Bonds are being sold together as part of the same issue. No other obligations are being issued (i) at substantially the same time as the Bonds, (ii) pursuant to the same plan of financing, and (iii) payable out of 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 Refunding Bonds and the Project Bonds are a part of the same issue with the Bonds.

13. Elect Actual Facts. Pursuant to Treasury Regulations Section 1.148-7(2), the District elects to apply the provisions of paragraphs (e) through (m) of Section 1.148-7 based on actual facts.

14. Gross Proceeds. Other than the Sale Proceeds and amounts received as investment earnings on the Sale Proceeds and amounts held in the funds described in paragraphs 8 and 11 hereof, there will be no other Gross Proceeds of the Bonds (as described in Treasury Regulation Section 1.148.1(b)).

15. Expectations Reasonable. To the best of our knowledge and belief, the foregoing expectations of the District are reasonable. No notice has been published in the Internal Revenue Bulletin that the District has been disqualified from certifying its expectations concerning its bond issues in certificates such as this one, and the undersigned have not been advised that such notice is contemplated.

D. Tax Covenants. In the Resolution of the District Board authorizing the issuance of the Bonds, the District Board covenanted to comply with requirements necessary in order for interest on the Bonds to remain excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "*Code*"). To implement the covenants in the Resolution, we further certify and represent to and covenant with the Owners from time to time of the Bonds as set forth in this Certificate, unless and until the District receives the opinion of Gust Rosenfeld P.L.C., or any nationally recognized bond counsel as successor thereto, to the effect that continued compliance with such provision is not necessary for interest on the Bonds to remain excluded from gross income for federal income tax purposes under the Code. The District certifies and represents to and covenants with the Owners from time to time of the Bonds as set forth below:

1. No Private Use. No portion of the proceeds of the Bonds will be used to finance an output facility (within the meaning of the Code). The District will not use any of the proceeds of the Bonds or any of the property acquired, constructed, remodeled, renovated or equipped out of the proceeds of the Bonds or any proceeds of disposition of such property or suffer or permit such property or proceeds to be used in such a manner that (a) ten percent (10%) or more of the proceeds of the Bonds are used directly or indirectly in any activity constituting a trade or business by entities other than state or local governmental units (except for use on the same basis as the general public), (b) five percent (5%) or more of the proceeds of the Bonds are used as described in (a) either (i) in a manner unrelated to the governmental purpose for which the Bonds are issued or (ii) in a manner related to a governmental purpose for which the Bonds are issued, but in an amount in excess of the amount used for the governmental purpose to which such use relates; or (c) five percent (5%) (or $5,000,000, if less) of the proceeds of the Bonds are used directly or indirectly to make or finance loans to entities other than state or local governmental units (other than being used to acquire or carry investments which are not being acquired for the purpose of carrying out the purpose for which the Bonds are issued).

2. No Private Payment. The District will not cause the payment of the principal of, or interest on more than ten percent (10%) of the proceeds of the Bonds to be (under the terms of the issue or any underlying arrangement), directly or indirectly, (a) secured by any interest in (i) property used or to be used in a trade or business carried on by a person other than a state or local governmental unit (except for use on the same basis as the general public), or (ii) payments in respect of such property; or (b) to be 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.

3. Arbitrage Restrictions. (a) For purposes of arbitrage restrictions, "yield" means that discount rate which when used in computing the present value as of the date hereof of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Bonds and amounts reasonably expected to be paid as fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of this date. In determining the yield on the Bonds, the issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., not less than ten percent (10%) of such maturity) were reasonably expected to be sold as of the sale date.

(b) The yield on an investment allocated to the Bonds is the discount rate that, when used in computing the present value as of the date the investment is first allocated to the Bonds of all unconditionally payable receipts from the investment (using the same compounding intervals and financial conventions used to compute the yield on the Bonds), produces an amount equal to the present value of all unconditionally payable payments for the investment. The purchase price used in determining its yield will be the market price on an established market.

(c) No proceeds of the Bonds are expected to be used directly or indirectly to acquire any security, obligation, annuity contract or other investment property (other than a tax-exempt obligation) which produces a materially higher yield than the yield on the Bonds; provided, the District may invest a Minor Portion in such higher yielding investments and may invest in such higher yielding investments during any applicable temporary period.

(d) Proceeds of the Bonds will not be invested (in other than tax-exempt bonds) in investments with a materially higher yield than the yield on the Bonds beyond the date of issuance of refunding bonds to advance refund the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

(e) The District will not invest any proceeds of the Bonds in higher yielding investments as part of a reserve or replacement fund or deposit any proceeds from the sale of the Bonds in such a fund.

DATED: July 3, 2013.

	OFFICIAL TITLE
_____,	Chairman, Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)
_____,	Clerk, Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)

[Signature page to District Closing Certificate and Certificate as to Tax Matters]

EXHIBIT A

REFUNDING BONDS, SERIES 2013A
MATURITY SCHEDULE

Maturity Date (July 15)	Principal Amount	Interest Rate
2014	$ 720,000	2.00%
2015	1,295,000	4.00%
2016	1,280,000	4.00%
2017	1,365,000	4.00%
2018	1,245,000	4.00%
2019	1,320,000	4.25%
2020	1,400,000	5.00%
2021	1,485,000	5.00%
2022	1,570,000	5.00%
2023	1,650,000	5.00%
2027*	7,070,000	6.00%

* Term Bond

PROJECT BONDS, SERIES 2013B
MATURITY SCHEDULE

Maturity Date (July 15)	Principal Amount	Interest Rate
2023*	$1,060,000	5.00%
2029*	2,320,000	5.70%
2033*	2,620,000	6.00%

* Term Bonds

EXHIBIT B

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

LIST OF PROJECTS TO BE FINANCED
WITH BOND PROCEEDS

"*Project*" shall mean the construction or acquisition of public infrastructure (as such term is defined in the Act) described in the Feasibility Study, dated June 4, 2013, including particularly the construction or acquisition by the District of the following:

(See attached)

Project Descriptions	Estimated Cost	To be Paid By the Project Bonds
A. Phase 2 Roadway & Landscape Improvements – represents balance of payments for improvements previously conveyed to the District 1 on 11/4/08. Includes roadway and landscape improvements (street trees and irrigation only) on Hamilton St. and Delaney Dr. in Phase 2W previously approved and conveyed to District 1. Total approved amount to be funded by District 1 from proceeds of the Series 2006 Bond was $444,249. District 1 funded $3,440.93 of this amount on 12/3/08 resulting in $440,808 remaining to be reimbursed.	$440,808	$440,808
B. Phase 2 Infrastructure: Dry Utility Trench & Conduit & Street Lights – Includes dry utility trench & conduit and street lighting within previously completed collector roadway segments {Thomas Rd., Heritage St., Hamilton St., Western Dr. and Delaney Dr.) in Phase 2W.	1,023,977	1,023,977
C. Pioneer Drive 3E – Roadway improvements for a 0.5-mile collector road in Phase 3 East adjacent to High School, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	536,670	536,670
D. Highlands Drive 3N – Roadway improvements for a 0.25-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	183,206	183,206
E. Regent Street 3N – Roadway improvements for a 0.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	383,799	383,799
F. Sunrise Lane 3N- Roadway improvements for a 0.75-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	2,084,978	2,084,978
G. Walton Park Restrooms - Restroom facility in the Phase 1 District Park ("Walton Park")	188,931	188,931
H. Welcome Center Roadway (Verrado Way/McDowell Road) - Roadway improvements at Verrado Way and McDowell Rd. for access to new Welcome Center, including storm drain, concrete, paving, dry utility trench and conduit, street lighting and signage.	390,115	390,115
I. Indian School Road – Roadway improvements for a 1.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving and dry utility trench and conduit.	938,173	767,516
J. Bulldozer Wash & McDowell Basin - Includes grading, concrete structures, erosion protection and drainage improvements for Bulldozer Wash and McDowell Basin (SR42), a 1.25 mile regional drainage channel and retention basin. Refer to item "P" for completed landscape improvements.	$1,646,889	$0
K. **Verrado Way (I10-Market Street)** – Roadway improvements for a 0.25-mile arterial roadway expansion from 4 lanes to 6 lanes, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscaping.	579,243	$0
L **Western Channel (Pahse 2W)** – Grading, drainage and Landscape & irrigation improvements for a 0.5-mile drainage channel in Phase 2 West.	350,000	$0
M. **Phase 1BS, 2E and 2W Groundcover Landscape Improvements** – Includes finish groundcover landscaping and irrigation on previously completed roadways in Phase 1BS, 2E and 2W per ongoing job order contracts. Portions of these segments are complete or near complete.	204,603	$0
Total Estimated Costs for Projects	$8,951,392	$6,000,000

JTG:akr 1993719.3 7/10/2013

The Developer or other applicable entity will dedicate or otherwise transfer all portions of the Pulic Infrastructure to the Town and costs to operate and maintain the same shall be paid as necessary from the $0.30 per $100 secondary assessed valuation ad valorem property tax levied by the District for such purpose.

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

ISSUER REQUEST FOR DISBURSEMENT OF COSTS OF ISSUANCE AND RELEASE OF FUNDS HELD IN DEVELOPER PAYMENT ACCOUNT

The Trustee is hereby requested to pay from the Acquisition Fund established by the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*Indenture*"), between Wells Fargo Bank, National Association, the trustee ("*Trustee*"), and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*") to the parties designated below as Payees. The amount shown below is due and payable and has not formed the basis of any prior request for payment.

Check applicable paragraph:

■ The disbursement is for payment or reimbursement of a Delivery Cost properly chargeable to the Acquisition Fund; or

☐ The disbursement is for payment or reimbursement of an Acquisition Cost and (i) no more than 5% of the amount requested is or will be used for any private business use within the meaning of Section 141(b)(2) of the Code and (ii) the amount is properly chargeable to the Acquisition and Construction Fund.

Payee: See Exhibit A

Address: See Exhibit A

Amounts: See Exhibit A

Wells Fargo Bank, National Association, as trustee (the "2006 Trustee"), under the Indenture of Trust and Security Agreement, dated as of October 1, 2006 (the "2006 Indenture"), between the Issuer and the 2006 Trustee, is hereby requested to release $1,702,010.00 from the Series 2006 Developer Payment Account established and held under the 2006 Indenture and direct such funds to DMB Associates, Inc. pursuant to wire instructions provided in the closing memorandum relating to the above-captioned bonds. Such funds shall be released upon the redemption of the Bonds Being Refunded (as defined in the Indenture) on July 15, 2013.

Dated: July 3, 2013.

By Stephen C Cleveland
District Manager

[SIGNATURE PAGE TO DISBURSEMENT REQUEST]

EXHIBIT A

COSTS OF ISSUANCE

The following expenses are to be paid by the Trustee from the Acquisition Fund deposited with the Trustee for that purpose:

Bond counsel (Gust Rosenfeld P.L.C., One East Washington Street, Suite 1600, Phoenix, Arizona 85004-2553) fees and expenses	$90,000.00
Underwriter's counsel (Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016) fees and expenses	50,000.00
Financial advisor (Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016 fees and expenses	98,024.57
Trustee fees (Wells Fargo Bank, National Association (707 Wilshire Blvd., 17th Floor, MAC: E2818-176, Los Angeles, California 90017)	5,000.00
Preliminary and Final Offering Memorandum (Wold Printing Services, Ltd. 26639 W. Commerce Drive, Suite 402, Volo, IL 60073)	2,071.24
TOTAL	$244,095.81

JTG:akr 1993617.3 7/15/2013

Your Account With

GUST ROSENFELD P.L.C.

One E. Washington Street, Suite 1600

Phoenix, Arizona 85004-2553

602.257.7422

Grace Yang, Vice President
Relationship Manager
Wells Fargo Bank, N.A.
Corporate, Municipal & Escrow Services
MAC: E2818-176
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

Date:	July 12, 2013
Attorney:	Scott W. Ruby
Our File No.:	#006718-00298

Legal Services Rendered

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Project Bonds, Series 2013B

FOR LEGAL SERVICES rendered as Bond Counsel in connection with the issuance of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Project Bonds, Series 2013B including costs

TOTAL AMOUNT DUE FOR THIS MATTER $90,000.00

Wire Transfer
1-888-384-8400
Branch Office
(602) 378-6421 – Steven Calhoun
FAX (866) 263-2439
Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco, CA 94104
Account No. 3317939217
Gust Rosenfeld P.L.C.
One E. Washington Street, Suite 1600
Phoenix, AZ 85004-2553
Wiring Transfer Routing Transit Number 121000248

GREENBERG TRAURIG, LLP

ATTORNEYS AT LAW

SUITE 700
2375 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016
602.445.8000
FAX 602.445.8100

IRS 13-3613083

June 12, 2013

Mr. Nicholas J. Dodd
Director
RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

File No. 054938.104300

SERVICES RENDERED as Underwriter's Counsel in connection with the delivery of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) $20,400,000 District General Obligation Refunding Bonds, Series 2013A and $6,000,000 District General Obligation Project Bonds, Series 2013B including costs — $50,000.00

WIRE TRANSFER INSTRUCTIONS

Bank name:	Wells Fargo Bank
ABA number:	121000248
Account name:	Greenberg Traurig Depository Account
Account number	2000014648663
Reference:	Michael Cafiso/054938.104300

STIFEL

2325 E. Camelback Road
Suite 750
Phoenix, AZ 85016

Invoice

Date	Invoice #
7/12/2013	AZ1307003

Bill To

Verrado Community Facilities District #1
(Town of Buckeye, Arizona)
Larry Price, District Treasurer
530 E. Monroe Avenue
Buckeye, AZ 85326

Terms
Due on receipt

Description	Amount
Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)	
$20,400,000 District General Obligation Refunding Bonds Series 2013 A	$6,000,000 District General Obligation Project Bonds Series 2013 B
Financial Advisor Fee	97,340.00
Misc (County Tax Data, Conference Calls, Travel) - Paid from Contingency	684.57
For your convenience, please remit your payment either by mail or by wire.	
Remit by Mail: Stifel Nicolaus & Company Attn: Kendra Nasseri Corporate Accounting 501 N. Broadway St. Louis, MO 63102	Remit by wire: Bank Name: JPMorgan Chase Bank N.A. (888-434-3030) Bank Address: One Chase Manhattan Plaza, New York, NY ABA Number: 021 000 021 Account number: 5157730 FFC - Account Name: Stifel Nicolaus Client Account Numbers: VCFD1 83B
Questions concerning this invoice should be directed to Mark Reader at (602) 794-4011. Thank you for your assistance and the opportunity to work with the District.	
cc: Kim Sandstrom - Town of Buckeye Miguel Zaragoza - Town of Buckeye Grace Yang, Trustee - Wells Fargo Bank Mark Reader, Michael LaVallee, Sandra Park - Stifel, Nicolaus & Company, Inc. Kendra Nasseri, Ruth Thompson - Stifel, Nicolaus & Company, Inc.	
We appreciate your prompt payment.	**Total** $98,024.57

Fee Invoice

Corporate Trust Services

WELLS FARGO

Invoice Number	Billing Date	Due Date
981323	07/10/2013	08/09/2013

Amount Due
$5,000.00
Please mail or wire payment to:

Mailing Address:
Wells Fargo Bank
WF 8113
P.O. Box 1450
Minneapolis, MN 55485-8113

Wire Instructions:
ABA #: 121000248
DDA #: 1000031565
Swift Code: WFBIUS6S
Reference: Invoice #, Accnt Name, Attn Name

ACH Instructions:
ABA #: 091000019
DDA #: 1000031565
Memo: Invoice #, Account Name, Attn Name

Verrado District No. 1 Community Facilities Dist
Kim Sandstrom, Senior CFD Accountant
530 E. Monroe Avenue

Buckeye, AZ 85326

Please return this portion of the statement with your payment in the envelope provided:

Please retain this portion for your records

Account Number: 46539900
Verrado CFD GOB 2013AB

Administration Charges

Acceptance Fee		$2,000.00
	For the Period 07/12/2013 through 07/11/2014	
Trustee Fee		$3,000.00
	Total Amount Due:	***$5,000.00***

Billings past due are subject to an 18% annual finance charge of the balance due.

Wold Printing Services, Ltd.
26639 W. Commerce Dr., Suite 402
Volo, IL 60073
(847) 546-3110
(847) 546-3112 Fax

INVOICE

DATE	INVOICE #
7/11/2013	9181

BILL TO
RBC Capital Markets Phong Pham 2398 East Camelback Road Suite 700 Phoenix, AZ 85016

YOUR P.O. #	TERMS	REP
	Net 30	PB

DESCRIPTION	AMOUNT
Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Bonds, Series 2013 A & B:	
Electronic Distribution of the PLOM	2,024.00
Electronic Distribution of the LOM - Print hard copies of the Limited Offering Memorandum, print 1 color final cover, perfect bound	
Shipping - Fed Ex	47.24

A service charge of 1 1/2% per month will be assessed on all invoices unpaid within thirty (30) days following invoice date.

Total $2,071.24

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

CLOSING CERTIFICATE OF TOWN OF BUCKEYE, ARIZONA

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

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

2. That the Town is a duly incorporated and validly existing municipal corporation of the State of Arizona and is governed by duly elected and qualified Mayor and six Council Members and that from July 12, 2013, the following persons are the duly qualified and acting Mayor and members of the Council of the Town:

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

3. (a) That on June 19, 2001, Resolution No. 16-01 (the "*Resolution*") of the Mayor and Council of the Town of Buckeye, Arizona, Ordering Formation of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*") was duly adopted by the Mayor and Council of the Town at a duly called meeting (the "*Meeting*") of the Mayor and Council of the Town at which a quorum was present and acting throughout; that the Resolution has not been altered, amended, repealed, revoked or rescinded as of the date hereof; that notice of the Meeting was posted more than twenty-four (24) hours prior to the Meeting and that the Meeting was open to the public.

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

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

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

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

6. That all of the findings and the representations and warranties of the Town made and contained in the Resolution (which findings and representations and warranties, respectively, are hereby incorporated and stated herein by reference as fully and with the same

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effect as if set forth at length herein) are true and correct as of the date hereof as if said findings and representations and warranties, respectively, were set forth herein as of the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and the seal of the Town on July 3, 2013.

TOWN OF BUCKEYE, ARIZONA

By _____
Jackie A. Meck, Mayor

By _____
Lucinda Aja, Town Clerk

By _____
Stephen Cleveland, Town Manager

[SIGNATURE PAGE TO TOWN'S CLOSING CERTIFICATE]

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

CLOSING CERTIFICATE OF DMB WHITE TANK, LLC

The undersigned Executive Vice President and Chief Financial Officer/Treasurer 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 July 1, 2013 (the "*Standby Contribution Agreement*"), by and among the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), the Owner and Wells Fargo Bank, National Association, as trustee (the "*Trustee*"), the Indemnity Letter agreement dated July 2, 2013 (the "*Indemnity Letter*") from the Owner to the District and RBC Capital Markets, LLC; 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*"), the First Amendment dated as of July 1, 2013 to Standby Contribution Agreement dated as of October 1, 2006, by and among the District, the Owner and Wells Fargo Bank, National Association (the "*First Amendment to 2006 Agreement*" and, together with the Standby Contribution Agreement, the Indemnity Letter, and the Development Agreement, collectively, the "*Documents*"), as executed and delivered by the duly authorized officer of the Manager of the Owner.

4. That the Documents were approved and the execution and delivery thereof was authorized by the Member of the Owner by Written Consent of the Member, effective as of the date hereof (the "*Consent*").

(a) That the Consent authorizes, among other things, the execution and delivery of the 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 Documents on behalf of the Owner.

(b) That the Owner has no 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 Documents has been authorized to execute and deliver the Documents by all necessary limited liability company, corporate, partnership and trust action, as may be applicable, and the 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 Documents, and is on the date hereof, the duly qualified and acting incumbent of the office of the Manager of the Owner.

7. That the 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 Documents or to conduct the business of the Owner as presently being conducted and as described in the Limited Offering Memorandum, dated July 2, 2013 (the "*Limited Offering Memorandum*").

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 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 Documents and the Limited Offering Memorandum 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 Documents or the performance by the Owner of its obligations set forth in the Documents or the conduct of the Owner's business as described in the Limited Offering Memorandum; or contesting or questioning the proceedings and authority under which the 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 Articles of Organization of the Owner, dated November 20, 1998, as filed with the Arizona Corporation Commission on November 20, 1998, as File No. L-0858094-6, Amended and Restated Articles of Organization of DMB-WT, dated October 12, 1999, as filed with the Arizona Corporation Commission on November 1, 1999, as File No. L-0858094-6, and First Amendment to the Amended and Restated Articles of Organization of DMB-WT dated December 31, 2005, as filed with the Arizona Corporation Commission on January 9, 2006, as File No. L0858094-6, Second Amendment to Amended and Restated Articles of Organization dated November 30, 2006, as filed with the Arizona Corporation Commission on December 1, 2006, as File No. L-0858094-6 and Third Amendment to the Amended and Restated Articles of Organization 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 of Organization of the Owner 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 the Owner, 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 (collectively, the "Operating Agreement"), which is in full force and effect, as amended, as of the date hereof.

14. That the officers of the Manager of the Manager of the Owner hereby represent 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 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 DMB-WT, as Second Beneficiary (the "*Trust Agreement*") and that the Owner is proceeding withal 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 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.

16. That the information pertaining to the Owner and the Project contained in the Limited Offering Memorandum under the headings "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – General," "-The Standby Contribution Agreement," "-The Guaranty and the Guarantor," and "-Ad Valorem Taxation – Net Secondary Assessed Valuations of Certain Taxpayers," "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC

INFRASTRUCTURE – Public Infrastructure," "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER" "RISK FACTORS," and Appendix H – "Unaudited Financial Statements of the Developer," respectively, does not contain any untrue statement of material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. Additionally, in connection with our participation in the preparation of the Limited Offering Memorandum, we have not acquired any knowledge that the Limited Offering Memorandum contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

[REMAINING PAGE IS BLANK]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on July 10, 2013.

DMB White Tank, LLC,
An Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By: _____
Andrew S. Beams, Executive Vice President
And Chief Financial Officer/Treasurer

ATTACHMENTS

Exhibit A – Articles of Organization (as amended)
Exhibit B – Operating Agreement (as amended)

[SIGNATURE PAGE TO CLOSING CERTIFICATE OF DMB WHITE TANK, LLC]

EXHIBIT A

Articles of Organization

STATE OF ARIZONA
ACC/FAX
DATE FILED

NOV 2 0 1998

DATE APPR Hayak Wyll
TERM
BY 11/20/98
L-0 858 094-6

ARTICLES OF ORGANIZATION
DMB WHITE TANK, LLC

Pursuant to A.R.S. § 29-632, the undersigned states as follows:

1. Name. The name of the limited liability company (the "Company") formed by this instrument is "DMB White Tank, LLC."

2. Office: Agent. The address of the Company's registered office in Arizona is 4201 North 24th Street, Suite 120, Phoenix, AZ 85016. 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 are:

DMB Realco LLC
4201 North 24th Street
Suite 120
Phoenix, AZ 85016

6. Name and Address of Sole Member. DMB Realco LLC, whose address is set forth above, is the sole member of the Company.

7. Additional Matters. The Company is authorized to engage in any and all business authorized by law. Any person dealing with the Company may rely, without further inquiry, on the identity of the manager set forth in these Articles of Organization, until such time as they are amended in accordance with applicable law to reflect a change in the identity of the manager. The manager, acting alone and without the requirement for further resolutions or agreements evidencing such authority, shall have the authority to execute and deliver documents and instruments on behalf of the Company, all of which shall be binding on the Company. Without limiting the generality of the foregoing, the manager is specifically authorized on behalf of the Company to buy and sell property, enter into purchase agreements (including subdivision trust agreements), record instruments affecting title to property, borrow money, issue evidences of indebtedness, encumber the Company's assets (by deed of trust, mortgage, security interest, public or private financing, assessment liens, improvement districts, community facility districts or otherwise), settle disputes, obtain licenses and permits, make applications for governmental approvals, grant and obtain options, and otherwise deal with the assets of the Company in the same manner in which an individual could deal with his own assets, and in connection therewith exercise all rights and

remedies and perform all obligations of the Company under any applicable documents or instruments entered into by the Company. Without further action or joinder by any person or entity, the manager may enter into resolutions on behalf of the Company for any matters authorized under law, setting forth in greater detail actions authorized by the Company, and such resolutions may be relied on absolutely by any person or entity to whom they are delivered.

Dated November 20, 1998.

Gregg Hanks

Gregg Hanks

FC Service Corporation, having been designated to act as Statutory Agent of DMB White Tank, LLC, hereby consents to act in that capacity until removal or resignation is submitted in accordance with the Arizona Revised Statutes.

FC Service Corporation,
an Arizona corporation

By Gregg Hanks

Gregg Hanks
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012-2913

PHX/GHANKS/905499.1/26043.001
11/20/98

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;

(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/905499.4/26043.001

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;

(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;

(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).

FILED

JAN 0 9 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: [illegible]
Its: [illegible]

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: [signature]
Print Name: Timothy M. Lewis
Title: Executive Vice President

PHX/1860547.1/26843.000

SEP-24-10 13:30 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");

(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

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;

(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

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 Freericks,
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 Krake
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: [signature]
Print Name: Timothy A Ratcke
Title: Executive President

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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

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

OWNER'S CERTIFICATE OF MARKET VALUE

I, the undersigned Executive Vice President and Chief Financial Officer/Treasurer of DMB Associates, Inc., a Delaware corporation, which is the Manager of DMB White Tank Holdings, LLC, an Arizona limited liability company, which is the sole member of DMB White Tank, LLC, an Arizona limited liability company (the "*Owner*"), hereby certify that I am familiar with the assets and financial condition of DMB White Tank Holdings, LLC, and with respect to Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), and that: (i) the Owner is the owner of a portion of the real property (the "*Development*") located within the boundaries of the District and has the right to acquire the balance of the real property subject to 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 DMB-WT, as Second Beneficiary; and (ii) to the best knowledge of the undersigned, the estimated market value of the real property comprising that portion of the Development owned by the Owner and which is available for development is not less than $216,000,000.

DATED: July 11, 2013

DMB WHITE TANK, LLC,
an Arizona limited liability company

By: DMB White Tank Holdings, LLC
a Delaware limited liability company, its Member

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

By: _____
Andrew S. Beams, Executive Vice President
and Chief Financial Officer/Treasurer

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

CLOSING CERTIFICATE OF GUARANTOR

The undersigned, the President and Treasurer, respectively, of Hank, Inc., an Arizona corporation, the managing general partner of ABD Investments Limited Partnership, an Arizona limited partnership (the "*Guarantor*"), acting for and on behalf of the Guarantor, HEREBY CERTIFY as follows:

1. That they are the qualified and acting President and Treasurer, respectively, of the managing general partner of the Guarantor, and as such officers are familiar with the books and partnership records of the Guarantor.

2. That the Guarantor is a limited partnership 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 the managing general partner is authorized to act on behalf of the Guarantor pursuant to the terms of the Amended and Restated Agreement of Limited Partnership of the Guarantor, dated as of January 1, 2002 (the "*Partnership Agreement*").

3. That the Guarantor has the requisite limited partnership power and authority to execute and deliver and perform the obligations of the Guarantor in (i) the Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), made by the Guarantor for the benefit of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), and Wells Fargo Bank, National Association, as trustee, and (ii) the Guarantor Indemnity Letter, dated as of the date hereof (the "*Indemnity Letter*") (together, the "*Documents*"), as executed and delivered by the duly authorized officers of the managing general partner of the Guarantor.

4. That the Documents were approved and executed and delivered by the managing general partner of the Guarantor pursuant to the authority contained in the Partnership Agreement.

5. That the party executing and delivering the Documents had the authority to execute and deliver the Documents pursuant to the authority contained in the Partnership Agreement and the Documents are in full force and effect and are valid and legally binding obligations of the Guarantor.

6. That the persons executing the Documents were on the date or dates of the execution or acceptance of the Documents, and are on the date hereof, the duly qualified and acting incumbents of the offices of the managing general partner of the Guarantor set forth below

their respective signatures and the signatures appearing beside their respective names are the genuine official signatures of said officers.

Bennett Dorrance, President

Dawn M. Olsen, Chief Executive Officer

7. That the Documents will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which the Guarantor 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 Guarantor of the obligations of the Guarantor pursuant to the Documents or to conduct the business of the Guarantor as presently being conducted and as described in the Limited Offering Memorandum, dated July 2, 2013 (the "*Limited Offering Memorandum*") pertaining to the bonds referenced in the caption of this certificate.

9. That the Guarantor is not in default in the payment of principal of or interest on any indebtedness for borrowed money and is not in default under any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

10. That the consummation of the transactions contemplated by the Documents and the Limited Offering Memorandum and compliance by the Guarantor with the provisions of the Documents will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, agreement or other instrument to which the Guarantor is a party or by which the Guarantor 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 Documents or the performance by the Guarantor of its obligations pursuant to the Documents or the conduct of the Guarantor's business as described in the Limited Offering Memorandum; or contesting or questioning the proceedings and authority pursuant to which the 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 Partnership Agreement of the Guarantor which was in full force and effect on July 1, 2013, and which has been in effect from that date to the date hereof and that no amendments to the Partnership Agreement of the Guarantor have been executed by the partners subsequent thereto.

13. That all of the representations and warranties of the Guarantor made and contained in the Documents (which representations and warranties are hereby incorporated and stated herein by reference as fully and with the same effect as if set forth at length herein) are

true and correct as of the date hereof as if said representations and warranties were set forth herein as of the date hereof.

14. That the Guarantor is benefited by the issuance of the District's District General Obligation Refunding Bonds, Series 2013A and its District General Obligation Project Bonds, Series 2013B, in the aggregate principal amount of $26,400,000 and it is in the Guarantor's best interests to guarantee the obligations of DMB White Tank, LLC pursuant to the Standby Contribution Agreement, dated as of July 1, 2013, among DMB White Tank, LLC, the District and Wells Fargo Bank, N.A., as trustee.

15. That the information pertaining to the Guarantor contained in the Limited Offering Memorandum under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and sub-heading "The Guaranty and The Guarantor", the heading "RISK FACTORS" and the information contained in APPENDICES D and I does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. Additionally, in connection with our participation in the preparation of the Limited Offering Memorandum, we have not acquired any knowledge that the Limited Offering Memorandum generally contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which such statements are made, not misleading.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on July 10, 2013.

ABD INVESTMENTS LIMITED PARTNERSHIP

By: Hank, Inc., an Arizona corporation
Its: managing general partner

By _____
Bennett Dorrance
Its President

By _____
Dawn M. Olsen
Its Chief Executive Officer

ATTACHMENTS

Exhibit A — Limited Partnership Agreement

RECEIVED
SECRETARY OF STATE
2000 DEC 29 PM 3:32

SECOND AMENDED AND RESTATED CERTIFICATE OF LIMITED PARTNERSHIP OF ABD INVESTMENTS LIMITED PARTNERSHIP

Pursuant to A.R.S. § 29-309, the undersigned certifies as follows for purposes of causing ABD Investments Limited Partnership, an Arizona limited partnership (the "Partnership"), to amend and restate its Certificate of Limited Partnership:

1. Name. The name of the Partnership affected by this instrument is "ABD Investments Limited Partnership".

2. Filing Information. The Partnership's Certificate of Limited Partnership (the "Certificate") was filed with the Arizona Secretary of State (the "Secretary") on September 3, 1993 at Document No. 20011547. The Certificate was previously amended by (i) a First Amendment filed with the Secretary on March 31, 1994, (ii) an Amended and Restated Certificate filed with the Secretary on April 14, 1994, (iii) a Third Amendment filed with the Secretary on May 20, 1994, (iv) a Fourth Amendment filed with the Secretary on April 17, 1995, and (v) a Fifth Amendment filed with the Secretary on June 28, 1996.

3. Street Address. The street address of the chief executive office of the Partnership in Arizona is 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258-2137.

4. Latest Date to Dissolve. The latest date on which the Partnership must dissolve is December 31, 2050.

5. General Partners. The names and business addresses of the Partnership's General Partners are as follows:

Bennett Dorrance Trust,
dated April 21, 1989, as amended
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258-2137

01-09-01 8:43AM
LP DONAND 10.00
01-09201HJR2418 LP DONAND 10.(
Hank, Inc., 3.00
an Arizona 01-09201HJR2418 3.(
7600 East Doubletree Ranch Road, Suite 300
Scottsdale, Arizona 85258-2137 CHECK 13.(
2 JR2418

6. Statutory Agent. The name and address of the agent for service of legal process on the Partnership are FC Service Corporation, an Arizona corporation, 3003 North Central Avenue, Suite 2600, Phoenix, Arizona 85012-2913 (Attention: Neal Kurn).

IN WITNESS WHEREOF, the undersigned has executed this Second Amended and Restated Certificate of Limited Partnership as of December 29, 2000.

FILED
DEC 29 2000
201547
ARIZONA SECRETARY OF STATE

Bennett Dorrance Trust, dated April 21, 1989, General Partner

By: Bennett Dorrance
Bennett Dorrance, Trustee

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

$20,400,000
DISTRICT GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2013A

$6,000,000
DISTRICT GENERAL OBLIGATION
PROJECT BONDS, SERIES 2013B

ACKNOWLEDGEMENT AND REQUEST FOR
AUTHENTICATION AND DELIVERY OF BONDS

I, Stephen Cleveland, Manager of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby acknowledge that, pursuant to the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*Indenture*"), between the District and Wells Fargo Bank, National Association, as trustee (the "*Trustee*"), the Trustee received from RBC Capital Markets, LLC, the purchaser (the "*Underwriter*"), on the date of this Certificate the following amounts for the purchase of the above-captioned bonds:

Principal	$26,400,000.00
Plus: Original Issue Premium	706,637.40
Less: Underwriter's Compensation	(528,000.00)
TOTAL	$26,578,637.40

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The undersigned hereby requests that TRUSTEE, Wells Fargo Bank, N.A., acting pursuant to the Indenture, authenticate $ 26,400,000 principal amount of the bonds in the amounts and interest rates and maturing on the dates shown in the Indenture and cause the same to be delivered to the Underwriter.

Dated: 7/12, 2013

MANAGER, VERRADO DISTRICT 1
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

By Stephen Cleveland

[SIGNATURE PAGE TO ACKNOWLEDGEMENT AND REQUEST FOR AUTHENTICATION AND DELIVERY OF BONDS]

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

CERTIFICATE REGARDING INDEBTEDNESS

I, Stephen Cleveland, Manager of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), hereby certify and, based upon the Owner's Certificate of Market Value, the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged which totals $42,715,000, does not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

improvements in the District plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the above-referenced Bonds.

Dated: 7/12, 2013

MANAGER, VERRADO DISTRICT 1
COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)

By Stephen Cleveland

[SIGNATURE PAGE TO CERTIFICATE REGARDING INDEBTEDNESS]

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

TRUSTEE'S CERTIFICATE OF COMPLETION
AND AUTHENTICATION

The undersigned, an authorized representative of Wells Fargo Bank, National Association, as trustee (the "*Trustee*") under the Indenture of Trust and Security Agreement dated as of July 1, 2013 (the "*Indenture*"), by and between Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and the Trustee hereby certifies that:

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

(b) By all necessary action, the Trustee has authorized the execution, delivery and due performance by it of the Indenture and the execution, delivery and due performance by it of the Certificate of Authentication appearing on the Bonds and such other agreements and documents as may be required to be executed, delivered and performed in order to consummate the transactions contemplated by the resolution of the District adopted on June 4, 2013, 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.

Dated: July 12, 2013

WELLS FARGO BANK, NATIONAL ASSOCIATION

By_____
Authorized Representative

WELLS FARGO BANK, NATIONAL ASSOCIATION

ASSISTANT SECRETARY'S CERTIFICATE

I, Scott C. Emmons, hereby certify that I am an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), and I hereby further certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

* * *

C. Signing Officers

FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

* * *

Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as

certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	**Title**	**Signature**
Sandy Chan	Vice President	
Maddy Hall	Vice President	
Kyle Lim	Assistant Vice President	
Tom Orlina	Vice President	
Dania Samai	Vice President	
Robert Schneider	Vice President	
Kheang (TK) Tan	Assistant Vice President	
Michael Tu	Assistant Vice President	
Aimee Tabor	Vice President	
Kathryn Valdivia	Vice President	
Grace Yang	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of July 2013

Scott C. Emmons
Assistant Secretary

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

$20,400,000	***$6,000,000***
DISTRICT GENERAL OBLIGATION	***DISTRICT GENERAL OBLIGATION***
REFUNDING BONDS, SERIES 2013A	***PROJECT BONDS, SERIES 2013B***

RECEIPT OF TRUSTEE

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

1. $20,400,000 principal amount of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A (the "*Refunding Bonds*"), maturing in the years 2014 through and including 2023 and 2027, and bearing interest from July 12, 2013 (payable semiannually on January 15 and July 15 in each year, commencing on January 15, 2014), and $6,000,000 principal amount of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B (together with the Refunding Bonds, the "*Bonds*"), maturing on July 15 in the years 2023, 2029 and 2033, and bearing interest from July 12, 2013 (payable semiannually on January 15 and July 15 in each year, commencing on January 15, 2014), have this day been delivered to, or upon the order of RBC Capital Markets, LLC upon payment to the Trustee of the purchase price of the Bonds as follows:

Par Amount of the Bonds	$26,400,000.00
Plus: Original Issue Premium	706,637.40
Less: Underwriting Compensation	(528,000.00)
Bond Proceeds Received	$26,578,637.40
Plus: Developer Cash Contribution	783,840.00
Total Amount Received	$27,362,477.40

2. Pursuant to the provisions of Section 5.05 of the Indenture, proceeds of the Bonds have been applied by deposit of the following amounts to the following funds or accounts:

FUND OR ACCOUNT	AMOUNT
Acquisition Fund	$6,255,840.00
Transfer to 2006 Tax Account for 2003 Refunding	21,053,125.00
Series 2013 Tax Account of Bond Fund	53,512.40
Total:	$27,362,477.40

Dated: July 12, 2013

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____

Its: VICE PRESIDENT

JTG:dlh 1993663.2 7/10/2013

RBC Capital Markets®

2398 East Camelback Road
Suite 700
Phoenix, AZ 85016
(602) 381-5300
(602) 381-5380 Fax

CLOSING MEMORANDUM

TO: Closing Participants

FROM: RBC Capital Markets
Nick Dodd (602) 381-5360
Phong Pham (602) 381-5370

SUBJECT: Settlement, Delivery and Closing Instructions

ISSUE: Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)
$20,400,000 District General Obligation Refunding Bonds, Series 2013A
$6,000,000 District General Obligation Project Bonds, Series 2013B

BONDS DATED: July 12, 2013

INTEREST PAYMENT DATES: January 15 and July 15 of each year, commencing January 15, 2014.

RATINGS: Non Rated

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES: See Exhibit A

PARTICIPANTS: See Exhibit B

BASE CUSIP NUMBER: 92511Q

PRE-CLOSING: The pre-closing will be held on **Thursday, July 11, 2013** at 2:00pm in the offices of Gust Rosenfeld P.L.C., One East Washington Street, Suite 1600, Phoenix, Arizona; (602) 257-7432.

CLOSING: The closing will be held on **Friday, July 12, 2013** at 8:00am in the offices of Gust Rosenfeld P.L.C. at the address listed above. Scott Ruby, Esq. and Jim Giel, Esq. will conduct the closing.

REGISTRATION & AUTHENTICATION: After the Bonds have been registered and authenticated, Wells Fargo Bank, N.A. (Grace Yang) will confirm arrangements for a F.A.S.T. closing with The Depository Trust Company ("DTC"), 55 Water Street, 1st Floor, New York, New York 10041.

SETTLEMENT INSTRUCTIONS:

A. On or before the day of closing, **DMB Associates, Inc. (the "Developer")** will wire transfer **$783,840.00** to **Wells Fargo Bank, N.A. (the "Trustee")**, representing the Developer payment for costs of issuance and underwriter's compensation. The payment will be wired transferred to:

$783,840.00 to:
Wells Fargo Bank, N.A.
ABA #: 121000248
BNF: Corporate Trust Clearing
A/C #: 0001038377
FFC: Verrado CFD GOB 2013
Contact: Grace Yang (213) 614-3320

B. On the morning of closing, **RBC Capital Markets** will wire transfer **$26,578,637.40** to the **Trustee**, representing the purchase price of the bonds as detailed below:

Par Value of the Bonds	$26,400,000.00
Plus: Net Premium	706,637.40
Less: Underwriters' Discount	(528,000.00)
Net Amount Due at Closing	**$26,578,637.40**

$26,578,637.40 to:
Wells Fargo Bank, N.A.
ABA #: 121000248
BNF: Corporate Trust Clearing
A/C #: 0001038377
FFC: Verrado CFD GOB 2013
Contact: Grace Yang (213) 614-3320

C. Upon confirmation of the receipt of the wires in items A and B above, the **Trustee** will deposit **$53,512.40** into the Bond Fund - Series 2013 Tax Account to pay debt service on the Bonds and **$27,308,965.00** into the Acquisition Fund to be applied as follows:

1. **$255,840.00** to pay Costs of Issuance
2. **$6,000,000.00** to pay Costs of Acquisition
3. **$21,053,125.00** to be deposited with Wells Fargo Bank, N.A., as Trustee for the District's General Obligation Bonds, Series 2003 and used to currently refund the Series 2003 Bonds Being Refunded, as detailed in EXHIBIT C.

D. When all parties are satisfied that all monies have been transferred and that documentation is in order, the Bonds will be released to the account of **RBC Capital Markets**, via the DTC closing desk (212) 855-7500, through Michael Rega (212) 618-2577.

E. After all of the above items have occurred and the Series 2003 Bonds have been redeemed in full, the **Trustee** will wire **$1,702,010.00** to the **Developer**, representing excess funds held in the Developer Payment Account (#20512102) under the Indenture of Trust and Security Agreement for the Series 2006 Bonds. The funds will be wired transferred to:

$1,702,010.00 to:
JPMorgan Chase Bank, N.A.
ABA #: 021000021
A/C #: 0410-8887
Ref: DMB White Tank LLC
Contact: Chase McPherson (480) 367-7350

EXHIBIT A

$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A (a)

Date	Par Amount	Coupon	Interest	Debt Service	Annual Debt Service	CUSIP (92511Q)
7/12/2013						
1/15/2014			$512,069.58	$512,069.58		
7/15/2014	$720,000	2.000%	503,675.00	1,223,675.00	$1,735,744.58	AR2
1/15/2015			496,475.00	496,475.00		
7/15/2015	1,295,000	4.000%	496,475.00	1,791,475.00	2,287,950.00	AS0
1/15/2016			470,575.00	470,575.00		
7/15/2016	1,280,000	4.000%	470,575.00	1,750,575.00	2,221,150.00	AT8
1/15/2017			444,975.00	444,975.00		
7/15/2017	1,365,000	4.000%	444,975.00	1,809,975.00	2,254,950.00	AU5
1/15/2018			417,675.00	417,675.00		
7/15/2018	1,245,000	4.000%	417,675.00	1,662,675.00	2,080,350.00	AV3
1/15/2019			392,775.00	392,775.00		
7/15/2019	1,320,000	4.250%	392,775.00	1,712,775.00	2,105,550.00	AW1
1/15/2020			364,725.00	364,725.00		
7/15/2020	1,400,000	5.000%	364,725.00	1,764,725.00	$2,129,450.00	AX9
1/15/2021			329,725.00	329,725.00		
7/15/2021	1,485,000	5.000%	329,725.00	1,814,725.00	2,144,450.00	AY7
1/15/2022			292,600.00	292,600.00		
7/15/2022	1,570,000	5.000%	292,600.00	1,862,600.00	2,155,200.00	AZ4
1/15/2023			253,350.00	253,350.00		
7/15/2023	1,650,000	5.000%	253,350.00	1,903,350.00	2,156,700.00	BA8
1/15/2024			212,100.00	212,100.00		
7/15/2024	1,630,000 (b)	6.000%	212,100.00	1,842,100.00	2,054,200.00	BB6
1/15/2025			163,200.00	163,200.00		
7/15/2025	1,720,000 (b)	6.000%	163,200.00	1,883,200.00	2,046,400.00	BB6
1/15/2026			111,600.00	111,600.00		
7/15/2026	1,815,000 (b)	6.000%	111,600.00	1,926,600.00	2,038,200.00	BB6
1/15/2027			57,150.00	57,150.00		
7/15/2027	1,905,000	6.000%	57,150.00	1,962,150.00	2,019,300.00	BB6
Total	$20,400,000		$9,029,594.58	$29,429,594.58	$29,429,594.58	

(a) The Bonds are subject to optional redemption on July 15, 2023 at a redemption price of 100%.
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2027.

EXHIBIT A

$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B (a)

Date	Par Amount	Coupon	Interest	Debt Service	Annual Debt Service	CUSIP (92511Q)
7/12/2013						
1/15/2014			$174,073.67	$174,073.67		
7/15/2014			171,220.00	171,220.00	$345,293.67	
1/15/2015			171,220.00	171,220.00		
7/15/2015			171,220.00	171,220.00	342,440.00	
1/15/2016			171,220.00	171,220.00		
7/15/2016	$50,000 (b)	5.000%	171,220.00	221,220.00	392,440.00	BM2
1/15/2017			169,970.00	169,970.00		
7/15/2017	20,000 (b)	5.000%	169,970.00	189,970.00	359,940.00	BM2
1/15/2018			169,470.00	169,470.00		
7/15/2018	190,000 (b)	5.000%	169,470.00	359,470.00	528,940.00	BM2
1/15/2019			164,720.00	164,720.00		
7/15/2019	175,000 (b)	5.000%	164,720.00	339,720.00	504,440.00	BM2
1/15/2020			160,345.00	160,345.00		
7/15/2020	160,000 (b)	5.000%	160,345.00	320,345.00	480,690.00	BM2
1/15/2021			156,345.00	156,345.00		
7/15/2021	155,000 (b)	5.000%	156,345.00	311,345.00	467,690.00	BM2
1/15/2022			152,470.00	152,470.00		
7/15/2022	150,000 (b)	5.000%	152,470.00	302,470.00	454,940.00	BM2
1/15/2023			148,720.00	148,720.00		
7/15/2023	160,000	5.000%	148,720.00	308,720.00	457,440.00	BM2
1/15/2024			144,720.00	144,720.00		
7/15/2024	265,000 (c)	5.700%	144,720.00	409,720.00	554,440.00	BK6
1/15/2025			137,167.50	137,167.50		
7/15/2025	290,000 (c)	5.700%	137,167.50	427,167.50	564,335.00	BK6
1/15/2026			128,902.50	128,902.50		
7/15/2026	315,000 (c)	5.700%	128,902.50	443,902.50	572,805.00	BK6
1/15/2027			119,925.00	119,925.00		
7/15/2027	350,000 (c)	5.700%	119,925.00	469,925.00	589,850.00	BK6
1/15/2028			109,950.00	109,950.00		
7/15/2028	535,000 (c)	5.700%	109,950.00	644,950.00	754,900.00	BK6
1/15/2029			94,702.50	94,702.50		
7/15/2029	565,000	5.700%	94,702.50	659,702.50	754,405.00	BK6
1/15/2030			78,600.00	78,600.00		
7/15/2030	600,000 (d)	6.000%	78,600.00	678,600.00	757,200.00	BL4
1/15/2031			60,600.00	60,600.00		
7/15/2031	635,000 (d)	6.000%	60,600.00	695,600.00	756,200.00	BL4
1/15/2032			41,550.00	41,550.00		
7/15/2032	670,000 (d)	6.000%	41,550.00	711,550.00	753,100.00	BL4
1/15/2033			21,450.00	21,450.00		
7/15/2033	715,000	6.000%	21,450.00	736,450.00	757,900.00	BL4
Total	$6,000,000		$5,149,388.67	$11,149,388.67	$11,149,388.67	

(a) The Bonds are subject to optional redemption on July 15, 2023 at a redemption price of 100%.
(b) Represents mandatory sinking fund amounts for term bond due July 15, 2023.
(c) Represents mandatory sinking fund amounts for term bond due July 15, 2029.
(d) Represents mandatory sinking fund amounts for term bond due July 15, 2033.

EXHIBIT B

Issuer:
Verrado Community Facilities District No. 1
530 E. Monroe Ave.
Buckeye, AZ 85326
Fax: (623) 349-6099

Stephen Cleveland, District Manager
(623) 349-6000
e-mail: scleveland@buckeyeaz.gov

Larry Price, District Treasurer
(623) 349-6164
e-mail: lprice@buckeyeaz.gov

Kim Sandstrom, Senior CFD Accountant
(623) 349-6163
e-mail: ksandstrom@buckeyeaz.gov

Miguel Zaragoza, CFD Accountant
(623) 349-6159
e-mail: mzaragoza@buckeyeaz.gov

Lucinda Aja, District Clerk
(623) 349-6911
e-mail: laja@buckeyeaz.gov

Bond Counsel:
Gust Rosenfeld P.L.C.
One E. Washington Street, Suite 1600
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Fax: (602) 340-1538

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Developer Counsel:
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Landowner/Developer:
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7600 E. Doubletree Ranch Rd., Suite 300
Scottsdale, AZ 85258
Fax: (480) 367-7422

Eric Carlson, Senior Vice President of Finance
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Jeremiah Hood, Director of Finance
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Financial Advisor:
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Sandra Park, Assistant Vice President
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Parker Colvin, Underwriter
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EXHIBIT B

Underwriter:
RBC Capital Markets
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Phoenix, AZ 85016
Fax: (602) 381-5380

Nicholas Dodd, Director
(602) 381-5360
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Phong Pham, Vice President
(602) 381-5370
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Mark Greer, Underwriter
e-mail: marc.greer@rbccm.com

Underwriter's Counsel:
Greenberg Traurig, LLP
2375 E. Camelback Rd., Suite 700
Phoenix, AZ 85016
Fax: (602) 445-8100

Michael Cafiso, Esq.
(602) 445-8451
e-mail: cafisom@gtlaw.com

Trustee/Registrar & Paying Agent:
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Fax (213) 614-3355

Grace Yang, Vice President
(213) 614-3320
e-mail: grace.yang@wellsfargo.com

EXHIBIT C

SERIES 2003
BONDS BEING REFUNDED AND REDEMPTION REQUIREMENTS

Series	Maturity Date to be Refunded		Interest Rate	Principal Amount Being Refunded	Redemption Date	Redemption Premium
Series 2003	07/15/2013	(a)	6.000%	$800,000	-	-
	07/15/2014	(b)	6.150%	1,100,000	07/15/2013	100
	07/15/2015	(b)	6.150%	1,100,000	07/15/2013	100
	07/15/2016	(b)	6.150%	1,100,000	07/15/2013	100
	07/15/2017	(b)	6.150%	1,200,000	07/15/2013	100
	07/15/2018	(c)	6.500%	1,100,000	07/15/2013	100
	07/15/2019	(c)	6.500%	1,200,000	07/15/2013	100
	07/15/2020	(c)	6.500%	1,300,000	07/15/2013	100
	07/15/2021	(c)	6.500%	1,400,000	07/15/2013	100
	07/15/2022	(c)	6.500%	1,500,000	07/15/2013	100
	07/15/2023	(c)	6.500%	1,600,000	07/15/2013	100
	07/15/2024	(c)	6.500%	1,600,000	07/15/2013	100
	07/15/2025	(c)	6.500%	1,700,000	07/15/2013	100
	07/15/2026	(c)	6.500%	1,800,000	07/15/2013	100
	07/15/2027	(c)	6.500%	1,900,000	07/15/2013	100
				$20,400,000		

(a) Represents mandatory sinking fund payment for a term bond maturing in 2013.
(b) Represents mandatory sinking fund payment for a term bond maturing in 2017.
(c) Represents mandatory sinking fund payment for a term bond maturing in 2027.

Period Ending	Principal Redeemed	Interest	Total
07/15/2013	$20,400,000.00	$653,125.00	$21,053,125.00
	$20,400,000.00	$653,125.00	$21,053,125.00

Verrado D1 CFD (revised as of July 8, 2013)

Series 2006

(a) Next Annual Debt Service Payment (2014)	
Debt Service - January of next calendar year	(417,520.00)
Debt Service - July of next calendar year	(967,520.00)
	(1,385,040.00)
(b) Available Moneys (1)	
Amount in 2003 Tax Account (Acct# 14477200)	815,053.72
Amount in 2006 Tax Account (Acct# 20512100)	1,464.38
Developer Payment Account (Acct# 20512102)	3,688,090.93
Less: Debt Service - July of current year	(955,251.25)
	3,549,357.78
(c) Annual Developer Payment	
Next Annual Debt Service Payment	(1,385,040.00)
Less: Available Moneys	3,549,357.78
Less: Estimated Tax Year 2013 Tax Amount	1,565,219.03
	3,729,536.81
Payment Due on Series 2006 Bonds	**$ -**

Series 2013

(a) Next Annual Debt Service Payment (2014)	
Debt Service - January of next calendar year	(686,143.25)
Debt Service - July of next calendar year	(1,394,895.00)
	(2,081,038.25)
(b) Available Moneys	
Excess Funds in 2006 Series	3,729,536.81
Series 2013 Additional Proceeds (to be deposited in Bond Fund)	53,512.40
Excess Fund Balance	**$ 1,702,010.96**

(1) Balances as reported by Wells Fargo Bank, N.A. on July 8, 2013.

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

$20,400,000	*$6,000,000*
DISTRICT GENERAL OBLIGATION	*DISTRICT GENERAL OBLIGATION*
REFUNDING BONDS, SERIES 2013A	*PROJECT BONDS, SERIES 2013B*

CERTIFICATE OF UNDERWRITER REGARDING THE INITIAL OFFERING PRICE OF THE BONDS TO THE PUBLIC

The undersigned, RBC Capital Markets, LLC (the "*Underwriter*"), understands that for purposes of the arbitrage restrictions and other requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations (collectively, the "*Code*"), it is necessary for the issuer to determine the "yield" on the above-captioned bonds (the "*Bonds*") in order to be in a position to take steps to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes under the Code. The term "yield" in this context means the discount rate that, when used in computing the present value as of the date hereof of all unconditionally payable payments of principal, interest and fees for qualified guarantees, if any, on the Bonds, produces an amount equal to the present value, on the date hereof, using the same discount rate, of the aggregate issue price of the Bonds. In determining the yield on the Bonds, the issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of the bonds of that maturity (i.e., at least ten percent (10%) of such maturity) are reasonably expected, as of the sale date, to be sold. The issue price does not change if part of the issue is later sold at a different price. The issue price of the Bonds that are not substantially identical is determined separately. The issue price of the Bonds for which a *bona fide* public offering is made is determined as of the sale date, based on reasonable expectations regarding the initial public offering price. The issue price of the Bonds may not exceed their fair market value as of the sale date. Accordingly, the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*") and Gust Rosenfeld P.L.C., bond counsel, need to be informed by the Underwriter as to the initial offering price of the Bonds to the public.

Therefore, the Underwriter certifies on July 2, 2013, it did offer all of the Bonds to the public in a bona fide public offering, and the Underwriter reasonably expected that the initial offering prices of the Bonds to the public at which a substantial amount of the Bonds of that maturity (i.e., at least ten percent (10%) of each maturity of the Bonds) would be sold by the Underwriter to the public, were as follows for each of the maturities listed below. For the purposes of this Certificate of Underwriter Regarding the Initial Offering Price of the Bonds to the Public, the "public" does not include bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers.

REFUNDING BONDS, SERIES 2013A

Maturity Date (July 15)	Par Value	Issue Price (Percent of Par)	Total for Maturity (in dollars)
2014	$720,000	100.498%	$723,585.60
2015	1,295,000	103.917	1,345,725.15
2016	1,280,000	104.320	1,335,296.00
2017	1,365,000	103.750	1,416,187.50
2018	1,245,000	102.741	1,279,125.45
2019	1,320,000	102.667	1,355,204.40
2020	1,400,000	105.433	1,476,062.00
2021	1,485,000	104.012	1,544,578.20
2022	1,570,000	102.182	1,604,257.40
2023	1,650,000	100.000	1,650,000.00
2024*	1,630,000	104.199**	1,698,443.70
2025*	1,720,000	104.199**	1,792,222.80
2026*	1,815,000	104.199**	1,891,211.85
2027	1,905,000	104.199**	1,984,990.95
TOTAL	**$20,400,000**		**$21,096,891.00**

*Mandatory Redemption date for July 15, 2027 Term Bond
**Priced to First Optional Call Date

PROJECT BONDS, SERIES 2013B

Maturity Date (July 15)	Par Value	Issue Price (Percent of Par)	Total for Maturity (in dollars)
2016**	$50,000	100.000%	$50,000.00
2017**	20,000	100.000	20,000.00
2018**	190,000	100.000	190,000.00
2019**	175,000	100.000	175,000.00
2020**	160,000	100.000	160,000.00
2021**	155,000	100.000	155,000.00
2022**	150,000	100.000	150,000.00
2023	160,000	100.000	160,000.00
2024***	265,000	100.000	265,000.00
2025***	290,000	100.000	290,000.00
2026***	315,000	100.000	315,000.00
2027***	350,000	100.000	350,000.00
2028***	535,000	100.000	535,000.00
2029	565,000	100.000	565,000.00
2030****	600,000	100.372*****	602,232.00
2031****	635,000	100.372*****	637,362.20
2032****	670,000	100.372*****	672,492.40
2033	715,000	100.372*****	717,659.80
TOTAL	**$6,000,000**		**$6,009,746.40**

**Mandatory redemption date for July 15, 2023 Term Bond
***Mandatory redemption date for July 15, 2029 Term Bond
****Mandatory redemption date for July 15, 2033 Term Bond
*****Priced to First Optional Call Date

The issue price set forth herein does not exceed the fair market value of the Bonds as of July 2, 2013.

The Underwriter acknowledges that it has received and reviewed an official statement prepared by or on behalf of the District, with respect to the Bonds and such official statement has been deemed "final" by the District. The Underwriter further acknowledges that it provided to any potential customer a copy of the official statement. Further, the Underwriter acknowledges that it has provided its customers with a copy of the final official statement through the MSRB's Electronic Municipal Market Access system.

To the extent that the Underwriter provided Bond Counsel, with certain computations that show an issue price and certain other information with respect to the Bonds, these computations are provided for informational purposes and are based on the Underwriter's understanding of directions that the Underwriter has received from Bond Counsel regarding interpretation of the applicable law. The Underwriter expresses no view regarding the legal

sufficiency of any such computations or the correctness of any legal interpretation made by Bond Counsel.

The District may rely on the foregoing representations and computations in making its certification as to issue price of the Bonds under the Code, and Bond Counsel may rely on the foregoing representations and computations in rendering their opinion on the exclusion from federal gross income of the interest on the Bonds; provided, however, that nothing herein represents the Underwriter's interpretation of any laws, and in particular, regulations under section 148 of the Code. The Underwriter has performed these calculations with the express understanding and agreement of Bond Counsel and the District that, notwithstanding the performance of these calculations and the delivery of this letter, in doing so the Underwriter is (i) not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act), (ii) does not have a fiduciary duty to the Distsrict, and (iii) is not to be construed as a "paid preparer" of any tax returns of the District, including specifically (but not limited to) Form 8038-G.

DATED: July 12, 2013

RBC CAPITAL MARKETS, LLC,
the Underwriter

By _____
Its Director

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

$20,400,000	*$6,000,000*
DISTRICT GENERAL OBLIGATION	*DISTRICT GENERAL OBLIGATION*
REFUNDING BONDS, SERIES 2013A	*PROJECT BONDS, SERIES 2013B*

CERTIFICATE OF FINANCIAL ADVISOR AS TO YIELD ON THE BONDS

Stifel, Nicolaus & Company, Incorporated has been chosen by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*"), to act as Financial Advisor with respect to the issuance of the above-referenced bonds (the "*Bonds*"). As part of its duties as Financial Advisor to the District, Stifel, Nicolaus & Company, Incorporated 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 each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (i.e., at least ten percent (10%) of such maturity) are reasonably expected to be sold. The issue price does not change if part of the Bonds is later sold at a different price. The issue price of Bonds that are not substantially identical is determined separately. The issue price of Bonds for which a bona fide public offering is made is determined as of the sale date, based on reasonable expectations regarding the initial offering price. The issue price of the Bonds may not exceed their fair market value as of the sale date. The underwriter of the Bonds has certified the initial offering price of the Bonds in the Certificate of Underwriter Regarding the Initial Offering Price of the Bonds to the Public contained in the closing transcript regarding the Bonds of which this certificate is a part. Based on the purchase price so certified, the undersigned has calculated the yield on the above-referenced Bonds is at least 5.0456%.

[SIGNATURE ON FOLLOWING PAGE]

The weighted average maturity of the Bonds is at least 75% of the weighted average maturity of the Bonds Being Refunded.

DATED: July 12, 2013

STIFEL, NICOLAUS & COMPANY, INCOPORATED

By Mark Leader

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

$20,400,000
DISTRICT GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2013A

$6,000,000
DISTRICT GENERAL OBLIGATION
PROJECT BONDS, SERIES 2013B

RECEIPT FOR BONDS

On behalf of RBC Capital Markets, LLC, the purchaser of the $20,400,000 principal amount of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A (the "*Refunding Bonds*") and $6,000,000 principal amount of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B (together with the Refunding Bonds, the "*Bonds*"), the undersigned hereby acknowledges receipt of all such Bonds on the date set forth in this receipt.

The undersigned represents and certifies that it: (i) made a limited offering of all of the Bonds; and (ii) has reoffered and sold the Bonds only to Qualified Investors, as defined in the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the "*Indenture*") and that it will not redeliver the Bonds to any purchaser without receiving an executed Investor Letter, in the form set forth in the Indenture, from such purchaser.

DATED: July 12, 2013

RBC CAPITAL MARKETS, LLC

By_____
Authorized Agent

REGISTERED
No. R-1

REGISTERED
$720,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
2.00%	July 15, 2014	July 12, 2013	92511Q AR2

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: SEVEN HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($720,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona),
District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-2

REGISTERED
$1,295,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
4.00%	July 15, 2015	July 12, 2013	92511Q AS0

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED NINETY-FIVE THOUSAND AND NO/100 DOLLARS ($1,295,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-3

REGISTERED
$1,280,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
4.00%	July 15, 2016	July 12, 2013	92511Q AT8

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS ($1,280,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-4

REGISTERED
$1,365,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
4.00%	July 15, 2017	July 12, 2013	92511Q AU5

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS ($1,365,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-5

REGISTERED
$1,245,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
4.00%	July 15, 2018	July 12, 2013	92511Q AV3

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS ($1,245,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-6

REGISTERED
$1,320,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
4.25%	July 15, 2019	July 12, 2013	92511Q AW1

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($1,320,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

TEN COM - as tenants in common
TEN ENT - as tenants by the entiretics
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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-7

REGISTERED
$1,400,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.00%	July 15, 2020	July 12, 2013	92511Q AX9

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS ($1,400,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona),
District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-8

REGISTERED
$1,485,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.00%	July 15, 2021	July 12, 2013	92511Q AY7

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION FOUR HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS ($1,485,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-9

REGISTERED
$1,570,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.00%	July 15, 2022	July 12, 2013	92511Q AZ4

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION FIVE HUNDRED SEVENTY THOUSAND AND NO/100 DOLLARS ($1,570,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-10

REGISTERED
$1,650,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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 (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.00%	July 15, 2023	July 12, 2013	92511Q BA8

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($1,650,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-11

REGISTERED
$7,070,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
6.00%	July 15, 2027	July 12, 2013	92511Q BB6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: SEVEN MILLION SEVENTY THOUSAND AND NO/100 DOLLARS ($7,070,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due; provided, however, 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; 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2027, 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, 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
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

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.

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 Depository pursuant to its procedures.

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

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

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd, Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-1

REGISTERED
$1,060,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.00%	July 15, 2023	July 12, 2013	92511Q BM2

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION SIXTY THOUSAND AND NO/100 DOLLARS ($1,060,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Mandatory Redemption. The Bonds maturing on July 15, 2029, 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,

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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown

on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-2

REGISTERED
$2,320,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.70%	July 15, 2029	July 12, 2013	92511Q BK6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($2,320,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Mandatory Redemption. The Bonds maturing on July 15, 2029, 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,

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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown

on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona),
District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-3

REGISTERED
$2,620,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
6.00%	July 15, 2033	July 12, 2013	92511Q BL4

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: TWO MILLION SIXTY HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($2,620,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Mandatory Redemption. The Bonds maturing on July 15, 2029, 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,

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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown

on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-1

REGISTERED
$1,060,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.00%	July 15, 2023	July 12, 2013	92511Q BM2

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: ONE MILLION SIXTY THOUSAND AND NO/100 DOLLARS ($1,060,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Mandatory Redemption. The Bonds maturing on July 15, 2029, 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,

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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown

on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-2

REGISTERED
$2,320,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
5.70%	July 15, 2029	July 12, 2013	92511Q BK6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($2,320,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Mandatory Redemption. The Bonds maturing on July 15, 2029, 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,

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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown

on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

REGISTERED
No. R-3

REGISTERED
$2,620,000

UNLESS THE PROVISIONS OF THE HEREINAFTER DESCRIBED INDENTURE PROVIDE OTHERWISE, BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BONDS ARE ONLY TRANSFERABLE IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER (1) OF A PRINCIPAL AMOUNT OF $100,000 OR MORE AND (2) TO A QUALIFIED INSTITUTIONAL BUYER EXECUTING THE REQUIRED INVESTOR LETTER AS ATTACHED HERETO.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

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
(TOWN OF BUCKEYE, ARIZONA)
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

Interest Rate	Maturity Date	Original Dated Date	CUSIP No.
6.00%	July 15, 2033	July 12, 2013	92511Q BL4

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: TWO MILLION SIXTY HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($2,620,000.00)

Verrado District 1 Community Facilities District, a community facilities district formed by the Town of Buckeye, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay 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 described "*Indenture*"), semiannually on each January 15 and July 15 commencing January 15, 2014 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 July 1, 2013 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, 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 June 4, 2013 (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*").

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 or amount, 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 and the Guaranty as described below) to pay debt service on the Bonds when due. 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 July 1, 2013 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues and ABD Investments Limited Partnership, an Arizona limited partnership, has provided a Guaranty, dated as of July 1, 2013 (the "*Guaranty*"), for the benefit of the Issuer and the Trustee to secure such payments from the Developer. The Standby Contribution Agreement and the Guaranty 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 and integral multiples of $5,000 in excess thereof.

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty. 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 or the Guaranty 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 maturing after July 15, 2024, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 2023 as a 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. The Bonds maturing on July 15, 2023, 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, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date but without premium.

Redemption Date (July 15)	Principal Amount
2016	$50,000
2017	20,000
2018	190,000
2019	175,000
2020	160,000
2021	155,000
2022	150,000
2023 (maturity)	160,000

Mandatory Redemption. The Bonds maturing on July 15, 2029, 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,

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
2024	$265,000
2025	290,000
2026	315,000
2027	350,000
2028	535,000
2029 (maturity)	565,000

The Bonds maturing on July 15, 2033, 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, 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
2030	$600,000
2031	635,000
2032	670,000
2033 (maturity)	715,000

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.

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 Depository pursuant to its procedures.

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

Neither the Issuer nor the Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person not shown

on the registration books of the Trustee as being an Owner with respect to: (1) the Bonds; (2) the accuracy of any records maintained by the Depository or any Direct Participant or Indirect Participant; (3) the timely or untimely payment by the Depository or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (4) the delivery by any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution or the Indenture to be given to Owners; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by the Depository as Owner.

The Owner of this Bond has no right to enforce the provisions of the Bond Resolution or the Indenture, or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an Event of Default described in the Indenture or to institute, appear in, or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture.

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

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

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement and the Guaranty 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 (as such term is defined in the Indenture) 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 (as such term is defined in the Indenture) 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, but except as otherwise provided in the Indenture, this Bond, including any beneficial ownership interest therein, is nontransferable except through a Broker-Dealer to (a) institutions determined by the Broker-Dealer to be sophisticated municipal market professionals pursuant to the rules and regulations of the Municipal Securities Rulemaking Board or (b) qualified investors executing the investor letter 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 TOWN OF BUCKEYE, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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.

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

By _____
District Chairman

ATTEST:

_____
District Clerk

Dated July 3, 2013

CERTIFICATE OF AUTHENTICATION

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Representative

DATE: 7-12-13

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.

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

[FORM OF INVESTOR LETTER]
[Letterhead of Purchaser]

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona), District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust and Security Agreement, dated as of July 1, 2013, between the Issuer and Wells Fargo Bank, National Association, as Trustee.

ACCEPTANCE

ACCEPTED this _____ day of _____, 20____
By _____
Name _____
Title _____
Date _____

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

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

[Name of Issuer]

April 10, 2003

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

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

(Issuer)

By: _____
(Authorized Officer's Signature)

Joseph Blanton, District Manager
(Print Name)

100 N. Apache, Suite A
(Street Address)

Buckeye, Arizona Maricopa 85326
(City) (State) (Country) (Zip Code)

(623.386.4691
(Phone Number)

jblanton@buckeyeaz.org
(E-mail Address)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: _____

DTCC

The Depository Trust & Clearing Corporation

[2/02]

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the"Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

REPRESENTATION FOR SECURITIES WITH PURCHASE RESTRICTION

Issuer and Agent recognize that DTC does not in any way undertake to, and shall not have any responsibility to, monitor or ascertain the compliance of any transactions in the Securities with any exemptions from registration under the Securities Act of 1933, the Investment Company Act of 1940, or of any other state or federal securities laws (including any mechanism designed to assure such compliance, such as a purchaser's letter). Issuer and Agent acknowledge that: a) so long as Cede & Co. is the sole record owner of the Securities, it shall be entitled to all voting rights in respect thereof and to receive the full amount of all principal, premium, if any, and interest payable with respect thereto; and b) DTC shall treat any DTC Participant having Securities credited to its DTC accounts as entitled to the full benefits of ownership of such Securities even if the crediting of such Securities to the DTC accounts of such Participant results from transfers or failures to transfer in violation of such laws. (The treatment by DTC of the effects of the crediting by it of Securities to the accounts of DTC Participants shall not affect the rights of Issuer or purchasers, sellers, or holders of Securities against any DTC Participant.)

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

By _____
District Manager

[5/94]

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 (Town 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, Gust Rosenfeld P.L.C.	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 530 E. Monroe Avenue	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Buckeye, Arizona 85326	7 Date of issue 07/12/2013
8 Name of issue District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B	9 CUSIP number 92511QBL4
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Larry Price, 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 ▶ New money/refunding bonds issued for public infrastructure	18	27,106,637	40
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	07/15/2033	$ 27,106,637.40	$ 26,400,000.00	9.6975 years	5.0456 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22		
23	Issue price of entire issue (enter amount from line 21, column (b))			23	27,106,637	40
24	Proceeds used for bond issuance costs (including underwriters' discount)	24				
25	Proceeds used for credit enhancement	25				
26	Proceeds allocated to reasonably required reserve or replacement fund	26				
27	Proceeds used to currently refund prior issues	27	21,053,125	00		
28	Proceeds used to advance refund prior issues	28				
29	Total (add lines 24 through 28)			29	21,053,125	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	6,053,512	40

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 ▶	7.9446 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) ▶	07/15/2013
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	04/16/2003

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 7/2/2013 ▶ Larry Price, 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		7-12-13		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

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

$20,400,000
DISTRICT GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2013A

$6,000,000
DISTRICT GENERAL OBLIGATION
PROJECT BONDS, SERIES 2013B

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, return receipt requested, the Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on August 22, 2013.

Angela Robison

Angela Robison

AKR:akr 2031322.1 8/22/2013

Report of Bond and Security Issuance

Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)	
2. Issue name/title: District General Obligation Refunding Bonds, Series 2013A	
3. Dated Date: July 12, 2013 Closing Date: July 12, 2013	4. Par Amount: $20,400,000
5. Overall Interest Rate: 5.200% (NIC)	6. Type of Bond or Security: general obligation refunding bonds
7. Repayment source: ad valorem tax on all property within the District	
8. Total amount outstanding: Total: $42,715,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $20,400,000	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: FCV $506,451,824 **For General Obligation Bonds:** a. Secondary net assessed value: $51,517,086
b. Original Issue Discount (-) $(-0-)	b. Debt limit percentage: 60% of market value
c. Premium Amount (+) $696,891.00	c. Total debt limit: $129,600,000
d. Original Issue Price (=) $21,096,891.00	12. Available debt limit: Total: $100,000,000
e. Underwriter's Discount (-) $(408,000.00)	13. Total amount authorized N/A
f. Net Proceeds (=) $20,688,841.00	
14. Remaining authorized amount: $51,400,000.00	15. If voter authorized, election dates: August 7, 2001

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.

Larry Price, Treasurer

July 12, 2013
Date

Title, address and phone number

Larry Price, Treasurer
Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)
530 E. Monroe Avenue
Buckeye, AZ 85326
623-349-6164

Trustee name, address, phone number

Wells Fargo Bank, N.A.
707 Wilshire Blvd., 17th Floor
MAC: E2818-176
Los Angeles, CA 90017
213-614-3320

Political Subdivision Contact Name, address, phone number

Larry Price, Treasurer
Verrado District 1 Community Facilities istrict
District (Town of Buckeye, Arizona)
530 E. Monroe Avenue
Buckeye, AZ 853263
623-349-6164

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

JTG:dlh 1993733.1 7/1/2013

Arizona Department of Revenue
Report of Bond and Security Issuance
Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a-10b+10c-10e=10f.

Name of Issue **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A**

Par Amount: $20,400,000 Date Closed: July 12, 2013

Maturity Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield Or Price	Original Issue Price	Premium or Discount 10b or 10c
2014	$720,000	2.00%	100.498%	$723,585.60	$3,585.60
2015	1,295,000	4.00%	103.917	1,345,725.15	50,725.15
2016	1,280,000	4.00%	104.320	1,335,296.00	55,296.00
2017	1,365,000	4.00%	103.750	1,416,187.50	51,187.50
2018	1,245,000	4.00%	102.741	1,279,125.45	34,125.45
2019	1,320,000	4.25%	102.667	1,355,204.40	35,204.40
2020	1,400,000	5.00%	105.433	1,476,062.00	76,062.00
2021	1,485,000	5.00%	104.012	1,544,578.20	59,578.20
2022	1,570,000	5.00%	102.182	1,604,257.40	34,257.40
2023	1,650,000	5.00%	100.000	1,650,000.00	-0-
2024*	1,630,000	6.00%	104.199**	1,698,443.70	68,443.70
2025*	1,720,000	6.00%	104.199**	1,792,222.80	72,222.80
2026*	1,815,000	6.00%	104.199**	1,891,211.85	76,211.85
2027	1,905,000	6.00%	104.199**	1,984,990.85	79,990.95
Total	$20,400,000			$21,096,891.00	$696,891.00
10e Underwriter's discount and/or Placement Agent fee, if any				$(408,000.00)	
10f Net proceeds (as shown on issuance form)				$20,688,891.00	

*Mandatory Redemption Date of July 15, 2027 Term Bond
**Priced to first optional redemption date.

JTG:dlh 1993733.2 7/10/2013

Name of Issue: **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A**

Costs of Issuance

No costs of issuance were paid from bond proceeds.

Report of Bond and Security Issuance

Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)	
2. Issue name/title: District General Obligation Project Bonds, Series 2013B	
3. Dated Date: July 12, 2013 Closing Date: July 12, 2013	4. Par Amount: $6,000,000
5. Overall Interest Rate: 5.929 % (NIC)	6. Type of Bond or Security: general obligation project bonds
7. Repayment source: ad valorem tax on all property within the District	
8. Total amount outstanding: Total: $6,000,000.00	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (principal amount) $6,000,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: FCV $506,451,824 **For General Obligation Bonds:** a. Secondary net assessed value: $51,517,086
b. Original Issue Discount (-) $(-0-)	b. Debt limit percentage: 60% of market value
c. Premium Amount (+) $9,746.40	c. Total debt limit: $129,600,000
d. Original Issue Price (=) $6,009,746.00	12. Available debt limit: Total: $129,600,000
e. Underwriter's Discount (-) $(120,000.00)	13. Total amount authorized $100,000,000
f. Net Proceeds (=) $5,889,746.40	
14. Remaining authorized amount: $51,400,000.00	15. If voter authorized, election dates: August 7, 2001

16. Attach a detailed listing of Issue Costs.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.

Larry Price, Treasurer

July 12, 2013
Date

Title, address and phone number

Larry Price, Treasurer
Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)
530 E. Monroe Avenue
Buckeye, AZ 85326
623-349-6164

Trustee name, address, phone number

Wells Fargo Bank, N.A.
707 Wilshire Blvd., 17th Floor
MAC: E2818-176
Los Angeles, CA 90017
213-614-3320

Political Subdivision Contact Name, address, phone number

Larry Price, Treasurer
Verrado District 1 Community Facilities istrict District (Town 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 Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

JTG:dlh 1993741.1 7/1/2013

Arizona Department of Revenue
Report of Bond and Security Issuance
Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a-10b+10c-10e=10f.

Name of Issue **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B**

Par Amount: $6,000,000 Date Closed: July 12, 2013

Maturity Date (July 15)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield Or Price	Original Issue Price	Premium or Discount 10b or 10c
2016*	$50,000	5.00%	100.000%	$50,000.00	$-0-
2017*	20,000	5.00%	100.000	20,000.00	-0-
2018*	190,000	5.00%	100.000	190,000.00	-0-
2019*	175,000	5.00%	100.000	175,000.00	-0-
2020*	160,000	5.00%	100.000	160,000.00	-0-
2021*	155,000	5.00%	100.000	155,000.00	-0-
2022*	150,000	5.00%	100.000	150,000.00	-0-
2023	160,000	5.00%	100.000	160,000.00	-0-
2024**	265,000	5.70%	100.000	265,000.00	-0-
2025**	290,000	5.70%	100.000	290,000.00	-0-
2026**	315,000	5.70%	100.000	315,000.00	-0-
2027**	350,000	5.70%	100.000	350,000.00	-0-
2028**	535,000	5.70%	100.000	535,000.00	-0-
2029	565,000	5.70%	100.000	565,000.00	-0-
2030***	600,000	6.00%	100.372****	602,232.00	2,232.00
2031***	635,000	6.00%	100.372****	637,362.20	2,362.20
2032***	670,000	6.00%	100.372****	672,492.40	2,492.40
2033	715,000	6.00%	100.372****	717,659.80	2,659.80
Total	$6,000,000			$6,009,746.40	$9,746.40
10e Underwriter's discount and/or Placement Agent fee, if any				(120,000.00)	
10f Net proceeds (as shown on issuance form)				$5,889,746.40	

*Mandatory Redemption Date of July 15, 2023 Term Bond
** Mandatory Redemption Date of July 15, 2029 Term Bond
*** Mandatory Redemption Date of July 15, 2033 Term Bond
****Priced to first optional redemption date.

JTG:dlh 1993741.2 7/10/2013

Name of Issue: **VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT (TOWN OF BUCKEYE, ARIZONA) DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B**

Costs of Issuance

No costs of issuance were paid from bond proceeds.

JTG:dlh 1993741.2 7/10/2013

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

$20,400,000
DISTRICT GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2013A

$6,000,000
DISTRICT GENERAL OBLIGATION
PROJECT BONDS, SERIES 2013B

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 Department of Revenue, Office of Economic Research and Analysis, P.O. Box 29099, Phoenix, AZ 85038, on August 22, 2013.

Angela Robison

Angela Robison

AKR:akr 2031322.1 8/22/2013

Verrado District 1 CFD Series 2013A and 2013B Investor Letters

2013A Refunding Bonds

Mty	Wells Capital Management	Van Kampen Funds	Capital Research & Mgmt	Federated Investors	Rochester
2014	720				
2015	1,295				
2016	1,280				
2017	1,365				
2018	1,245				
2019	1,320				
2020	700	700			
2021	485	500	500		
2022	500	570	500		
2023		825	825		
2024					
2025					
2026					
2027		2,000	2,000	1,070	2,000
2028					
2029					
2030					
2031					
2032					
2033					
	8,910	4,595	3,825	1,070	2,000
Total	20,400				

2013B Project Bonds

Mty	Aquilla	Van Kampen Funds	Capital Research & Mgmt	Rochester
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023		560	500	
2024				
2025				
2026				
2027				
2028				
2029		775	770	775
2030				
2031				
2032				
2033	500	710	700	710
	500	2,045	1,970	1,485
Total	6,000			

Investor	Total	Investor Letter Received
Wells Capital Management	8,910	Yes
Van Kampen Funds	6,640	Yes
Capital Research & Mgmt	5,795	Yes
Federated Investors	1,070	Yes
Rochester	3,485	Yes
Aquilla	500	Yes
	26,400	

[FORM OF INVESTOR LETTER]

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

$4,595,000
2013A

Re: Verrado District 1 Community Facilities District, District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that its has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]- INVESCO INTERMEDIATE TERM MUNICIPAL INCOME FUND

By Elizabeth Nelson

Printed Name ELIZABETH NELSON

Title ASSISTANT SECRETARY

Date JULY 3, 2013

[FORM OF INVESTOR LETTER]

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

$1,070,000
2013A

Re: Verrado District 1 Community Facilities District, District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that its has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER] Federated Municipal High Yield Advantage Fund

By _____

Printed Name Lee R. Cunningham II

Title vice president /port folio manager

Date 7-8-2013

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

$8,910,000
2013A

Re: Verrado District 1 Community Facilities District, District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that its has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

WELLS FARGO ADVANTAGE SHORT-TERM MUNICIPAL BOND FUND, STRATEGIC MUNICIPAL BOND FUND AND MANAGED ACCOUNT CORE BUILDER - SERIES M

By _____

Printed Name WELLS CAPITAL MANAGEMENT GILBERT L. SOUTHWELL III

Title VICE PRESIDENT

Date 7/3/2013

[FORM OF INVESTOR LETTER]

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

$2,000,000
2013A
$1,485,000
2013B

Re: Verrado District 1 Community Facilities District, District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that its has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By _____

Printed Name Troy Willis

Title Portfolio Manager

Date 7/2/13

AMERICAN FUNDS®
From Capital Group

Capital Research and Management Company
333 South Hope Street
Los Angeles, California 90071-1406

July 3, 2013

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

$ 3,825,000
2013A

Wells Fargo Bank, N.A., as Trustee

$ 1,970,000
2013B

RBC Capital Markets, LLC

Re: Verrado District 1 Community Facilities District General Obligation Bonds, Series 2013

In connection with the undersigned Purchasers' proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchasers hereby certify, represent and warrant as follows:

1. Each Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by such Purchaser in connection with the purchase of the Bonds.

2. Each Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Each Purchaser has, either alone or with a purchaser representative, (a) experience in the bond market, (b) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (c) the ability to bear the economic risk of its investment in the Bonds, including a total loss of such Purchaser's investment. Each Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Each Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Each Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by each Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and each Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Each Purchaser agrees

Capital Research and Management Company
333 South Hope Street
Los Angeles, California 90071-1406

that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Each Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Each Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable purchaser would attach significance in making investment decisions, and each Purchaser has read and understands the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, such Purchaser has been able to make its investment decision to purchase the Bonds.

7. Each Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Each Purchaser has satisfied itself that the Bonds are a lawful investment for such Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[Signature page follows.]

AMERICAN HIGH-INCOME MUNICIPAL BOND FUND

By: Capital Research and Management Company, for and on behalf of American High-Income Municipal Bond Fund

By: _____
Name: Walter R. Burkley
Title: Authorized Signatory

THE TAX-EXEMPT BOND FUND OF AMERICA

By: Capital Research and Management Company, for and on behalf of The Tax-Exempt Bond Fund of America

By: _____
Name: Walter R. Burkley
Title: Authorized Signatory

[FORM OF INVESTOR LETTER]

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

$ 2,045,000
2013B

Re: Verrado District 1 Community Facilities District, District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

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7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER] - INVESCO MUNICIPAL INCOME FUND

By Elizabeth Nelson

Printed Name ELIZABETH NELSON

Title ASSISTANT SECRETARY

Date JULY 3, 2013

[FORM OF INVESTOR LETTER]

$500,000
2013B

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

Re: Verrado District 1 Community Facilities District, District General Obligation Refunding Bonds, Series 2013A and District General Obligation Project Bonds, Series 2013B

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

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7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER] Tax Free Trust of Arizona
By Todd Curtis
Printed Name Todd Curtis
Title Fund Manager
Date July 3, 2013

18
Enter 66 <GO> to Msg DES.

MUNICIPAL BOND DESCRIPTION Page 3/ 3

VERRADO AZ CMNTY FACS DIST #1 CUSIP:92511QAT(8)
REF-SER A BBGID:BBG004SNPG89
TICKER: VERFAC CPN: 4 MATURITY: 7/15/2016 DATED: 7/12/2013 STATE:AZ

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers (as defined by Rule 144A of the Securities Act.) The indenture under which the Bonds will be issued contains provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds only to Qualified Institutional Buyers.

No further pages on this bond.

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MUNICIPAL BOND DESCRIPTION Page 5/ 5

VERRADO AZ CMNTY FACS DIST #1 CUSIP:92511QBK(6)
PROJ-SER B BBGID:BBG004SNPML1
TICKER: VERFAC CPN: 5.7 MATURITY: 7/15/2029 DATED: 7/12/2013 STATE:AZ

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers (as defined by Rule 144A of the Securities Act. The indenture under which the Bonds will be issued contains provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds only to Qualified Institutional Buyers.

No further pages on this bond.

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LIMITED OFFERING MEMORANDUM

NEW ISSUE - FULL BOOK ENTRY FORM **NOT RATED**

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes. See "TAX EXEMPTION" herein.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

DATED: Date of Delivery **DUE: As shown below**

The Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A (the "Refunding Bonds") and District General Obligation Project Bonds, Series 2013B (the "Project Bonds" and, together with the Project Bonds, the "Bonds"), will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $100,000 of principal due on a maturity date and integral multiples of $5,000 in excess thereof. Purchasers will not receive definitive certificates with respect to the Bonds. So long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a "DTC Participant" to receive payment of principal of and interest on such Bond. Interest on the Bonds (except defaulted interest, if any) will be payable semiannually on each January 15 and July 15 commencing January 15, 2014. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX G - "Book-Entry-Only System" herein.

The Project Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "CFD Act"), and an election in and for Verrado District 1 Community Facilities District, a community facilities district (the "District") formed within the boundaries of the Town of Buckeye, Arizona (the "Town"), held on August 7, 2001, and the Refunding Bonds are authorized pursuant to the CFD Act and Title 35, Chapter 3, Article 4, Arizona Revised Statutes. The Bonds will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of July 1, 2013, from the District to Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a resolution of the Board of Directors of the District.

The Bonds will be payable as to both principal and interest from *ad valorem* property taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate; provided, however, that with regard to the Refunding Bonds such taxes are limited by statutory provisions to an amount which shall not exceed the total aggregate principal and interest requirements coming due on the remaining, outstanding District General Obligation Bonds, Series 2003, dated as of April 1, 2003 (the "Bonds Being Refunded"), of the District, from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. Debt service with respect to the Bonds will also be payable from (1) amounts payable pursuant to a Standby Contribution Agreement, to be dated as of July 1, 2013 (the "Standby Contribution Agreement"), by and among the District, the Trustee and DMB White Tank, LLC, an Arizona limited liability company (the "Developer"), and (2) in the event of the Developer's non-performance under the Standby Contribution Agreement, certain amounts received pursuant to a Guaranty, to be dated as of July 1, 2013 (the "Guaranty"), from ABD Investments Limited Partnership, an Arizona limited partnership. See "SECURITY FOR AND SOURCES OF PAYMENT" herein. *(The Standby Contribution Agreement and the Guaranty can be released under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS" herein.)* **With respect to *ad valorem* property taxes only, the Bonds will be on a parity with the District General Obligation Bonds, Series 2006, dated October 17, 2006 (the "Series 2006 Bonds"), of the District and issues of general obligation bonds of the District which may be issued in the future. However, pursuant to the Standby Contribution Agreement, *ad valorem* property taxes will be allocated first to the Series 2006 Bonds in reliance upon additional funds being made available for the Bonds from the Standby Contribution Agreement. However, if there is a payment shortfall, with respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."**

The Bonds will be subject to optional, special mandatory redemption and mandatory redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Project Bonds will be used to finance acquisition of certain public infrastructure within the District. Proceeds of the sale of the Refunding Bonds will be used to fund a trust to provide for payment of the Bonds Being Refunded.

The Bonds are not being sold in a public offering. The Bonds may be purchased by and transferred to "Qualified Investors" only. To insure transfer to Qualified Investors only, all sales and transfers must occur utilizing a broker, dealer or municipal securities dealer. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS" herein.

Investment in the Bonds has substantial risk for a variety of reasons as described under "RISK FACTORS" herein and under other portions of the Limited Offering Memorandum.

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

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

[See Maturity Schedules on Inside Front Cover]

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona and for the Developer by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that delivery of the Bonds in book-entry-only form will be made to Cede & Co. on or about July 12, 2013.

RBC CAPITAL MARKETS

July 2, 2013

MATURITY SCHEDULE

The Refunding Bonds

Year (July 15)	Principal Amount	Interest Rate	Yield	CUSIP[(a)] No.s (Base 92511Q)
2014	$ 720,000	2.00%	1.50%	AR2
2015	1,295,000	4.00	2.00	AS0
2016	1,280,000	4.00	2.50	AT8
2017	1,365,000	4.00	3.00	AU5
2018	1,245,000	4.00	3.40	AV3
2019	1,320,000	4.25	3.75	AW1
2020	1,400,000	5.00	4.10	AX9
2021	1,485,000	5.00	4.40	AY7
2022	1,570,000	5.00	4.70	AZ4
2023	1,650,000	5.00	5.00	BA8

$7,070,000 6.00% Term Bond Due July 15, 2027 – To Yield 5.45%+ - CUSIP: 92511Q BB6

The Project Bonds

$1,060,000 5.00% Term Bond Due July 15, 2023 - To Yield 5.00% - CUSIP: 92511Q BM2
$2,320,000 5.70% Term Bond Due July 15, 2029 - To Yield 5.70% - CUSIP: 92511Q BK6
$2,620,000 6.00% Term Bond Due July 15, 2033 - To Yield 5.95%+ - CUSIP: 92511Q BL4

\+ Yield is calculated to first available redemption date.

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

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

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, DMB WHITE TANK, LLC (IN ITS CAPACITY AS THE DEVELOPER), ABD INVESTMENTS LIMITED PARTNERSHIP (IN ITS CAPACITY AS THE GUARANTOR) AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THIS LIMITED OFFERING MEMORANDUM CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS OR THAT THEY WILL BE REALIZED. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF AD VALOREM TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS LIMITED OFFERING MEMORANDUM IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE.

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

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER WITH RESPECT TO THE STANDBY CONTRIBUTION AGREEMENT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE INFORMATION OR TO MAKE ANY

REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

NONE OF THE DISTRICT, THE DEVELOPER OR THE GUARANTOR HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE PURSUANT TO AN EXEMPTION TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION (THE "RULE"). HOWEVER, THE DISTRICT HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE INDEPENDENT OF THE RULE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "VOLUNTARY CONTINUING DISCLOSURE FROM THE ISSUER ONLY," AND IN APPENDIX J - "FORM OF CONTINUING DISCLOSURE UNDERTAKING." SEE "VOLUNTARY CONTINUING DISCLOSURE FROM THE ISSUER ONLY."

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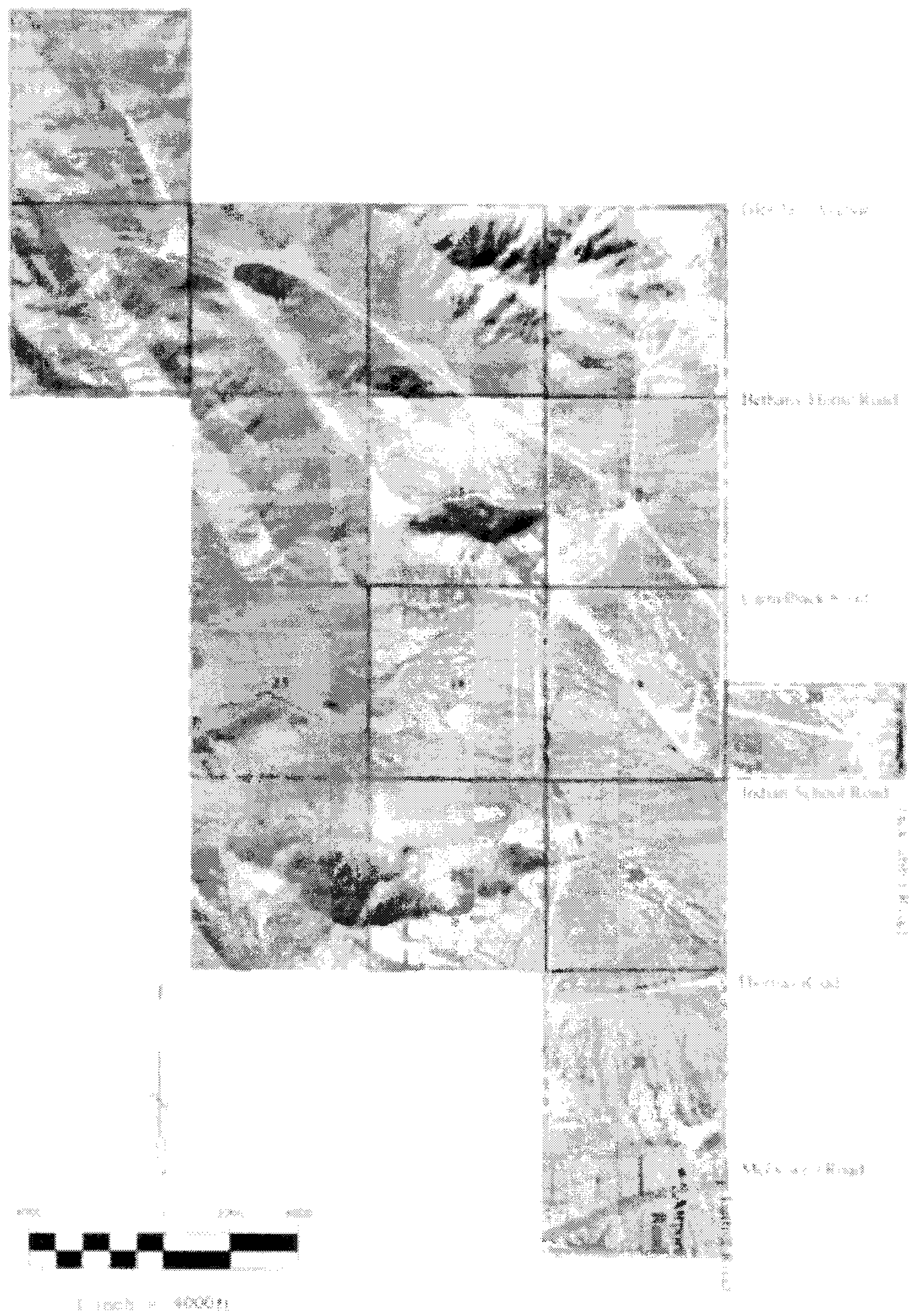
Map 1
MAP SHOWING LOCATION OF DISTRICT
IN CONTEXT OF TOWN OF BUCKEYE
AND NEIGHBORING COMMUNITIES

Verrado
Litchfield Park
Goodyear
Glendale
Avondale
Downtown Phoenix
NATHAN & ASSOCIATES, INC.

Map 2
MAP SHOWING DISTRICT BOUNDARIES AND BOUNDARIES OF VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT



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VERRADO DISTRICT 1 AND WESTERN OVERLAY COMMUNITY FACILITIES DISTRICTS

VERRADO

BUCKEYE, ARIZONA

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

INTRODUCTORY STATEMENT

This Limited Offering Memorandum, which includes the cover page, the inside cover page and the appendices hereto, provides certain information concerning the issuance of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A in aggregate principal amount of $20,400,000 (the "Refunding Bonds"), and District General Obligation Project Bonds, Series 2013B, in the aggregate principal amount of $6,000,000 (the "Project Bonds" and, collectively with the Refunding Bonds, the "Bonds"). The Refunding Bonds will be issued for the purpose of refunding the $20,400,000 remaining, outstanding principal of District General Obligation Bonds, Series 2003, dated as of April 1, 2003 (the "Bonds Being Refunded") of the District (CUSIP No.s 92511Q AA9 (7/15/13), 92511Q AG6 (7/15/17) and 92511Q AH4 (7/15/27)), The Project Bonds will be issued for the purpose of financing the acquisition of a portion of the hereinafter described Projects. SEE "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE." SEE ALSO "SOURCES AND APPLICATIONS OF FUNDS." **Certain capitalized terms not defined in the text of this Limited Offering Memorandum are defined in APPENDIX B - "Summary of Certain Provisions of the Indenture - Definitions of Certain Terms."**

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "CFD Act"), and in response to a petition by DMB White Tank, LLC, an Arizona corporation (the "Developer"), and certain other landowners described herein under the subheading "GENERAL DESCRIPTION OF THE DISTRICT, THE DEVELOPER AND THE PROJECT," being collectively the then owners of all the land within the hereinafter described community facilities district, the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), formed Verrado District 1 Community Facilities District (the "District") on June 19, 2001. See APPENDIX A - "Information Regarding the Town of Buckeye, Arizona" for certain information about the Town, "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE" for a description of the District and "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER" for a description of the Developer.

The board of directors of the District (the "Board") will annually levy and cause the Treasurer of Maricopa County, Arizona (the "Treasurer"), to collect an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from the sources described in the CFD Act including the Standby Contribution Agreement and the Guaranty, to pay Debt Service with respect to the Bonds when due. Such taxes may be levied on all taxable property within the District without limitation as to rate, but with regard to the Refunding Bonds are limited by Title 35, Chapter 3, Article 4, Arizona Revised Statutes (the "Refunding Act") to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. **See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."**

For each year until the Bonds are paid or otherwise provided for, the Board will levy and cause the Treasurer to collect an *ad valorem* property tax based upon a tax rate of at least $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District, sufficient, with moneys, if any, available pursuant to a Standby Contribution Agreement, to be dated as of July 1, 2013 (the "Standby Contribution Agreement"), by and among the District, the Developer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and if payments are not made by the Developer, then with moneys, if any, from a Guaranty, to be dated as of July 1, 2013, of ABD Investments Limited Partnership (the "Guarantor"), to pay Debt Service with respect to the Bonds; provided, however, that the District may levy a lesser tax rate if such lower rate is estimated to produce tax revenues sufficient to pay in full Debt Service with respect to the Bonds (and debt service with respect to the

Series 2006 Bonds and subsequently issued additional general obligation bonds of the District) up to, and including, the final maturity of the Bonds and any such outstanding additional bonds. The Standby Contribution Agreement and the Guaranty will be subject to release by the District under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT - The Standby Contribution Agreement" and APPENDIX C - "Form of Standby Contribution Agreement." **With respect to *ad valorem* property taxes only, the Bonds will be on a parity with the District General Obligation Bonds, Series 2006, dated October 17, 2006 (the "Series 2006 Bonds"), of the District and issues of general obligation bonds of the District which may be issued in the future. However, for purposes of calculating any payments owed by the Developer under the Standby Contribution Agreement, *ad valorem* property taxes will be allocated first to the Series 2006 Bonds. However, if there is a payment shortfall, with respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."**

The Guaranty will be executed by the Guarantor in favor of the District and the Trustee. In the Guaranty, the Guarantor will unconditionally guarantee the full and prompt payment by the Developer under the Standby Contribution Agreement. The Guarantor will agree to comply with certain financial covenants and to provide certain financial information until the termination of the Guaranty pursuant to its terms. See "SECURITY FOR AND SOURCES OF PAYMENT - The Guaranty and the Guarantor" and APPENDIX D - "Form of Guaranty."

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

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS

Beneficial interests with respect to the Bonds may be purchased only by Qualified Investors. As used herein, "Qualified Investor" means any purchaser which is a "qualified institutional buyer" as defined in Rule 144A under the federal Securities Act of 1933, as amended and which is purchasing an interest through a broker/dealer. A letter in the form set forth in APPENDIX F must be provided by all Qualified Investors in connection with investment as part of the initial sale and delivery of the Bonds.

Prior to either (a) the District being informed that the Bonds have received (i) a rating from a Rating Agency of "AAA" or "AA" or (ii) a rating from a Rating Agency of "A" or "BBB" and written approval of the Board or (b) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds owned by Qualified Investors will be transferable only to Qualified Investors through transactions utilizing a broker-dealer. Any owner that is a Qualified Investor of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investors through transactions utilizing a broker-dealer and any broker-dealer acquiring such beneficial interest shall only sell or transfer such interest to a Qualified Investor.

THE BONDS

Authority and Election

The Project Bonds are authorized pursuant to the CFD Act and an election held on August 7, 2001 (the "Election"). Pursuant to the Election, the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed $100,000,000 secured by *ad valorem* taxes levied on all taxable property within the boundaries of the District and may also secure such bonds from other sources described in the CFD Act, including amounts available from sources such as the hereinafter described Standby Contribution Agreement and the Guaranty. The Project Bonds are the third series issued pursuant to the authorization approved by the Election, and after issuance of the Project Bonds, there will be $51,400,000 of authorization remaining.

The Refunding Bonds are authorized pursuant to the Enabling Act and the Refunding Act.

The Bonds will be issued pursuant to a resolution adopted by the Board on June 4, 2013 (the "Bond Resolution"), and an Indenture of Trust and Security Agreement, to be dated as of July 1, 2013 (the "Indenture"), from the District to the Trustee. See APPENDIX B - "Summary of Certain Provisions of the Indenture."

General Description

The Bonds will be dated as of the date of delivery, and will mature and bear interest as set forth on the inside cover page of this Limited Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2014 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from their date of delivery, calculated on the basis of a 360-day year of twelve 30-day months. (The 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.)

The principal of and premium, if any, and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds for a book-entry-only system. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds.

The Bonds will be issued in the form of fully registered bonds, without coupons, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $100,000 of principal due on a maturity date and any integral multiples of $5,000 in excess thereof. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to the Participants who will remit such payments to the Beneficial Owners. See APPENDIX G - "Book-Entry-Only System."

Redemption Provisions

Optional Redemption. The Bonds maturing after July 15, 2024, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at a price equal to the principal amount to be redeemed, plus interest accrued to the date of redemption, without premium.

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

Refunding Bonds Maturing July 15, 2027

Year Redeemed (July 15)	Principal Amount Redeemed
2024	$1,630,000
2025	1,720,000
2026	1,815,000
2027 (maturity)	1,905,000

Project Bonds Maturing July 15, 2023		Project Bonds Maturing July 15, 2029		Project Bonds Maturing July 15, 2033	
Year Redeemed	**Principal Amount Redeemed**	**Year Redeemed**	**Principal Amount Redeemed**	**Year Redeemed**	**Principal Amount Redeemed**
2016	$ 50,000	2024	$265,000	2030	$600,000
2017	20,000	2025	290,000	2031	635,000
2018	190,000	2026	315,000	2032	670,000
2019	175,000	2027	350,000	2033 (maturity)	715,000
2020	160,000	2028	535,000		
2021	155,000	2029 (maturity)	565,000		
2022	150,000				
2023 (maturity)	160,000				

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.

Special Redemption Relating to a Default Under the Standby Contribution Agreement or the Guaranty. The Bonds will be subject to special mandatory redemption in whole in the event of a default under the terms of either the Standby Contribution Agreement or the Guaranty, upon payment by the Developer or the Guarantor, as applicable, of the principal amount of the Bonds plus interest accrued to the date of redemption, without premium, for such purpose. The date of redemption shall be the first day of the first calendar month after payment to the Trustee of such amount for which notice of redemption can be given as provided in the Indenture, not more than sixty (60) nor less than thirty (30) days prior to the date of redemption.

Selection of Bonds for Redemption. If less than all of the Bonds of a maturity are to be redeemed upon any redemption of Bonds, the Bonds to be redeemed will be selected by lot in accordance with procedures of DTC. See APPENDIX G - "Book-Entry-Only System."

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC. See APPENDIX G - "Book-Entry-Only System."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the principal and accrued interest are held under the Indenture, interest on the Bonds so called for redemption will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such Bonds under the Indenture.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

After the Bonds are issued, the Board will annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the CFD Act and available pursuant to the Indenture, to pay Debt Service with respect to the Bonds (whether at maturity or prior redemption) when due. Such taxes will be levied on all taxable property within the District without limitation as to rate, but with regard to the Refunding Bonds will be limited by the Refunding Act to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. Pursuant to the Refunding Act, the levy of *ad valorem* property taxes for payment of the Refunding Bonds will be subject to the rights vested in the holders of the Bonds Being Refunded to payment from the same tax source in the event of a deficiency in the money and obligations purchased with the proceeds of the Refunding Bonds and placed in irrevocable trust for payment of the Bonds Being Refunded. In the event of a deficiency in such money and obligations, *ad valorem* property taxes levied for payment of the Refunding Bonds shall first be applied, to the extent of such deficiency, to payment of principal of and interest on the Bonds Being Refunded, and the balance to the payment of the Refunding Bonds.

Amounts derived from the levy of the tax provided in this section when collected constitute funds to pay the Debt Service and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, and except as to the limitations described hereinabove with regard to the Refunding Bonds, the Bonds will be on a parity of lien with the Series 2006 Bonds and with issues of general obligation bonds of the District which may be issued in the future.

Debt Service with respect to the Bonds (but not the Series 2006 Bonds) will also be payable from amounts paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. The Standby Contribution Agreement may be released by the District under certain circumstances. See "The Standby Contribution Agreement" and APPENDIX C – "Form of Standby Contribution Agreement."

In the event the Developer fails to pay amounts due pursuant to the Standby Contribution Agreement, Debt Service will also be payable from amounts paid to the Trustee at the times and for the period set forth in the Guaranty. See "The Guaranty and the Guarantor" and APPENDIX D - "Form of Guaranty."

With respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. However, for purposes of calculating any payments owed by the Developer under the Standby Contribution Agreement, *ad valorem* property taxes will be allocated first to the Series 2006 Bonds. However, if there is a payment shortfall, with respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."

Based upon the 2012-13 secondary assessed valuation of property within the boundaries of the District, it is estimated that the Developer will pay approximately $2,023,000 in fiscal year 2012-13 pursuant to the terms of a standby contribution agreement similar to the Standby Contribution Agreement which was entered into with respect to the Series 2006 Bonds during the fiscal year ending June 30, 2007. Thereafter, the Developer estimates that payments will be due under the Standby Contribution Agreement with respect to the Bonds and the Series 2006 Bonds until fiscal year 2019. *See "RISK FACTORS."*

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN NOR THE STATE OF ARIZONA NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN

THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

The Standby Contribution Agreement

Pursuant to the Standby Contribution Agreement, in each year prior to release of the Standby Contribution Agreement, the Developer will deposit with the Trustee on or before May 1, the difference between the Tax Year Tax Amount Net of 2006 Bonds, plus 2013 Available Moneys, less Next Annual 2013 Debt Service Payment, but only if such difference is a negative number. Such terms are defined as follows:

"Tax Year Tax Amount Net of 2006 Bonds" means the tax revenues expected to be received by the District at a tax rate of $3.00 per $100 of secondary assessed valuation (or such lesser rate as may be permitted) assuming a ninety-five percent (95%) collection rate, less Debt Service on the Series 2006 Bonds in the next succeeding calendar year, plus the amount in the debt service fund established pursuant to the Indenture related to the Series 2006 Bonds estimated to be available to pay Debt Service on the Series 2006 Bonds (without regard to any optional redemption) due in the next succeeding calendar year.

"2013 Available Moneys" means the amount in the Bond Fund estimated to be available to pay Debt Service on the Bonds.

"Next Annual 2013 Debt Service Payment" means Debt Service on the Bonds (without regard to any optional redemption) due in the next succeeding calendar year.

See Section 2.1(A) of the Standby Contribution Agreement in APPENDIX C. The Developer will also make additional payments prior to each interest payment date if there continues to be a shortfall between the debt service due on the next payment date and the amount in the Bond Fund. See Section 2.1(B) of the Standby Contribution Agreement in APPENDIX C. The obligation of the Developer to pay will be subject only to the condition that for each year the District levies the tax rate described above.

The Standby Contribution Agreement will be subject to release by the District when certain conditions related to the tax collection history have been met and the Board of the District approves such termination, which approval shall not be withheld unreasonably. See Section 1.15 of the Standby Contribution Agreement in APPENDIX C.

The Developer will cause the Guarantor to provide certain financial information for the periods and at the times described under "The Guaranty and the Guarantor." If the information is not provided in a timely fashion, or if the information indicates that the Guarantor has failed to maintain the required minimum Net Worth or the required Liquidity (as such terms are defined in the Guaranty in APPENDIX J) and the Developer has not either met the test under the conditions permitted or provided Substitute Collateral ("Substitute Collateral" means cash, Government Obligations or a full recourse letter of credit, surety bond, investment agreement or other financial assurance instrument, acceptable to the District that is issued by an entity with a long term obligation rating by S&P or Moody's of at least "A") sufficient to pay the outstanding principal of, and interest on, the Bonds through the first optional call date of the Bonds (see Section 2.1(E)(ii)(2) of the Standby Contribution Agreement in APPENDIX C), the Bonds will be subject to special mandatory redemption (see Section 2.4 of the Standby Contribution Agreement in APPENDIX C and "THE BONDS - Redemption Provisions - Special Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty").

The Guarantor may be released from its obligation to guarantee the Developer's obligations under the Standby Contribution Agreement by providing Substitute Collateral under the terms and conditions set forth in Section 2.1(G) of the Standby Contribution Agreement in APPENDIX C.

Bondholders may request the financial information required to be submitted under the Guaranty and the certifications required to evidence compliance with the Financial Covenants (as defined under "The Guaranty and

the Guarantor" below) under the process described in Section 2.1(H) of the Standby Contribution Agreement in APPENDIX C.

The Guaranty and the Guarantor

The Guaranty. The Guaranty will be executed by the Guarantor in favor of the District and the Trustee. In the Guaranty, the Guarantor will unconditionally guarantee the full and prompt payment of amounts due from the Developer under the Standby Contribution Agreement. The Guarantor will waive any and all defenses, claims, setoffs and discharges of the Developer and agree not to assert, plead or enforce against the District any defenses.

Under the Guaranty, until the obligations of the Developer under the Standby Contribution Agreement have been fully satisfied and the Developer has been released from the Standby Contribution Agreement pursuant to the terms of the Indenture and the Standby Contribution Agreement, or until the Guarantor has been released from the Guaranty in the event Substitute Collateral is deposited with the Trustee as provided for in the Standby Contribution Agreement, the Guarantor will comply with the following financial covenants (the "Financial Covenants"):

(i) the Guarantor shall have, at the time of execution of the Guaranty, a minimum Net Worth of $200,000,000; and

(ii) the Guarantor shall maintain, at all times, a minimum Net Worth of three (3) times the amount of the Undercollateralized Obligations and a minimum Liquidity of one and one-half (1.5) times the amount of the Undercollateralized Obligations.

Investors are advised to review carefully the definitions of Affiliate, Development, Liquidity, Net Worth, Qualifying Assets, Qualifying Liabilities and Undercollateralized Obligations in Section 2 of the Guaranty in APPENDIX D in order to evaluate the parameters and limitations of the Financial Covenants.

The Guarantor will be required to provide certain financial information related to its Financial Covenants as of the end of the Guarantor's fiscal year and the mid-year of each fiscal year to the District and the Trustee, which financial information is to be provided 120 days after the end of the fiscal year and 60 days after the end of the mid-year period, unless such period is extended (see Section 15 of the Guaranty in APPENDIX D and Section 2.1(E)(ii)(1) of the Standby Contribution Agreement in APPENDIX C).

In the event the Guarantor is not in compliance with the Financial Covenants or any act or occurrence related to dissolution, termination or insolvency of the Guarantor has occurred as described in Section 7 of the Guaranty in APPENDIX D, or if the Guarantor is not in compliance with the reporting requirements described in the paragraph immediately above, then and in any such event, the applicable provisions of the Standby Contribution Agreement and the Indenture shall control including, as applicable, that the Bonds, if Substitute Collateral is not deposited with the Trustee, may be subject to special mandatory redemption (see Sections 2.1(e)(ii)(2) and 2.4 of the Standby Contribution Agreement and "THE BONDS - Redemption Provisions - Special Mandatory Redemption Related to a Default under the Standby Contribution Agreement or the Guaranty."

The Guarantor. The Guarantor was formed in 1993 for the purpose of investing partnership funds in stock, partnership interests and other real and personal property as permitted under Arizona law. The Guarantor was initially capitalized in 1994 through the contribution of 10,000,000 (currently 17,900,000) shares of common stock of Campbell Soup Company, a publicly traded company. The Guarantor will expire December 31, 2050, or sooner, in accordance with the terms of the partnership agreement. See APPENDIX I for the audited financial statements of the Guarantor for the fiscal year ended December 31, 2012. *As indicated therein, the assets of the Guarantor are concentrated in common stock of a publicly traded corporation. Adverse changes in the price of such stock would have a corresponding adverse effect on the net worth of the Guarantor.*

Ad Valorem Taxation

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system.

Beginning in tax year 2015 (for operations during the District's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary) to the lesser of the full cash value of the property or an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft - regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. The legislature has enacted, and, as of April 5, 2013, the Governor has signed into law S1169, which makes statutory changes necessary to implement this voter-approved constitutional amendment. S1169 will become effective 90 days after the legislature adjourns the current legislative session, unless a sufficient petition seeking referendum of such legislation is submitted. The date of adjournment is unknown at this time. Other statutory changes may be enacted in the future. The information which follows summarizes the assessment, levy and collection process as it currently exists.

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property value" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations. The Legislature, from time to time, has changed and may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. (See "Assessment Ratios.")

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. The State does not currently levy ad valorem taxes. With the exception of personal property (other than permanently affixed mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash value, limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use are established at the previous year's limited property value increased by the greater of either ten percent (10%) of last year's limited property value or twenty-five percent (25%) of the difference between last year's limited property value and the current year's full cash value.

(b) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city, town and community college district is constitutionally limited to a maximum increase of two percent (2%) over the prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). In 2007 each taxing entity's maximum allowable primary property tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years) to remove unused taxing capacity. The two percent (2%) limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same.

Primary taxes on residential property only are constitutionally limited to one percent (1%) of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid. See footnote (c) to TABLE 6.

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the

Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors including for the county in which the District is located, Maricopa County, Arizona (the "County"), the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by used of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values exiting property on a two year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the *"Property Valuation Protection Option"*) if the owners total income from all sources does not exceed four hundred percent (400%) (five hundred percent (500%) for two or more owners of the same property) of the "Social Security Income Benefit Rate". The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify for the Property Valuation Protection Option, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. Except as set forth in footnote (6), the assessment ratios utilized over the period 2008 through 2012 for each class of property are set forth below.

TABLE 1
Property Tax Assessment Ratios
2008-09 through 2012-13

Property Classification (a)	2008-09	2009-10	2010-11	2011-12	2012-13
Mining, Utility, Commercial and Industrial (b)	22%	21%	20%	20%	19.5%
Agriculture and Vacant Land (b)	16	16	16	16	16.0
Owner Occupied Residential	10	10	10	10	10.0
Lease or Rented Residential	10	10	10	10	10.0
Railroad, Private Car Company and Airline Flight Property (c)	18	17	15	15	15.0

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) For tax year 2013, full cash values up to $133,868 on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20 percent thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5 percent for tax year 2013 and further reduced one-half of one percent for each year to 18 percent for 2016 and

thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15 percent for tax year 2016 and thereafter. From time to time, there are legislative proposals in the State, including proposals to reduce the assessment ratio for certain property, which, if enacted could alter or amend the matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations issued prior to enactment.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third (3rd) Monday in August of each fiscal year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes which, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) forward the District's levied and assessed amount to the County who will then determine the necessary *ad valorem* tax rates for the District. (Based upon amounts anticipated to be available pursuant to the Standby Contribution Agreement, the tax rate is intended to equal $3.00 per $100 of secondary assessed valuation, or such lesser amount as may be permitted under the Standby Contribution Agreement and Indenture). For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the Treasurer. The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State of Arizona (the "State") and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of sixteen percent (16%) per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of ad valorem property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An ad valorem tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the ad valorem property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale and the sale of the tax lien for delinquent ad valorem property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than sixteen percent (16%) per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay as the purchase price the amount of taxes, interest and penalties due on the property, in cash at the time of sale. If the lien is assigned to the State, the ad valorem property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent ad valorem property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within fifteen (15) months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the right to redeem tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service with respect to the Bonds will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources, including amounts, if any, available from the Standby Contribution Agreement. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, or payments due pursuant to the Standby Contribution Agreement are not paid when due, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service with respect to the Bonds and what impact such delay could have on the secondary market for the Bonds.

SEE "RISK FACTORS - Availability of Standby Contribution Agreement and Guaranty Amounts," "- Effect of Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and Foreclosure Delays."

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

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

Property Valuations. The following table lists certain property valuations for the District:

TABLE 2
Property Valuations

Fiscal Year	Estimated Net Full Cash Value (a)	Secondary Assessed Value
2008-09	$826,346,588	$104,992,404
2009-10	804,275,397	104,452,505
2010-11	559,181,749	70,917,296
2011-12	432,987,475	54,835,773
2012-13	417,162,807	51,517,086

The District's preliminary fiscal year 2013/14 estimated net full cash valuation and secondary assessed valuation of property within the boundaries of the District is estimated at $445,442,469, an increase of approximately 6.8% from the fiscal year 2012/13 estimated net full cash valuation. The District's preliminary fiscal year 2013/14 secondary assessed valuation is estimated at $54,919,966, an increase of approximately 6.6% from the fiscal year 2012/13 secondary assessed valuation. Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 19, 2013.

(a) Estimated net full cash value is the total market value of the property within the District less the exempt property within the District.

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

SEE "RISK FACTORS - Certain Factors Which May Adversely Affect Development; Consequences" and "- Effect of Valuation of Property."

Net Secondary Assessed Valuation by Property Classification. The following table shows a breakdown of secondary assessed valuations for the District by property classifications for the fiscal years indicated:

TABLE 3

Fiscal Year 2012-13

Legal Class	Description	Full Cash Value	Secondary Assessed Valuation
1	Commercial	$ 23,941,377	$ 4,748,395
2	Agricultural & Vacant	158,395,957	14,430,302
3	Residential (owner occupied)	243,490,416	24,335,535
4	Residential (rental occupied)	80,624,074	8,002,854
		$506,451,824	$51,517,086

Preliminary Fiscal Year 2013-14 (a)

Legal Class	Description	Full Cash Value	Secondary Assessed Valuation
1	Commercial	$ 22,373,747	$ 4,295,813
2	Agricultural & Vacant	174,285,782	16,345,214
3	Residential (owner occupied)	256,078,635	25,593,410
4	Residential (rental occupied)	87,450,813	8,685,529
		$540,188,977	$54,919,966

(a) Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 19, 2013.

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

See "RISK FACTORS - Concentration of Ownership; Subsequent Transfer" and "- Failure or Inability to Complete Proposed Development."

Net Secondary Assessed Valuations of Certain Taxpayers. The following table shows with respect to fiscal year 2012-13 property taxpayers located within the District who owned property amounting to one percent (1%) or more of the total of the net secondary assessed valuations of property within the boundaries of the District for the fiscal years indicated, their current net secondary assessed value and their relative proportion of the total net secondary assessed value of the District.

TABLE 4A

Fiscal Year 2012-13

	Taxpayer	2012/13 Secondary Assessed Valuation	As Percent of District's 2012-13 Net Secondary Assessed Valuation
1.	Fidelity National Title Company TR B176	$4,624,850	8.97%
2.	The Developer	2,572,380	4.99
3.	Arizona Public Service Company	1,047,092	2.03
4.	Banner Health	1,009,520	1.95
5.	DMB Verrado Golf I LLC	819,368	1.59
6.	DMB Verrado District Core 1 LL/DMB/PB V Apts	678,166	1.31
7.	DMB Verrado District Core I Office LLC	675,179	1.31
8.	Toll Brothers Az Construction Company	417,350	0.81
9.	Scm-Vertwo 159 LLC/Etal	354,640	0.68
10.	Heritage Investment Holdings II LLC	328,400	0.63
		$12,526,945	24.27%

TABLE 4B

Preliminary Fiscal Year 2013-14

	Taxpayer	Preliminary 2013-14 Secondary Assessed Valuation (a)	As Percent of District's Preliminary 2013-14 Net Secondary Assessed Valuation (a)
1.	Fidelity National Title Company TR B176	$6,860,766	12.49%
2.	The Developer	2,494,093	4.54
3.	Arizona Public Service Company	1,290,785	2.35
4.	Banner Health	930,391	1.69
5.	DMB Verrado Golf I LLC	735,839	1.33
6.	DMB Verrado District Core 1 LL/DMB/PB V Apts	596,681	1.08
7.	DMB Verrado District Core I Office LLC	576,993	1.05
8.	Toll Brothers Az Construction Company	571,090	1.03
9.	Scm-Vertwo 159 LLC/Etal	518,560	0.94
		$14,575,198	26.50%

(a) Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 19, 2013.

Source: *Property Tax Rates and Assessed Values,* Arizona Tax Research Association and Assessor of the County.

The entities numbered 5, 6 and 7 in TABLE 4A and TABLE 4B are related to the Developer as affiliated entities. With regard to the entity numbered 1 in both TABLES, see "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER - Project -- General." As noted therein, the Developer is responsible for paying the property taxes (including those of the District) of the entity numbered 1. As a result of such relationships, there is a material concentration of the obligation to pay property taxes in the Developer.

See "RISK FACTORS - Concentration of Ownership," "- Certain Factors Which May Adversely Affect Development; Consequences" and "- Effect of Valuation of Property."

Record of Taxes Levied and Collected in the District. Under Arizona law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District. The following table sets forth the tax collection record of the District for the past five fiscal years:

TABLE 5

Fiscal Year	Real and Secured Personal Property Tax Levy(a)	Collected to June 30th(b)(c)		Total Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2012-13	$1,700,058	(d)	(d)	$1,030,785	60.63%
2011-12	1,808,608	$1,788,513	98.89%	1,808,592	100.00
2010-11	2,279,546	2,284,861	100.23	2,279,529	100.00
2009-10	3,384,802	3,267,591	96.54	3,383,751	99.97
2008-09	3,390,379	3,395,526	98.09	3,390,379	100.00

(a) Tax levy is as reported by the Treasurer as of August of each tax year. Amounts include adjustments made to levy amounts after the August report. Amounts include the proceeds of the tax described in footnote (g) to TABLE 6.

(b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

(c) Reflects collections made through March 31, 2013. The next installment of taxes will be due October 1, 2013, but is not delinquent until November 1, 2013.

(d) In the process of collections.

Source: Maricopa County Treasurer's Office

Overlapping General Obligation Bonded Indebtedness. Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor. The information presented for the State of Arizona is preliminary and subject to change. **See "RISK FACTORS - Direct and Overlapping Indebtedness."**

TABLE 6

Direct and Overlapping Jurisdiction	2012-2013 Net Secondary Assessed Valuation	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		2012-2013 Combined Tax Rate Per $100 Assessed (b)
			Approx. Percent	Net Amount	
State of Arizona	$56,271,814,583	None	0.09%	None	None
Maricopa County	34,400,455,716	None	0.15	None	$2.2189 (c)
Maricopa County Community College District	34,400,455,716	$671,250,000	0.15	$1,006,875	1.3778
Town of Buckeye	300,289,266	None	0.59	None	1.8046
Western Maricopa Education Center	15,344,723,318	35,000,000	0.33	115,500	0.0500
Liberty Elementary School District No. 25	179,773,102	8,595,000	0.99	85,091	3.5395
Litchfield Elementary School District No. 79	584,148,304	35,675,000	5.81	2,072,718	3.8863
Saddle Mountain Unified School District No. 90	836,599,631	16,700,000	1.77	295,590	1.2804
Verrado Western Overlay Community Facilities District	13,688,207	11,500,000	100.00	11,500,000	3.3000
Verrado District 1 Community Facilities District (d)	**51,517,086**	**42,715,000**	**100.00**	**42,715,000**	**3.3000**
TOTALS				**$57,790,774**	

(a) Includes general obligation bonds outstanding and general obligation bonds scheduled for sale. Also, does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust. Also excludes the principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Also excludes the principal amount of improvement districts' bonds outstanding of various jurisdictions that are secured by special assessments levied against property owners residing within the respective improvement districts. Bonds supported from enterprise revenues are also excluded. Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. The tax levy is limited to 14 cents per $100 of secondary assessed valuation, of which 10 cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues

(i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

(b) The combined tax rate includes the tax rate for debt service payments and voter-approved overrides, if any, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes, such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the entity.

(c) The County's tax rate includes the $1.2407 county tax rate, the $0.1780 tax rate of the Maricopa County Flood Control District, the $0.1683 tax rate of the Special Healthcare District, the $0.0492 tax rate of the County's Free Library District, $0.1000 tax rate of the Central Arizona Project and the $0.0110 tax rate for the County's contribution to fire districts. It should be noted that the County Flood Control District does not levy taxes on personal property. Includes the "State Equalization Assistance Property Tax" which is $0.4717 in fiscal year 2012-13 and is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.

(d) In addition to the rate for Debt Service, the District levies a tax of $0.30 per $100 of secondary assessed valuation for operations and maintenance costs of the District.

Source: Individual jurisdictions.

Additional General Obligation Bonded Indebtedness of the District. In addition to the Bonds , the District retains the right to issue, in accordance with the procedures set forth in the CFD Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - General." **See also "RISK FACTORS - Direct and Overlapping Debt."**

The CFD Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $100,000,000 and will have $51,400,000 of such amount remaining after issuance of the Project Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness. The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **See "RISK FACTORS - Direct and Overlapping Debt."**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of May 1, 2013.

TABLE 7

Overlapping Jurisdiction	
Maricopa County Community College District	$151,193,000
Town of Buckeye	None
Western Maricopa Education Center	39,000,000
Saddle Mountain Unified School District No. 90	None
Liberty Elementary School District No. 25	None
Litchfield Park Elementary School District No. 79	9,675,000
Verrado Western Overlay Community Facilities District	47,000,000
Verrado District 1 Community Facilities District	51,400,000

GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE

The District

The District was created to finance and construct or acquire a portion of the public infrastructure (collectively, the "Public Infrastructure") that is part of the project known as Verrado, a master-planned residential and commercial development (the "Project" or "Verrado"). The Project is bounded by the Northern Avenue alignment on the north, by approximately the 235th Avenue alignment on the west, by approximately ¼ mile south of McDowell Road at the southernmost point, and by Jackrabbit Trail on the east, all within the Town. The boundaries of Verrado encompass approximately 8,800 acres. Map 2 depicts the District boundaries.

Formation of the District was approved by the Town on June 19, 2001 upon the request of all the landowners within the District. The District boundaries are coincident with the boundaries of the Project. The District board is comprised of the Town Council, ex officio, and the Mayor of the Town is the Chair of the District Board. The Town Manager serves as District Manager and the Town Clerk as District Clerk.

Simultaneous with the formation of the District, the Verrado Western Overlay Community Facilities District (the "Overlay District") was formed. The Overlay District, as its boundaries were thereafter adjusted, comprises approximately 4,926 acres and is wholly contained within the District. The Overlay District is authorized to issue general obligation bonds in an aggregate principal amount not to exceed $60,000,000 pursuant to an election held on August 7, 2001. The Overlay District issued $13,000,000 principal amount of Variable Rate General Obligation Bonds, Series 2004 on November 17, 2004. (See Map 2 and "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE.")

Public Infrastructure

The Public Infrastructure that will be financed with the proceeds of the Project Bonds and acquired by the District consists of public infrastructure located in the Town that benefits residents of the District. TABLE 8 provides a detailed description and outlines estimated costs and completion dates of the various components of the Public Infrastructure to be financed by the Project Bonds.

TABLE 8

Project Descriptions	Estimated Cost	To Be Paid From Bond Proceeds	Estimated Completion Date
A. **Phase 2 Roadway & Landscape Improvement** — represents balance of payments for improvements previously conveyed to the District 1 on 11/4/08. Includes roadway and landscape improvements (street trees and irrigation only) on Hamilton St. and Delaney Dr. in Phase 2W previously approved and conveyed to District 1. Total approved amount to be funded by District 1 from proceeds of the Series 2006 Bond was $444,249. District 1 funded $3,440.93 of this amount on 12/3/08 resulting in $440,808 remaining to be reimbursed.	$440,808	$440,808	March 2007
B. **Phase 2 Infrastructure: Dry Utility Trench & Conduit & Street Lights** - Includes dry utility trench & conduit and street lighting within previously completed collector roadway segments (Thomas Rd., Heritage St., Hamilton St., Western Dr. and Delaney Dr.) in Phase 2W.	1,023,977	1,023,977	March 2007
C. **Pioneer Drive 3E** - Roadway improvements for a 0.5-mile collector road in Phase 3 East adjacent to High School, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape. Landscape included on west side of street only. Landscape on east side to be completed concurrent with Phase 3E development estimated at $75,000.	536,670	536,670	November 2007
D. **Highlands Drive 3N** - Roadway improvements for a 0.25-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	183,206	183,206	February 2008
E. **Regent Street 3N** - Roadway improvements for a 0.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	383,799	383,799	March 2008
F. **Sunrise Lane 3N** - Roadway improvements for a 0.75-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	2,084,978	2,084,978	June 2008
G. **Walton Park Restrooms** - Restroom facility in the Phase 1 District Park ("Walton Park")	188,931	188,931	February 2009
H. **Welcome Center Roadway (Verrado Way/McDowell Road)** - Roadway improvements at Verrado Way and McDowell Rd. for access to new Welcome Center, including storm drain, concrete, paving, dry utility trench and conduit, street lighting and signage.	390,115	390,115	May 2009
I. **Indian School Road** - Roadway improvements for a 1.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving and dry utility trench and conduit.	938,173	767,516	August 2009
J. **Bulldozer Wash & McDowell Basin** - Includes grading, concrete structures, erosion protection and drainage improvements for Bulldozer Wash and McDowell Basin (SR42), a 1.25 mile regional drainage channel and retention basin. Refer to item "P" for completed landscape improvements.	1,646,889	0	May 2012

Project Descriptions	Estimated Cost	To Be Paid From Bond Proceeds	Estimated Completion Date
K. Verrado Way (I10-Market Street) Roadway improvements for a 0.25- mile arterial roadway expansion from 4 lanes to 6 lanes, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscaping.	579,243	0	November 2012
L. Western Channel (Phase 2W) - Grading, drainage and Landscape & irrigation improvements for a 0.5-mile drainage channel in Phase 2 West.	350,000	0	November 2013
M. Phase 1BS, 2E and 2W Groundcover Landscape Improvements - Includes finish groundcover landscaping and irrigation on previously completed roadways in Phase 1BS, 2E and 2W per ongoing job order contracts. Portions of these segments are complete or near complete.	204,603	0	November 2014
Total Estimated Costs for Projects	**$8,951,832**	**$6,000,000**	

Source: Developer

See "SOURCES AND APPLICATIONS OF FUNDS" herein. Additional infrastructure may be funded if Bond proceeds are available.

GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER

The information contained in this section relates to and has been obtained from the Developer, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. None of the District, the Financial Advisor or the Underwriter makes any representation regarding projected development plans with the District, the financial soundness of the Developer, the Guarantor or other property owners and developers or the managerial ability of such persons and entities to complete development as planned. The development of the property within the District may be affected by factors, such as governmental policies with respect to land development, the availability of utilities, the availability of energy, construction costs, interest rates, competition from other developments and other political, legal and economic conditions beyond the control of the District, property owners and developers. Further, the property within the District may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS."

Project - General

Approximately 8,635 acres of the Project served as the Caterpillar Tractor Proving Grounds from the late 1940s until 1988 (the "Proving Grounds"). Caterpillar Inc. then donated the Proving Grounds to the Caterpillar Foundation, an Illinois not-for-profit corporation ("Foundation"). Caterpillar Inc. conducted a national search for a developer of the Proving Grounds and selected DMB Associates Inc., an Arizona corporation ("DMB"), in 1998. DMB formed DMB White Tank, LLC, an Arizona limited liability company ("Developer"), which entered into a Master Agreement dated September 30, 1999 with the Foundation (the "Master Agreement") for the purchase of the Proving Grounds.

Consistent with the terms of the Master Agreement, the Proving Grounds were conveyed to a two beneficiary trust, Trust No. B176, on or about March 20, 2002, and will be administered pursuant to the terms of the related Trust Agreement under which Developer assumes all rights and obligations for ownership and development of the Proving Grounds (including payment of property taxes (including those of the District)) and Foundation is paid a specified percentage of each land sale. The Master Agreement runs through 2030 with options for extension. In 1999, Developer acquired an additional 165 acres of land contiguous to the south boundary of the Proving Grounds. Foundation has the right but not the obligation to pay property taxes if the Developer does not. Foundation will not be otherwise liable directly or, indirectly for payment of the Bonds.

Development of the balance of the Project is expected to occur in several phases over a 15 year period. The Project's grand opening, Phase I, occurred in January 2004. Phase II commenced in late 2005 and Phase III is expected to commence in late 2013. See TABLE 10.

Project - Governmental Approvals and Agreements

Developer and the Town are parties to that certain Pre-Annexation and Development Agreement recorded November 26, 1999 in the Official Records of the Maricopa County, Arizona Recorder at Document No. 99-1071208 (the "Development Agreement") whereby, among other things, the Community Master Plan was acknowledged to be consistent with the Town's General Plan. The Development Agreement also provides for the utilization of community facilities districts to finance public infrastructure.

Pursuant to Ordinance No. 19-99, recorded December 29, 1999, in the Official Records of the Maricopa County Arizona Recorder at Document No. 99-1158258, the Town approved the annexation of the Project into the Town. Pursuant to Resolution No. 20-99, adopted November 16, 1999, the Town approved a General Plan Amendment, including the revised circulation transportation map, for the Project. Pursuant to Ordinance No. 21-99, adopted November 16, 1999, the Town approved the re-zoning of the Project for up to 14,000 residential units, 4 million square feet of commercial development and 1,000 resort rooms. The current plan for the Project includes approximately 11,000 residential units and 4 million square feet of commercial.

The District, the Town and Developer are parties to that certain Development, Financing Participation and Intergovernmental Agreement No. 1 (Verrado District 1 Community Facilities District) recorded July 3, 2001, in the Official Records of Maricopa County, Arizona Recorder at Document No. 2001-0594335 (the "District IGA") which provides the framework for the utilization of community facilities district financings within the District.

Project - Transportation and Utilities

Direct access from Interstate 10 to the Project is provided by means of a spread diamond traffic interchange.

Water and wastewater facilities and infrastructure and service related thereto are provided pursuant to that certain Caterpillar Property Water/Wastewater Agreement dated November 1, 2000, by and between the Developer and EPCOR Water (USA), Inc., a Delaware corporation and successor to Arizona-American Water Company, an Arizona corporation as successor to Citizens Communications Company.

Electric service to the Project is provided pursuant to a Memorandum of Understanding between the Developer and Arizona Public Service Company. Gas service to the Project is provided by Southwest Gas. Telecommunications service to the Project is provided pursuant to a Technology Services and Marketing Agreement between the Developer and Cox Communications dated December 5, 2002, and subsequently amended on September 2, 2010.

Project - Budget, Development Status and Plans

In addition to public infrastructure financed by the District and the Verrado Western Overlay District in the amounts of $42,600,000 and $13,000,000, respectively, as of March 31, 2013, the Developer has invested approximately $435,686,000 into the Verrado Project and estimates that an additional $650,107,000 will be required to complete the remaining future phases of development. TABLE 9 provides an approximate summary of the funds invested into the Project through March 31, 2013.

The $42,600,000 in public infrastructure previously financed by the District was used in the construction and acquisition of (1) the south segment of the freeway interchange; (2) roadway, sidewalk, street light and storm drain improvements (including accompanying roadway landscaping); (3) drainage control improvements; (4) district park improvements; (5) culvert crossing; (6) traffic signals; (7) retention basin; (8) district/regional park improvements and (9) lineal park and multi-path and trail system.

TABLE 9

Item	Amount
Planning, engineering and entitlement	$ 26,512,000
Land and acquisition	68,691,000
Offsite, backbone and parcel infrastructure	137,484,000
Golf development and operations	36,012,000
Amenity improvements	9,125,000
Commercial development and operations	9,102,000
Vertical development	7,067,000
CFD standby contributions and associated costs	11,404,000
Marketing	22,412,000
Project administration and other	107,877,000
Total Project Investment	**$435,686,000**

Source: Developer

As of March 31, 2013, the Developer has closed on 3,353 residential lots, inclusive of 277 custom lots, within the District, representing approximately $181,056,000 in land sale revenue. Single-family production (non-custom) homes in Verrado currently sell for prices (base) ranging from approximately $175,000 to $350,000 and range in size from 1,750 to 4,400 square feet. Custom homes range from $500,000 to more than $3,000,000.

The Developer intends to launch another phase of the project, Phase 3 South, in the fall of 2013 which will absorb approximately 208 acres and will include 634 single-family production lots. The aggregate gross land sale revenue generated from these transactions is projected to approximate $42,000,000. Additionally, the Developer has initiated the preliminary planning of an active-adult community which will encompass up to an additional 1,300 acres on the northeastern portion of the project and be comprised of up to approximately 3,500 age-restricted single family production homes. It is anticipated that this age-restricted district will formally launch in the spring of 2015.

In addition to residential development, the Developer has also developed several commercial projects and major amenities within the Verrado community. In 2004, the Developer completed construction of a two and three-level mixed use development, consisting of approximately 32,000 square feet of neighborhood retail center and 45 apartment units. Tenants have been occupying both the retail and residential space since January 2004. In 2008, the Developer completed construction of two two-story office buildings, consisting of approximately 29,000 total square feet. Tenants occupying these office spaces have included engineering firms, numerous medical users, dentists and insurance providers. Major community amenities include the approximately 16,000 square-foot Raven Clubhouse with Verrado Grille and Golf Shop, an 18-hole championship golf course and an approximately 16,000 square- foot community center with fitness equipment, programming space and community pools.

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Actual development through 2012 and projected development thereafter within the District for the entire Project, for various categories of use, is indicated in TABLE 10.

TABLE 10

Actual

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Single Family (units) 1	135	424	360	287	229	119	115	152	178
Single Family (cumulative)	135	559	919	1,206	1,435	1,554	1,669	1,821	1,999
Multi-Family (units)	45	-	-	-	-	-	-	-	-
Multi-Family (cumulative)	45	45	45	45	45	45	45	45	45
Total Residential	180	424	360	287	229	119	115	152	178
Cumulative Residential	180	604	964	1,251	1,480	1,599	1,714	1,866	2,044
Commercial (Acre)	2.7	-	40.7	63.3	8.4	-	-	-	-
Commercial (cumulative)	2.7	2.7	43.4	106.7	115.1	115.1	115.1	115.1	115.1

Projected

	2013	2014	2015	2016	2017	2018	2019	2020	2021+
Single Family (units) (a)(b)	246	291	592	626	588	629	646	732	4,083
Single Family (cumulative)	2,245	2,536	3,128	3,754	4,342	4,971	5,617	6,349	10,432
Multi-Family (units)	-	-	-	-	-	-	-	360	128
Multi-Family (cumulative)	45	45	45	45	45	45	45	405	533
Total Residential	246	291	592	626	588	629	646	1,092	4,211
Cumulative Residential	2,290	2,581	3,173	3,799	4,387	5,016	5,662	6,754	10,965
Commercial (Acre)	3.4	23.0	7.1	4.3	-	20.6	20.8	20.8	100.3
Commercial (cumulative)	118.5	141.5	148.6	152.9	152.9	173.5	194.3	215.1	315.4

Source: The Developer

(a) Estimated single-family & multi-family absorption figures are based on the projected close of escrow to the end home purchaser, with estimated commercial absorption figures based on the projected date of sale of parcels. It is anticipated that assessed real property valuations as shown on County Assessor rolls will lag this schedule, the assumption used for these estimates being a 12-month lag between close of escrow and/or completion of construction and an increase in assessed valuation on the County Assessor rolls. Notwithstanding the foregoing to the contrary, there can be no assurance now or at the time the Bonds are issued that any future sales will be consummated or that projected activity will occur. There are no restrictions on the ability of the Developer to sell all or portions of the Project to one or more other developers and there can be no assurance now or at the time the Bonds are issued that any subsequent owners

will have the financial capability to, or will, commence or complete development on any portion of the Project so acquired.

(b) The increase in projected "Single-Family (units)" development commencing in 2015 relates to the anticipated launch of an age-restricted district in the spring of 2015. It is assumed that the District will absorb an additional 200 units per year to compliment the Project's conventional Single-Family absorptions.

Description of Developer

The Developer is DMB White Tank, LLC, an Arizona limited liability company (the "Developer"), the manager of which is DMB Associates, Inc., an Arizona corporation ("DMB"). The sole member of Developer is DMB White Tank Holdings LLC, a Delaware limited liability company. Certain unaudited quarterly financial statements of the Developer are set forth in APPENDIX H.

ANNUAL DEBT SERVICE REQUIREMENTS OF GENERAL OBLIGATION BONDED INDEBTEDNESS TO BE OUTSTANDING

The District will have the following annual debt service requirements after the issuance of the Bonds (i.e., net of the Bonds Being Refunded):

Fiscal	Refunding Bonds		Project Bonds		Total Combined		Combined
Year	Principal	Interest	Principal	Interest	2013 Bonds	2006 Bonds	Total
2014	$ 720,000	$1,015,745		$ 345,294	$2,081,038	$ 1,385,040	$ 3,466,078
2015	1,295,000	992,950		342,440	2,630,390	1,388,365	4,018,755
2016	1,280,000	941,150	$ 50,000 (b)	342,440	2,613,590	1,384,075	3,997,665
2017	1,365,000	889,950	20,000 (b)	339,940	2,614,890	1,383,523	3,998,413
2018	1,245,000	835,350	190,000 (b)	338,940	2,609,290	1,386,455	3,995,745
2019	1,320,000	785,550	175,000 (b)	329,440	2,609,990	1,387,125	3,997,115
2020	1,400,000	729,450	160,000 (b)	320,690	2,610,140	1,384,408	3,994,548
2021	1,485,000	659,450	155,000 (b)	312,690	2,612,140	1,384,818	3,996,958
2022	1,570,000	585,200	150,000 (b)	304,940	2,610,140	1,388,088	3,998,228
2023	1,650,000	506,700	160,000	297,440	2,614,140	1,383,950	3,998,090
2024	1,630,000 (a)	424,200	265,000 (c)	289,440	2,608,640	1,387,673	3,996,313
2025	1,720,000 (a)	326,400	290,000 (c)	274,335	2,610,735	1,383,720	3,994,455
2026	1,815,000 (a)	223,200	315,000 (c)	257,805	2,611,005	1,387,360	3,998,365
2027	1,905,000	114,300	350,000 (c)	239,850	2,609,150	1,388,058	3,997,208
2028			535,000 (c)	219,900	754,900	1,385,813	2,140,713
2029			565,000	189,405	754,405	1,385,625	2,140,030
2030			600,000 (d)	157,200	757,200	1,387,228	2,144,428
2031			635,000 (d)	121,200	756,200	1,385,353	2,141,553
2032			670,000 (d)	83,100	753,100		753,100
2033			715,000	42,900	757,900		757,900
	$20,400,000	$9,029,595	$6,000,000	$5,149,389	$40,578,983	$24,946,673	$65,525,656

(a) Represents mandatory redemption requirement for term bond maturing in 2027.
(b) Represents mandatory redemption requirement for term bond maturing in 2023.
(c) Represents mandatory redemption requirement for term bond maturing in 2029.
(d) Represents mandatory redemption requirement for term bond maturing in 2033.

SOURCES AND APPLICATIONS OF FUNDS

	Refunding Bonds	Project Bonds	Total
Sources			
Par Amount of Bonds	$20,400,000	$6,000,000	$26,400,000
Original Issue Premium	696,891	9,746	706,637
Developer Contribution	605,695	178,145	783,840
Total	$21,702,586	$6,187,891	$27,890,477
Applications			
Costs of Acquisition		$6,000,000	$ 6,000,000
Amount to Pay Bonds Being Refunded	$21,053,125		21,053,125
Costs of Issuance (including Underwriter's Compensation)	605,695	178,145	783,840
Payment of Interest	43,766	9,746	53,512
Total	$21,702,586	$6,187,891	$27,890,477

RISK FACTORS

General

Investment in the Bonds involves certain risks and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks.

The Bonds will be secured solely by ad valorem taxes generated within the District and amounts available pursuant to the Standby Contribution Agreement and the Guaranty. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto.

Investment in the Bonds has substantial risk for a variety of reasons as described under "RISK FACTORS" herein and under other portions of the Limited Offering Memorandum. Security for the Bonds is an unlimited ad valorem property tax pledge of the District; however, the Developer have agreed to contribute moneys sufficient to allow the District to levy a tax rate for the payment of debt service not exceeding $3.00 per $100 of secondary assessed valuation within the District for all general obligation bonds of the District. The Developer is a single purpose entity without any significant assets other than the Project and its ability to develop the Project. Under the Developer's current estimates, it will take approximately five years for the tax base to be sufficient at a levy of $3.00 to cover debt service and this assumes that no additional general obligation bonds are sold by the District during such period as are contemplated. Moreover, the Town has approved more than 24 other master planned communities which include over 250,000 housing units and neighboring communities have significant residential communities under way and contemplated. If the Developer is unable to fund their obligations, the District's ability to collect the taxes necessary to pay debt service cannot be guaranteed and the pace of development will be adversely affected. See, among other sections, "SECURITY AND SOURCES OF PAYMENT," "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE", "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER," "RISK FACTORS" and APPENDIX H - "Certain Financial Statements of the Developer."

Forward-Looking Statements

This Limited Offering Memorandum contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933v and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this Limited Offering Memorandum, including without limitation statements that use terminology such as "estimate," "expect," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the discussions related to the Developer and the Project and expectations regarding development, government approvals, future operations, revenues, capital resources and

expenditures for capital projects. Although the Developer believes that the assumptions upon which the forward-looking statements contained in this Limited Offering Memorandum are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Developer involve risks and uncertainties, many of which are outside the control of the Developer and any one which, or a combination of which, could materially affect the results of the Developer's operations and whether the forward-looking statements ultimately prove to be correct. See "Certain Factors Which May Adversely Affect Development; Consequences" below.

No representation or assurance can be given that the Developer will realize revenues in amounts sufficient to make the required payments under the standby contribution agreement or that the District can obtain sufficient tax revenue. The realization of future revenues is dependent upon, among other things, the matters described in the foregoing paragraph and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Underwriter makes no representation as to the accuracy of the projections contained herein nor as to the assumptions on which the projections are based.

Concentration Of Ownership; Subsequent Transfer

There can be no assurance that the Developer has the financial capability to complete development of the Project. Because there can be no assurance that the members of the limited liability company that form the Developer will provide additional funds to the Developer, nor that bank loans will be available to the Developer and sufficient to pay all costs attributable to the Project, the Developer may have to depend on revenues from sales of lots and parcels to generate cash flow and otherwise make funds available to pay all costs associated with the ownership, operation and development of the Project. If the Developer has to depend on sales of lots and parcels to generate cash flow, there can be no assurance that sufficient funds will be available to the Developer to pay all of its obligations and liabilities, including, without limitation, property taxes (including those to be applied to pay the Bonds), as such obligations and liabilities become due and payable.

See TABLES 4A and 4B with regard to the concentration of ownership of property in, and obligation for payment of property taxes of, the District in certain entities.

In addition, the Developer has transferred and intends to continue to transfer ownership of those parcels (or portions thereof) designated for residential development within the District to homebuilders or individual custom lot purchasers prior to completion of development therein. There are no restrictions on the ability of the Developer to sell parcels (or portions thereof). There can be no assurance that any builder will ultimately acquire and develop all of the lots, nor any assurance that any builder will be able to obtain the projected sales prices for any houses to be constructed on the lots. Custom lot purchasers are not required to commence construction within any particular time period after the acquisition of a custom lot. Accordingly, there can be no assurance as to when, or if, custom homes will actually be constructed, nor as to the ultimate fair market value of such homes.

Certain Factors Which May Adversely Affect Development; Consequences

The development of the balance of the Project by the Developer or any purchaser therefrom is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements, including site grading. If the Developer or any purchaser therefrom were unable to complete these additional improvements, the ability of the Developer or any purchaser therefrom to sell land would be affected adversely.

The cost of additional improvements plus the public and private in-tract, on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem taxation - Overlapping, Additional and Additional Overlapping Indebtedness."

Proposed development of property within the District may be affected adversely by changes in general economic conditions, fluctuations in the real estate market, changes in the income tax treatment of real property ownership and other similar factors. The residential development business particularly including communities such as the Project is highly competitive in the Phoenix metropolitan area. The Project will face competition from a number of competing developments and others throughout the Phoenix metropolitan area, the development plans for which offer lots and parcels in similar communities for a similar target market. A slowdown of the development process and the absorption rate could adversely affect land values (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation") and reduce the ability or desire of the property owners to pay the ad valorem taxes securing the Bonds. In that event, there could be a default in the payment of principal of, and interest on, the Bonds as well as a resulting bankruptcy of the District.

Vacant land also provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, making the holders of the Bonds more dependent upon timely payment of the ad valorem taxes levied on the vacant property.

Because of the concentration of ownership noted above, the timely payment of the Bonds depends upon the willingness and ability of the Developer, and any subsequent owners, to pay the ad valorem taxes levied on the vacant property when due. A slowdown or stoppage in the continued development of the District could reduce the willingness and the ability of such owners to pay ad valorem taxes on vacant property and could greatly reduce the value of such property (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation in the District") in the event it has to be foreclosed upon.

Effect of Valuation of Property

Information is provided herein with respect to the valuation of land within the District. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation."

Availability of Amounts Pursuant to Standby Contribution Agreement and Guaranty

If amounts to be available pursuant to the Standby Contribution Agreement and the Guaranty are not available for any reason, the Bonds will be payable only from District ad valorem taxes, resulting in increased District tax rates and increased reliance upon District tax revenues collected within the District to pay principal of and interest on the Bonds. See also "General" above as well as "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Standby Contribution Agreement" and "The Guaranty and the Guarantor."

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the ad valorem taxes of the District could be affected by the existence of other taxes and assessments imposed upon the property. The existing public debt relating to the District is set forth in "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem taxation - Overlapping, Additional and Additional Overlapping Indebtedness." The Overlay District is authorized to issue $60 million of general obligation bonds on certain property within the District and has issued the Overlay District Series 2004 Bonds in the principal amount of $13,000,000. In addition, other public entities whose boundaries overlap those of the District could, without the consent of the District, and in certain cases without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. The lien created on the property within the District through the levy of ad valorem taxes would be on a parity with the ad valorem taxes securing the Bonds. The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as in the case of failure of payment thereof the existence of buyers of such

property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation."

Risk of Extraordinary Mandatory Redemption

The Bonds are subject to early special mandatory redemption without premium in the event of a default under the Standby Contribution Agreement as described herein. See "THE BONDS - Redemption Provisions – Special Redemption Relating to a Default under the Standby Contribution Agreement."

Bankruptcy and Foreclosure Delays

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent unpaid ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the ad valorem taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Standby Contribution Agreement and the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Bankruptcy or similar occurrence of or to the Developer could result in a temporary or permanent cessation of amounts payable pursuant to the Standby Contribution Agreement. Payment of principal of and interest on the Bonds would then be reliant on amounts available from collection of ad valorem taxes securing the Bonds.

Timing of Completion of the Public Infrastructure

Construction of the Public Infrastructure and the other infrastructure to be constructed by the Developer and dedicated to the District necessary for development is underway and in some instances complete, however, the time for completion of all of such improvements is uncertain. The cost of construction may be affected by factors beyond the Developer's control including strikes, labor shortages, energy shortages, material shortages, inflation, adverse weather conditions, subcontractor defaults, and other unknown contingencies. If cost overruns result in delay of construction, or if other delays are experienced, the Developer may be unable to complete timely all of such necessary improvements.

General Risks of Real Estate Investment

As has been widely reported, in the last several years, the housing and mortgage markets in most parts of the United States and particularly the Phoenix metropolitan area has experienced significant declines in price and availability, respectively. Foreclosures increased to record levels as a result of these factors, and residential property values declined. It cannot be predicted what impact, if any, a continued downturn in the national and local housing market may have on the market and property values in the District.

Investments in real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Project will be subject to the risks generally incident to real estate investments. Many factors that may affect the Project, as well as the Developer's operating revenues derived from the Project, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Project, which may render the sale of such homes difficult or unattractive; acts of God (which may result in uninsured losses); and other factors beyond the control of the Developer or its affiliates.

The Project cannot be initiated or completed without the Developer obtaining a variety of governmental approvals and permits, most of which have already been obtained. Such permits are necessary to initiate completion of each phase of the Project and to allow the occupancy of the homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer. See "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER – Project – Governmental Approvals and Agreements."

Environmental Matters

The Project will be subjected to risks arising out of the environmental law considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in the Project resulting from any contamination on the site or from the proximity of the site to other contaminated areas. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA).

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cancellation of Contracts

The State of Arizona, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture and the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as APPENDIX E attached hereto.

The Internal Revenue code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds so not provide for an adjustment in interest rate or yield in the event of taxability and an event of taxability does not cause an acceleration of the principal on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, one of the adjustments used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Currently and from time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

BOND PREMIUM

The initial public offering price of the Bonds maturing on July 15, 2014, through and including July 15, 2022; July 15, 2027, and July 15, 2033 (collectively, the "Premium Bonds"), are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at

such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinions of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, forms of which are included herein as APPENDIX E. (See "TAX EXEMPTION" herein.) Signed copies of the opinions, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure" described herein. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; and for the Developer by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer of guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor has not verified, and does not assume any responsibility for, the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by and legislative or judicial bodies.

The Financial Advisor has provided the following sentence for inclusion in this Limited Offering Memorandum: "The Financial Advisor has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information."

FINANCIAL STATEMENTS

The audited financial statements of the Guarantor as of and for the year then ended, December 31, 2012, are included in APPENDIX I to this Limited Offering Memorandum. Such financial statements have been audited by McGladrey LLP, independent certified public accountants, as stated in their report appearing herein which is also included in APPENDIX I.

Certain unaudited financial information of the Developer is included in APPENDIX G. *Such statements should be viewed with an abundance of caution.*

The District is not required to, nor does it, prepare financial statements.

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $26,578,637 (reflecting the aggregate principal amount of the Bonds, plus an original issue premium of $706,637, less underwriter's compensation of $528,000). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "INVESTOR SUITABILITY STANDARDS TRANSFER RESTRICTIONS." The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

VOLUNTARY CONTINUING DISCLOSURE FROM THE ISSUER ONLY

None of the District, the Developer or the Guarantor are entering into undertakings to provide continuing disclosure in accordance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The District has, however, covenanted to provide continuing disclosure as described in Appendix J - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" even though an exception to the Rule applies. Failure to comply with such covenants will not be a violation of the Rule for purposes such as having to disclose non-compliance in future offerings of securities by the District.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Counsel to the Underwriter and to the Developer, and Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel and Counsel to the District, have acted as bond counsel in other transactions underwritten by the Underwriter or the financial advisor to the District, and have acted as underwriter's counsel to the Underwriter or the financial advisor to the District in other transactions. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

As noted above, Greenberg Traurig, LLP is acting as Counsel to the Underwriter. Greenberg Traurig, LLP also represents DMB affiliated entities with regard to certain matters, including matters relating to the issuance of the Bonds. The Underwriter and DMB will agree that Greenberg Traurig, LLP may represent each of them simultaneously in connection with the issuance of the Bonds and will consent to and approve such representations.

The Underwriter and the financial advisor to the District have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Advisor have underwritten or acted as financial advisor on other transactions and expect to do so in the future.

This Limited Offering Memorandum has been approved, executed and delivered by the District.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

By /s/Jackie A. Meck
Chairman, District Board

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APPENDIX A

GENERAL ECONOMIC AND FINANCIAL INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information concerning the Town is for background information only as the District lies within the limits of the Town. The Bonds will not be an obligation of the Town in any respect. THE BONDS WILL BE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM, AMONG OTHER SOURCES, AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The Town is located approximately 30 miles from downtown Phoenix, Arizona, the original townsite being approximately four miles south of Interstate 10 on State Highway 85. The Town, which was founded in 1888 and incorporated in 1929, encompasses approximately 240 square miles and sits at an elevation 888 feet above sea level. The following table illustrates population statistics for the Town, the County and the State.

Population Statistics
Town of Buckeye, Maricopa County
and the State of Arizona

Years	Town of Buckeye	Maricopa County	State of Arizona
2012 Estimate *(a)*	54,102	3,884,705	6,498,569
2010 Census	50,876	3,817,117	6,392,017
2000 Census	8,497	3,072,149	5,130,632
1990 Census	4,436	2,122,101	3,665,339
1980 Census	3,434	1,509,175	2,716,546
1970 Census	2,599	971,228	1,775,399

(a) Estimate as of July 2012.

Source: Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

Transportation

State Route 85, connecting the Town with Phoenix, runs north to south just west of downtown Buckeye. Interstate 10 also traverses the northern portion of the Town. The Town has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor is elected for two years and six council members are elected at large on a non-partisan ballot for staggered four-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations. Currently, the Town has an interim manager.

The Town provides a portion of its residents with water and sewer services, electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is

provided by Qwest Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt and Buckeye Irrigation canals provide a renewable supply of water for the Town's farming needs. Employment for the Town's residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located outside the boundaries of the Town approximately 20 miles west. The close proximity of the Town to the greater Phoenix metropolitan area also provides employment. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

Major Employers
Town of Buckeye, Arizona

Employer	Description	Approximate Number of Employees
Buckeye Elementary School District No. 33	Education	450
Town of Buckeye	Government	420
Buckeye Union High School District No. 210	Education	400
Liberty Elementary School District No. 25	Education	255
Wal-Mart Stores Inc.	Distribution center and retail	200
Lowe's Home Improvement	Retail	150
Hickman's Egg Ranch Inc.	Egg/dairy farming	100

Source: Hoover's, a D&B Company.

Area Unemployment Averages

Calendar Year	United States	State of Arizona	Maricopa County	Town of Buckeye
2013 *(a)*	7.6%	7.9%	6.6%	9.7%
2012	8.1	8.3	7.1	9.4
2011	8.9	9.5	8.4	10.8
2010	9.6	10.0	9.1	11.4
2009	9.3	9.7	8.9	11.2
2008	5.8	5.9	5.1	5.0

(a) Data through March 2013.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Non-Agricultural Wage and Salary Employment
Maricopa County

Industry	2008	2009	2010	2011	2012	2013 *(a)*
Mining and construction	140,000	103,900	87,700	83,300	88,200	91,067
Manufacturing	127,400	118,900	106,400	108,300	110,300	113,667
Trade, transportation, and utilities	374,000	348,000	352,400	344,500	349,000	351,833
Financial activities	146,200	138,900	132,700	136,600	142,400	149,067
Professional and business services	313,800	271,400	272,100	260,900	278,600	278,000
Educational and health services	210,800	213,700	227,700	247,600	253,300	253,667
Services and miscellaneous	281,900	274,200	262,800	261,700	269,100	273,500
Government	225,200	218,000	214,700	211,600	212,400	218,667
Total	1,819,300	1,687,000	1,656,500	1,654,500	1,703,300	1,729,467

(a) Data through March 2013.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates taxable sales collections for Buckeye.

MUNICIPAL PRIVILEGE TAX COLLECTIONS
Town of Buckeye, Arizona
($000s omitted)

Fiscal Year	Amount
2011/12	14,540
2010/11	12,272
2009/10	10,180
2008/09	14,446
2007/08	18,897

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

Educational Facilities

Elementary and high school education is available through Wickenburg Unified School District, Buckeye Elementary School District, Liberty Elementary School District and Buckeye Union High School District, respectively. Higher education is provided by Estrella Mountain Community College ten miles east of the Town; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Banking

The Federal Deposit Insurance Corporation ("FDIC") collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions with the County for the past five years. As of June 30, 2012, there were 62 institutions with 881 offices in the County, with a deposit balance of $61.7 billion.

Deposits of all FDIC-Insured Institutions
Maricopa County
($ in thousands)

As of June 30	Amount
2012	$61,674,000
2011	60,409,000
2010	61,943,000
2009	58,359,000
2008	55,055,000

Source: Summary of Deposits, Federal Deposit Insurance Corporation.

Construction

The following table illustrates new housing permits for Buckeye. The date at which the permit is issued is not to be construed as the date of construction.

Town of Buckeye
New Housing Starts

Year	Housing Permits
2013(a)	210
2012	699
2011	507
2010	381
2009	488
2008	1,503

(a) Data through April, 2013.

Source: Town of Buckeye, Arizona.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Limited Offering Memorandum.

"***Annual Debt Service Requirement***" means for any Fiscal Year, the Debt Service to be paid in such Fiscal Year with respect to the Bonds and any Parity Bonds for payment of principal of and interest on the Bonds and such Parity Bonds during such Fiscal Year, treating any Debt Service due on July 15 of any Fiscal Year as if due in the prior Fiscal Year.

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

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

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

"***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.

"***Costs of Acquisition and Construction***" means all items of expense directly or indirectly relating to the cost of the public infrastructure purposes (as such term is defined in the CFD Act) and in a study prepared for the Issuer as required by the CFD Act.

"***Costs of Issuance***" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution, sale and delivery of the Bonds and the execution and delivery of the Indenture, the Standby Contribution Agreement, the Guaranty and the Depository Trust Agreement including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and the Depository Trustee, legal fees and charges, 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 as well as costs relating to the election held to authorize the Bonds.

"***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 with respect to the Bonds or Parity Bonds; and (iv) fees and costs incurred in connection with complying with any undertaking to provide continuing secondary market disclosure if entered into by the District with respect to the Bonds or Parity Bonds.

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

"***Governmental Obligations***" means (1) direct obligations of, or obligations the timely payment of principal of which is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or

escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P 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; AAm; or AAm or better and a rating of Moody's of "VMIG-1" or better.

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

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

"***Maximum Annual Debt Service***" means, at the time of computation, the greatest Annual Debt Service Requirement for the then current or any succeeding Fiscal Year.

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

"***Opinion of Counsel***" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the District and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of national reputation experienced in the field of municipal bonds and when given with respect to the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

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

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

2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any paying agent for the 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 the Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified under the heading "Defeasance" below.

"***Parity Bonds***" means other general obligation bonds of the District, including the 2006 Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

"***Participants***" means the Direct Participants and the Indirect Participants.

"***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:

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

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

    a. U.S. Export-Import Bank - direct obligations or fully guaranteed certificates of beneficial ownership

    b. Farmers Home Administration - certificates of beneficial ownership

    c. Federal Financing Bank

    d. Federal Housing Administration Debentures

    e. General Services Administration - participation certificates

    f. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations

    g. U.S. Maritime Administration - guaranteed Title XI financing

    h. New Communities Debentures - U.S. Government guaranteed debentures

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

    j. U.S. Department of Housing and Urban Development - Project Notes; Local Authority Bonds

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

    a. Federal Home Loan Bank System - senior debt obligations

    b. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations

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

    d. Student Loan Marketing Association - senior debt obligations

4. Money market funds registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by

S&P of "AAAm-G"; "AAAm"; or "AAm." or better and being a rating by Moody's of "VMIG-1" or better.

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

6. Investment Agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa or better by Moody's, and required to be collateralized by the then current requirements of S&P to always have a rating of at least "A" and the then current requirement of Moody's to have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless each rating agency which has rated the Bonds has confirmed that the rating of such rating agency on the Bonds will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

7. 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.

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

Repurchase Agreements must satisfy the following criteria.

a. Repos must be between the District and a dealer bank or securities firm

(1) Primary dealers on the Federal Reserve reporting dealer list, or

(2) Banks rated "A" or above by S&P and "A" or above by Moody's.

b. The written repo contract must include the following:

(1) Securities which are acceptable for transfer are:

(a) Direct U.S. government, or

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

(2) The term of the repo may be up to 180 days

(3) The collateral must be delivered to the District, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities)

(4) Valuation of collateral

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

(b) The value of collateral must be equal to 103% of the amount of cash transferred by the District to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral

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

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

(1) Repo meets guidelines under state law for legal investment of public funds

11. Governmental Obligations

12. REFCORP Strips – 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.)

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

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

"***Securities Depository***" means DTC as securities depository for the Bonds until a successor securities depository is appointed and thereafter shall mean such successor securities depository.

"***Sinking Fund Installment***" means, with respect to the Bonds, the mandatory sinking fund redemption payments due on the Bonds.

"***S&P***" means Standard & Poor's Financial Services LLC, or any successor thereto.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund and the District's interest in the Standby Contribution Agreement. The Trustee is required to hold all such property in trust for the benefit of all the Owners.

Funds

Bond Fund. There is created by the District and established with the Trustee, a special fund of the District designated its "District General Obligation Bonds, Series 2013 Bond Fund" (herein referred to as the "Bond Fund") and within the Bond Fund (1) a special account designated the "Series 2013 Tax Account", (2) a special account designated as the "Series 2013 Developer Payment Account" and (3) as and when applicable, a special account designated as the "Series 2013 Developer Reserve Account".

The District shall, upon receipt, immediately deposit with the Trustee and the Trustee shall deposit to the credit of the special accounts of the Bond Fund:

(1) in the Series 2013 Tax Account, all ad valorem taxes collected by or remitted to the District to pay Debt Service on the Bonds to the extent provided in the Indenture, including collections of delinquent taxes;

(2) in the Series 2013 Developer Payment Account, amounts received as described in (i) and (ii) below;

(3) in the Series 2013 Developer Reserve Account, amounts received as described in (iii) below; and

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

Deposits into the Developer Payment Account and Developer Reserve Account shall be as follows:

(i) On or before May 1 (or, if May 1 is not a Business Day, the immediately preceding Business Day) of each year prior to the termination of the Standby Contribution Agreement, the Trustee shall deposit in the Series 2013 Developer Payment Account upon receipt all amounts paid to it pursuant to Section 2.1(A) of the Standby Contribution Agreement.

(ii) 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 a written request (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 Series 2013 Tax Account plus the amount in the Series 2013 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 2013 Developer Payment Account upon receipt all amounts paid to it pursuant to a Tax Contribution Request.

(iii) At any time, or from time to time, the Trustee shall deposit into the Series 2013 Developer Reserve Account upon receipt, all amounts paid to it by or on behalf of the Guarantor as provided in the Guaranty, all amounts paid to it by the Developer and constituting Substitute Collateral as provided for in the Standby Contribution Agreement, and paid to it by or on behalf of the Developer or the Guarantor constituting the Redemption Price for Bonds.

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

(1) Funds on deposit in the Series 2013 Tax Account and the Series 2013 Developer Payment Account, and the investment income attributable thereto, shall be applied solely to pay Debt Service on the Bonds in the amounts and on the dates due.

(2) To the extend funds on deposit in the Series 2013 Tax Account and the Series 2013 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 District as provided by District Request, at any time or from time to time, funds on deposit in the Series 2013 Developer Reserve Account, including any investment income attributable thereto, shall be transferred to the Series 2013 Developer Payment Account to pay Debt Service on the Bonds.

(3) Upon written request of the District and receipt of amounts constituting the redemption price of the Bonds, and deposit of such funds in the Series 2013 Developer Reserve Account, the Trustee shall provide notice of redemption to the Owners and thereafter transfer funds on deposit in the Series 2013 Developer Reserve Account to the Series 2013 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 2013 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2013 Developer Payment Account and, after disbursing from the Series 2013 Developer Payment Account to the parties entitled thereto such funds as are necessary to pay all amounts payable by the Developer under the Indenture, shall thereafter disburse any funds remaining on deposit in the Series 2013 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 2013 Tax Account to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(5) To the extent, following the release of the Developer from the Standby Contribution Agreement, remaining on deposit in the Series 2013 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2013 Developer Payment Account and, after disbursing from the Series 2013 Developer Payment Account to the parties entitled thereto such funds as are necessary to pay all amounts payable by the Developer under the Indenture in connection with such release from the Standby Contribution Agreement, shall thereafter disburse any funds remaining on deposit in the Series 2013 Developer Payment Account to the Developer or, in the event of conflicting claims, as a court of competent jurisdiction may direct.

Acquisition Fund. The District is required to deposit to the Acquisition Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition Fund is required to be applied to pay the Costs of Acquisition and, to the extent the funds deposited to the Acquisition Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that if any such amounts remain on deposit in the Acquisition Fund on July 1, 2016, such amounts shall be transferred by the Trustee to the Bond Fund.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established pursuant to the Indenture will be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence.

Remedies under the Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Owners under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in the Standby Contribution Agreement or in aid of the execution of any power granted in the 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, deems most effectual to protect and enforce any of the rights of the Trustee or the Owners. In addition to all rights and remedies of any Owners, in the event the District defaults in the payment of the principal of (or premium, if any, on) or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, the Indenture, or in the Standby Contribution Agreement, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution, the Indenture or the Standby

Contribution Agreement. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS." Furthermore, upon any default under the Standby Contribution Agreement, the Trustee will 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 as described under "THE BONDS – Redemption Provisions – Special Redemption Relating to a Default under the Standby Contribution Agreement."

If (1) default occurs in the payment of any interest on any Bond when such interest becomes due and payable, or (2) default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Maturity, then upon demand of the Trustee, the District will pay or cause to be paid to the Trustee for the benefit on the 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 will be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

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

Application of Money Collected

Any money collected by the Trustee pursuant to the exercise of remedies under the Indenture or the Standby Contribution Agreement, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under the Indenture;

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

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

Control by Owners

The Owners of a majority in principal amount of any series of Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, or otherwise;

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 under the Indenture, provided that

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

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

    c. the Trustee has not determined that the action so directed would be unjustly prejudicial to the 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.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

No Owner of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, 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 have made written request to the Trustee and offered reasonable opportunity either to proceed to exercise the powers 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 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 the 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 the 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 District 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 in the Indenture and in the Bonds expressed. For purposes of this provision, so long as the Bonds are held by the Securities Depository pursuant to the Book-Entry-Only System in the Indenture, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Owner, upon receipt by the Trustee of appropriate certification of such Beneficial Ownership.

Each Owner of any Bond by his acceptance thereof will be deemed to have agreed that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee,

to any suit instituted by any Owner, or group of Owners of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any 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 of such Bond).

Supplemental Indentures

Without the consent of the Owners of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution or amend the Standby Contribution Agreement (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture, the Bond Resolution or the Standby Contribution Agreement; (iv) to add to the covenants of the District for the benefit of the Owners of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture, the Bond Resolution, the Standby Contribution Agreement which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Owners.

With the consent of the Owners of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution or the Standby Contribution Agreement for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture or of modifying in another manner the rights of the Owners under the Indenture or the Bond Resolution or the Standby Contribution Agreement. However, no supplemental indenture or amending resolution, without the consent of the Owner of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Owners of which is required for any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement, or the consent of Owners of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Owners of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution or the Standby Contribution Agreement, and any such determination will be conclusive upon each Owner, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee will not be liable for any such determination made in good faith.

The District will not enter into any supplemental indenture while the Standby Contribution Agreement is in effect without the prior written consent of the Developer.

Concerning the Trustee

The Trustee has undertaken to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the

correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform on their face to the requirements of the Indenture.

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

2. the Trustee will not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it shall be proved that the Trustee was negligent;

3. the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the 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 the Indenture; and

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

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

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

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

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

The Trustee may be removed at any time by act of the Owners of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District.

The District may remove the Trustee at any time.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Owners. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Owners of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Owners and has 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.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

1. all Bonds previously authenticated and delivered under the Indenture have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding however:

    a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

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

c. Bonds, other than those referred to in the foregoing clauses, for the payment or redemption of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the stated maturity or redemption date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice of such deposit is given to the Trustee, or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Outstanding Bonds with respect to which such deposit is made will be selected in the same manner as provided in the Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an Opinion of Counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Owners of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

Release of Standby Contribution Agreement

The Standby Contribution Agreement shall be released by the District 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 District 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 of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District would have been sufficient to pay Maximum Annual Debt Service on the Bonds and all Outstanding Parity Bonds for any subsequent Fiscal Year during which any Bonds are Outstanding plus the historical annual average of amounts necessary to pay all District Administrative Expenses and District Maintenance Expenses for each such Fiscal Year, as such terms are defined in the Development Agreement. For property within the boundaries of the District 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 shall comprise 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 District Representative. The requisite evidence shall consist of a written evidence, prepared by the District Representative upon a written request of the Developer, that is based upon the application of such secondary tax rate in light of:

(i) the actual secondary assessed valuation of the eligible property within the boundaries of the District 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 District as of each such Fiscal Year.

(C) Written approval by the District which shall not be withheld unreasonably.

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

No covenant or agreement contained in the Bonds or Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, director, agent, servant or employee of the District or the Trustee in his or her individual capacity and neither the members of the governing body of the District 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.

If any one or more of the conditions, covenants, or terms contained in the Indenture or required to be observed or performed by or on the part of the District, 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 and shall in no way affect the validity or of the Bonds, and the Owners shall retain all the benefit, protection, and security afforded to them thereunder and under all provisions of applicable law. The parties declare that they would have executed and delivered the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase thereof and would have authorized the issuance and delivery of the Bonds irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

APPENDIX C

FORM OF STANDBY CONTRIBUTION AGREEMENT

STANDBY CONTRIBUTION AGREEMENT

DATED AS OF JULY 1, 2013

BY AND AMONG

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

DMB WHITE TANK, LLC

AND

WELLS FARGO BANK, N.A.,
AS TRUSTEE

This **STANDBY CONTRIBUTION AGREEMENT**, dated as of July 1, 2013, is made by and among Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*"), DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*") and Wells Fargo Bank, N.A., 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 is issuing its District General Obligation Refunding Bonds, Series 2013A in the aggregate principal amount of $20,400,000 (the "*Refunding Bonds*") and its District General Obligation Project Bonds, Series 2013B in the aggregate principal amount of $6,000,000 (the "*Project Bonds*" and, together with the Refunding Bonds, the "*Bonds*") concurrently herewith under and pursuant to the Indenture to refund the Issuer's previously issued General Obligation Bonds, Series 2003 (the "Refunded Bonds") and to finance the acquisition of certain public infrastructure as described in the hereinafter defined Feasibility Study, respectively.

B. As provided in the Indenture 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 Project Bonds are 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*").

C. As provided in the District Development Agreement, and in the Feasibility Study, presented to and approved by the Board on June 4, 2013 (the "*Feasibility Study*"), the Issuer shall provide for a mechanism by which the Developer shall contribute certain amounts for the benefit of the Issuer which shall be considered by the Issuer in levying taxes to pay principal and interest on the Bonds when due ("*Debt Service*") and this Standby Contribution Agreement satisfies the requirements of the District Development Agreement.

D. As provided in the Guaranty, of even date herewith, by and among ABD Investments Limited Partnership (the "*Guarantor*"), the District and the Trustee (the "*Guaranty*"), the Guarantor, as an affiliate of the Developer, has agreed to guarantee to the District and the Trustee the full and prompt payment of the Indebtedness (as such term is defined in the Guaranty).

E. 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.

F. In order to comply with the provisions of the District Development Agreement in respect of the issuance of the 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 Standby Contribution Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(A) The terms defined hereinabove, hereinafter in the Indenture and in the Guaranty have the meanings assigned to them hereinabove, hereinafter, in Article One of the Indenture and in the Guaranty 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 Standby Contribution 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 Standby Contribution 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 Town 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 Los Angeles, California, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 707 Wilshire Blvd., 17th Floor, Los Angeles, California 90017, Attention: Corporate Trust 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: Eric Carlson, Senior Vice President of Finance, with copies to DMB Associates, Inc., 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258-2137, Attention: Mary Alexander, 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 Standby Contribution 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 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 1.4. Successors and Assigns. All covenants and agreements in this Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution Agreement.

Section 1.7. Governing Law. This Standby Contribution 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 Standby Contribution Agreement, without penalty(s) or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution Agreement on behalf of the Issuer is, at any time while this Standby Contribution 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 Standby Contribution Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution Agreement on behalf of the Issuer from any of the Trustee or the Developer arising as the result of this Standby Contribution Agreement. No person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution 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 Standby Contribution 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 District. The District 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 District during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections, granting the District access to, and use of, the Information, provided that, the District agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.9 and, subject to the requirements of law, including the public records law of the State of Arizona, the District will preserve the confidentiality of any information, records, or papers the District views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.10. Scrutinized Business Operations. Pursuant to A.R.S. Sections 35-391.06 and 35-393.06, the Trustee certifies that it does not have scrutinized business operations in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in A.R.S. Section 35-391 or 35-393, as applicable. If the District determines that the Trustee submitted a false certification, the District may impose remedies as provided by law including terminating the Trustee's services.

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 Standby Contribution 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 Standby Contribution 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. Business Days. For purposes of this Standby Contribution Agreement, if any date for any certification, payment, submission or determination is not a Business Day, the applicable certification, payment, submission or determination shall be made or done on the next succeeding day which is a Business Day.

Section 1.15. 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 of $3.00 per $100 of secondary

assessed valuation 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 such secondary tax rate in light of the actual secondary assessed valuation of the eligible 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.

Section 1.16. Beneficiaries. This Standby Contribution 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 Standby Contribution Agreement to the same extent provided for the enforcement of remedies under the Indenture.

Section 1.17. Integration. This Standby Contribution 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 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 of $3.00 per $100 of secondary assessed valuation 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 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 of $3.00 per $100 (or such lesser tax rate as may be permitted in Section 10.01 of the Indenture) and the current secondary assessed valuation (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 Series 2006 Bonds (without regard to any optional redemption) due in the next succeeding calendar year on January 15 and July 15 (the "*Next Annual 2006 Debt Service Payment*"), (b) the amount in the Debt Service Fund established pursuant to the Indenture in respect of the Series 2006 Bonds estimated to be available to pay the Next Annual 2006 Debt Service Payment, if any, after payment of the current year's July 15th debt service payment on the Series 2006 Bonds (the "*2006 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 2006 Available Moneys, less Next Annual 2006 Debt Service Payment (such difference shall be known as the "Tax Year Tax Amount Net of 2006 Bonds"), and (f) the Tax Year Tax Amount Net of 2006 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 a request 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 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 of $3.00 per $100 of secondary assessed valuation 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*").

(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 ended June 30, 2014, for the purposes of calculating the payments due from the Developer hereunder (the "Developer Obligation") and budgeted tax collections, and beginning in the Fiscal Year ending June 30, 2015 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 Series 2006 Bonds and thereafter, if monies are available, to the payment of Debt Service on the Bonds.

(E) (i) At all times prior to the termination of this Standby Contribution Agreement, the Developer shall cause to be provided to the Issuer and the Trustee, as applicable, Audited Financial Statements, Auditor's Opinion, Certificate, Auditor's Letter, and Internal Financial Statements and other deliverables as provided for in Section 15 of the Guaranty.

(ii) At any time prior to the termination of this Standby Contribution Agreement:

(1) If, on or prior to the date that is ten (10) business days prior to the date on which any Guarantor Audited Financial Statements, Auditor's Opinion or Auditor's Letter is due, (x) the Developer and the Guarantor have provided notice to the Issuer and the Trustee that such information will not be timely made available or provided, as applicable, stating the reasons therefore, which reasons must be circumstances or conditions outside the reasonable control and contemplation of the Developer and the Guarantor, and (y) the managing partner of the Guarantor has delivered to the Issuer designee, the Issuer and the Trustee a Certificate, together with a completed Financial Covenant Calculations worksheet (the form of which is attached as Exhibit 1 to the Guaranty) and (if available) Internal Financial Statements for the fiscal year of the Guarantor then ended, stating that (i) the officer signing the Certificate on behalf of the managing partner has no knowledge of the occurrence of

any Non-Payment Default or any other default under the Guaranty not heretofore reported and, if any Non-Payment Default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (ii) to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, the information contained in the Financial Covenant Calculations worksheet is accurate and, based on the Financial Covenants Calculations worksheet and any Internal Financial Statements then available, including the most recent Internal Financial Statements, the Guarantor is in compliance with the Financial Covenants as of the end of such fiscal year of the Guarantor (and, if applicable, any succeeding calendar months for which Internal Financial Statements are available), and (z) the Developer is not then in default under this Standby Contribution Agreement, including that the Developer shall have timely paid and deposited all sums payable by the Developer under this Standby Contribution Agreement, including all Annual Developer Payments and, if applicable, all December Developer Payments and/or June Developer Payments (and, at all times until full compliance with the requirements of the Guaranty in respect of the Audited Financial Statements, Auditor's Opinion and Auditor's Letter, as applicable, has been achieved, shall continue to timely pay and deposit all sums payable by the Developer under this Standby Contribution Agreement), then and in all such events, the Developer and the Guarantor shall have a reasonable period of time, not to exceed 60 days (which may be extended, at the sole discretion of the Issuer, for an additional 60 days), in which to cure such failure to timely provide any such Audited Financial Statement, Auditor's Opinion and/or Auditor's Letter, as applicable, provided that, in the event the Developer and the Guarantor thereafter fail to timely cure such failure to timely provide any such Audited Financial Statement, Auditor's Opinion and/or Auditor's Letter, the provisions of Section 2.1(E)(ii)(2) below shall control.

(2) If any Audited Financial Statements, any Auditor's Opinion, any Certificate, any Auditor's Letter or any Internal Financial Statements are not timely made available or provided (as applicable) to the Issuer and the Trustee as provided for in Section 15 of the Guaranty, and/or any Audited Financial Statement, Auditor's Opinion, Certificate, Auditor's Letter, Internal Financial Statements or Financial Covenant Calculations worksheet indicates that the Guarantor is not in compliance with the Financial Covenants described in Section 5 of the Guaranty, i.e., indicates that the Guarantor has failed to maintain the required minimum Net Worth or the required minimum Liquidity, then and in any such event, the Developer shall promptly cause to be deposited with the Trustee and in all events within ten (10) days of the date on which performance was due or within ten (10) days of the occurrence of such circumstance or condition (as applicable), for deposit into the Series 2013 Developer Reserve Account of the Bond Fund, Substitute Collateral in form and substance satisfactory to the Issuer, in an amount sufficient to pay the outstanding and unpaid principal, any premium and any accrued and unpaid interest with respect to the Bonds through the first optional call date of the Bonds. Notwithstanding the foregoing, in the event that, at any time, the Internal Financial Statements or the Audited Financial Statements made available to the Issuer designee, as provided for in Section 15 of the Guaranty, indicate that the Guarantor was not in compliance with the Financial Covenants as of the last day of the reporting period covered by such Internal Financial Statements or Audited Financial Statements, as applicable, but the Certificate submitted by the managing partner of the Guarantor includes an additional certification that, as of the last day of the calendar month immediately preceding the month in which the Certificate is submitted, the Guarantor is in compliance with the Financial Covenants and the Financial Covenants Calculations worksheet includes as an addendum Internal Financial Statements dated as of the end of the calendar month immediately preceding the calendar month in which such Financial Covenants Calculations worksheet is submitted indicating that the Guarantor is in compliance with the Financial Covenants, then and only in such event, the Developer shall not be required to deposit Substitute Collateral and no default shall have occurred under this Standby Contribution Agreement or the Guaranty unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer, on or before the date that is thirty (30) days following the date on which the Internal Financial Statements or Audited Financial Statements (as applicable) were required to be made available to the Issuer, audited financial statements prepared in accordance with GAAP for the reporting period that commenced as of the first day of the month following the reporting period covered by the most recent Audited Financial Statements made available to the Issuer designee in accordance with Section 15 of the Guaranty and that extends, in any instance where the Audited Financial Statements have indicated noncompliance with the Financial Covenants, through the last day of the third month of the then-current fiscal year of Guarantor, or, in any instance where the Internal Financial Statements have indicated noncompliance with the Financial Covenants, through last day of the seventh month of the then-current fiscal year of Guarantor, accompanied by an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date, whereupon the Issuer shall provide a statement to the Trustee advising the Trustee that such information has been provided and that

such information indicates that the Guarantor is in compliance with the Financial Covenants as of the applicable date. By way of example, if the Guarantor's fiscal year is a calendar year and the Audited Financial Statements for the fiscal year 2013 are made available to the Issuer designee on April 30, 2014 and such Audited Financial Statements indicate that, as of the last day of the reporting period covered by the Audited Financial Statements (e.g., as of December 31, 2013), the Guarantor was not in compliance with the Financial Covenants but the Certificate concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an additional certification that, as of March 31, 2014, the Guarantor is in compliance with the Financial Covenants and the Financial Covenant Calculations worksheet concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an addendum consisting of the Guarantor's Internal Financial Statements as of March 31, 2014 that indicates compliance with the Financial Covenants, the Developer shall not be required to deposit substitute collateral and no default under this Standby Contribution Agreement or the Guaranty shall be deemed to have occurred unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer designee, on or before May 30, 2014, an audited financial statement of the Guarantor prepared in accordance with GAAP as of March 31, 2014 that indicates compliance with the Financial Covenants together with an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date. As a further example, if the Internal Financial Statements for the mid-year 2014 are made available to the Issuer designee on August 31, 2014 and such Internal Financial Statements indicate that, as of the last day of the reporting period covered by the Internal Financial Statements (e.g., as of June 30, 2014), the Guarantor was not in compliance with the Financial Covenants but the Certificate concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an additional certification that, as of July 31, 2014, the Guarantor is in compliance with the Financial Covenants and the Financial Covenant Calculations worksheet concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an addendum consisting of the Guarantor's internal unaudited financial statements as of July 31, 2014 that indicates compliance with the Financial Covenants, the Developer shall not be required to deposit Substitute Collateral and no default under this Standby Contribution Agreement or the Guaranty shall be deemed to have occurred unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer designee, on or before September 30, 2014, audited financial statements of the Guarantor prepared in accordance with GAAP as of July 31, 2014 that indicates compliance with the Financial Covenants together with an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date. If the Developer is obligated to and fails to timely deposit Substitute Collateral as hereinbefore provided, a Non-Payment Default shall have occurred, whereupon the provisions of Section 2.4 shall apply. If the Developer is obligated to and timely deposits Substitute Collateral in the outstanding principal amount of the Bonds and all interest accruing through the first optional call date of the Bonds, in form and substance satisfactory to the Issuer, then and in such event, upon the deposit of such Substitute Collateral with the Trustee and expiration of any applicable bankruptcy preference periods, the Guaranty shall be released by the Issuer and the Guarantor shall have no further obligation in respect of the Indebtedness (nor shall the Guaranty be eligible to be thereafter utilized as security for the obligations of the Developer under this Standby Contribution Agreement).

(F) If any of the events or acts described in Section 7 of the Guaranty have occurred, the Guarantor shall be deemed to be in default under the Guaranty and the Developer shall be deemed to be in default under this Standby Contribution Agreement, whereupon the Developer and/or the Guarantor shall deposit with the Trustee the Redemption Price required by Section 4.04 of the Indenture in order to provide for the special mandatory redemption of the Bonds.

(G) Provided the Developer and the Guarantor are not in default under this Standby Contribution Agreement or the Guaranty, at any time prior to the termination of this Standby Contribution Agreement, the Developer may provide notice to the Trustee and the Issuer that the Developer wishes to propose Substitute Collateral for the Guaranty in an amount sufficient to pay the outstanding and unpaid principal and any accrued and unpaid interest with respect to the Bonds through the first optional call date of the Bonds, whereupon, if the Issuer determines that the proposed Substitute Collateral, issued in favor of the Issuer and the Trustee is satisfactory and, in the opinion of Bond Counsel, will not affect the tax-exempt status of the Bonds, then and in such event, upon the deposit of such Substitute Collateral with the Trustee and expiration of any applicable bankruptcy preference periods, the Guaranty shall be released by the Issuer and the Guarantor shall have no further obligation

with respect to the Indebtedness (nor shall the Guaranty be eligible to be thereafter utilized as security for the obligations of the Developer under this Standby Contribution Agreement).

(H) If a request is made by any Beneficial Owner to the Trustee for copies of any or all of the information provided to the Issuer and the Trustee under Section 15 of the Guaranty or Section 2.1(E)(ii) of this Standby Contribution Agreement, then, at any time prior to the termination of this Standby Contribution Agreement, the Trustee shall, after confirming that the party requesting such information is a Beneficial Owner, copy such request to the Developer whereupon the Developer shall cause the Guarantor to provide, or shall provide, copies of such information to such Beneficial Owner as advised by the Trustee.

Section 2.2. Nature of Obligations. The obligations of the Developer under this Standby Contribution Agreement shall be absolute and unconditional and shall remain in full force and effect until the Developer is released pursuant to Section 1.12 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 (A) any failure by the Developer to timely cause to be made available or provided the information required by Section 2.1(E)(i), as the time for such performance may be extended under the provisions of Section 2.1(E)(ii)(1), (B) any event described in Section 2.1(F), or (C) 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, including any amount the Developer is required to pay or cause to be paid or deposited with the Trustee under Section 2.1(E)(ii)(2), 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 (including the 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution Agreement and shall take such actions as are necessary to accomplish the purposes set forth herein.

[SIGNATURES ON FOLLOWING PAGE]

APPENDIX D

FORM OF GUARANTY

GUARANTY

This Guaranty, dated as of July 1, 2013, is made by ABD Investments Limited Partnership, an Arizona limited partnership (the **"Guarantor"**), for the benefit of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) formerly known as Whitestone District 1 Community Facilities District (Town of Buckeye, Arizona), an Arizona community facility district (with its participants, successors and assigns, referred to herein as the **"District"** or the **"Issuer"**) and Wells Fargo Bank, National Association, in its capacity as trustee (the **"Trustee"**) under the terms and provisions of the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the **"Indenture"**).

RECITALS

A. The Issuer pursuant to Title 48, Chapter 4, Article 6 (the **"Enabling Act"**) and a bond resolution adopted by the board of directors of the Issuer on June 4, 2013 issued general obligation bonds in the aggregate principal amount of $26,400,000 which shall be known as the Issuer's District General Obligation Refunding Bonds, Series 2013A (the **"Refunding Bonds"**) and the Issuer's District General Obligation Project Bonds, Series 2013B (the **"Project Bonds"** and, together with the Refunding Bonds, the **"Bonds"**), pursuant to the terms of the Indenture. The payment of principal, interest and all other amounts constituting Debt Service (as such term is defined in the Indenture) (collectively, the **"Debt Service Obligations"**) shall be funded by an ad valorem tax levied at a rate of not greater than $3.00 per $100 of secondary assessed value (the "**Maximum Tax Rate**") on all taxable property within the boundaries of the District. DMB White Tank, LLC, an Arizona limited liability company ("**Developer**"), is a beneficial owner of and is in the process of developing, a portion of the real property located within the District (the "**Property**"). The Issuer shall use the proceeds from the issuance of the Bonds to finance and refinance the development of the public infrastructure within the District, thereby increasing the value of the Property, and to refund the Issuer's outstanding District General Obligation Bonds, Series 2003 to achieve debt service savings.

B. The Issuer, Trustee and the Guarantor agree and acknowledge that tax proceeds generated by the levy and collection of the Maximum Tax Rate will not be sufficient to pay the Debt Service Obligations until and unless there is a significant increase in the secondary assessed valuation in the District.

C. The Developer has agreed to execute and deliver a Standby Contribution Agreement (the "**Contribution Agreement**") under which Developer agrees to pay any shortfall that may occur between the tax proceeds generated by the levy of the Maximum Tax Rate and the Debt Service Obligations (the "**Shortfall**") until such time as the Developer is released from such obligation under the Contribution Agreement. The Guarantor, as an affiliate of the Developer, agrees that it is in the Guarantor's best interests to execute and deliver this Guaranty as a guaranty of Developer's obligations under the Contribution Agreement.

AGREEMENT

ACCORDINGLY, the Guarantor, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees as follows:

1. Recitals. The Guarantor acknowledges that the foregoing Recitals are true, accurate and incorporated into this Guaranty.

2. Definitions. In addition to the terms defined hereinabove and hereinafter, as used herein, the following terms have the meanings set forth below:

"Affiliate" shall be defined as any person or entity controlling, controlled by or under common control with the Developer and/or the Guarantor.

"Development" shall be defined as any development project in respect of which there are Guaranteed Obligations, as reflected in the consolidated balance sheet of the Guarantor at any time or from time to time.

"Liquidity" shall be defined as the Qualifying Assets less the Qualifying Liabilities.

"Net Worth" shall be defined as "total assets" minus "total liabilities", as presented in the audited or unaudited consolidated balance sheet of the Guarantor or any Development (as applicable) and determined as of the end of the applicable period (e.g., the sixth month or the year).

"**Qualifying Assets**" shall be defined as all assets that can reasonably be converted into cash within one year from the date that is the last day of the applicable period (e.g., the sixth month or the year), as presented in the audited or unaudited (as applicable) consolidated balance sheet of the Guarantor,.

"**Qualifying Liabilities**" shall be defined as all liabilities that will mature or become due within one year from the date that is the last day of the applicable period (e.g., the sixth month or the year), as presented in the audited or unaudited (as applicable) consolidated balance sheet of the Guarantor.

"**Undercollateralized Obligations**" shall be defined as the sum of (i) the Bonds (including all outstanding principal in respect of the Bonds) and (ii) the total amount of all other debts, liabilities, loan agreements, funding commitments and obligations of the Guarantor, of every type and description but excluding the unfunded portion of any loan agreements or funding commitments with Affiliates, payment or funding of which is guaranteed by the Guarantor, whether such debt, liability, loan agreement, funding commitment or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several (the "**Guaranteed Obligations**"), provided that the Guaranteed Obligations in respect of any Development shall be included in the calculation of "Undercollateralized Obligations" only if, and to the extent that, the total Guaranteed Obligations pertaining to any particular Development exceed 60% of the Net Worth of such Development. For example, if there were $35,000,000 in Guaranteed Obligations and $70,000,000 Net Worth in respect of a particular Development, then the resulting Guaranteed Obligations/Net Worth ratio would be 50%, i.e., less than the 60% Guaranteed Obligations/Net Worth ratio threshold, and the Guaranteed Obligations in respect of that Development would not be included in the calculation of "Undercollateralized Obligations". As a further example, if there were $50,000,000 in Guaranteed Obligations and $70,000,000 Net Worth in respect of a particular Development, then the resulting Guaranteed Obligations/Net Worth ratio would be approximately 71.4%, i.e., greater than the 60% Guaranteed Obligations/Net Worth ratio threshold, and the Guaranteed Obligations in respect of that Development would be included in the calculation of "Undercollateralized Obligations" to the extent that the total amount of the Guaranteed Obligations in respect of the Development were to exceed 60% of the Net Worth of the Development; i.e., [($50,000,000 total Guaranteed Obligations) - {60% ($70,000,000 Net Worth) = $42,000,000} = $8,000,000], meaning $8,000,000 in respect of the Development would be included in the calculation of "Undercollateralized Obligations". In addition, and notwithstanding the

foregoing, for purposes of calculating the Net Worth of a particular Development, the Guarantor shall be entitled, at its option, to utilize the fair market value of the Development as determined by a "Qualifying Appraisal" as the value of the total assets of such Development on the applicable consolidated balance sheet. A "**Qualifying Appraisal**" shall mean an "as is" appraisal, dated no earlier than one year prior to the date of the certificate provided for in Section 15 below, that is completed by an MAI certified appraiser.

3. Indebtedness Guaranteed. The Guarantor hereby absolutely and unconditionally guarantees to the Issuer and the Trustee the full and prompt payment when due, whether at maturity or earlier by reason of mandatory redemption, acceleration or otherwise, of each and every other sum now or hereafter owing to the Issuer by the Developer under the Contribution Agreement, including but not limited to an amount equal to the Shortfall, in each case whether now existing or hereafter arising, whether absolute or contingent, primary or secondary, sole, joint, several or joint and several, secured or unsecured, and, in the instances provided for in the Indenture, the Contribution Agreement and Section 7 below, the principal amount of the Bonds and all interest with respect to the Bonds that is unpaid and accruing to the date of actual payment (all of said sums being hereinafter called the **"Indebtedness"**).

4. Guarantor's Representations and Warranties. The Guarantor represents and warrants to the Issuer that (i) the Guarantor is an Arizona limited partnership, duly organized and existing, in good standing, and has full power and authority to make and deliver this Guaranty; (ii) the execution, delivery and performance of this Guaranty by the Guarantor has been duly authorized by all necessary action of its partners and does not and will not violate the provisions of, or constitute a default under, any presently applicable law or its organizational documents or any agreement presently binding on it; (iii) this Guaranty has been duly executed and delivered by an authorized representative of the Guarantor and constitutes its lawful, binding and legally enforceable obligation; and (iv) the authorization, execution, delivery and performance of this Guaranty does not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency. The Guarantor represents and warrants to the Issuer that the Guarantor has a direct and substantial economic interest in the Developer and expects to derive substantial benefits therefrom and from the issuance of the Bonds and any other transactions and events resulting in the creation of the Indebtedness guaranteed hereby, and that this Guaranty is given for a valid business purpose.

5. Financial Covenants. Until the obligations of the Developer under the Contribution Agreement have been fully satisfied and the Developer has been released from the Contribution Agreement pursuant to the terms of the Indenture and the Contribution Agreement, or until the Guarantor has been released from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement, the Guarantor shall comply with the following financial covenants (collectively, the "**Financial Covenants**"):

(i) The Guarantor shall have, at the time of execution of this Guaranty, a minimum Net Worth of $200,000,000; and

(ii) The Guarantor shall maintain, at all times, a minimum Net Worth of three (3) times the amount of the Undercollateralized Obligations and a minimum Liquidity of one and one-half (1.5) times the amount of the Undercollateralized Obligations.

6. Unconditional Nature. No act or thing need occur to establish the Guarantor's liability hereunder, and no act or thing, except full payment and discharge of all of the Indebtedness or the Developer being released from the Contribution Agreement pursuant to the terms of the Indenture and the Contribution Agreement, or the Guarantor being released from this Guaranty in the event Substitute Collateral (as defined in the Contribution Agreement) is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement, shall in any way exonerate the Guarantor hereunder or modify, reduce, limit or release the Guarantor's liability hereunder. This is an absolute and unconditional guaranty of payment of the Indebtedness.

7. Dissolution, Termination or Insolvency of Guarantor. The dissolution, termination or adjudication of bankruptcy of the Guarantor shall not affect the validity or binding nature of this Guaranty. Without limitation of the foregoing, if the Guarantor shall be dissolved, terminated or shall be or become insolvent (however defined), or if the Guarantor voluntarily commences or there is commenced involuntarily against the Guarantor a

petition for receivership, an acknowledgement or claim of inability to pay debts or other obligations, or other proceeding pertaining to the actual or claimed insolvency of the Guarantor case under the United States Bankruptcy Code, the Guarantor acknowledges that the Guarantor shall be deemed in default of this Guaranty and the applicable provisions of the Contribution Agreement and Indenture shall apply, including that the Bonds be subject to special mandatory redemption.

8. Non-Compliance. In the event the Guarantor is not in compliance with the Financial Covenants or the Guarantor is not in compliance with the requirements described in Section 15 below (a "**Non-Payment Default**"), then and in any such event, the applicable provisions of the Contribution Agreement and Indenture shall control including, as applicable, that the Bonds be subject to special mandatory redemption if such Non-Payment Default is not cured within the applicable cure periods or Substitute Collateral is not deposited with the Trustee.

9. Subrogation, etc. The Guarantor hereby waives all rights that the Guarantor may now have or hereafter acquire, whether by subrogation, contribution, reimbursement, recourse, exoneration, contract or otherwise, to recover from the Developer or from any property of the Developer any sums paid under this Guaranty until all of the Indebtedness shall have been fully paid and discharged. The Guarantor will not exercise or enforce any right of contribution to recover any such sums from any person who is a co-obligor with the Developer or a guarantor or surety of the Indebtedness or from any property of any such person until all of the Indebtedness shall have been fully paid and discharged.

10. Enforcement Expenses. The Guarantor will pay or reimburse the Issuer and the Trustee for all costs, expenses and attorneys' fees paid or incurred by the Issuer and the Trustee in endeavoring to collect and enforce the Indebtedness and in enforcing this Guaranty.

11. Issuer's and Trustee's Rights. The Issuer and the Trustee shall not be obligated by reason of its acceptance of this Guaranty to engage in any transactions with or for the Developer. Whether or not any existing relationship between the Guarantor and the Developer has been changed or ended, the Issuer and the Trustee may enter into transactions resulting in the creation or continuance of the Indebtedness and may otherwise agree, consent to or suffer the creation or continuance of any of the Indebtedness, without any consent or approval by the Guarantor and without any prior or subsequent notice to the Guarantor. The Guarantor's liability shall not be affected or impaired by any of the following acts or things (which the Issuer or Trustee are expressly authorized to do, omit or suffer from time to time, without consent or approval by or notice to the Guarantor): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all of the Indebtedness (except as provided for and expressly subject to the terms of the Contribution Agreement which permit the deposit of substitute collateral under certain circumstances); (ii) one or more extensions or renewals of the Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities, if any, or other contractual terms applicable to any of the Indebtedness or any amendment or modification of any of the terms or provisions of any agreement under which the Indebtedness or any part thereof arose; (iii) any waiver or indulgence granted to the Developer, any delay or lack of diligence in the enforcement of the Indebtedness or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any of the Indebtedness; (iv) any full or partial release of, compromise or settlement with, or agreement not to sue, the Developer or any guarantor or other person liable in respect of any of the Indebtedness; (v) any release, surrender, cancellation or other discharge of any evidence of the Indebtedness or the acceptance of any instrument in renewal or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for the Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to preserve, protect, insure, care for, exercise or enforce any collateral security; or any modification, alteration, substitution, exchange, surrender, cancellation, termination, release or other change, impairment, limitation, loss or discharge of any collateral security; (vii) any collection, sale, lease or disposition of, or any other foreclosure or enforcement of or realization on, any collateral security; (viii) any assignment, pledge or other transfer of any of the Indebtedness or any evidence thereof; (ix) any manner, order or method of application of any payments or credits upon the Indebtedness; and (x) any election by the Issuer under Section 1111(b) of the United States Bankruptcy Code. The Guarantor waives any and all defenses and discharges available to a surety, guarantor or accommodation co-obligor.

12. Waivers by Guarantor. The Guarantor waives any and all defenses, claims, setoffs and discharges of the Developer, or any other obligor, pertaining to the Indebtedness, except the defense of discharge by

payment in full of the Indebtedness (upon expiration of all bankruptcy preference periods as referenced in Section 13) or by the release of the Developer from the Contribution Agreement as provided for in the Indenture and the Contribution Agreement or by the release of the Guarantor from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the Issuer or the Trustee any defense of waiver, release, discharge or disallowance in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Developer or any other person liable in respect of any of the Indebtedness, or any setoff available against the Issuer or the Trustee to the Developer or any other such person, whether or not on account of a related transaction, except discharge by payment in full of the Indebtedness (upon expiration of all bankruptcy preference periods as referenced in Section 13) or the release of the Developer from the Contribution Agreement as provided for in the Indenture and the Contribution Agreement or by the release of the Guarantor from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement. The Guarantor expressly agrees that the Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Developer or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The liability of the Guarantor shall not be affected or impaired by (i) any voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the Developer's assets, (ii) the marshaling of the Developer's assets and liabilities, or (iii) the insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting the Developer or any of its assets. The Guarantor will not assert, plead or enforce against the Issuer or the Trustee any claim, defense or setoff available to the Guarantor against the Developer. The Guarantor waives presentment, demand for payment, notice of dishonor or nonpayment and protest of any instrument evidencing the Indebtedness. The Issuer shall not be required first to resort for payment of the Indebtedness to the Developer or other persons, or their properties, or first to enforce, realize upon or exhaust any collateral security for the Indebtedness, before enforcing this Guaranty. The Guarantor waives the benefits of Arizona Revised Statutes Sections 12-1641, 12-1642, 33-814 and 12-1566.

13. If Payments Set Aside, etc. If any payment applied by the Issuer or the Trustee to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Developer or any other obligor), the Indebtedness to which such payment was applied shall for the purpose of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

14. Additional Obligation of Guarantor. The Guarantor's liability under this Guaranty is in addition to and shall be cumulative with all other liabilities of the Guarantor to the Issuer as guarantor, surety, endorser, accommodation co-obligor or otherwise, of any of the Indebtedness, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

15. Financial Information. The Guarantor shall provide the following information, as described below, to the Issuer and the Trustee (as applicable) and, in the event a request is made by any Beneficial Owner (as such term is defined in the Indenture) to the Trustee, the Trustee shall, after confirming that the party requesting such information is a Beneficial Owner, provide a copy of such request to the Guarantor whereupon the Guarantor shall provide copies of the information provided to the Issuer, and the Trustee to such Beneficial Owner as advised by the Trustee.

(a) As soon as available, and in any event within 120 days after the end of each fiscal year of the Guarantor, the Guarantor shall provide notice to the Issuer designee that the Guarantor's audited annual financial statements (the "**Audited Financial Statements**") are available for review, which Audited Financial Statements shall include the Guarantor's balance sheet as of the end of such fiscal year and the related statements of the Guarantor's income, partner's capital and cash flows for the fiscal year then ended, shall be prepared in accordance with GAAP and shall be accompanied by the unqualified opinion of independent certified public accountants selected by the Guarantor and acceptable to the Issuer (the "**Auditor's Opinion**"), and shall thereafter make such Audited Financial Statements and Auditor's Opinion available to the Issuer designee. In addition, concurrent with the notice to the Issuer designee concerning the Audited Financial Statements, the

managing partner of the Guarantor shall deliver to the Issuer designee, the Issuer and the Trustee a certificate ("**Certificate**") stating (i) whether or not the officer signing the Certificate on behalf of the managing partner has knowledge of the occurrence of any default under this Guaranty not heretofore reported and, if any such default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (ii) that the information contained in the Financial Covenant Calculations worksheet (attached as Exhibit 1 to this Guaranty) is accurate to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner and, based on the Audited Financial Statements, Auditor's Opinion and the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, whether or not the Guarantor is in compliance with the Financial Covenants as of the end of such fiscal year. The Certificate shall be accompanied by a letter from the Guarantor's independent certified public accountants in substantially the form of Exhibit 2 to this Guaranty, enumerating certain procedures performed in respect of the Financial Covenant Calculations (the "**Auditor's Letter**").

(b) As soon as available, and in any event within 60 days after the last day of the sixth month (i.e., mid-year) of each fiscal year of the Guarantor, the Guarantor shall provide notice to the Issuer designee that the Guarantor's unaudited internal financial statements (the "**Internal Financial Statements**") are available for review, which Internal Financial Statements shall include the Guarantor's internal balance sheet and related statements of income and partner's capital of the Guarantor as of the end of such month and for the year-to-date period then ended and shall be prepared in accordance with GAAP (excluding footnotes to financial statements and subject to year-end audit adjustments). In addition, concurrent with the notice to the Issuer designee concerning the Internal Financial Statements, the managing partner of the Guarantor shall deliver to the Issuer designee, the Issuer and the Trustee a Certificate stating (i) that the Internal Financial Statements made available to the Issuer designee have been prepared in accordance with GAAP subject to year-end audit adjustments, (ii) whether or not the officer signing the Certificate on behalf of the managing partner has knowledge of the occurrence of any default under this Guaranty not heretofore reported and, if any such default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (iii) that the information contained in the Financial Covenant Calculations worksheet (attached as Exhibit 1 to this Guaranty) is accurate to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner and, based on the Internal Financial Statements and the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, whether or not the Guarantor is in compliance with the Financial Covenants as of the end of such year-to-date period.

16. No Duties Owed by Issuer. The Guarantor acknowledges and agrees that the Issuer and the Trustee (i) have not made any representations or warranties with respect to, (ii) do not assume any responsibility to the Guarantor for, and (iii) have no duty to provide information to the Guarantor regarding, the enforceability of any of the Indebtedness or the financial condition of the Developer or any guarantor. The Guarantor has independently determined the creditworthiness of the Developer and the enforceability of the Indebtedness and until the Indebtedness is paid in full will independently and without reliance on the Issuer continue to make such determinations.

17. Miscellaneous. This Guaranty shall be effective upon delivery to the Issuer, without further act, condition or acceptance by the Issuer or the Trustee, shall be binding upon the Guarantor and the successors and assigns of the Guarantor and shall inure to the benefit of the Issuer, the Trustee and their participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful provisions and application thereof, and to this end the provisions of this Guaranty are declared to be severable. This Guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Guarantor and the Issuer. This Guaranty shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Arizona. The Guarantor hereby (i) consents to the personal jurisdiction of the state and federal courts located in the State of Arizona in connection with any controversy related to this Guaranty; (ii) waives any argument that venue in any such forum is not convenient, (iii) agrees that any litigation initiated by the Issuer, the Trustee or the Guarantor in connection with this Guaranty may be venued in either the state or federal courts located in Maricopa County, Arizona; and (iv) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

18. Waiver of Jury Trial. **THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, BASED ON OR PERTAINING TO THIS GUARANTY.**

APPENDIX E-1

FORM OF LEGAL OPINION OF BOND COUNSEL

(REFUNDING BONDS)

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the
Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

At your request we have examined the official proceedings leading to the issuance of $20,400,000 principal amount of District General Obligation Refunding Bonds, Series 2013A, dated the date of delivery (the "*Bonds*"), issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 04-13, passed and adopted by the District Board on June 4, 2013 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds, without limit as to rate or amount, 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, in the same manner as other taxes of the District, an annual tax upon the 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 Bond Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

Bond Counsel

APPENDIX E-2

FORM OF LEGAL OPINION OF BOND COUNSEL

(PROJECT BONDS)

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the Verrado District 1
Community Facilities District
(Town of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013B

At your request we have examined the official proceedings leading to the issuance of $6,000,000 aggregate principal amount of District General Obligation Bonds, Series 2013B, dated the date of delivery (the "Bonds"), issued by Verrado District 1 Community Facilities District (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 04-13, passed and adopted by the District Board on June 4, 2013 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the Bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal

income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could 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 to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

Bond Counsel

APPENDIX F

FORM OF INVESTOR LETTER

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

Wells Fargo Bank, National Association, as Trustee

RBC Capital Markets, LLC

Re: Verrado District 1 Community Facilities District General Obligation [Refunding/Project]* Bonds, Series 2013[A/B]*

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

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* Insert appropriate references.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Bonds.

ACCEPTANCE

Accepted this ..... day of ....., 20.....

[PURCHASER]

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

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S., securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to other such as both U.S. and non-U.S., securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices or significant events with respect to the Bonds, such as redemptions, tenders, default and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

APPENDIX H

UNAUDITED FINANCIAL STATEMENTS OF THE DEVELOPER

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DMB White Tank, LLC
Balance Sheet
(Unaudited)
December 31, 2012

	Current Month	Prior Month
ASSETS		
Cash and cash equivalents	$ 981,429	$ 2,281,326
Restricted cash	2,090,543	2,090,125
Accounts receivable	1,144,015	1,000,278
Related party receivables	198,496	29,132
Prepaid expenses and other assets	3,026,252	2,930,553
Real estate under development	115,144,098	122,205,075
Construction in progress	3,588,581	3,588,181
Land held for investment	3,673,567	3,664,200
Land held for trade or business use	3,305,737	3,305,737
Property and equipment, net	729,591	483,201
Deposits	1,242,741	1,242,741
Notes and interest receivable	187,500	187,500
	$ 135,312,550	**$ 143,008,049**
LIABILITIES AND MEMBER'S EQUITY		
Accounts payable	$ 220,561	$ 96,385
Accrued liabilities	101,712	97,752
Property and sales tax payable	562,119	467,718
Related party payables	217,440	218,402
Retention payable	48,605	101,032
Deferred revenue	37,189,768	35,798,229
Notes and interest payable	8,681,264	8,848,771
	47,021,469	45,628,289
Member's equity	88,291,081	97,379,760
	$ 135,312,550	**$ 143,008,049**

These financial statements were prepared for internal purposes and
are not necessarily in conformity with generally accepted accounting principles.

DMB White Tank, LLC
Income Statement
(Unaudited)
For the Twelve Months Ended December 31, 2012

	MTD	YTD
REVENUE		
Land, net of discounts	$ (1,144,942)	$ 1,964,402
Supplemental land revenue	(49,154)	229,098
Development fee income	24,488	1,797,955
Utility income	4,757	582,294
	(1,164,851)	4,573,749
COST OF SALES		
Land	9,033,060	9,351,322
Commissions and closing costs	(109,169)	218,701
	8,923,891	9,570,023
OTHER (INCOME) EXPENSE		
General and administrative	206	34,147
Marketing	3,304	427,524
Interest income	(3,350)	(40,985)
Other expense	-	146
Depreciation and amortization	28,610	353,609
(Gain) loss on investment	(28,833)	(1,041,893)
	(63)	(267,452)
NET INCOME (LOSS)	**$ (10,088,679)**	**$ (4,728,822)**

These financial statements were prepared for internal purposes and
are not necessarily in conformity with generally accepted accounting principles.

DMB White Tank, LLC
Statement of Cash Flows
(Unaudited)
For the Twelve Months Ended December 31, 2012

	MTD	YTD
OPERATING ACTIVITIES		
Net income (loss)	$ (10,088,679)	$ (4,728,822)
Adjustments to reconcile net income (loss) to cash:		
Depreciation and amortization	28,610	353,609
(Gain) loss on investment	(28,833)	(1,041,893)
Changes in operating assets and liabilities:		
Accounts receivable	(143,737)	(340,372)
Related party receivables	(169,364)	64,792
Prepaid expenses and other assets	(95,699)	20,578
Real estate under development	7,033,897	(2,169,759)
Deposits	-	751,307
Accounts payable	124,176	83,116
Accrued liabilities	3,960	(140,748)
Property tax payable	94,401	(192,919)
Related party payables	(962)	(87,068)
Retention payable	(52,427)	(143,991)
Deferred revenue	1,447,452	2,138,486
Interest payable	(69,522)	376,395
Net cash provided by (used by) operating activities	(1,916,727)	(5,057,289)
INVESTING ACTIVITIES		
Restricted cash	(418)	(1,300,263)
Land holding costs	(9,367)	(112,404)
Fixed asset acquisitions	(275,000)	(293,392)
Construction in progress	(400)	(92,908)
Net cash provided by (used by) investing activities	(285,185)	(1,798,967)
FINANCING ACTIVITIES		
Contributions	1,000,000	8,825,000
Distributions	-	(1,400,000)
Note payable to landowner	(1,577,985)	(1,577,985)
Note payable to Verrado Village Club	1,480,000	1,480,000
Net cash provided by (used by) financing activities	902,015	7,327,015
Net increase (decrease) in cash and cash equivalents	(1,299,897)	470,759
Cash and cash equivalents, beginning of period	2,281,326	510,670
Cash and cash equivalents, end of period	**$ 981,429**	**$ 981,429**

These financial statements were prepared for internal purposes and are not necessarily in conformity with generally accepted accounting principles.

DMB White Tank, LLC
Statement of Changes in Member's Equity
(Unaudited)
For the Twelve Months Ended December 31, 2012

Beginning balance	$	85,594,903
Contributions		8,825,000
Distributions		(1,400,000)
Net income (loss)		(4,728,822)
Ending balance	**$**	**88,291,081**

These financial statements were prepared for internal purposes and
are not necessarily in conformity with generally accepted accounting principles.

APPENDIX I

AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR

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ABD Investments Limited Partnership and Subsidiary

Consolidated Financial Statements
12.31.2012

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McGladrey

Independent Auditor's Report

To the Partners
ABD Investments Limited Partnership
and Subsidiary
Scottsdale, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ABD Investments Limited Partnership and Subsidiary (the Partnership) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income and comprehensive income, changes in partners' capital and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Phoenix, Arizona
April 24, 2013

Member of the RSM International network of independent accounting, tax and consulting firms.

ABD Investments Limited Partnership and Subsidiary

Consolidated Balance Sheets
December 31, 2012 and 2011

ASSETS	**2012**	2011
Cash and cash equivalents	**$ 3,178,785**	$ 1,102,988
Dividends receivable *(Note 4)*	**-**	5,207,571
Marketable securities, at fair value *(Notes 3, 4 and 6)*	**626,524,649**	596,895,366
Notes receivable from related parties *(Note 5)*	**2,898,403**	8,106,424
Total assets	**$ 632,601,837**	$ 611,312,349
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	**$ 4,294**	$ 2,570
Bank line of credit *(Note 6)*	**95,800,000**	95,800,000
Interest payable	**938,221**	1,012,846
Fair value of interest rate swap *(Notes 3 and 7)*	**6,525,510**	8,437,495
Total liabilities	**103,268,025**	105,252,911
Commitments and contingencies *(Note 8)*		
Partners' capital:		
General partners	**351,328**	1,082,200
Limited partners	**224,676,283**	230,300,320
Accumulated other comprehensive income *(Note 4)*	**304,306,201**	274,676,918
	529,333,812	506,059,438
	$ 632,601,837	$ 611,312,349

See Notes to Consolidated Financial Statements.

ABD Investments Limited Partnership and Subsidiary

Consolidated Statements of Income and Comprehensive Income
Years Ended December 31, 2012 and 2011

	2012	2011
Income:		
Dividend income *(Note 4)*	**$ 26,037,854**	$ 20,830,284
Interest income *(Note 5)*	**42,134**	90,927
Total income	**26,079,988**	20,921,211
Expenses:		
Interest expense *(Note 6)*	**4,324,682**	2,701,904
Administrative expenses	**17,200**	10,300
(Gain) loss on fair value of interest rate swap *(Note 7)*	**(1,911,985)**	2,559,517
Total expenses	**2,429,897**	5,271,721
Net income	**23,650,091**	15,649,490
Other comprehensive income:		
Unrealized gain (loss) on marketable securities *(Note 4)*	**29,629,283**	(27,115,283)
Comprehensive income (loss)	**$ 53,279,374**	$ (11,465,793)

See Notes to Consolidated Financial Statements.

ABD Investments Limited Partnership and Subsidiary

Consolidated Statements of Changes in Partners' Capital
Years Ended December 31, 2012 and 2011

	General Partners	Limited Partners	Accumulated Other Comprehensive Income	Total Partners' Capital
Balance, December 31, 2010	$ 2,586,127	$ 267,577,392	$ 301,792,201	$ 571,955,720
Net income	171,988	15,477,502	-	15,649,490
Unrealized gain on marketable securities	-	-	(27,115,283)	(27,115,283)
Distribution of capital	(1,675,915)	(52,754,574)	-	(54,430,489)
Balance, December 31, 2011	1,082,200	230,300,320	274,676,918	506,059,438
Net income	259,914	23,390,177	-	23,650,091
Unrealized loss on marketable securities	-	-	29,629,283	29,629,283
Distribution of capital	(990,786)	(29,014,214)	-	(30,005,000)
Balance, December 31, 2012	**$ 351,328**	**$ 224,676,283**	**$ 304,306,201**	**$ 529,333,812**

See Notes to Consolidated Financial Statements.

ABD Investments Limited Partnership and Subsidiary

Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 23,650,091**	$ 15,649,490
Adjustments to reconcile net income to net cash provided by operating activities:		
Capitalized interest on notes receivable from related parties	**(41,979)**	(90,277)
Change in fair value of interest rate swap	**(1,911,985)**	2,559,517
Change in working capital components:		
Dividends receivable	**5,207,571**	-
Accounts payable	**1,724**	818,474
Interest payable	**(74,625)**	185,962
Net cash provided by operating activities	**26,830,797**	19,123,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on notes receivable from related parties	**5,250,000**	900,000
Net cash provided by investing activities	**5,250,000**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution of capital	**(30,005,000)**	(18,935,000)
Net cash used in financing activities	**(30,005,000)**	(18,935,000)
Net increase in cash and cash equivalents	**2,075,797**	1,088,166
Cash and cash equivalents, beginning of year	**1,102,988**	14,822
Cash and cash equivalents, end of year	**$ 3,178,785**	$ 1,102,988
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	**$ 5,217,785**	$ 2,515,942
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Payment on notes receivable	**$ -**	$ (35,495,490)
Unrealized gain (loss) on marketable securities	**$ 29,629,283**	$ (27,115,283)

See Notes to Consolidated Financial Statements.

Note 1. Organization

ABD Investments Limited Partnership (the ABD Partnership), an Arizona limited partnership, was formed on August 27, 1993, for the purpose of investing partnership funds in stock, partnership interests, tangible and intangible assets, including real and personal property, and to acquire, hold, maintain, improve, finance or otherwise deal with such assets and engage in any other activity permitted under Arizona law. The Partnership was capitalized on March 31, 1994, through the contribution of shares of common stock of a publicly traded company. The Partnership will expire December 31, 2050, or sooner, in accordance with the terms of the Partnership Agreement.

The Partnership Agreement provides for allocation of profits and losses and distributions among its partners as follows:

Profits and Losses - Profits and losses are allocated to the partners in proportion to their percentage interests, subject to special allocations as defined in the Partnership Agreement.

Distributions - Distributions of net cash flows, if any, as defined in the Partnership Agreement, shall be paid to the partners on the last day of each calendar year in proportion to their percentage interests.

ABD Investments II, LLC (ABD II), a single member LLC and wholly owned subsidiary of ABD Investments Limited Partnership, was formed on September 5, 1999, for the purpose of providing certain financial assurances for a related party land acquisition (Note 8). Collectively both entities are referred to as "the Partnership".

Note 2. Summary of Significant Accounting Policies

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of the ABD Partnership and ABD II. All related intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents:

The Partnership considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. The Partnership maintains its cash in two institutions.

At times during the year, the Partnership maintained cash in financial institutions in excess of the federally insured limits. The Partnership has not experienced any losses in such accounts, and management believes the Partnership is not exposed to any significant credit risk with respect to cash.

Notes receivable from related parties:

Notes receivable are carried at an amount equal to the outstanding note balance less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts through the identification of troubled accounts. Notes receivables are written off when deemed uncollectible. Recoveries of notes receivable previously written off are recorded as income when received. No allowance was considered necessary at December 31, 2012 or 2011.

Interest is charged on notes receivables and is recognized on an accrual basis. After the receivable becomes past due, it is placed on nonaccrual status, accrual of interest is suspended, and unpaid interest is reversed at that time. There were no receivables in nonaccrual status at either December 31, 2012 or December 31, 2011.

Note 2. Summary of Significant Accounting Policies (Continued)

Marketable securities:

Marketable securities at December 31, 2012 consist of approximately 17.9 million shares of a publicly traded corporation. These securities have been classified as available-for-sale in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Accounting for Certain Investments in Debt and Equity Securities*, and are recorded at their fair value at December 31, 2012 and 2011.

Unrealized gains and losses on available-for-sale securities are reflected as a separate component of partners' capital in the accompanying financial statements.

Declines in the fair value of equity securities classified as available-for-sale below their amortized cost that are determined to be other than temporary result in write-downs of the individual securities to their fair value with the resulting write-downs included in current earnings as realized losses. In determining other than temporary losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Partnership to retain its investment in the issuer for a period of time sufficient to allow for any contractual recovery in fair value.

Income recognition:

Dividend income is recognized on the declaration date of the dividends. Interest income is recognized when earned.

Administrative expenses:

Administrative expenses consist of bank fees. Management services, including due diligence on the approval of advances to related parties and other expenses associated therewith, are provided by related parties at no charge to the Partnership.

Income taxes:

The Partnership is organized as a limited partnership under the laws of the state of Arizona. In lieu of corporation federal and state income taxes, the partners of the limited partnership are taxed on their proportionate share of taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying consolidated financial statements.

Management evaluated the Partnership's tax positions and concluded that the Partnership had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Partnership is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

Personal assets and liabilities:

In accordance with the generally accepted method of presenting partnership financial statements, the financial statements do not include the personal assets and liabilities of the partners, including their rights to refunds on its net losses, nor any provision for income tax refunds, if any.

Note 2. Summary of Significant Accounting Policies (Continued)

Guarantees:

As discussed further in Note 8, the Partnership has guaranteed the debt of a related party. The Partnership would be required to perform under the guarantee upon default of the related party. The Partnership has not experienced any losses related to the guarantee. Upon entering into a guarantee, the Partnership records the related liability at fair value pursuant to ASC 460, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. Thereafter, the related liability is evaluated pursuant to ASC 450, *Contingencies for Gain and Loss*. The Partnership has determined that no liability was required to be recorded as of December 31, 2012 and 2011 pursuant to ASC 450 and ASC 460.

Interest rate swap:

The Partnership uses an interest rate swap to assist in managing interest incurred on its long-term debt. The difference between amounts received and amounts paid under such agreements, as well as any costs or fees, is recorded as a reduction of, or addition to, interest expense as incurred over the life of the swap or similar financial instrument. The Partnership accounts for interest rate swap agreements in accordance with ASC 815, *Derivatives and Hedging*. ASC 815 requires the Partnership to measure the derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheet as either an asset or liability. The Partnership has not elected hedge accounting therefore, changes in fair value of derivatives are recorded currently in earnings as a change in fair value of the swap unless special hedge accounting criteria are met whereby the change is recorded as a component of other comprehensive income.

Subsequent events:

The Partnership has evaluated subsequent events through April 24, 2013, the date on which the consolidated financial statements were available to be issued.

Fair value of financial instruments:

The estimated fair values of the Partnership's short-term financial instrument, including cash and cash equivalents, and dividends receivable approximates fair value due to the short-term nature of these instruments.

The carrying amount of debt outstanding under the Partnership's line of credit approximates fair value as interest rates on this amount approximates current interest rates offered due to the variable rate nature to the Partnership for debt with similar terms and remaining maturities. The fair value of the related party notes receivable is believed to approximate their carrying value. However, fair value is difficult to determine based on the related party nature of these instruments.

Concentration of credit risk:

Financial instruments, which potentially expose the Partnership to concentrations of credit risk, other than the investment in marketable securities previously mentioned, consist primarily of notes receivable from related parties. The Partnership's notes receivable from related parties are with two separate, but affiliated, entities.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements:

In June 2011, the FASB Accounting Standards Update (ASU) No. 2011-05, *Presentation of Comprehensive Income*. This guidance eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendments do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. This guidance is effective for fiscal years ending after December 15, 2012, with early adoption permitted. The Partnership adopted this guidance during the year ending December 31, 2012. This adoption had no impact on the Partnership's financial statement presentation.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, updating accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011 and will be applied prospectively. The Partnership adopted this guidance during the year ending December 31, 2012. This adoption impacted the footnote disclosure with no impact to the Partnership's consolidated financial statements.

Reclassifications:

Certain liabilities on the balance sheet as of December 31, 2011 have been reclassified to be consistent with the classifications adopted as of December 31, 2012.

Note 3. Fair Value Disclosures

Fair value measurements:

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

ote 3. Fair Value Disclosures (Continued)

Fair value measurements (continued):

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Partnership uses various methods including market, income and cost approaches. Based on these approaches, the Partnership often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Partnership utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Partnership is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 — Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2012 and 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

The fair value of the Partnership's securities is the market value based on quoted market prices or market prices provided by the New York Stock Exchange. The marketable securities are recorded at fair value on a recurring basis and are classified within Level 1 of the valuation hierarchy. The fair value of the marketable securities was $626,524,649 and $596,895,366 at December 31, 2012 and 2011, respectively.

The Partnership's interest rate swap at December 31, 2012 is a spread of variable interest rates based on LIBOR in excess of the rate cap per the agreement. LIBOR is observable at commonly quoted intervals for the full term of the swap. For an interest rate swap in an asset position, the credit standing of the counterparty is analyzed and factored into the fair value measurement of the asset. ASC 820 states that the fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the impact of the Partnership's creditworthiness would also be factored into the fair value measurement of the interest rate swap if in a liability position. The fair value of the Partnership's interest rate swap is categorized within Level 2 of the fair value hierarchy. The asset is measured at fair value on a recurring basis. The fair value of the interest rate swap was a liability of $6,525,510 and $8,437,495 at December 31, 2012 and 2011, respectively.

Note 3. Fair Value Disclosures (Continued)

Fair value on a recurring basis:

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

	December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Marketable securities	**$ 626,524,649**	**$ -**	**$ -**	**$ 626,524,649**
Interest rate swap	**$ -**	**$ (6,525,510)**	**$ -**	**$ (6,525,510)**

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Marketable securities	$ 596,895,366	$ -	$ -	$ 596,895,366
Interest rate swap	$ -	$ (8,437,495)	$ -	$ (8,437,495)

There were no transfers between levels during 2012 or 2011.

Note 4. Marketable Securities

Marketable securities consist of the following:

	Agreed Upon Value on the Date of Contribution	Unrealized Gain	Market Value
		2012	
Common stock of a publicly traded corporation	**$322,218,448**	**$ 304,306,201**	**$626,524,649**
		2011	
Common stock of a publicly traded corporation	$322,218,448	$ 274,676,918	$596,895,366

58% of the publicly traded common stock has been pledged as collateral for the line of credit discussed in Note 6 and certain commitments described in Note 8. Unrealized gains and losses are reflected as a separate component of partners' capital in the accompanying consolidated financial statements. The agreed upon value on the date of contribution represents the market value of common stock contributed on March 31, 1994.

The Partnership received five dividend payments of $0.29 per share during the year ended December 31, 2012.

Note 5. Notes Receivable and Commitments to Related Parties

The Partnership has loan agreements and two future funding commitments with related parties (the Borrowers). The commitments and the notes receivable have been recorded at their book value. A summary of the notes receivable, commitment amounts, and the amounts outstanding under the loan agreements consist of the following as of December 31:

Related Party	Date of Maturity	Commitment Amount at December 31, 2012	Outstanding Balance **2012**	Outstanding Balance 2011
The managing general partner - Note 1	12/31/14	**$ 10,000,000**	**$ 2,898,403**	$ 8,106,424
The managing general partner - Note 2	12/31/12	**50,000,000**	**-**	-
		$ 60,000,000	**$ 2,898,403**	$ 8,106,424

The term of Note 1 with the managing general partner provides for multiple advances up to a committed maximum. All loans are approved in advance by the Partnership and are unsecured. Interest accrues at a rate equal to .57% per annum based on the actual days elapsed over a 360 day year. Interest income related to these notes receivable approximates $42,000 and 51,000 for the years ended December 31, 2012 and 2011, respectively. The note is due and payable at December 31, 2014.

The term of Note 2 with the managing general partner provides for multiple advances up to a committed maximum. All loans are approved in advance by the Partnership and are unsecured. The balances of the loans were repaid in March 2011. Interest accrues at a rate equal to .57% per annum based on the actual days elapsed over a 360 day year. Interest income related to these notes receivable approximates $0 and $40,000 for the years ended December 31, 2012 and 2011, respectively. The note is due and payable at December 31, 2012.

Note 6. Bank Line of Credit

The Partnership finances its investments, consisting mainly of notes receivable from related parties, through dividends received and a line of credit with an unrelated banking institution. Funds are drawn on the line of credit and advanced to the related party companies and partnerships pursuant to the terms of certain loan agreements described in Note 5. The amount outstanding under the line of credit at December 31, 2012 and 2011 was $95,800,000. The interest rate on the draws from the line of credit is at LIBOR (0.25% at December 31, 2012) plus 75 basis points. The line matures on April 30, 2013. At December 31, 2012, the line of credit provided for a maximum commitment of $100,000,000 subject to adequate collateralization. Draws under the line of credit are collateralized by the shares of common stock of a publicly traded corporation (See Note 4) pledged by the Partnership and are limited to 58% of the then current market value of the pledged securities. The line of credit is subject to certain financial and non-financial covenants.

The general partner of the Partnership and the trustee of the general partner (personally) act as guarantors under the terms of the line of credit agreements.

Note 7. Interest Rate Swap

In December 2009, the Partnership entered into an interest rate swap agreement with a financial institution which became effective June 30, 2011 and will terminate as of December 31, 2014 (subject to adjustment). The Partnership entered into this agreement to manage future interest expense, which is subject to fluctuations due to the variable nature of the prime rate and LIBOR.

The interest rate swap was priced to assume no value at inception and has an initial notional amount of $100 million as of December 31, 2012. The Partnership must pay a fixed interest rate of 3.6065% and will receive interest from the counterparty at a floating rate equal to the 3 month LIBOR.

The Partnership elected not to use hedge treatment for the swap and all changes in fair market value will be recorded in current earnings. The estimated fair value of the interest rate swap is a liability of $6,525,510 and $8,437,495 at December 31, 2012 and 2011, respectively. This balance is included in total liabilities on the balance sheet and the change in the fair market value is included in the statement of income under loss on fair value of interest rate swap.

Note 8. Commitments and Contingencies

The Partnership and ABD II have guaranteed up $30,400,000 (combined) for certain performance obligations of a related party related to a land development in Arizona. As part of the guarantees, the Partnership and ABD II must maintain certain financial and non-financial covenants.

Approximately 11% of the publicly traded common stock is pledged as collateral for a line of credit maintained by the managing general partner (See Note 4).

Note 9. Subsequent Event

In March 2013, the Partnership received an equity contribution of approximately $101,768,000. The Partnership used the contribution to pay off the bank line of credit. As part of this transaction, the interest rate swap was assigned to a related party.

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APPENDIX J

FORM OF CONTINUING DISCLOSURE UNDERTAKING

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

(CUSIP BASE NUMBER 92511Q)

This Undertaking is executed and delivered by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "Issuer"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"Authorizing Documents" shall mean, collectively, the indenture of trust and security agreements and the resolutions authorizing the issuance of the Securities.

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

"EMMA" shall man the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at http://emma.msrb.org/submission.

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

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2014, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Limited Offering Memorandum, dated July 2, 2013, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than 30 days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Listed Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

1. Principal and interest payment delinquencies,

2. Nonpayment related defaults under the Authorizing Documents, if material,

3. Unscheduled draws on debt service reserves reflecting financial difficulties,

4. Unscheduled draws on credit enhancements reflecting financial difficulties,

5. Substitution of the credit or liquidity providers or their failure to perform,

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other notices or determinations, in each case, with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities,

7. Modifications to rights of holders of the Securities, if material,

8. Bond calls, if material, or tender offers,

9. Defeasances,

10. Release, substitution or sale of property securing repayment of the Securities, if material,

11. Rating changes,

12. Bankruptcy, insolvency, receivership or similar events of the Issuer, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District,

13. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,

14. Appointment of a successor trustee or an additional trustee or the change of the name of the trustee, if material, and

15. Notice of a failure of the Issuer to provide required annual financial information on or before the date specified in Section 4 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

(c) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Authorizing Documents.

(d) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS THEREAFTER, FILE A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE THROUGH EMMA.***

Section 4. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

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

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change

in the identity, nature or status of the Issuer or type of business conducted and (ii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance. The Undertaking is not required by the Rule. As such, the Issuer's failure to comply with this Undertaking will not be a violation of the Rule.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

By.....

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED JUNE 13, 2013

NEW ISSUE - FULL BOOK ENTRY FORM **NOT RATED**

In the opinion of Gust Rosenfeld P.L.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes. See "TAX EXEMPTION" herein.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000*
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000*
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

DATED: Date of Delivery **DUE: As shown below**

The Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A (the "Refunding Bonds") and District General Obligation Project Bonds, Series 2013B (the "Project Bonds" and, together with the Project Bonds, the "Bonds"), will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $100,000 of principal due on a maturity date and integral multiples of $5,000 in excess thereof. Purchasers will not receive definitive certificates with respect to the Bonds. So long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a "DTC Participant" to receive payment of principal of and interest on such Bond. Interest on the Bonds (except defaulted interest, if any) will be payable semiannually on each January 15 and July 15 commencing January 15, 2014. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX G - "Book-Entry-Only System" herein.

The Project Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "CFD Act"), and an election in and for Verrado District 1 Community Facilities District, a community facilities district (the "District") formed within the boundaries of the Town of Buckeye, Arizona (the "Town"), held on August 7, 2001, and the Refunding Bonds are authorized pursuant to the CFD Act and Title 35, Chapter 3, Article 4, Arizona Revised Statutes. The Bonds will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of July 1, 2013, from the District to Wells Fargo Bank, N.A., as trustee (the "Trustee"), and a resolution of the Board of Directors of the District.

The Bonds will be payable as to both principal and interest from *ad valorem* property taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate; provided, however, that with regard to the Refunding Bonds such taxes are limited by statutory provisions to an amount which shall not exceed the total aggregate principal and interest requirements coming due on the remaining, outstanding District General Obligation Bonds, Series 2003, dated as of August 1, 2003 (the "Bonds Being Refunded"), of the District, from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. Debt service with respect to the Bonds will also be payable from (1) amounts payable pursuant to a Standby Contribution Agreement, to be dated as of July 1, 2013 (the "Standby Contribution Agreement"), by and among the District, the Trustee and DMB White Tank, LLC, an Arizona limited liability company (the "Developer"), and (2) in the event of the Developer's non-performance under the Standby Contribution Agreement, certain amounts received pursuant to a Guaranty, to be dated as of July 1, 2013 (the "Guaranty"), from ABD Investments Limited Partnership, an Arizona limited partnership. See "SECURITY FOR AND SOURCES OF PAYMENT" herein. *(The Standby Contribution Agreement and the Guaranty can be released under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS" herein.)* **With respect to *ad valorem* property taxes only, the Bonds will be on a parity with the District General Obligation Bonds, Series 2006, dated October 17, 2006 (the "Series 2006 Bonds"), of the District and issues of general obligation bonds of the District which may be issued in the future. However, pursuant to the Standby Contribution Agreement, *ad valorem* property taxes will be allocated first to the Series 2006 Bonds in reliance upon additional funds being made available for the Bonds from the Standby Contribution Agreement. However, if there is a payment shortfall, with respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."**

The Bonds will be subject to optional, special mandatory redemption and mandatory redemption by the District prior to maturity as described herein.

Proceeds of the sale of the Project Bonds will be used to finance acquisition of certain public infrastructure within the District. Proceeds of the sale of the Refunding Bonds will be used to fund a trust to provide for payment of the Bonds Being Refunded.

The Bonds are not being sold in a public offering. The Bonds may be purchased by and transferred to "Qualified Investors" only. To insure transfer to Qualified Investors only, all sales and transfers must occur utilizing a broker, dealer or municipal securities dealer. See "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS" herein.

Investment in the Bonds has substantial risk for a variety of reasons as described under "RISK FACTORS" herein and under other portions of the Limited Offering Memorandum.

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

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

[See Maturity Schedules on Inside Front Cover]

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona and for the Developer by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that delivery of the Bonds in book-entry-only form will be made to Cede & Co. on or about July 2, 2013.

RBC CAPITAL MARKETS

_____, 2013

* Preliminary, subject to change.

MATURITY SCHEDULE*

The Refunding Bonds

Year (July 15)	Principal Amount	Interest Rate	Yield	CUSIP[(a)] No.s (Base 92511Q)
2014	$ 190,000			
2015	1,400,000			
2016	1,360,000			
2017	1,435,000			
2018	1,305,000			
2019	1,370,000			
2020	1,450,000			
2021	1,520,000			
2022	1,590,000			
2023	1,665,000			

$7,115,000 _____% Term Bond Due July 15, 2027 – Yield _____% - ____

The Project Bonds

Year (July 15)	Principal Amount	Interest Rate	Yield	CUSIP[(a)] No.s (Base 92511Q)
2015	$ 45,000			
2016	115,000			
2017	85,000			
2018	260,000			
2019	240,000			
2020	225,000			
2021	225,000			
2022	220,000			
2023	230,000			
2024	340,000			
2025	365,000			

$1,670,000 _____% Term Bond Due July 15, 2029 – Yield _____% - ____
$1,980,000 _____% Term Bond Due July 15, 2033 – Yield _____% - ____

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* Preliminary, subject to change.

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

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

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, DMB WHITE TANK, LLC (IN ITS CAPACITY AS THE DEVELOPER), ABD INVESTMENTS LIMITED PARTNERSHIP (IN ITS CAPACITY AS THE GUARANTOR) AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER. THIS LIMITED OFFERING MEMORANDUM CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS OR THAT THEY WILL BE REALIZED. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF AD VALOREM TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS LIMITED OFFERING MEMORANDUM IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE.

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

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER WITH RESPECT TO THE STANDBY CONTRIBUTION AGREEMENT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN SINCE THE DATE OF THIS LIMITED OFFERING MEMORANDUM.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER TO GIVE INFORMATION OR TO MAKE ANY

REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THIS LIMITED OFFERING MEMORANDUM, WHICH INCLUDES THE COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

NONE OF THE DISTRICT, THE DEVELOPER OR THE GUARANTOR HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE PURSUANT TO AN EXEMPTION TO RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION (THE "RULE"). HOWEVER, THE DISTRICT HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE INDEPENDENT OF THE RULE AS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM UNDER "VOLUNTARY CONTINUING DISCLOSURE FROM THE ISSUER ONLY," AND IN APPENDIX J - "FORM OF CONTINUING DISCLOSURE UNDERTAKING." SEE "VOLUNTARY CONTINUING DISCLOSURE FROM THE ISSUER ONLY."

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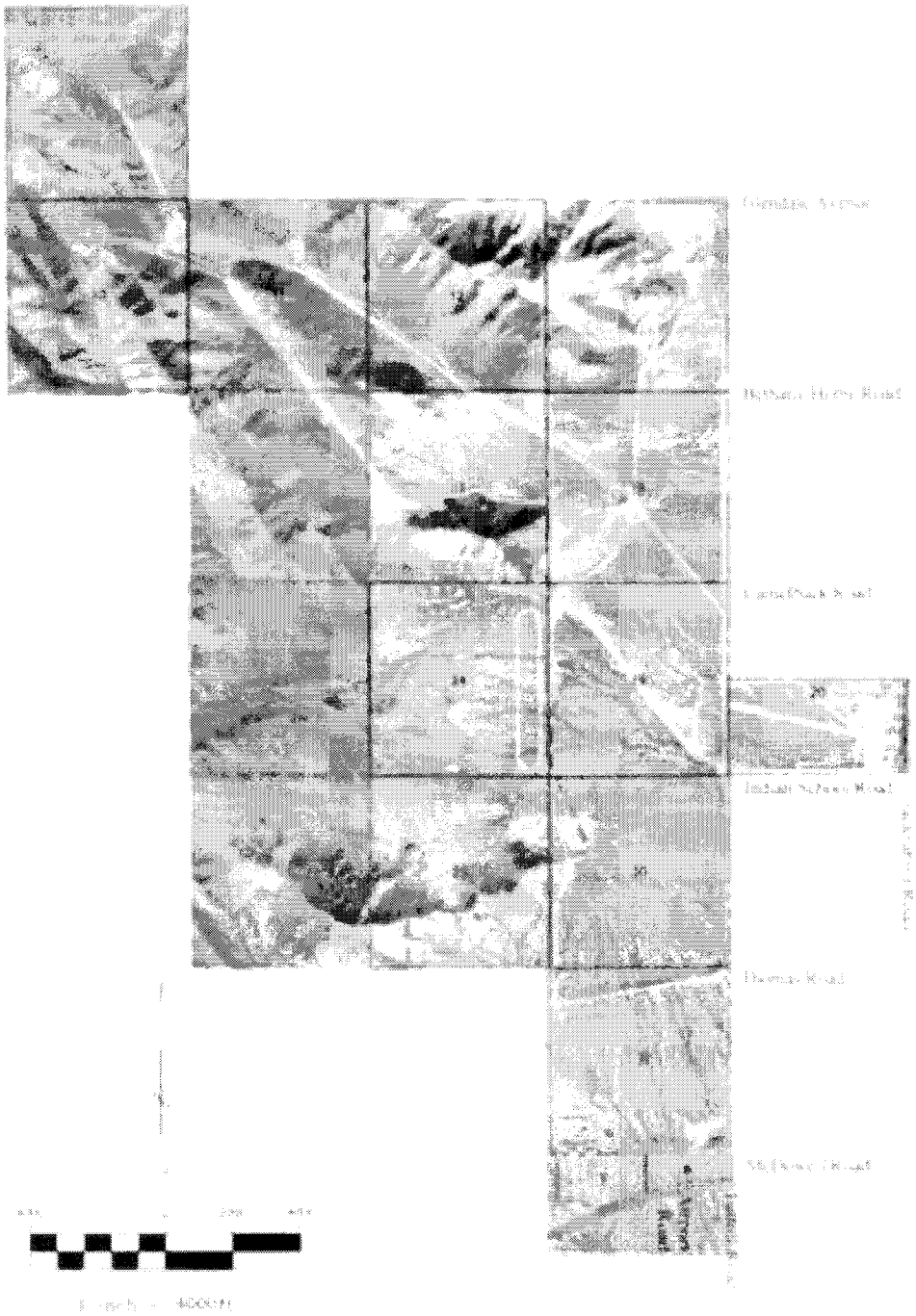
Map 1
MAP SHOWING LOCATION OF DISTRICT
IN CONTEXT OF TOWN OF BUCKEYE
AND NEIGHBORING COMMUNITIES

Orlando
NATHAN & ASSOCIATES, INC.

Map 2
MAP SHOWING DISTRICT BOUNDARIES AND BOUNDARIES OF VERRADO WESTERN OVERLAY COMMUNITY FACILITIES DISTRICT



1 inch = 400 ft

VERRADO DISTRICT LAND USE OVERLAY
COMMUNITY FACILITIES DISTRICTS
VERRADO
BUCKEYE, ARIZONA

DMB

RICK ENGLISH & ASSOCIATES, INC.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000*
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000*
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

INTRODUCTORY STATEMENT

This Limited Offering Memorandum, which includes the cover page, the inside cover page and the appendices hereto, provides certain information concerning the issuance of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A in aggregate principal amount of $20,400,000*(the "Refunding Bonds"), and District General Obligation Project Bonds, Series 2013B, in the aggregate principal amount of $6,000,000* (the "Project Bonds" and, collectively with the Refunding Bonds, the "Bonds"). The Refunding Bonds will be issued for the purpose of refunding the $20,400,000 remaining, outstanding principal of District General Obligation Bonds, Series 2003, dated as of April 1, 2003 (the "Bonds Being Refunded") of the District (CUSIP No.s 92511Q AA9 (7/15/13), 92511Q AG6 (7/15/17) and 92511Q AH4 (7/15/27)), The Project Bonds will be issued for the purpose of financing the acquisition of a portion of the hereinafter described Projects. SEE "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE." SEE ALSO "SOURCES AND APPLICATIONS OF FUNDS." **Certain capitalized terms not defined in the text of this Limited Offering Memorandum are defined in APPENDIX B - "Summary of Certain Provisions of the Indenture - Definitions of Certain Terms."**

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "CFD Act"), and in response to a petition by DMB White Tank, LLC, an Arizona corporation (the "Developer"), and certain other landowners described herein under the subheading "GENERAL DESCRIPTION OF THE DISTRICT, THE DEVELOPER AND THE PROJECT," being collectively the then owners of all the land within the hereinafter described community facilities district, the Mayor and Council (the "Town Council") of the Town of Buckeye, Arizona (the "Town"), formed Verrado District 1 Community Facilities District (the "District") on June 19, 2001. See APPENDIX A - "Information Regarding the Town of Buckeye, Arizona" for certain information about the Town, "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE" for a description of the District and "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER" for a description of the Developer.

The board of directors of the District (the "Board") will annually levy and cause the Treasurer of Maricopa County, Arizona (the "Treasurer"), to collect an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from the sources described in the CFD Act including the Standby Contribution Agreement and the Guaranty, to pay Debt Service with respect to the Bonds when due. Such taxes may be levied on all taxable property within the District without limitation as to rate, but with regard to the Refunding Bonds are limited by Title 35, Chapter 3, Article 4, Arizona Revised Statutes (the "Refunding Act") to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. **See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."**

For each year until the Bonds are paid or otherwise provided for, the Board will levy and cause the Treasurer to collect an *ad valorem* property tax based upon a tax rate of at least $3.00 per $100 of secondary assessed valuation on all taxable property within the boundaries of the District, sufficient, with moneys, if any, available pursuant to a Standby Contribution Agreement, to be dated as of July 1, 2013 (the "Standby Contribution Agreement"), by and among the District, the Developer and Wells Fargo Bank, N.A., as trustee (the "Trustee"), and if payments are not made by the Developer, then with moneys, if any, from a Guaranty, to be dated as of July 1,

* Preliminary, subject to change.

2013, of ABD Investments Limited Partnership (the "Guarantor"), to pay Debt Service with respect to the Bonds; provided, however, that the District may levy a lesser tax rate if such lower rate is estimated to produce tax revenues sufficient to pay in full Debt Service with respect to the Bonds (and debt service with respect to the Series 2006 Bonds and subsequently issued additional general obligation bonds of the District) up to, and including, the final maturity of the Bonds and any such outstanding additional bonds. The Standby Contribution Agreement and the Guaranty will be subject to release by the District under certain circumstances. See "SECURITY FOR AND SOURCES OF PAYMENT - The Standby Contribution Agreement" and APPENDIX C - "Form of Standby Contribution Agreement." **With respect to *ad valorem* property taxes only, the Bonds will be on a parity with the District General Obligation Bonds, Series 2006, dated October 17, 2006 (the "Series 2006 Bonds"), of the District and issues of general obligation bonds of the District which may be issued in the future. However, for purposes of calculating any payments owed by the Developer under the Standby Contribution Agreement, *ad valorem* property taxes will be allocated first to the Series 2006 Bonds. However, if there is a payment shortfall, with respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."**

The Guaranty will be executed by the Guarantor in favor of the District and the Trustee. In the Guaranty, the Guarantor will unconditionally guarantee the full and prompt payment by the Developer under the Standby Contribution Agreement. The Guarantor will agree to comply with certain financial covenants and to provide certain financial information until the termination of the Guaranty pursuant to its terms. See "SECURITY FOR AND SOURCES OF PAYMENT - The Guaranty and the Guarantor" and APPENDIX D - "Form of Guaranty."

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

INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS

Beneficial interests with respect to the Bonds may be purchased only by Qualified Investors. As used herein, "Qualified Investor" means any purchaser which is a "qualified institutional investor" as defined in Rule 144A under the federal Securities Act of 1933, as amended and which is purchasing an interest through a broker/dealer. A letter in the form set forth in APPENDIX F must be provided by all Qualified Investors in connection with investment as part of the initial sale and delivery of the Bonds.

Prior to either (a) the District being informed that the Bonds have received (i) a rating from a Rating Agency of "AAA" or "AA" or (ii) a rating from a Rating Agency of "A" or "BBB" and written approval of the Board or (b) the Bonds being defeased pursuant to the terms of the hereinafter described Indenture, beneficial interests in the Bonds owned by Qualified Investors will be transferable only to Qualified Investors through transactions utilizing a broker-dealer. Any owner that is a Qualified Investor of a beneficial interest in a Bond by its acceptance of such interest agrees that it will not transfer such interest to a person other than a Qualified Investors through transactions utilizing a broker-dealer and any broker-dealer acquiring such beneficial interest shall only sell or transfer such interest to a Qualified Investor.

THE BONDS

Authority and Election

The Project Bonds are authorized pursuant to the CFD Act and an election held on August 7, 2001 (the "Election"). Pursuant to the Election, the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed $100,000,000 secured by *ad valorem* taxes levied on all taxable property within the boundaries of the District and may also secure such bonds from other sources described in the CFD Act, including amounts available from sources such as the hereinafter described Standby Contribution Agreement and the Guaranty. The Project Bonds are the third series issued pursuant to the authorization approved by the Election, and after issuance of the Project Bonds, there will be $51,400,000* of authorization remaining.

The Refunding Bonds are authorized pursuant to the Enabling Act and the Refunding Act.

The Bonds will be issued pursuant to a resolution adopted by the Board on June 4, 2013 (the "Bond Resolution"), and an Indenture of Trust and Security Agreement, to be dated as of July 1, 2013 (the "Indenture"), from the District to the Trustee. See APPENDIX B - "Summary of Certain Provisions of the Indenture."

General Description

The Bonds will be dated as of the date of delivery, and will mature and bear interest as set forth on the inside cover page of this Limited Offering Memorandum.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2014* (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from their date of delivery, calculated on the basis of a 360-day year of twelve 30-day months.

The principal of and premium, if any, and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds for a book-entry-only system. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds.

The Bonds will be issued in the form of fully registered bonds, without coupons, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry system maintained by DTC in amounts of $100,000 of principal due on a maturity date and any integral multiples of $5,000 in excess thereof. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to the Participants who will remit such payments to the Beneficial Owners. See APPENDIX G - "Book-Entry-Only System."

Redemption Provisions*

Optional Redemption. The Bonds maturing on or after July 15, 2024, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2023, in whole or in part on any date, at a price equal to the principal amount to be redeemed, plus interest accrued to the date of redemption, without premium.

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

---

* Preliminary, subject to change.

_____ Bonds Maturing July 15, 20__		_____ Bonds Maturing July 15, 20__		_____ Bonds Maturing July 15, 20__	
Year Redeemed	**Principal Amount Redeemed**	**Year Redeemed**	**Principal Amount Redeemed**	**Year Redeemed**	**Principal Amount Redeemed**
20__	$___,000	20__	$___,000	20__	$_____,000
20__	___,000	20__	___,000	20__	_____,000
20__	___,000	20__	___,000	20__	_____,000
20__	___,000	20__ (maturity)	___,000	20__	_____,000
20__	___,000			20__	_____,000
20__	___,000			20__	_____,000
20__ (maturity)	___,000			20__	_____,000
				20__	_____,000
				20__	_____,000
				20__	_____,000
				20__	_____,000
				20__	_____,000
				20__	_____,000
				20__ (maturity)	_____,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.

Special Redemption Relating to a Default Under the Standby Contribution Agreement or the Guaranty. The Bonds will be subject to special mandatory redemption in whole in the event of a default under the terms of either the Standby Contribution Agreement or the Guaranty, upon payment by the Developer or the Guarantor, as applicable, of the principal amount of the Bonds plus interest accrued to the date of redemption, without premium, for such purpose. The date of redemption shall be the first day of the first calendar month after payment to the Trustee of such amount for which notice of redemption can be given as provided in the Indenture, not more than sixty (60) nor less than thirty (30) days prior to the date of redemption.

Selection of Bonds for Redemption. If less than all of the Bonds of a maturity are to be redeemed upon any redemption of Bonds, the Bonds to be redeemed will be selected by lot in accordance with procedures of DTC. See APPENDIX G - "Book-Entry-Only System."

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC. See APPENDIX G - "Book-Entry-Only System."

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the principal and accrued interest are held under the Indenture, interest on the Bonds so called for redemption will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such Bonds under the Indenture.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

After the Bonds are issued, the Board will annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the CFD Act and available pursuant

to the Indenture, to pay Debt Service with respect to the Bonds (whether at maturity or prior redemption) when due. Such taxes will be levied on all taxable property within the District without limitation as to rate, but with regard to the Refunding Bonds will be limited by the Refunding Act to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded. Pursuant to the Refunding Act, the levy of *ad valorem* property taxes for payment of the Refunding Bonds will be subject to the rights vested in the holders of the Bonds Being Refunded to payment from the same tax source in the event of a deficiency in the money and obligations purchased with the proceeds of the Refunding Bonds and placed in irrevocable trust for payment of the Bonds Being Refunded. In the event of a deficiency in such money and obligations, *ad valorem* property taxes levied for payment of the Refunding Bonds shall first be applied, to the extent of such deficiency, to payment of principal of and interest on the Bonds Being Refunded, and the balance to the payment of the Refunding Bonds.

Amounts derived from the levy of the tax provided in this section when collected constitute funds to pay the Debt Service and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, and except as to the limitations described hereinabove with regard to the Refunding Bonds, the Bonds will be on a parity of lien with the Series 2006 Bonds and with issues of general obligation bonds of the District which may be issued in the future.

Debt Service with respect to the Bonds (but not the Series 2006 Bonds) will also be payable from amounts paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. The Standby Contribution Agreement may be released by the District under certain circumstances. See "The Standby Contribution Agreement" and APPENDIX C – "Form of Standby Contribution Agreement."

In the event the Developer fails to pay amounts due pursuant to the Standby Contribution Agreement, Debt Service will also be payable from amounts paid to the Trustee at the times and for the period set forth in the Guaranty. See "The Guaranty and the Guarantor" and APPENDIX D - "Form of Guaranty."

With respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. However, for purposes of calculating any payments owed by the Developer under the Standby Contribution Agreement, *ad valorem* property taxes will be allocated first to the Series 2006 Bonds. However, if there is a payment shortfall, with respect to *ad valorem* property taxes only, the Bonds will be on a parity with the Series 2006 Bonds and issues of general obligation bonds of the District which may be issued in the future. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS."

Based upon the 2012-13 secondary assessed valuation of property within the boundaries of the District, it is estimated that the Developer will pay approximately $2,023,000 in fiscal year 2012-13 pursuant to the terms of a standby contribution agreement similar to the Standby Contribution Agreement which was entered into with respect to the Series 2006 Bonds during the fiscal year ending June 30, 2007. Thereafter, the Developer estimates that payments will be due under the Standby Contribution Agreement with respect to the Bonds and the Series 2006 Bonds until fiscal year 2019. *See "RISK FACTORS."*

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

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

The Standby Contribution Agreement

Pursuant to the Standby Contribution Agreement, in each year prior to release of the Standby Contribution Agreement, the Developer will deposit with the Trustee on or before May 1, the difference between the Tax Year Tax Amount Net of 2006 Bonds, plus 2013 Available Moneys, less Next Annual 2013 Debt Service Payment, but only if such difference is a negative number. Such terms are defined as follows:

"Tax Year Tax Amount Net of 2006 Bonds" means the tax revenues expected to be received by the District at a tax rate of $3.00 per $100 of secondary assessed valuation (or such lesser rate as may be permitted) assuming a ninety-five percent (95%) collection rate, less Debt Service on the Series 2006 Bonds in the next succeeding calendar year, plus the amount in the debt service fund established pursuant to the Indenture related to the Series 2006 Bonds estimated to be available to pay Debt Service on the Series 2006 Bonds (without regard to any optional redemption) due in the next succeeding calendar year.

"2013 Available Moneys" means the amount in the Bond Fund estimated to be available to pay Debt Service on the Bonds.

"Next Annual 2013 Debt Service Payment" means Debt Service on the Bonds (without regard to any optional redemption) due in the next succeeding calendar year.

See Section 2.1(A) of the Standby Contribution Agreement in APPENDIX C. The Developer will also make additional payments prior to each interest payment date if there continues to be a shortfall between the debt service due on the next payment date and the amount in the Bond Fund. See Section 2.1(B) of the Standby Contribution Agreement in APPENDIX C. The obligation of the Developer to pay will be subject only to the condition that for each year the District levies the tax rate described above.

The Standby Contribution Agreement will be subject to release by the District when certain conditions related to the tax collection history have been met and the Board of the District approves such termination, which approval shall not be withheld unreasonably. See Section 1.15 of the Standby Contribution Agreement in APPENDIX C.

The Developer will cause the Guarantor to provide certain financial information for the periods and at the times described under "The Guaranty and the Guarantor." If the information is not provided in a timely fashion, or if the information indicates that the Guarantor has failed to maintain the required minimum Net Worth or the required Liquidity (as such terms are defined in the Guaranty in APPENDIX J) and the Developer has not either met the test under the conditions permitted or provided Substitute Collateral ("Substitute Collateral" means cash, Government Obligations or a full recourse letter of credit, surety bond, investment agreement or other financial assurance instrument, acceptable to the District that is issued by an entity with a long term obligation rating by S&P or Moody's of at least "A") sufficient to pay the outstanding principal of, and interest on, the Bonds through the first optional call date of the Bonds (see Section 2.1(E)(ii)(2) of the Standby Contribution Agreement in APPENDIX C), the Bonds will be subject to special mandatory redemption (see Section 2.4 of the Standby Contribution Agreement in APPENDIX C and "THE BONDS - Redemption Provisions - Special Redemption Relating to a Default under the Standby Contribution Agreement or the Guaranty").

The Guarantor may be released from its obligation to guarantee the Developer's obligations under the Standby Contribution Agreement by providing Substitute Collateral under the terms and conditions set forth in Section 2.1(G) of the Standby Contribution Agreement in APPENDIX C.

Bondholders may request the financial information required to be submitted under the Guaranty and the certifications required to evidence compliance with the Financial Covenants (as defined under "The Guaranty and the Guarantor" below) under the process described in Section 2.1(H) of the Standby Contribution Agreement in APPENDIX C.

The Guaranty and the Guarantor

The Guaranty. The Guaranty will be executed by the Guarantor in favor of the District and the Trustee. In the Guaranty, the Guarantor will unconditionally guarantee the full and prompt payment of amounts due from the Developer under the Standby Contribution Agreement. The Guarantor will waive any and all defenses, claims, setoffs and discharges of the Developer and agree not to assert, plead or enforce against the District any defenses.

Under the Guaranty, until the obligations of the Developer under the Standby Contribution Agreement have been fully satisfied and the Developer has been released from the Standby Contribution Agreement pursuant to the terms of the Indenture and the Standby Contribution Agreement, or until the Guarantor has been released from the Guaranty in the event Substitute Collateral is deposited with the Trustee as provided for in the Standby Contribution Agreement, the Guarantor will comply with the following financial covenants (the "Financial Covenants"):

(i) the Guarantor shall have, at the time of execution of the Guaranty, a minimum Net Worth of $200,000,000; and

(ii) the Guarantor shall maintain, at all times, a minimum Net Worth of three (3) times the amount of the Undercollateralized Obligations and a minimum Liquidity of one and one-half (1.5) times the amount of the Undercollateralized Obligations.

Investors are advised to review carefully the definitions of Affiliate, Development, Liquidity, Net Worth, Qualifying Assets, Qualifying Liabilities and Undercollateralized Obligations in Section 2 of the Guaranty in APPENDIX D in order to evaluate the parameters and limitations of the Financial Covenants.

The Guarantor will be required to provide certain financial information related to its Financial Covenants as of the end of the Guarantor's fiscal year and the mid-year of each fiscal year to the District and the Trustee, which financial information is to be provided 120 days after the end of the fiscal year and 60 days after the end of the mid-year period, unless such period is extended (see Section 15 of the Guaranty in APPENDIX D and Section 2.1(E)(ii)(1) of the Standby Contribution Agreement in APPENDIX C).

In the event the Guarantor is not in compliance with the Financial Covenants or any act or occurrence related to dissolution, termination or insolvency of the Guarantor has occurred as described in Section 7 of the Guaranty in APPENDIX D, or if the Guarantor is not in compliance with the reporting requirements described in the paragraph immediately above, then and in any such event, the applicable provisions of the Standby Contribution Agreement and the Indenture shall control including, as applicable, that the Bonds, if Substitute Collateral is not deposited with the Trustee, may be subject to special mandatory redemption (see Sections 2.1(e)(ii)(2) and 2.4 of the Standby Contribution Agreement and "THE BONDS - Redemption Provisions - Special Mandatory Redemption Related to a Default under the Standby Contribution Agreement or the Guaranty."

The Guarantor. The Guarantor was formed in 1993 for the purpose of investing partnership funds in stock, partnership interests and other real and personal property as permitted under Arizona law. The Guarantor was initially capitalized in 1994 through the contribution of 10,000,000 (currently 17,900,000) shares of common stock of Campbell Soup Company, a publicly traded company. The Guarantor will expire December 31, 2050, or sooner, in accordance with the terms of the partnership agreement. See APPENDIX I for the audited financial statements of the Guarantor for the fiscal year ended December 31, 2012. *As indicated therein, the assets of the Guarantor are concentrated in common stock of a publicly traded corporation. Adverse changes in the price of such stock would have a corresponding adverse effect on the net worth of the Guarantor.*

Ad Valorem Taxation

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the District's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary) to the lesser of the full cash value of the property or

an amount five percent greater than the taxable value of property determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft - regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. The legislature has enacted, and, as of April 5, 2013, the Governor has signed into law S1169, which makes statutory changes necessary to implement this voter-approved constitutional amendment. S1169 will become effective 90 days after the legislature adjourns the current legislative session, unless a sufficient petition seeking referendum of such legislation is submitted. The date of adjournment is unknown at this time. Other statutory changes may be enacted in the future. The information which follows summarizes the assessment, levy and collection process as it currently exists.

General. The State has two different valuation bases for levying *ad valorem* property taxes. They are "limited property value" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations. The Legislature, from time to time, has changed and may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. (See "Assessment Ratios.")

Primary Taxes. Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities/towns, school districts, community college districts and the State. The State does not currently levy ad valorem taxes. With the exception of personal property (other than permanently affixed mobile homes) and utility, mining and producing oil, gas and geothermal property with limited values equal to full cash value, limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use are established at the previous year's limited property value increased by the greater of either ten percent (10%) of last year's limited property value or twenty-five percent (25%) of the difference between last year's limited property value and the current year's full cash value.

(b) The limited property value for parcels that underwent modification through construction, destruction or change in use, and for new parcels, is established by applying a ratio of the full cash to limited property values of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city, town and community college district is constitutionally limited to a maximum increase of two percent (2%) over the prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). In 2007 each taxing entity's maximum allowable primary property tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years) to remove unused taxing capacity. The two percent (2%) limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same.

Primary taxes on residential property only are constitutionally limited to one percent (1%) of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid. See footnote (c) to TABLE 6.

Secondary Taxes. Taxes levied against the assessed value (after application of the assessment ratio to full cash value) are referred to as secondary taxes, which are used for debt retirement (including debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Determination of Full Cash Value. The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the various county assessors including for the county in which the District is located, Maricopa County, Arizona (the "County"), the County Assessor for the County (the "Assessor"), with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by used of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the Assessor uses a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the Assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

County assessors, upon meeting certain conditions, may value residential, agricultural and vacant land at the same full cash valuation for up to three years. The Assessor currently values exiting property on a two year cycle.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the *"Property Valuation Protection Option"*) if the owners total income from all sources does not exceed four hundred percent (400%) (five hundred percent (500%) for two or more owners of the same property) of the "Social Security Income Benefit Rate". The property owner must apply for the Property Valuation Protection Option and, if approved by the Assessor, must renew the application every three years. If the property is sold to a person who does not qualify for the Property Valuation Protection Option, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios. The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. Except as set forth in footnote (6), the assessment ratios utilized over the period 2008 through 2012 for each class of property are set forth below.

TABLE 1
Property Tax Assessment Ratios
2008-09 through 2012-13

Property Classification (a)	2008-09	2009-10	2010-11	2011-12	2012-13
Mining, Utility, Commercial and Industrial (b)	22%	21%	20%	20%	19.5%
Agriculture and Vacant Land (b)	16	16	16	16	16.0
Owner Occupied Residential	10	10	10	10	10.0
Lease or Rented Residential	10	10	10	10	10.0
Railroad, Private Car Company and Airline Flight Property (c)	18	17	15	15	19.0

(a) Additional classes of property exist, but seldom amount to a significant portion of total valuation.

(b) For tax year 2013, full cash values up to $133,868 on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20 percent thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5 percent for tax year 2013 and further reduced one-half of one percent for each year to 18 percent for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15 percent for tax year 2016 and thereafter. From time to time, there are legislative proposals in the State, including proposals to reduce the assessment ratio for certain property, which, if enacted could alter or amend the matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations issued prior to enactment.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Collection. On or before the third (3rd) Monday in August of each fiscal year based on valuation as of that date, the District will (i) fix, levy and assess the amount to be raised from *ad valorem* property taxes which, together with the amount estimated to be available from all other sources of revenue and any unencumbered balances from the previous fiscal year, will equal the total of amounts proposed to be expended in the budget for the current fiscal year and (ii) forward the District's levied and assessed amount to the County who will then determine the necessary *ad valorem* tax rates for the District. (Based upon amounts anticipated to be available pursuant to the Standby Contribution Agreement, the tax rate is intended to equal $3.00 per $100 of secondary assessed valuation, or such lesser amount as may be permitted under the Standby Contribution Agreement and Indenture). For such purpose, on or before each such third Monday in August, and after review of such amount and rate for compliance with any applicable statutory and constitutional limitations by the property tax oversight commission of the State, an assessment and tax roll must be delivered to the Treasurer. The Assessor of the County may, however, change such roll any time before December 20 of such year. *Any decrease in the value of the roll so established in December from the value used on the immediately preceding third Monday in August could reduce the aggregate amount of taxes to be collected by the District.*

The *ad valorem* property taxes levied and assessed by the District pursuant to the assessment and tax roll delivered to the Treasurer are billed along with State of Arizona (the "State") and County *ad valorem* property taxes and are due and payable in two equal installments on October 1 of that calendar year and on March 1 of the subsequent calendar year. The two *ad valorem* property tax installments become delinquent and begin to accrue interest at the rate of sixteen percent (16%) per annum simple interest prorated monthly on November 1 of that calendar year and May 1 of the subsequent calendar year, respectively. Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year, subject to the possible exception of ad valorem

property taxes levied against the real property of a property owner in bankruptcy. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale. An ad valorem tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the ad valorem property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale and the sale of the tax lien for delinquent ad valorem property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept less than sixteen percent (16%) per annum, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay as the purchase price the amount of taxes, interest and penalties due on the property, in cash at the time of sale. If the lien is assigned to the State, the ad valorem property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent ad valorem property taxes levied by the District should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered by the District within fifteen (15) months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the right to redeem tax lien sale and to foreclose the tax lien by administrative process, without judicial action, after the fifth anniversary of the tax lien sale.

It is anticipated that the District's semiannual payments of Debt Service with respect to the Bonds will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources, including amounts, if any, available from the Standby Contribution Agreement. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, or payments due pursuant to the Standby Contribution Agreement are not paid when due, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service with respect to the Bonds and what impact such delay could have on the secondary market for the Bonds.

SEE "RISK FACTORS - Availability of Standby Contribution Agreement and Guaranty Amounts," "- Effect of Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and Foreclosure Delays."

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

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

Property Valuations. The following table lists certain property valuations for the District:

TABLE 2
Property Valuations

Fiscal Year	Estimated Net Full Cash Value (a)	Secondary Assessed Value
2008-09	$826,346,588	$104,992,404
2009-10	804,275,397	104,452,505
2010-11	559,181,749	70,917,296
2011-12	432,987,475	54,835,773
2012-13	417,162,807	51,517,086

The District's preliminary fiscal year 2013/14 estimated net full cash valuation and secondary assessed valuation of property within the boundaries of the District is estimated at $445,442,469, an increase of approximately 6.8% from the fiscal year 2012/13 estimated net full cash valuation. The District's preliminary fiscal year 2013/14 secondary assessed valuation is estimated at $54,919,966, an increase of approximately 6.6% from the fiscal year 2012/13 secondary assessed valuation. Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 19, 2013.

(a) Estimated net full cash value is the total market value of the property within the District less the exempt property within the District.

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

SEE "RISK FACTORS - Certain Factors Which May Adversely Affect Development; Consequences" and "- Effect of Valuation of Property."

Net Secondary Assessed Valuation by Property Classification. The following table shows a breakdown of secondary assessed valuations for the District by property classifications for the fiscal years indicated:

TABLE 3

Fiscal Year 2012-13

Legal Class	Description	Full Cash Value	Secondary Assessed Valuation
1	Commercial	$ 23,941,377	$ 4,748,395
2	Agricultural & Vacant	158,395,957	14,430,302
3	Residential (owner occupied)	243,490,416	24,335,535
4	Residential (rental occupied)	80,624,074	8,002,854
		$506,451,824	$51,517,086

Preliminary Fiscal Year 2013-14 (a)

Legal Class	Description	Full Cash Value	Secondary Assessed Valuation
1	Commercial	$ 22,373,747	$ 4,295,813
2	Agricultural & Vacant	174,285,782	16,345,214
3	Residential (owner occupied)	256,078,635	25,593,410
4	Residential (rental occupied)	87,450,813	8,685,529
		$540,188,977	$54,919,966

(a) Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 19, 2013.

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

See "RISK FACTORS - Concentration of Ownership; Subsequent Transfer" and "- Failure or Inability to Complete Proposed Development."

Net Secondary Assessed Valuations of Certain Taxpayers. The following table shows with respect to fiscal year 2012-13 property taxpayers located within the District who owned property amounting to one percent (1%) or more of the total of the net secondary assessed valuations of property within the boundaries of the District for the fiscal years indicated, their current net secondary assessed value and their relative proportion of the total net secondary assessed value of the District.

TABLE 4A

Fiscal Year 2012-13

	Taxpayer	2012/13 Secondary Assessed Valuation	As Percent of District's 2012-13 Net Secondary Assessed Valuation
1.	Fidelity National Title Company TR B176	$4,624,850	8.97%
2.	The Developer	2,572,380	4.99
3.	Arizona Public Service Company	1,047,092	2.03
4.	Banner Health	1,009,520	1.95
5.	DMB Verrado Golf I LLC	819,368	1.59
6.	DMB Verrado District Core 1 LL/DMB/PB V Apts	678,166	1.31
7.	DMB Verrado District Core I Office LLC	675,179	1.31
8.	Toll Brothers Az Construction Company	417,350	0.81
9.	Scm-Vertwo 159 LLC/Etal	354,640	0.68
10.	Heritage Investment Holdings II LLC	328,400	0.63
		$12,526,945	24.27%

TABLE 4B

Preliminary Fiscal Year 2013-14

	Taxpayer	Preliminary 2013-14 Secondary Assessed Valuation (a)	As Percent of District's Preliminary 2013-14 Net Secondary Assessed Valuation (a)
1.	Fidelity National Title Company TR B176	$6,860,766	12.49%
2.	The Developer	2,494,093	4.54
3.	Arizona Public Service Company	1,290,785	2.35
4.	Banner Health	930,391	1.69
5.	DMB Verrado Golf I LLC	735,839	1.33
6.	DMB Verrado District Core 1 LL/DMB/PB V Apts	596,681	1.08
7.	DMB Verrado District Core I Office LLC	576,993	1.05
8.	Toll Brothers Az Construction Company	571,090	1.03
9.	Scm-Vertwo 159 LLC/Etal	518,560	0.94
		$14,575,198	26.50%

(a) Although the final official valuations are not expected to differ materially from the estimated valuations, the valuations are subject to positive or negative adjustments until approved by the Board of Supervisors of the County no later than August 19, 2013.

Source: *Property Tax Rates and Assessed Values,* Arizona Tax Research Association and Assessor of the County.

The entities numbered 5, 6 and 7 in TABLE 4A and TABLE 4B are related to the Developer as affiliated entities. With regard to the entity numbered 1 in both TABLES, see "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER - Project -- General." As noted therein, the Developer is responsible for paying the property taxes (including those of the District) of the entity numbered 1. As a result of such relationships, there is a material concentration of the obligation to pay property taxes in the Developer.

See "RISK FACTORS - Concentration of Ownership," "- Certain Factors Which May Adversely Affect Development; Consequences" and "- Effect of Valuation of Property."

Record of Taxes Levied and Collected in the District. Under Arizona law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. Property taxes are levied and collected on property within the District and certified by the Treasurer on behalf of the District. The following table sets forth the tax collection record of the District for the past five fiscal years:

TABLE 5

Fiscal Year	Real and Secured Personal Property Tax Levy(a)	Collected to June 30th(b)(c)		Total Collections(c)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2012-13	$1,700,058	(d)	(d)	$1,030,785	60.63%
2011-12	1,808,608	$1,788,513	98.89%	1,808,592	100.00
2010-11	2,279,546	2,284,861	100.23	2,279,529	100.00
2009-10	3,384,802	3,267,591	96.54	3,383,751	99.97
2008-09	3,390,379	3,395,526	98.09	3,390,379	100.00

(a) Tax levy is as reported by the Treasurer as of August of each tax year. Amounts include adjustments made to levy amounts after the August report. Amounts include the proceeds of the tax described in footnote (g) to TABLE 6.

(b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.

(c) Reflects collections made through March 31, 2013. The next installment of taxes will be due October 1, 2013, but is not delinquent until November 1, 2013.

(d) In the process of collections.

Source: Maricopa County Treasurer's Office

Overlapping General Obligation Bonded Indebtedness. Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per $100 assessed valuation. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's assessed valuation which lies within the District's boundaries was derived from information obtained from the Assessor. The information presented for the State of Arizona is preliminary and subject to change. **See "RISK FACTORS - Direct and Overlapping Indebtedness."**

TABLE 6

Direct and Overlapping Jurisdiction	2012-2013 Net Secondary Assessed Valuation	Net Outstanding Bonded Debt (a)	Proportion Applicable to the District		2012-2013 Combined Tax Rate Per $100 Assessed (b)
			Approx. Percent	Net Amount	
State of Arizona	$56,271,814,583	None	0.09%	None	None
Maricopa County	34,400,455,716	None	0.15	None	$2.2189 (c)
Maricopa County Community College District	34,400,455,716	$671,250,000	0.15	$1,006,875	1.3778
Town of Buckeye	300,289,266	None	0.59	None	1.8046
Western Maricopa Education Center	15,344,723,318	35,000,000	0.33	115,500	0.0500
Liberty Elementary School District No. 25	179,773,102	8,595,000	0.99	85,091	3.5395
Litchfield Elementary School District No. 79	584,148,304	35,675,000	5.81	2,072,718	3.8863
Saddle Mountain Unified School District No. 90	836,599,631	16,700,000	1.77	295,590	1.2804
Verrado Western Overlay Community Facilities District	13,688,207	11,500,000	100.00	11,500,000	3.3000
Verrado District 1 Community Facilities District (d)	**51,517,086**	**42,715,000***	**100.00**	**42,715,000***	**3.3000**
TOTALS				**$57,790,774***	

(a) Includes general obligation bonds outstanding and general obligation bonds scheduled for sale. Also, does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust. Also excludes the principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Also excludes the principal amount of improvement districts' bonds outstanding of various jurisdictions that are secured by special assessments levied against property owners residing within the respective improvement districts. Bonds supported from enterprise revenues are also excluded. Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. The tax levy is limited to 14 cents per $100 of secondary assessed valuation, of which 10 cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying

* Preliminary, subject to change

administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute $80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

(b) The combined tax rate includes the tax rate for debt service payments and voter-approved overrides, if any, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes, such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the entity.

(c) The County's tax rate includes the $1.2407 county tax rate, the $0.1780 tax rate of the Maricopa County Flood Control District, the $0.1683 tax rate of the Special Healthcare District, the $0.0492 tax rate of the County's Free Library District, $0.1000 tax rate of the Central Arizona Project and the $0.0110 tax rate for the County's contribution to fire districts. It should be noted that the County Flood Control District does not levy taxes on personal property. Includes the "State Equalization Assistance Property Tax" which is $0.4717 in fiscal year 2012-13 and is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.

(d) In addition to the rate for Debt Service, the District levies a tax of $0.30 per $100 of secondary assessed valuation for operations and maintenance costs of the District.

Source: Individual jurisdictions.

Additional General Obligation Bonded Indebtedness of the District. In addition to the Bonds , the District retains the right to issue, in accordance with the procedures set forth in the CFD Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT - General." **See also "RISK FACTORS - Direct and Overlapping Debt."**

The CFD Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed $100,000,000 and will have $51,400,000* of such amount remaining after issuance of the Project Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness. The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **See "RISK FACTORS - Direct and Overlapping Debt."**

* Subject to change.

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of May 1, 2013.

TABLE 7

Overlapping Jurisdiction	
Maricopa County Community College District	$151,193,000
Town of Buckeye	None
Western Maricopa Education Center	39,000,000
Saddle Mountain Unified School District No. 90	None
Liberty Elementary School District No. 25	None
Litchfield Park Elementary School District No. 79	9,675,000
Verrado Western Overlay Community Facilities District	47,000,000
Verrado District 1 Community Facilities District	51,400,000*

GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE

The District

The District was created to finance and construct or acquire a portion of the public infrastructure (collectively, the "Public Infrastructure") that is part of the project known as Verrado, a master-planned residential and commercial development (the "Project" or "Verrado"). The Project is bounded by the Northern Avenue alignment on the north, by approximately the 235th Avenue alignment on the west, by approximately ¼ mile south of McDowell Road at the southernmost point, and by Jackrabbit Trail on the east, all within the Town. The boundaries of Verrado encompass approximately 8,800 acres. Map 2 depicts the District boundaries.

Formation of the District was approved by the Town on June 19, 2001 upon the request of all the landowners within the District. The District boundaries are coincident with the boundaries of the Project. The District board is comprised of the Town Council, ex officio, and the Mayor of the Town is the Chair of the District Board. The Town Manager serves as District Manager and the Town Clerk as District Clerk.

Simultaneous with the formation of the District, the Verrado Western Overlay Community Facilities District (the "Overlay District") was formed. The Overlay District, as its boundaries were thereafter adjusted, comprises approximately 4,926 acres and is wholly contained within the District. The Overlay District is authorized to issue general obligation bonds in an aggregate principal amount not to exceed $60,000,000 pursuant to an election held on August 7, 2001. The Overlay District issued $13,000,000 principal amount of Variable Rate General Obligation Bonds, Series 2004 on November 17, 2004. (See Map 2 and "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE.")

Public Infrastructure

The Public Infrastructure that will be financed with the proceeds of the Project Bonds and acquired by the District consists of public infrastructure located in the Town that benefits residents of the District. TABLE 8 provides a detailed description and outlines estimated costs and completion dates of the various components of the Public Infrastructure to be financed by the Project Bonds.

* Preliminary, subject to change.

TABLE 8

Project Descriptions	Estimated Cost	To Be Paid From Bond Proceeds	Estimated Completion Date
A. **Phase 2 Roadway & Landscape Improvement** — represents balance of payments for improvements previously conveyed to the District 1 on 11/4/08. Includes roadway and landscape improvements (street trees and irrigation only) on Hamilton St. and Delaney Dr. in Phase 2W previously approved and conveyed to District 1. Total approved amount to be funded by District 1 from proceeds of the Series 2006 Bond was $444,249. District 1 funded $3,440.93 of this amount on 12/3/08 resulting in $440,808 remaining to be reimbursed.	$440,808	$440,808	March 2007
B. **Phase 2 Infrastructure: Dry Utility Trench & Conduit & Street Lights** - Includes dry utility trench & conduit and street lighting within previously completed collector roadway segments (Thomas Rd., Heritage St., Hamilton St., Western Dr. and Delaney Dr.) in Phase 2W.	1,023,977	1,023,977	March 2007
C. **Pioneer Drive 3E** - Roadway improvements for a 0.5-mile collector road in Phase 3 East adjacent to High School, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape. Landscape included on west side of street only. Landscape on east side to be completed concurrent with Phase 3E development estimated at $75,000.	536,670	536,670	November 2007
D. **Highlands Drive 3N** - Roadway improvements for a 0.25-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	183,206	183,206	February 2008
E. **Regent Street 3N** - Roadway improvements for a 0.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	383,799	383,799	March 2008
F. **Sunrise Lane 3N** - Roadway improvements for a 0.75-mile collector road segment in Phase 3 North, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscape.	2,084,978	2,084,978	June 2008
G. **Walton Park Restrooms** - Restroom facility in the Phase 1 District Park ("Walton Park")	188,931	188,931	February 2009
H. **Welcome Center Roadway (Verrado Way/McDowell Road)** - Roadway improvements at Verrado Way and McDowell Rd. for access to new Welcome Center, including storm drain, concrete, paving, dry utility trench and conduit, street lighting and signage.	390,115	390,115	May 2009
I. **Indian School Road** - Roadway improvements for a 1.5-mile collector road segment in Phase 3 North, including storm drain, concrete, paving and dry utility trench and conduit.	938,173	767,516	August 2009
J. **Bulldozer Wash & McDowell Basin** - Includes grading, concrete structures, erosion protection and drainage improvements for Bulldozer Wash and McDowell Basin (SR42), a 1.25 mile regional drainage channel and retention basin. Refer to item "P" for completed landscape improvements.	1,646,889	0	May 2012

Project Descriptions	Estimated Cost	To Be Paid From Bond Proceeds	Estimated Completion Date
K. Verrado Way (I10-Market Street) Roadway improvements for a 0.25- mile arterial roadway expansion from 4 lanes to 6 lanes, including storm drain, concrete, paving, dry utility trench and conduit, street lighting, signage and landscaping.	579,243	0	November 2012
L. Western Channel (Phase 2W) - Grading, drainage and Landscape & irrigation improvements for a 0.5-mile drainage channel in Phase 2 West.	350,000	0	November 2013
M. Phase 1BS, 2E and 2W Groundcover Landscape Improvements - Includes finish groundcover landscaping and irrigation on previously completed roadways in Phase 1BS, 2E and 2W per ongoing job order contracts. Portions of these segments are complete or near complete.	204,603	0	November 2014
Total Estimated Costs for Projects	**$8,951,832**	**$6,000,000**	

Source: Developer

See "SOURCES AND APPLICATIONS OF FUNDS" herein. Additional infrastructure may be funded if Bond proceeds are available.

GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER

The information contained in this section relates to and has been obtained from the Developer, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. None of the District, the Financial Advisor or the Underwriter makes any representation regarding projected development plans with the District, the financial soundness of the Developer, the Guarantor or other property owners and developers or the managerial ability of such persons and entities to complete development as planned. The development of the property within the District may be affected by factors, such as governmental policies with respect to land development, the availability of utilities, the availability of energy, construction costs, interest rates, competition from other developments and other political, legal and economic conditions beyond the control of the District, property owners and developers. Further, the property within the District may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS."

Project - General

Approximately 8,635 acres of the Project served as the Caterpillar Tractor Proving Grounds from the late 1940s until 1988 (the "Proving Grounds"). Caterpillar Inc. then donated the Proving Grounds to the Caterpillar Foundation, an Illinois not-for-profit corporation ("Foundation"). Caterpillar Inc. conducted a national search for a developer of the Proving Grounds and selected DMB Associates Inc., an Arizona corporation ("DMB"), in 1998. DMB formed DMB White Tank, LLC, an Arizona limited liability company ("Developer"), which entered into a Master Agreement dated September 30, 1999 with the Foundation (the "Master Agreement") for the purchase of the Proving Grounds.

Consistent with the terms of the Master Agreement, the Proving Grounds were conveyed to a two beneficiary trust, Trust No. B176, on or about March 20, 2002, and will be administered pursuant to the terms of the related Trust Agreement under which Developer assumes all rights and obligations for ownership and development of the Proving Grounds (including payment of property taxes (including those of the District)) and Foundation is paid a specified percentage of each land sale. The Master Agreement runs through 2030 with options for extension. In 1999, Developer acquired an additional 165 acres of land contiguous to the south boundary of the Proving Grounds. Foundation has the right but not the obligation to pay property taxes if the Developer does not. Foundation will not be otherwise liable directly or, indirectly for payment of the Bonds.

Development of the balance of the Project is expected to occur in several phases over a 15 year period. The Project's grand opening, Phase I, occurred in January 2004. Phase II commenced in late 2005 and Phase III is expected to commence in late 2013. See TABLE 10.

Project - Governmental Approvals and Agreements

Developer and the Town are parties to that certain Pre-Annexation and Development Agreement recorded November 26, 1999 in the Official Records of the Maricopa County, Arizona Recorder at Document No. 99-1071208 (the "Development Agreement") whereby, among other things, the Community Master Plan was acknowledged to be consistent with the Town's General Plan. The Development Agreement also provides for the utilization of community facilities districts to finance public infrastructure.

Pursuant to Ordinance No. 19-99, recorded December 29, 1999, in the Official Records of the Maricopa County Arizona Recorder at Document No. 99-1158258, the Town approved the annexation of the Project into the Town. Pursuant to Resolution No. 20-99, adopted November 16, 1999, the Town approved a General Plan Amendment, including the revised circulation transportation map, for the Project. Pursuant to Ordinance No. 21-99, adopted November 16, 1999, the Town approved the re-zoning of the Project for up to 14,000 residential units, 4 million square feet of commercial development and 1,000 resort rooms. The current plan for the Project includes approximately 11,000 residential units and 4 million square feet of commercial.

The District, the Town and Developer are parties to that certain Development, Financing Participation and Intergovernmental Agreement No. 1 (Verrado District 1 Community Facilities District) recorded July 3, 2001, in the Official Records of Maricopa County, Arizona Recorder at Document No. 2001-0594335 (the "District IGA") which provides the framework for the utilization of community facilities district financings within the District.

Project - Transportation and Utilities

Direct access from Interstate 10 to the Project is provided by means of a spread diamond traffic interchange.

Water and wastewater facilities and infrastructure and service related thereto are provided pursuant to that certain Caterpillar Property Water/Wastewater Agreement dated November 1, 2000, by and between the Developer and EPCOR Water (USA), Inc., a Delaware corporation and successor to Arizona-American Water Company, an Arizona corporation as successor to Citizens Communications Company.

Electric service to the Project is provided pursuant to a Memorandum of Understanding between the Developer and Arizona Public Service Company. Gas service to the Project is provided by Southwest Gas. Telecommunications service to the Project is provided pursuant to a Technology Services and Marketing Agreement between the Developer and Cox Communications dated December 5, 2002, and subsequently amended on September 2, 2010.

Project - Budget, Development Status and Plans

In addition to public infrastructure financed by the District and the Verrado Western Overlay District in the amounts of $42,600,000 and $13,000,000, respectively, as of March 31, 2013, the Developer has invested approximately $435,686,000 into the Verrado Project and estimates that an additional $650,107,000 will be required to complete the remaining future phases of development. TABLE 9 provides an approximate summary of the funds invested into the Project through March 31, 2013.

The $42,600,000 in public infrastructure previously financed by the District was used in the construction and acquisition of (1) the south segment of the freeway interchange; (2) roadway, sidewalk, street light and storm drain improvements (including accompanying roadway landscaping); (3) drainage control improvements; (4) district park improvements; (5) culvert crossing; (6) traffic signals; (7) retention basin; (8) district/regional park improvements and (9) lineal park and multi-path and trail system.

TABLE 9

Item	Amount
Planning, engineering and entitlement	$ 26,512,000
Land and acquisition	68,691,000
Offsite, backbone and parcel infrastructure	137,484,000
Golf development and operations	36,012,000
Amenity improvements	9,125,000
Commercial development and operations	9,102,000
Vertical development	7,067,000
CFD standby contributions and associated costs	11,404,000
Marketing	22,412,000
Project administration and other	107,877,000
Total Project Investment	**$435,686,000**

Source: Developer

As of March 31, 2013, the Developer has closed on 3,353 residential lots, inclusive of 277 custom lots, within the District, representing approximately $181,056,000 in land sale revenue. Single-family production (non-custom) homes in Verrado currently sell for prices (base) ranging from approximately $175,000 to $350,000 and range in size from 1,750 to 4,400 square feet. Custom homes range from $500,000 to more than $3,000,000.

The Developer intends to launch another phase of the project, Phase 3 South, in the fall of 2013 which will absorb approximately 208 acres and will include 634 single-family production lots. The aggregate gross land sale revenue generated from these transactions is projected to approximate $42,000,000. Additionally, the Developer has initiated the preliminary planning of an active-adult community which will encompass up to an additional 1,300 acres on the northeastern portion of the project and be comprised of up to approximately 3,500 age-restricted single family production homes. It is anticipated that this age-restricted district will formally launch in the spring of 2015.

In addition to residential development, the Developer has also developed several commercial projects and major amenities within the Verrado community. In 2004, the Developer completed construction of a two and three-level mixed use development, consisting of approximately 32,000 square feet of neighborhood retail center and 45 apartment units. Tenants have been occupying both the retail and residential space since January 2004. In 2008, the Developer completed construction of two two-story office buildings, consisting of approximately 29,000 total square feet. Tenants occupying these office spaces have included engineering firms, numerous medical users, dentists and insurance providers. Major community amenities include the approximately 16,000 square-foot Raven Clubhouse with Verrado Grille and Golf Shop, an 18-hole championship golf course and an approximately 16,000 square- foot community center with fitness equipment, programming space and community pools.

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Actual development through 2012 and projected development thereafter within the District for the entire Project, for various categories of use, is indicated in TABLE 10.

TABLE 10

Actual

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Single Family (units) 1	135	424	360	287	229	119	115	152	178
Single Family (cumulative)	135	559	919	1,206	1,435	1,554	1,669	1,821	1,999
Multi-Family (units)	45	-	-	-	-	-	-	-	-
Multi-Family (cumulative)	45	45	45	45	45	45	45	45	45
Total Residential	180	424	360	287	229	119	115	152	178
Cumulative Residential	180	604	964	1,251	1,480	1,599	1,714	1,866	2,044
Commercial (Acre)	2.7	-	40.7	63.3	8.4	-	-	-	-
Commercial (cumulative)	2.7	2.7	43.4	106.7	115.1	115.1	115.1	115.1	115.1

Projected

	2013	2014	2015	2016	2017	2018	2019	2020	2021+
Single Family (units) (a)(b)	246	291	592	626	588	629	646	732	4,083
Single Family (cumulative)	2,245	2,536	3,128	3,754	4,342	4,971	5,617	6,349	10,432
Multi-Family (units)	-	-	-	-	-	-	-	360	128
Multi-Family (cumulative)	45	45	45	45	45	45	45	405	533
Total Residential	246	291	592	626	588	629	646	1,092	4,211
Cumulative Residential	2,290	2,581	3,173	3,799	4,387	5,016	5,662	6,754	10,965
Commercial (Acre)	3.4	23.0	7.1	4.3	-	20.6	20.8	20.8	100.3
Commercial (cumulative)	118.5	141.5	148.6	152.9	152.9	173.5	194.3	215.1	315.4

Source: The Developer

(a) Estimated single-family & multi-family absorption figures are based on the projected close of escrow to the end home purchaser, with estimated commercial absorption figures based on the projected date of sale of parcels. It is anticipated that assessed real property valuations as shown on County Assessor rolls will lag this schedule, the assumption used for these estimates being a 12-month lag between close of escrow and/or completion of construction and an increase in assessed valuation on the County Assessor rolls. Notwithstanding the foregoing to the contrary, there can be no assurance now or at the time the Bonds are issued that any future sales will be consummated or that projected activity will occur. There are no restrictions on the ability of the Developer to sell all or portions of the Project to one or more other developers and there can be no assurance now or at the time the Bonds are issued that any subsequent owners

will have the financial capability to, or will, commence or complete development on any portion of the Project so acquired.

(b) The increase in projected "Single-Family (units)" development commencing in 2015 relates to the anticipated launch of an age-restricted district in the spring of 2015. It is assumed that the District will absorb an additional 200 units per year to compliment the Project's conventional Single-Family absorptions.

Description of Developer

The Developer is DMB White Tank, LLC, an Arizona limited liability company (the "Developer"), the manager of which is DMB Associates, Inc., an Arizona corporation ("DMB"). The sole member of Developer is DMB White Tank Holdings LLC, a Delaware limited liability company. Certain unaudited quarterly financial statements of the Developer are set forth in APPENDIX H.

ANNUAL DEBT SERVICE REQUIREMENTS OF GENERAL OBLIGATION BONDED INDEBTEDNESS TO BE OUTSTANDING

The District will have the following annual debt service requirements after the issuance of the Bonds (i.e., net of the Bonds Being Refunded):

Fiscal	Refunding Bonds		Project Bonds		Total Combined		Combined
Year	Principal*	Interest (a)	Principal*	Interest (a)	2013 Bonds*	2006 Bonds	Total
2013							
2014	$190,000	$902,691	$0	$290,099	$1,382,790	$1,385,040	$2,767,830
2015	1,400,000	886,525	45,000	286,125	2,617,650	1,388,365	4,006,015
2016	1,360,000	858,525	115,000	285,225	2,618,750	1,384,075	4,002,825
2017	1,435,000	817,725	85,000	281,775	2,619,500	1,383,523	4,003,023
2018	1,305,000	774,675	260,000	279,225	2,618,900	1,386,455	4,005,355
2019	1,370,000	735,525	240,000	271,425	2,616,950	1,387,125	4,004,075
2020	1,450,000	680,725	225,000	261,825	2,617,550	1,384,408	4,001,958
2021	1,520,000	622,725	225,000	252,825	2,620,550	1,384,818	4,005,368
2022	1,590,000	561,925	220,000	243,825	2,615,750	1,388,088	4,003,838
2023	1,665,000	492,363	230,000	234,200	2,621,563	1,383,950	4,005,513
2024	1,645,000 (b)	409,113	340,000 (c)	222,700	2,616,813	1,387,673	4,004,485
2025	1,735,000 (b)	314,525	365,000 (c)	205,700	2,620,225	1,383,720	4,003,945
2026	1,825,000 (b)	214,763	390,000 (c)	187,450	2,617,213	1,387,360	4,004,573
2027	1,910,000	109,825	430,000 (c)	167,950	2,617,775	1,388,058	4,005,833
2028			415,000 (c)	146,450	561,450	1,385,813	1,947,263
2029			435,000	125,700	560,700	1,385,625	1,946,325
2030			460,000 (d)	103,950	563,950	1,387,228	1,951,178
2031			480,000 (d)	79,800	559,800	1,385,353	1,945,153
2032			505,000 (d)	54,600	559,600		559,600
2033			535,000	28,088	563,088		563,088
	$20,400,000	$8,381,628	$6,000,000	$4,008,936	$38,790,565	$24,946,673	$63,737,237

* Preliminary, subject to change.
(a) Interest is estimated at 5.0%.
(b) Represents mandatory redemption requirement for term bond maturing in 2027.
(c) Represents mandatory redemption requirement for term bond maturing in 2029.
(d) Represents mandatory redemption requirement for term bond maturing in 2033.

SOURCES AND APPLICATIONS OF FUNDS

	Project Bonds	Refunding Bonds	Total
Sources	$	$	$
Par Amount of Bonds			
Developer Contribution			
Net Original Issue Premium			
Total	$	$	$
Applications			
Cost of Acquisition and Construction	$	$	$
Amount to Pay Bonds Being Refunded			
Costs of Issuance (including Underwriter's Compensation)			
Total	$	$	$

RISK FACTORS

General

Investment in the Bonds involves certain risks and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) is intended to compensate the investor for such risks.

The Bonds will be secured solely by ad valorem taxes generated within the District and amounts available pursuant to the Standby Contribution Agreement and the Guaranty. Anyone considering investing in the Bonds should carefully examine this Limited Offering Memorandum, including the Appendices hereto.

Investment in the Bonds has substantial risk for a variety of reasons as described under "RISK FACTORS" herein and under other portions of the Limited Offering Memorandum. Security for the Bonds is an unlimited ad valorem property tax pledge of the District; however, the Developer have agreed to contribute moneys sufficient to allow the District to levy a tax rate for the payment of debt service not exceeding $3.00 per $100 of secondary assessed valuation within the District for all general obligation bonds of the District. The Developer is a single purpose entity without any significant assets other than the Project and its ability to develop the Project. Under the Developer's current estimates, it will take approximately five years for the tax base to be sufficient at a levy of $3.00 to cover debt service and this assumes that no additional general obligation bonds are sold by the District during such period as are contemplated. Moreover, the Town has approved more than 24 other master planned communities which include over 250,000 housing units and neighboring communities have significant residential communities under way and contemplated. If the Developer is unable to fund their obligations, the District's ability to collect the taxes necessary to pay debt service cannot be guaranteed and the pace of development will be adversely affected. See, among other sections, "SECURITY AND SOURCES OF PAYMENT," "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE", "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER," "RISK FACTORS" and APPENDIX H - "Certain Financial Statements of the Developer."

Forward-Looking Statements

This Limited Offering Memorandum contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933v and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this Limited Offering Memorandum, including without limitation statements that use terminology such as "estimate," "expect," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the discussions related to the Developer and the Project and expectations regarding development, government approvals, future operations, revenues, capital resources and expenditures for capital projects. Although the Developer believes that the assumptions upon which the forward-

looking statements contained in this Limited Offering Memorandum are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Developer involve risks and uncertainties, many of which are outside the control of the Developer and any one which, or a combination of which, could materially affect the results of the Developer's operations and whether the forward-looking statements ultimately prove to be correct. See "Certain Factors Which May Adversely Affect Development; Consequences" below.

No representation or assurance can be given that the Developer will realize revenues in amounts sufficient to make the required payments under the standby contribution agreement or that the District can obtain sufficient tax revenue. The realization of future revenues is dependent upon, among other things, the matters described in the foregoing paragraph and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Underwriter makes no representation as to the accuracy of the projections contained herein nor as to the assumptions on which the projections are based.

Concentration Of Ownership; Subsequent Transfer

There can be no assurance that the Developer has the financial capability to complete development of the Project. Because there can be no assurance that the members of the limited liability company that form the Developer will provide additional funds to the Developer, nor that bank loans will be available to the Developer and sufficient to pay all costs attributable to the Project, the Developer may have to depend on revenues from sales of lots and parcels to generate cash flow and otherwise make funds available to pay all costs associated with the ownership, operation and development of the Project. If the Developer has to depend on sales of lots and parcels to generate cash flow, there can be no assurance that sufficient funds will be available to the Developer to pay all of its obligations and liabilities, including, without limitation, property taxes (including those to be applied to pay the Bonds), as such obligations and liabilities become due and payable.

See TABLES 4A and 4B with regard to the concentration of ownership of property in, and obligation for payment of property taxes of, the District in certain entities.

In addition, the Developer has transferred and intends to continue to transfer ownership of those parcels (or portions thereof) designated for residential development within the District to homebuilders or individual custom lot purchasers prior to completion of development therein. There are no restrictions on the ability of the Developer to sell parcels (or portions thereof). There can be no assurance that any builder will ultimately acquire and develop all of the lots, nor any assurance that any builder will be able to obtain the projected sales prices for any houses to be constructed on the lots. Custom lot purchasers are not required to commence construction within any particular time period after the acquisition of a custom lot. Accordingly, there can be no assurance as to when, or if, custom homes will actually be constructed, nor as to the ultimate fair market value of such homes.

Certain Factors Which May Adversely Affect Development; Consequences

The development of the balance of the Project by the Developer or any purchaser therefrom is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements, including site grading. If the Developer or any purchaser therefrom were unable to complete these additional improvements, the ability of the Developer or any purchaser therefrom to sell land would be affected adversely.

The cost of additional improvements plus the public and private in-tract, on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem taxation - Overlapping, Additional and Additional Overlapping Indebtedness."

Proposed development of property within the District may be affected adversely by changes in general economic conditions, fluctuations in the real estate market, changes in the income tax treatment of real property

ownership and other similar factors. The residential development business particularly including communities such as the Project is highly competitive in the Phoenix metropolitan area. The Project will face competition from a number of competing developments and others throughout the Phoenix metropolitan area, the development plans for which offer lots and parcels in similar communities for a similar target market. A slowdown of the development process and the absorption rate could adversely affect land values (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation") and reduce the ability or desire of the property owners to pay the ad valorem taxes securing the Bonds. In that event, there could be a default in the payment of principal of, and interest on, the Bonds as well as a resulting bankruptcy of the District.

Vacant land also provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, making the holders of the Bonds more dependent upon timely payment of the ad valorem taxes levied on the vacant property.

Because of the concentration of ownership noted above, the timely payment of the Bonds depends upon the willingness and ability of the Developer, and any subsequent owners, to pay the ad valorem taxes levied on the vacant property when due. A slowdown or stoppage in the continued development of the District could reduce the willingness and the ability of such owners to pay ad valorem taxes on vacant property and could greatly reduce the value of such property (including secondary assessed valuation for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation in the District") in the event it has to be foreclosed upon.

Effect of Valuation of Property

Information is provided herein with respect to the valuation of land within the District. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation."

Availability of Amounts Pursuant to Standby Contribution Agreement and Guaranty

If amounts to be available pursuant to the Standby Contribution Agreement and the Guaranty are not available for any reason, the Bonds will be payable only from District ad valorem taxes, resulting in increased District tax rates and increased reliance upon District tax revenues collected within the District to pay principal of and interest on the Bonds. See also "General" above as well as "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Standby Contribution Agreement" and "The Guaranty and the Guarantor."

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the ad valorem taxes of the District could be affected by the existence of other taxes and assessments imposed upon the property. The existing public debt relating to the District is set forth in "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem taxation - Overlapping, Additional and Additional Overlapping Indebtedness." The Overlay District is authorized to issue $60 million of general obligation bonds on certain property within the District and has issued the Overlay District Series 2004 Bonds in the principal amount of $13,000,000. In addition, other public entities whose boundaries overlap those of the District could, without the consent of the District, and in certain cases without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. The lien created on the property within the District through the levy of ad valorem taxes would be on a parity with the ad valorem taxes securing the Bonds. The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as in the case of failure of payment thereof the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation."

Risk of Extraordinary Mandatory Redemption

The Bonds are subject to early special mandatory redemption without premium in the event of a default under the Standby Contribution Agreement as described herein. See "THE BONDS - Redemption Provisions – Special Redemption Relating to a Default under the Standby Contribution Agreement."

Bankruptcy and Foreclosure Delays

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent unpaid ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the ad valorem taxes securing the Bonds to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Bonds.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Standby Contribution Agreement and the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Bankruptcy or similar occurrence of or to the Developer could result in a temporary or permanent cessation of amounts payable pursuant to the Standby Contribution Agreement. Payment of principal of and interest on the Bonds would then be reliant on amounts available from collection of ad valorem taxes securing the Bonds.

Timing of Completion of the Public Infrastructure

Construction of the Public Infrastructure and the other infrastructure to be constructed by the Developer and dedicated to the District necessary for development is underway and in some instances complete, however, the time for completion of all of such improvements is uncertain. The cost of construction may be affected by factors beyond the Developer's control including strikes, labor shortages, energy shortages, material shortages, inflation, adverse weather conditions, subcontractor defaults, and other unknown contingencies. If cost overruns result in delay of construction, or if other delays are experienced, the Developer may be unable to complete timely all of such necessary improvements.

General Risks of Real Estate Investment

As has been widely reported, in the last several years, the housing and mortgage markets in most parts of the United States and particularly the Phoenix metropolitan area has experienced significant declines in price and availability, respectively. Foreclosures increased to record levels as a result of these factors, and residential property values declined. It cannot be predicted what impact, if any, a continued downturn in the national and local housing market may have on the market and property values in the District.

Investments in real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Project will be subject to the risks generally incident to real estate investments. Many factors that may affect the Project, as well as the Developer's operating revenues derived from the Project, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Project, which may render the sale of such homes difficult or unattractive; acts of God (which may result in uninsured losses); and other factors beyond the control of the Developer or its affiliates.

The Project cannot be initiated or completed without the Developer obtaining a variety of governmental approvals and permits, most of which have already been obtained. Such permits are necessary to initiate

completion of each phase of the Project and to allow the occupancy of the homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer. See "GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER – Project – Governmental Approvals and Agreements."

Environmental Matters

The Project will be subjected to risks arising out of the environmental law considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in the Project resulting from any contamination on the site or from the proximity of the site to other contaminated areas. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA).

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cancellation of Contracts

The State of Arizona, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture and the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as APPENDIX E attached hereto.

The Internal Revenue code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds so not provide for an adjustment in interest rate or yield in the event of taxability and an event of taxability does not cause an acceleration of the principal on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

The Code also imposes an "alternative minimum tax" ("AMT") upon certain corporations and individuals. A taxpayer's "alternative minimum taxable income" ("AMTI") is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, one of the adjustments used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation's "adjusted current earnings" over the corporation's AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation's "adjusted current earnings" includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder's federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Currently and from time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 1, 20__, through and including July 1, 20__ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (the "Issue Price") of the Discount Bonds, and the amount payable at maturity, of the Discount

Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local taxes.

BOND PREMIUM

The initial public offering price of the Bonds maturing on July 1, 20__, through and including July 1, 20__ (collectively, the "Premium Bonds"), are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinions of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, forms of which are included herein as APPENDIX E. (See "TAX EXEMPTION" herein.) Signed copies of the opinions, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure" described herein. Certain legal matters will be passed upon for

the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; and for the Developer by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer of guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor has not verified, and does not assume any responsibility for, the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by and legislative or judicial bodies.

The Financial Advisor has provided the following sentence for inclusion in this Limited Offering Memorandum: "The Financial Advisor has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information."

FINANCIAL STATEMENTS

The audited financial statements of the Guarantor as of and for the year then ended, December 31, 2012, are included in APPENDIX I to this Limited Offering Memorandum. Such financial statements have been audited by McGladrey LLP, independent certified public accountants, as stated in their report appearing herein which is also included in APPENDIX I.

Certain unaudited financial information of the Developer is included in APPENDIX G. *Such statements should be viewed with an abundance of caution.*

The District is not required to, nor does it, prepare financial statements.

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $_____ (reflecting the aggregate principal amount of the Bonds, plus a net original issue premium of $_____, less underwriter's compensation of $_____). The Underwriter will offer and sell the Bonds in a limited distribution only to Qualified Investors who have agreed to the transfer restrictions described herein. See "INVESTOR SUITABILITY STANDARDS TRANSFER RESTRICTIONS." The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

VOLUNTARY CONTINUING DISCLOSURE FROM THE ISSUER ONLY

None of the District, the Developer or the Guarantor are entering into undertakings to provide continuing disclosure in accordance with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The District has, however, covenanted to provide continuing disclosure as described in Appendix J - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" even though an exception to the Rule applies. Failure to comply with such covenants will not be a violation of the Rule for things such as having to disclose non-compliance in future offerings of securities by the District.

RELATIONSHIPS AMONG PARTIES

Greenberg Traurig, LLP, Phoenix, Arizona, Counsel to the Underwriter and to the Developer, and Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel and Counsel to the District, have acted as bond counsel in other transactions underwritten by the Underwriter or the financial advisor to the District, and have acted as underwriter's counsel to the Underwriter or the financial advisor to the District in other transactions. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

As noted above, Greenberg Traurig, LLP is acting as Counsel to the Underwriter. Greenberg Traurig, LLP also represents DMB affiliated entities with regard to certain matters, including matters relating to the issuance of the Bonds. The Underwriter and DMB will agree that Greenberg Traurig, LLP may represent each of them simultaneously in connection with the issuance of the Bonds and will consent to and approve such representations.

The Underwriter and the financial advisor to the District have underwritten or acted as financial advisor with respect to bonds issued by the Town and other overlapping political subdivisions. The Underwriter and the Financial Advisor have underwritten or acted as financial advisor on other transactions and expect to do so in the future.

This Limited Offering Memorandum has been approved, executed and delivered by the District.

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

By.....
Chairman, District Board

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APPENDIX A

GENERAL ECONOMIC AND FINANCIAL INFORMATION REGARDING THE TOWN OF BUCKEYE, ARIZONA

The following information concerning the Town is for background information only as the District lies within the limits of the Town. The Bonds will not be an obligation of the Town in any respect. THE BONDS WILL BE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM, AMONG OTHER SOURCES, AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The Town is located approximately 30 miles from downtown Phoenix, Arizona, the original townsite being approximately four miles south of Interstate 10 on State Highway 85. The Town, which was founded in 1888 and incorporated in 1929, encompasses approximately 240 square miles and sits at an elevation 888 feet above sea level. The following table illustrates population statistics for the Town, the County and the State.

Population Statistics
Town of Buckeye, Maricopa County
and the State of Arizona

Years	Town of Buckeye	Maricopa County	State of Arizona
2012 Estimate *(a)*	54,102	3,884,705	6,498,569
2010 Census	50,876	3,817,117	6,392,017
2000 Census	8,497	3,072,149	5,130,632
1990 Census	4,436	2,122,101	3,665,339
1980 Census	3,434	1,509,175	2,716,546
1970 Census	2,599	971,228	1,775,399

(a) Estimate as of July 2012.

Source: Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

Transportation

State Route 85, connecting the Town with Phoenix, runs north to south just west of downtown Buckeye. Interstate 10 also traverses the northern portion of the Town. The Town has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The Town operates under a Council-Manager form of government. The Mayor is elected for two years and six council members are elected at large on a non-partisan ballot for staggered four-year terms. The Town Council appoints a Manager who has full responsibility for carrying out council policies and administering operations. Currently, the Town has an interim manager.

The Town provides a portion of its residents with water and sewer services, electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is

provided by Qwest Communications Inc. In some areas of the Town water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt and Buckeye Irrigation canals provide a renewable supply of water for the Town's farming needs. Employment for the Town's residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located outside the boundaries of the Town approximately 20 miles west. The close proximity of the Town to the greater Phoenix metropolitan area also provides employment. Part of the Town's agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the Town.

Major Employers
Town of Buckeye, Arizona

Employer	Description	Approximate Number of Employees
Buckeye Elementary School District No. 33	Education	450
Town of Buckeye	Government	420
Buckeye Union High School District No. 210	Education	400
Liberty Elementary School District No. 25	Education	255
Wal-Mart Stores Inc.	Distribution center and retail	200
Lowe's Home Improvement	Retail	150
Hickman's Egg Ranch Inc.	Egg/dairy farming	100

Source: Hoover's, a D&B Company.

Area Unemployment Averages

Calendar Year	United States	State of Arizona	Maricopa County	Town of Buckeye
2013 *(a)*	7.6%	7.9%	6.6%	9.7%
2012	8.1	8.3	7.1	9.4
2011	8.9	9.5	8.4	10.8
2010	9.6	10.0	9.1	11.4
2009	9.3	9.7	8.9	11.2
2008	5.8	5.9	5.1	5.0

(a) Data through March 2013.

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Non-Agricultural Wage and Salary Employment
Maricopa County

Industry	2008	2009	2010	2011	2012	2013 *(a)*
Mining and construction	140,000	103,900	87,700	83,300	88,200	91,067
Manufacturing	127,400	118,900	106,400	108,300	110,300	113,667
Trade, transportation, and utilities	374,000	348,000	352,400	344,500	349,000	351,833
Financial activities	146,200	138,900	132,700	136,600	142,400	149,067
Professional and business services	313,800	271,400	272,100	260,900	278,600	278,000
Educational and health services	210,800	213,700	227,700	247,600	253,300	253,667
Services and miscellaneous	281,900	274,200	262,800	261,700	269,100	273,500
Government	225,200	218,000	214,700	211,600	212,400	218,667
Total	1,819,300	1,687,000	1,656,500	1,654,500	1,703,300	1,729,467

(a) Data through March 2013.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates taxable sales collections for Buckeye.

MUNICIPAL PRIVILEGE TAX COLLECTIONS
Town of Buckeye, Arizona
($000s omitted)

Fiscal Year	Amount
2011/12	14,540
2010/11	12,272
2009/10	10,180
2008/09	14,446
2007/08	18,897

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

Educational Facilities

Elementary and high school education is available through Wickenburg Unified School District, Buckeye Elementary School District, Liberty Elementary School District and Buckeye Union High School District, respectively. Higher education is provided by Estrella Mountain Community College ten miles east of the Town; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Banking

The Federal Deposit Insurance Corporation ("FDIC") collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions with the County for the past five years. As of June 30, 2012, there were 62 institutions with 881 offices in the County, with a deposit balance of $61.7 billion.

Deposits of all FDIC-Insured Institutions
Maricopa County
($ in thousands)

As of June 30	Amount
2012	$61,674,000
2011	60,409,000
2010	61,943,000
2009	58,359,000
2008	55,055,000

Source: Summary of Deposits, Federal Deposit Insurance Corporation.

Construction

The following table illustrates new housing permits for Buckeye. The date at which the permit is issued is not to be construed as the date of construction.

Town of Buckeye
New Housing Starts

Year	Housing Permits
2013(a)	210
2012	699
2011	507
2010	381
2009	488
2008	1,503

(a) Data through April, 2013.

Source: Town of Buckeye, Arizona.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Definitions of Certain Terms

The following is a summary of certain provisions of the Indenture to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Indenture and used in this Limited Offering Memorandum.

"***Annual Debt Service Requirement***" means for any Fiscal Year, the Debt Service to be paid in such Fiscal Year with respect to the Bonds and any Parity Bonds for payment of principal of and interest on the Bonds and such Parity Bonds during such Fiscal Year, treating any Debt Service due on July 15 of any Fiscal Year as if due in the prior Fiscal Year.

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

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

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

"***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.

"***Costs of Acquisition and Construction***" means all items of expense directly or indirectly relating to the cost of the public infrastructure purposes (as such term is defined in the CFD Act) and in a study prepared for the Issuer as required by the CFD Act.

"***Costs of Issuance***" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution, sale and delivery of the Bonds and the execution and delivery of the Indenture, the Standby Contribution Agreement, the Guaranty and the Depository Trust Agreement including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and the Depository Trustee, legal fees and charges, 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 as well as costs relating to the election held to authorize the Bonds.

"***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 with respect to the Bonds or Parity Bonds; and (iv) fees and costs incurred in connection with complying with any undertaking to provide continuing secondary market disclosure if entered into by the District with respect to the Bonds or Parity Bonds.

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

"***Governmental Obligations***" means (1) direct obligations of, or obligations the timely payment of principal of which is fully and unconditionally guaranteed by, the United States of America or (2) obligations described in Section 103(a) of the Code, provision for the payment of the principal of and premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or

escrow agent for holders of such obligations of securities described in clause (1) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of and premium, if any, and interest on such obligations, and which securities described in clause (1) are not available to satisfy any claim, including any claim of the trustee or escrow agent, or any claim of one to whom the trustee or escrow agent may be obligated which, at the time of deposit pursuant to Section 6.02, have been assigned ratings in the highest rating categories of S&P 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; AAm; or AAm or better and a rating of Moody's of "VMIG-1" or better.

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

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

"***Maximum Annual Debt Service***" means, at the time of computation, the greatest Annual Debt Service Requirement for the then current or any succeeding Fiscal Year.

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

"***Opinion of Counsel***" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the District and shall be acceptable to the Trustee and, when given with respect to the status of interest on any Bond under federal income tax law, shall be counsel of national reputation experienced in the field of municipal bonds and when given with respect to the status of any matter relating to the laws on bankruptcy, shall be counsel of nationally recognized standing in the field of bankruptcy law.

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

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

2. Bonds for the payment or redemption of which money in the necessary amount is on deposit with the Trustee or any paying agent for the 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 the Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

3. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture;

4. Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in the Indenture; and

5. Bonds for the payment of the principal of and interest on which money or Governmental Obligations or both are held by the Trustee or an escrow agent with the effect specified under the heading "Defeasance" below.

"***Parity Bonds***" means other general obligation bonds of the District, including the 2006 Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

"***Participants***" means the Direct Participants and the Indirect Participants.

"***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:

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

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

    a. U.S. Export-Import Bank - direct obligations or fully guaranteed certificates of beneficial ownership

    b. Farmers Home Administration - certificates of beneficial ownership

    c. Federal Financing Bank

    d. Federal Housing Administration Debentures

    e. General Services Administration - participation certificates

    f. Government National Mortgage Association ("GNMA") - guaranteed Mortgage-backed bonds; guaranteed pass-through obligations

    g. U.S. Maritime Administration - guaranteed Title XI financing

    h. New Communities Debentures - U.S. Government guaranteed debentures

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

    j. U.S. Department of Housing and Urban Development - Project Notes; Local Authority Bonds

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

    a. Federal Home Loan Bank System - senior debt obligations

    b. Federal Home Loan Mortgage Corporation - Participation Certificates; senior debt obligations

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

    d. Student Loan Marketing Association - senior debt obligations

4. Money market funds registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a(7) under the Investment Company Act of 1940, and having a rating by

S&P of "AAAm-G"; "AAAm"; or "AAm." or better and being a rating by Moody's of "VMIG-1" or better.

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

6. Investment Agreements provided by entities with ratings on their long term obligations or claims paying ability of "AA" or better by S&P and "Aa or better by Moody's, and required to be collateralized by the then current requirements of S&P to always have a rating of at least "A" and the then current requirement of Moody's to have a rating of at least "A." An investment agreement may not be amended, and no investment agreement may be entered into in substitution for an investment agreement unless each rating agency which has rated the Bonds has confirmed that the rating of such rating agency on the Bonds will not be withdrawn or lowered upon the effective date of such amendment or substitute investment agreement.

7. 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.

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

   Repurchase Agreements must satisfy the following criteria.

   a. Repos must be between the District and a dealer bank or securities firm

      (1) Primary dealers on the Federal Reserve reporting dealer list, or

      (2) Banks rated "A" or above by S&P and "A" or above by Moody's.

   b. The written repo contract must include the following:

      (1) Securities which are acceptable for transfer are:

         (a) Direct U.S. government, or

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

      (2) The term of the repo may be up to 180 days

      (3) The collateral must be delivered to the District, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities)

      (4) Valuation of collateral

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

         (b) The value of collateral must be equal to 103% of the amount of cash transferred by the District to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral

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

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

(1) Repo meets guidelines under state law for legal investment of public funds

11. Governmental Obligations

12. REFCORP Strips – 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.)

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

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

"***Securities Depository***" means DTC as securities depository for the Bonds until a successor securities depository is appointed and thereafter shall mean such successor securities depository.

"***Sinking Fund Installment***" means, with respect to the Bonds, the mandatory sinking fund redemption payments due on the Bonds.

"***S&P***" means Standard & Poor's Financial Services LLC, or any successor thereto.

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

Trust Estate Under the Indenture

The District has granted a security interest to the Trustee in all money and investments held for the credit of the Bond Fund and the District's interest in the Standby Contribution Agreement. The Trustee is required to hold all such property in trust for the benefit of all the Owners.

Funds

Bond Fund. There is created by the District and established with the Trustee, a special fund of the District designated its "District General Obligation Bonds, Series 2013 Bond Fund" (herein referred to as the "Bond Fund") and within the Bond Fund (1) a special account designated the "Series 2013 Tax Account", (2) a special account designated as the "Series 2013 Developer Payment Account" and (3) as and when applicable, a special account designated as the "Series 2013 Developer Reserve Account".

The District shall, upon receipt, immediately deposit with the Trustee and the Trustee shall deposit to the credit of the special accounts of the Bond Fund:

(1) in the Series 2013 Tax Account, all ad valorem taxes collected by or remitted to the District to pay Debt Service on the Bonds to the extent provided in the Indenture, including collections of delinquent taxes;

(2) in the Series 2013 Developer Payment Account, amounts received as described in (i) and (ii) below;

(3) in the Series 2013 Developer Reserve Account, amounts received as described in (iii) below; and

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

Deposits into the Developer Payment Account and Developer Reserve Account shall be as follows:

(i) On or before May 1 (or, if May 1 is not a Business Day, the immediately preceding Business Day) of each year prior to the termination of the Standby Contribution Agreement, the Trustee shall deposit in the Series 2013 Developer Payment Account upon receipt all amounts paid to it pursuant to Section 2.1(A) of the Standby Contribution Agreement.

(ii) 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 a written request (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 Series 2013 Tax Account plus the amount in the Series 2013 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 2013 Developer Payment Account upon receipt all amounts paid to it pursuant to a Tax Contribution Request.

(iii) At any time, or from time to time, the Trustee shall deposit into the Series 2013 Developer Reserve Account upon receipt, all amounts paid to it by or on behalf of the Guarantor as provided in the Guaranty, all amounts paid to it by the Developer and constituting Substitute Collateral as provided for in the Standby Contribution Agreement, and paid to it by or on behalf of the Developer or the Guarantor constituting the Redemption Price for Bonds.

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

(1) Funds on deposit in the Series 2013 Tax Account and the Series 2013 Developer Payment Account, and the investment income attributable thereto, shall be applied solely to pay Debt Service on the Bonds in the amounts and on the dates due.

(2) To the extend funds on deposit in the Series 2013 Tax Account and the Series 2013 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 District as provided by District Request, at any time or from time to time, funds on deposit in the Series 2013 Developer Reserve Account, including any investment income attributable thereto, shall be transferred to the Series 2013 Developer Payment Account to pay Debt Service on the Bonds.

(3) Upon written request of the District and receipt of amounts constituting the redemption price of the Bonds, and deposit of such funds in the Series 2013 Developer Reserve Account, the Trustee shall provide notice of redemption to the Owners and thereafter transfer funds on deposit in the Series 2013 Developer Reserve Account to the Series 2013 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 2013 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2013 Developer Payment Account and, after disbursing from the Series 2013 Developer Payment Account to the parties entitled thereto such funds as are necessary to pay all amounts payable by the Developer under the Indenture, shall thereafter disburse any funds remaining on deposit in the Series 2013 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 2013 Tax Account to whosoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(5) To the extent, following the release of the Developer from the Standby Contribution Agreement, remaining on deposit in the Series 2013 Developer Reserve Account, including any investment income attributable thereto, the Trustee shall transfer such funds to the Series 2013 Developer Payment Account and, after disbursing from the Series 2013 Developer Payment Account to the parties entitled thereto such funds as are necessary to pay all amounts payable by the Developer under the Indenture in connection with such release from the Standby Contribution Agreement, shall thereafter disburse any funds remaining on deposit in the Series 2013 Developer Payment Account to the Developer or, in the event of conflicting claims, as a court of competent jurisdiction may direct.

Acquisition Fund. The District is required to deposit to the Acquisition Fund the balance of the proceeds of the sale of the Bonds remaining after the deposit of the amounts described above to the Bond Fund. The money deposited to the Acquisition Fund is required to be applied to pay the Costs of Acquisition and, to the extent the funds deposited to the Acquisition Fund and investment income attributable thereto are in excess of the amounts required for any such purpose, then at the discretion of the District to transfer such unexpended proceeds or income to the Bond Fund; provided, however, that if any such amounts remain on deposit in the Acquisition Fund on July 1, 2016, such amounts shall be transferred by the Trustee to the Bond Fund.

Investment of and Security for Funds. The Indenture provides that money held for the credit of (i) the Bond Fund will be invested by the Trustee in Governmental Obligations and (ii) the Acquisition and Construction Fund will be invested by the Trustee in Permitted Investments. The Trustee will sell or present for redemption any obligations so purchased as an investment pursuant to the Indenture whenever it is necessary to do so in order to provide money to make any payment or transfer of money required thereby. Investments will mature, or will be subject to redemption by the holder thereof at the option of such holder without penalty, not later than the respective dates when such money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any fund established pursuant to the Indenture will be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased and any profit realized from such investment will be credited to such fund and any loss resulting from such investment will be charged to such fund. All money held by the Trustee pursuant to the Indenture will be continuously secured in the manner and to the fullest extent then required by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee will not be liable for any loss resulting from any such investment excepting only such losses as may have resulted from its own negligence.

Remedies under the Indenture

The Trustee in its discretion, pursuant to the Indenture, may proceed to protect and enforce its rights and the rights of the Owners under the Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Indenture or in the Standby Contribution Agreement or in aid of the execution of any power granted in the 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, deems most effectual to protect and enforce any of the rights of the Trustee or the Owners. In addition to all rights and remedies of any Owners, in the event the District defaults in the payment of the principal of (or premium, if any, on) or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, the Indenture, or in the Standby Contribution Agreement, the Trustee will be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the District to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution, the Indenture or the Standby

Contribution Agreement. The Indenture contains no provision for acceleration of maturity of principal of the Bonds in the event of default. The remedy of mandamus described above would have to be exercised upon each separate default and may, therefore, prove costly, time consuming, and difficult to enforce. The rights and remedies of Owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally. See "RISK FACTORS." Furthermore, upon any default under the Standby Contribution Agreement, the Trustee will 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 as described under "THE BONDS – Redemption Provisions – Special Redemption Relating to a Default under the Standby Contribution Agreement."

If (1) default occurs in the payment of any interest on any Bond when such interest becomes due and payable, or (2) default occurs in the payment of the principal of (or premium, if any, on) any Bond at its Maturity, then upon demand of the Trustee, the District will pay or cause to be paid to the Trustee for the benefit on the 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 will be sufficient to cover the costs and expenses of administration and collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the District fails to pay or cause to be paid such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, will be entitled to sue for and recover judgment against the District for the amount then so due and unpaid.

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

Application of Money Collected

Any money collected by the Trustee pursuant to the exercise of remedies under the Indenture or the Standby Contribution Agreement, together with any other sums then held by the Trustee as part of the Trust Estate, will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. First: To the payment of all unpaid amounts due the Trustee under the Indenture;

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

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

Control by Owners

The Owners of a majority in principal amount of any series of Outstanding Bonds will have the right (subject to providing indemnity to the Trustee as described below)

1. to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds of such series and the foreclosure of the Indenture, the sale of the trust estate established pursuant to the Indenture, or otherwise;

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 under the Indenture, provided that

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

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

    c. the Trustee has not determined that the action so directed would be unjustly prejudicial to the 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.

Before taking action pursuant to the Indenture, the Trustee may require that a satisfactory indemnity bond be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the District will reimburse the Trustee (but only from amounts pledged under the Indenture) for all of the expenses of the Trustee pursuant to the Indenture.

No Owner of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, 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 have made written request to the Trustee and offered reasonable opportunity either to proceed to exercise the powers 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 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 the 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 the 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 District 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 in the Indenture and in the Bonds expressed. For purposes of this provision, so long as the Bonds are held by the Securities Depository pursuant to the Book-Entry-Only System in the Indenture, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Owner, upon receipt by the Trustee of appropriate certification of such Beneficial Ownership.

Each Owner of any Bond by his acceptance thereof will be deemed to have agreed that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. However, the provisions of the Indenture will not apply to any suit instituted by or against the Trustee,

to any suit instituted by any Owner, or group of Owners of the series affected thereby, holding in the aggregate more than ten percent in principal amount of the Outstanding Bonds, or to any suit instituted by any 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 of such Bond).

Supplemental Indentures

Without the consent of the Owners of any Bonds and, under certain circumstances described in the Indenture, the District and the Trustee may from time to time enter into indentures supplemental to the Indenture or adopt a resolution amending the Bond Resolution or amend the Standby Contribution Agreement (i) to correct or amplify the description of any property subject to the lien of the Indenture, or better to convey unto the Trustee any property subject to the lien of the Indenture, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of Bonds any additional conditions, limitations and restrictions thereafter to be observed; (iii) to evidence the succession of another entity to the District and the assumption by any such successor of the covenants of the District in the Indenture, the Bond Resolution or the Standby Contribution Agreement; (iv) to add to the covenants of the District for the benefit of the Owners of all the Bonds; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture, the Bond Resolution, the Standby Contribution Agreement which may be inconsistent with any other provisions thereof, or to make any other provisions for matters arising thereunder which will not be inconsistent with the provisions thereof, if such actions will not adversely affect the interests of the Owners.

With the consent of the Owners of not less than a majority in principal amount of the Bonds affected by such supplemental Indenture and, under certain circumstances described in the Indenture, the District and the Trustee may also enter into indentures supplemental to the Indenture or resolutions amending the Bond Resolution or the Standby Contribution Agreement for the purpose of adding any other provisions to or changing in any other manner or eliminating any of the provisions of the Indenture or of modifying in another manner the rights of the Owners under the Indenture or the Bond Resolution or the Standby Contribution Agreement. However, no supplemental indenture or amending resolution, without the consent of the Owner of each Outstanding Bond affected thereby, is permitted by the Indenture to (i) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of or the interest on, any Bond, or change any place of payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); (ii) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Owners of which is required for any supplemental indenture or amendment to the Bond Resolution, the Standby Contribution Agreement, or the consent of Owners of which is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding" in the Indenture; or (iv) modify any of the provisions of the Indenture concerning approval of supplemental indentures or amending resolution except to increase any percentage of the Owners of Bonds necessary for approval or to provide that certain provisions of the Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby. The Trustee may in its discretion determine whether or not any Bonds would be affected by any supplemental indenture or amendment to the Bond Resolution or the Standby Contribution Agreement, and any such determination will be conclusive upon each Owner, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee will not be liable for any such determination made in good faith.

The District will not enter into any supplemental indenture while the Standby Contribution Agreement is in effect without the prior written consent of the Developer.

Concerning the Trustee

The Trustee has undertaken to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations should be read into the Indenture against the Trustee. In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the

correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform on their face to the requirements of the Indenture.

No provision of the Indenture will be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

1. this paragraph will not be construed to limit the effect of the preceding paragraph;

2. the Trustee will not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it shall be proved that the Trustee was negligent;

3. the Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the 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 the Indenture; and

4. no provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, unless it is provided indemnity in connection therewith as provided in the Indenture.

Except as otherwise provided in the Indenture:

1. the Trustee may rely and will be protected in acting or refraining from acting upon:

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

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

2. any request or direction of the District mentioned in the Indenture will be sufficiently evidenced by a request of the District, and any order or resolution of the District may be sufficiently evidenced by a resolution of the board of the District;

3. whenever in the administration of the Indenture the Trustee will deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action described hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an officer of the District;

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

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

6. the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the District, personally or by agent or attorney; and

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

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

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

The Trustee may be removed at any time by act of the Owners of a majority in principal amount of the Outstanding Bonds, delivered to the Trustee and the District.

The District may remove the Trustee at any time.

If the Trustee resigns, is removed, or becomes incapable of acting, the District will promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate will be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Trustee is appointed by the Owners. If, within one year after such resignation, removal, or incapability, or the occurrence of such vacancy, a successor Trustee is appointed by act of the Owners of a majority in principal amount of the Outstanding Bonds and delivered to the District and the retiring Trustee, then the successor Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the District or by such receiver or trustee. If no successor Trustee is so appointed by the District or the Owners and has 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.

Defeasance

The Indenture, and the lien, rights, and interests created thereby, will terminate, at the request of the District, when the following conditions exist:

1. all Bonds previously authenticated and delivered under the Indenture have been canceled by the Trustee or delivered to the Trustee for cancellation, excluding however:

    a. Bonds for the payment of which money has been deposited with the Trustee or a paying agent, as provided by the provisions of the Indenture relating to redemption of the Bonds;

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

c. Bonds, other than those referred to in the foregoing clauses, for the payment or redemption of which there has been deposited with the Trustee in accordance with the provisions of the Indenture in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal and interest to the stated maturity or redemption date of such Bonds, as the case may be; and

d. Bonds deemed no longer outstanding as a result of the deposit or escrow or money or Governmental Obligations as described below; and

2. the District has paid or caused to be paid all other sums payable by the District under the Indenture.

Any Bond will be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to its Maturity (whether such Maturity is by reason of the Stated Maturity or by call for redemption, if notice of such call has been given or waived or irrevocable arrangements for such notice satisfactory to the Trustee have been made), calculated at the maximum permitted rate for any period in which the rate of interest on the Bonds is unknown and has been provided by depositing (i) money sufficient to make such payment or (ii) money and Governmental Obligations and/or REFCORP Strips as such term is defined in the definition of "Permitted Investments" certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, provided that all necessary and proper fees, compensation and expenses of the Trustee and paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof has been provided for to the satisfaction of the Trustee. Any deposit described above must be made either with the Trustee or, if notice of such deposit is given to the Trustee, or with a state or nationally chartered bank with a minimum combined capital surplus or $50,000,000 as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Trustee or to the paying agents in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the Stated Maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the Outstanding Bonds with respect to which such deposit is made will be selected in the same manner as provided in the Indenture for the selection of Bonds to be redeemed.

No such deposit will have the effect specified above, however, (i) if made during the existence of a default under the Indenture, unless made with respect to all of the Bonds then Outstanding, and (ii) unless there is delivered to the Trustee an Opinion of Counsel to the effect that such deposit will not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Trustee for such purpose is required to be held by the Trustee in a segregated account in trust for the Owners of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, is required to be disbursed solely to pay the principal of and interest on such Bonds when due.

Release of Standby Contribution Agreement

The Standby Contribution Agreement shall be released by the District 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 District 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 of $3.00 per $100 of secondary assessed valuation of property within the boundaries of the District would have been sufficient to pay Maximum Annual Debt Service on the Bonds and all Outstanding Parity Bonds for any subsequent Fiscal Year during which any Bonds are Outstanding plus the historical annual average of amounts necessary to pay all District Administrative Expenses and District Maintenance Expenses for each such Fiscal Year, as such terms are defined in the Development Agreement. For property within the boundaries of the District 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 shall comprise 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 District Representative. The requisite evidence shall consist of a written evidence, prepared by the District Representative upon a written request of the Developer, that is based upon the application of such secondary tax rate in light of:

(i) the actual secondary assessed valuation of the eligible property within the boundaries of the District 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 District as of each such Fiscal Year.

(C) Written approval by the District which shall not be withheld unreasonably.

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

No covenant or agreement contained in the Bonds or Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, director, agent, servant or employee of the District or the Trustee in his or her individual capacity and neither the members of the governing body of the District 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.

If any one or more of the conditions, covenants, or terms contained in the Indenture or required to be observed or performed by or on the part of the District, 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 and shall in no way affect the validity or of the Bonds, and the Owners shall retain all the benefit, protection, and security afforded to them thereunder and under all provisions of applicable law. The parties declare that they would have executed and delivered the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase thereof and would have authorized the issuance and delivery of the Bonds irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable, or invalid.

APPENDIX C

FORM OF STANDBY CONTRIBUTION AGREEMENT

STANDBY CONTRIBUTION AGREEMENT

DATED AS OF JULY 1, 2013

BY AND AMONG

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

DMB WHITE TANK, LLC

AND

WELLS FARGO BANK, N.A.,
AS TRUSTEE

This **STANDBY CONTRIBUTION AGREEMENT**, dated as of July 1, 2013, is made by and among Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*Issuer*"), DMB White Tank, LLC, an Arizona limited liability company (the "*Developer*") and Wells Fargo Bank, N.A., 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 is issuing its District General Obligation Refunding Bonds, Series 2013A in the aggregate principal amount of $..... (the "*Refunding Bonds*") and its District General Obligation Project Bonds, Series 2013B in the aggregate principal amount of $..... (the "*Project Bonds*" and, together with the Refunding Bonds, the "*Bonds*") concurrently herewith under and pursuant to the Indenture to refund the Issuer's previously issued General Obligation Bonds, Series 2003 (the "Refunded Bonds") and to finance the acquisition of certain public infrastructure as described in the hereinafter defined Feasibility Study, respectively.

B. As provided in the Indenture 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 Project Bonds are 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*").

C. As provided in the District Development Agreement, and in the Feasibility Study, presented to and approved by the Board on June 4, 2013 (the "*Feasibility Study*"), the Issuer shall provide for a mechanism by which the Developer shall contribute certain amounts for the benefit of the Issuer which shall be considered by the Issuer in levying taxes to pay principal and interest on the Bonds when due ("*Debt Service*") and this Standby Contribution Agreement satisfies the requirements of the District Development Agreement.

D. As provided in the Guaranty, of even date herewith, by and among ABD Investments Limited Partnership (the "*Guarantor*"), the District and the Trustee (the "*Guaranty*"), the Guarantor, as an affiliate of the Developer, has agreed to guarantee to the District and the Trustee the full and prompt payment of the Indebtedness (as such term is defined in the Guaranty).

E. 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.

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

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

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

(A) The terms defined hereinabove, hereinafter in the Indenture and in the Guaranty have the meanings assigned to them hereinabove, hereinafter, in Article One of the Indenture and in the Guaranty 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 Standby Contribution 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 Standby Contribution 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 Town 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 Los Angeles, California, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 707 Wilshire Blvd., 17th Floor, Los Angeles, California 90017, Attention: Corporate Trust 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: Eric Carlson, Senior Vice President of Finance, with copies to DMB Associates, Inc., 7600 East Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258-2137, Attention: ....., Vice President and General Counsel, and Attention: ....., Vice President, or at any other address previously furnished in writing to such Person by the Developer.

(D) Where this Standby Contribution 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 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 1.4. Successors and Assigns. All covenants and agreements in this Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution Agreement.

Section 1.7. Governing Law. This Standby Contribution 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 Standby Contribution Agreement, without penalty(s) or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution Agreement on behalf of the Issuer is, at any time while this Standby Contribution 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 Standby Contribution Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution Agreement on behalf of the Issuer from any of the Trustee or the Developer arising as the result of this Standby Contribution Agreement. No person significantly involved in initiating, negotiating, securing, drafting or creating this Standby Contribution 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 Standby Contribution 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 District. The District 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 District during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections, granting the District access to, and use of, the Information, provided that, the District agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.11 and, subject to the requirements of law, including the public records law of the State of Arizona, the District will preserve the confidentiality of any information, records, or papers the District views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.10. Scrutinized Business Operations. Pursuant to A.R.S. Sections 35-391.06 and 35-393.06, the Trustee certifies that it does not have scrutinized business operations in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in A.R.S. Section 35-391 or 35-393, as applicable. If the District determines that the Trustee submitted a false certification, the District may impose remedies as provided by law including terminating the Trustee's services.

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 Standby Contribution 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 Standby Contribution 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. Business Days. For purposes of this Standby Contribution Agreement, if any date for any certification, payment, submission or determination is not a Business Day, the applicable certification, payment, submission or determination shall be made or done on the next succeeding day which is a Business Day.

Section 1.15. 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 of $3.00 per $100 of secondary assessed valuation 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 such secondary tax rate in light of the actual secondary assessed valuation of the eligible 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.

Section 1.16. Beneficiaries. This Standby Contribution 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 Standby Contribution Agreement to the same extent provided for the enforcement of remedies under the Indenture.

Section 1.17. Integration. This Standby Contribution 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 II

COVENANTS AND AGREEMENTS

Section 2.1 Payments and Information.

(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 of $3.00 per $100 of secondary assessed valuation 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 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 of $3.00 per $100 (or such lower rate as may be permitted in Section 10.01 of the Indenture) and the current secondary assessed valuation (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 Series 2006 Bonds (without regard to any optional redemption) due in the next succeeding calendar year on January 15 and July 15 (the "*Next Annual 2006 Debt Service Payment*"), (b) the amount in the debt service fund established pursuant to the Indenture related to the 2006 Bonds estimated to be available to pay the Next Annual 2006 Debt Service Payment, if any, after payment of the current year's July 15th debt service payment on the Series 2006 Bonds (the "*2006 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 2006 Available Moneys, less Next Annual 2006 Debt Service Payment (such difference shall be known as the "Tax Year Tax Amount Net of 2006 Bonds"), and (f) the Tax Year Tax Amount Net of 2006 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 a request 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 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 of $3.00 per $100 of secondary assessed valuation 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*").

(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 ended June 30, 2014, for the purposes of calculating the payments due from the Developer hereunder (the "Developer Obligation") and budgeted tax collections, and beginning in the Fiscal Year ending June 30, 2015 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 Series 2006 Bonds and thereafter, if monies are available, to the payment of Debt Service on the Bonds.

(E) (i) At all times prior to the termination of this Standby Contribution Agreement, the Developer shall cause to be provided to the Issuer and the Trustee, as applicable, Audited Financial Statements, Auditor's Opinion, Certificate, Auditor's Letter, and Internal Financial Statements and other deliverables as provided for in Section 15 of the Guaranty.

(ii) At any time prior to the termination of this Standby Contribution Agreement:

(1) If, on or prior to the date that is ten (10) business days prior to the date on which any Guarantor Audited Financial Statements, Auditor's Opinion or Auditor's Letter is due, (x) the Developer and the Guarantor have provided notice to the Issuer and the Trustee that such information will not be timely made available or provided, as applicable, stating the reasons therefore, which reasons must be circumstances or conditions outside the reasonable control and contemplation of the Developer and the Guarantor, and (y) the managing partner of the Guarantor has delivered to the Issuer designee, the Issuer and the Trustee a Certificate, together with a completed Financial Covenant Calculations worksheet (the form of which is attached as Exhibit 1 to the Guaranty) and (if available) Internal Financial Statements for the fiscal year of the Guarantor then ended, stating that (i) the officer signing the Certificate on behalf of the managing partner has no knowledge of the occurrence of any Non-Payment Default or any other default under the Guaranty not heretofore reported and, if any Non-Payment Default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (ii) to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, the information contained in the Financial Covenant Calculations worksheet is accurate and, based on the Financial Covenants Calculations worksheet and any Internal Financial Statements then available, including the most recent Internal Financial Statements, the Guarantor is in compliance with the Financial Covenants as of the end of such fiscal year of the Guarantor (and, if applicable, any succeeding calendar months for which Internal Financial Statements are available), and (z) the Developer is not then in default under this Standby Contribution Agreement, including that the Developer shall have timely paid and deposited all sums payable by the Developer under this Standby Contribution Agreement, including all Annual Developer Payments and, if applicable, all December Developer Payments and/or June Developer Payments (and, at all times until full compliance with the requirements of the Guaranty in respect of the Audited Financial Statements, Auditor's Opinion and Auditor's Letter, as applicable, has been achieved, shall continue to timely pay and deposit all sums payable by the Developer under this Standby Contribution Agreement), then and in all such events, the Developer and the Guarantor shall have a reasonable period of time, not to exceed 60 days (which may be extended, at the sole discretion of the Issuer, for an additional 60 days), in which to cure such failure to timely provide any such Audited Financial Statement, Auditor's Opinion and/or Auditor's Letter, as applicable, provided that, in the event the Developer and the Guarantor thereafter fail to timely cure such failure to timely provide any such Audited Financial Statement, Auditor's Opinion and/or Auditor's Letter, the provisions of Section 2.1(E)(ii)(2) below shall control.

(2) If any Audited Financial Statements, any Auditor's Opinion, any Certificate, any Auditor's Letter or any Internal Financial Statements are not timely made available or provided (as applicable) to the Issuer and the Trustee as provided for in Section 15 of the Guaranty, and/or any Audited Financial Statement, Auditor's Opinion, Certificate, Auditor's Letter, Internal Financial Statements or Financial Covenant Calculations worksheet indicates that the Guarantor is not in compliance with the Financial Covenants described in Section 5 of the Guaranty, i.e., indicates that the Guarantor has failed to maintain the required minimum Net Worth or the required minimum Liquidity, then and in any such event, the Developer shall promptly cause to be deposited with the Trustee and in all events within ten (10) days of the date on which performance was due or within ten (10) days of the occurrence of such circumstance or condition (as applicable), for deposit into the Series 2013 Developer Reserve Account of the Bond Fund, Substitute Collateral in form and substance satisfactory to the Issuer, in an amount sufficient to pay the outstanding and unpaid principal, any premium and any accrued and unpaid interest with respect to the Bonds through the first optional call date of the Bonds. Notwithstanding the foregoing, in the event that, at any time, the Internal Financial Statements or the Audited Financial Statements made available to the Issuer designee, as provided for in Section 15 of the Guaranty, indicate that the Guarantor was not in compliance with the Financial Covenants as of the last day of the reporting period covered by such Internal Financial Statements or Audited Financial Statements, as applicable, but the Certificate submitted by the managing partner of the Guarantor includes an additional certification that, as of the last day of the calendar month immediately preceding the month in which the Certificate is submitted, the Guarantor is in compliance with the Financial Covenants and the Financial Covenants Calculations worksheet includes as an addendum Internal Financial Statements dated as of the end of the calendar month immediately preceding the calendar month in which such Financial Covenants Calculations worksheet is submitted indicating that the Guarantor is in compliance with the Financial Covenants, then and only in such event, the Developer shall not be required to deposit Substitute Collateral and no default shall have occurred under this Standby Contribution Agreement or the Guaranty unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer, on or before the date that

is thirty (30) days following the date on which the Internal Financial Statements or Audited Financial Statements (as applicable) were required to be made available to the Issuer, audited financial statements prepared in accordance with GAAP for the reporting period that commenced as of the first day of the month following the reporting period covered by the most recent Audited Financial Statements made available to the Issuer designee in accordance with Section 15 of the Guaranty and that extends, in any instance where the Audited Financial Statements have indicated noncompliance with the Financial Covenants, through the last day of the third month of the then-current fiscal year of Guarantor, or, in any instance where the Internal Financial Statements have indicated noncompliance with the Financial Covenants, through last day of the seventh month of the then-current fiscal year of Guarantor, accompanied by an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date, whereupon the Issuer shall provide a statement to the Trustee advising the Trustee that such information has been provided and that such information indicates that the Guarantor is in compliance with the Financial Covenants as of the applicable date. By way of example, if the Guarantor's fiscal year is a calendar year and the Audited Financial Statements for the fiscal year 2013 are made available to the Issuer designee on April 30, 2014 and such Audited Financial Statements indicate that, as of the last day of the reporting period covered by the Audited Financial Statements (e.g., as of December 31, 2013), the Guarantor was not in compliance with the Financial Covenants but the Certificate concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an additional certification that, as of March 31, 2014, the Guarantor is in compliance with the Financial Covenants and the Financial Covenant Calculations worksheet concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an addendum consisting of the Guarantor's Internal Financial Statements as of March 31, 2014 that indicates compliance with the Financial Covenants, the Developer shall not be required to deposit substitute collateral and no default under this Standby Contribution Agreement or the Guaranty shall be deemed to have occurred unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer designee, on or before May 30, 2014, an audited financial statement of the Guarantor prepared in accordance with GAAP as of March 31, 2014 that indicates compliance with the Financial Covenants together with an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date. As a further example, if the Internal Financial Statements for the mid-year 2014 are made available to the Issuer designee on August 31, 2014 and such Internal Financial Statements indicate that, as of the last day of the reporting period covered by the Internal Financial Statements (e.g., as of June 30, 2014), the Guarantor was not in compliance with the Financial Covenants but the Certificate concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an additional certification that, as of July 31, 2014, the Guarantor is in compliance with the Financial Covenants and the Financial Covenant Calculations worksheet concurrently submitted to the Issuer designee, the Issuer and the Trustee includes an addendum consisting of the Guarantor's internal unaudited financial statements as of July 31, 2014 that indicates compliance with the Financial Covenants, the Developer shall not be required to deposit Substitute Collateral and no default under this Standby Contribution Agreement or the Guaranty shall be deemed to have occurred unless and until the Developer thereafter fails to cause the Guarantor to make available to the Issuer designee, on or before September 30, 2014, audited financial statements of the Guarantor prepared in accordance with GAAP as of July 31, 2014 that indicates compliance with the Financial Covenants together with an Auditor's Letter, a Certificate that the Financial Covenants Calculations worksheet is accurate to the best knowledge of the officer signing the Certificate on behalf of the managing partner of the Guarantor and a Financial Covenants Calculation worksheet indicating compliance with the Financial Covenants as of the applicable date. If the Developer is obligated to and fails to timely deposit Substitute Collateral as hereinbefore provided, a Non-Payment Default shall have occurred, whereupon the provisions of Section 2.4 shall apply. If the Developer is obligated to and timely deposits Substitute Collateral in the outstanding principal amount of the Bonds and all interest accruing through the first optional call date of the Bonds, in form and substance satisfactory to the Issuer, then and in such event, upon the deposit of such Substitute Collateral with the Trustee and expiration of any applicable bankruptcy preference periods, the Guaranty shall be released by the Issuer and the Guarantor shall have no further obligation in respect of the Indebtedness (nor shall the Guaranty be eligible to be thereafter utilized as security for the obligations of the Developer under this Standby Contribution Agreement).

(F) If any of the events or acts described in Section 7 of the Guaranty have occurred, the Guarantor shall be deemed to be in default under the Guaranty and the Developer shall be deemed to be in default under this Standby Contribution Agreement, whereupon the Developer and/or the Guarantor shall deposit

with the Trustee the Redemption Price required by Section 4.04 of the Indenture in order to provide for the special mandatory redemption of the Bonds.

(G) Provided the Developer and the Guarantor are not in default under this Standby Contribution Agreement or the Guaranty, at any time prior to the termination of this Standby Contribution Agreement, the Developer may provide notice to the Trustee and the Issuer that the Developer wishes to propose Substitute Collateral for the Guaranty in an amount sufficient to pay the outstanding and unpaid principal and any accrued and unpaid interest with respect to the Bonds through the first optional call date of the Bonds, whereupon, if the Issuer determines that the proposed Substitute Collateral, issued in favor of the Issuer and the Trustee is satisfactory and, in the opinion of Bond Counsel, will not affect the tax-exempt status of the Bonds, then and in such event, upon the deposit of such Substitute Collateral with the Trustee and expiration of any applicable bankruptcy preference periods, the Guaranty shall be released by the Issuer and the Guarantor shall have no further obligation with respect to the Indebtedness (nor shall the Guaranty be eligible to be thereafter utilized as security for the obligations of the Developer under this Standby Contribution Agreement).

(H) If a request is made by any Beneficial Owner to the Trustee for copies of any or all of the information provided to the Issuer and the Trustee under Section 15 of the Guaranty or Section 2.1(E)(ii) of this Standby Contribution Agreement, then, at any time prior to the termination of this Standby Contribution Agreement, the Trustee shall, after confirming that the party requesting such information is a Beneficial Owner, copy such request to the Developer whereupon the Developer shall cause the Guarantor to provide, or shall provide, copies of such information to such Beneficial Owner as advised by the Trustee.

Section 2.2. Nature of Obligations. The obligations of the Developer under this Standby Contribution Agreement shall be absolute and unconditional and shall remain in full force and effect until the Developer is released pursuant to Section 1.12 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 (A) any failure by the Developer to timely cause to be made available or provided the information required by Section 2.1(E)(i), as the time for such performance may be extended under the provisions of Section 2.1(E)(ii)(1), (B) any event described in Section 2.1(F), or (C) 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, including any amount the Developer is required to pay or cause to be paid or deposited with the Trustee under Section 2.1(E)(ii)(2), 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 (including the 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 Standby Contribution 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 Standby Contribution 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 Standby Contribution 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 III

THE TRUSTEE AND THE ISSUER

Section 3.1. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Standby Contribution 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 Standby Contribution Agreement and shall take such actions as are necessary to accomplish the purposes set forth herein.

[SIGNATURE ON FOLLOWING PAGE]

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APPENDIX D

FORM OF GUARANTY

GUARANTY

This Guaranty, dated as of July 1, 2013, is made by ABD Investments Limited Partnership, an Arizona limited partnership (the **"Guarantor"**), for the benefit of Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) formerly known as Whitestone District 1 Community Facilities District (Town of Buckeye, Arizona), an Arizona community facility district (with its participants, successors and assigns, referred to herein as the **"District"** or the **"Issuer"**) and Wells Fargo Bank, N.A., in its capacity as trustee (the **"Trustee"**) under the terms and provisions of the Indenture of Trust and Security Agreement, dated as of July 1, 2013 (the **"Indenture"**).

RECITALS

A. The Issuer pursuant to Title 48, Chapter 4, Article 6 (the **"Enabling Act"**) and a bond resolution adopted by the board of directors of the Issuer on June 4, 2013 issued general obligation bonds in the aggregate principal amount of $..... which shall be known as the Issuer's District General Obligation Refunding Bonds, Series 2013A (the **"Refunding Bonds"**) and the Issuer's District General Obligation Project Bonds, Series 2013B (the **"Project Bonds"** and, together with the Refunding Bonds, the **"Bonds"**), pursuant to the terms of the Indenture. The payment of principal, interest and all other amounts constituting Debt Service (as such term is defined in the Indenture) (collectively, the **"Debt Service Obligations"**) shall be funded by an ad valorem tax levied at a rate of not greater than $3.00 per $100 of secondary assessed value (the "**Maximum Tax Rate**") on all taxable property within the boundaries of the District. DMB White Tank, LLC, an Arizona limited liability company ("**Developer**"), is a beneficial owner of and is in the process of developing, a portion of the real property located within the District (the "**Property**"). The Issuer shall use the proceeds from the issuance of the Bonds to finance and refinance the development of the public infrastructure within the District, thereby increasing the value of the Property, and to refund the Issuer's outstanding District General Obligation Bonds, Series 2003 to achieve debt service savings.

B. The Issuer, Trustee and the Guarantor agree and acknowledge that tax proceeds generated by the levy and collection of the Maximum Tax Rate will not be sufficient to pay the Debt Service Obligations until and unless there is a significant increase in the secondary assessed valuation in the District.

C. The Developer has agreed to execute and deliver a Standby Contribution Agreement (the "**Contribution Agreement**") under which Developer agrees to pay any shortfall that may occur between the tax proceeds generated by the levy of the Maximum Tax Rate and the Debt Service Obligations (the "**Shortfall**") until such time as the Developer is released from such obligation under the Contribution Agreement. The Guarantor, as an affiliate of the Developer, agrees that it is in the Guarantor's best interests to execute and deliver this Guaranty as a guaranty of Developer's obligations under the Contribution Agreement.

AGREEMENT

ACCORDINGLY, the Guarantor, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agrees as follows:

1. Recitals. The Guarantor acknowledges that the foregoing Recitals are true, accurate and incorporated into this Guaranty.

2. Definitions. In addition to the terms defined hereinabove and hereinafter, as used herein, the following terms have the meanings set forth below:

"Affiliate" shall be defined as any person or entity controlling, controlled by or under common control with the Developer and/or the Guarantor.

"Development" shall be defined as any development project in respect of which there are Guaranteed Obligations, as reflected in the consolidated balance sheet of the Guarantor at any time or from time to time.

"Liquidity" shall be defined as the Qualifying Assets less the Qualifying Liabilities.

"Net Worth" shall be defined as "total assets" minus "total liabilities", as presented in the audited or unaudited consolidated balance sheet of the Guarantor or any Development (as applicable) and determined as of the end of the applicable period (e.g., the sixth month or the year).

"**Qualifying Assets**" shall be defined as all assets that can reasonably be converted into cash within one year from the date that is the last day of the applicable period (e.g., the sixth month or the year), as presented in the audited or unaudited (as applicable) consolidated balance sheet of the Guarantor,.

"**Qualifying Liabilities**" shall be defined as all liabilities that will mature or become due within one year from the date that is the last day of the applicable period (e.g., the sixth month or the year), as presented in the audited or unaudited (as applicable) consolidated balance sheet of the Guarantor.

"**Undercollateralized Obligations**" shall be defined as the sum of (i) the Bonds (including all outstanding principal in respect of the Bonds) and (ii) the total amount of all other debts, liabilities, loan agreements, funding commitments and obligations of the Guarantor, of every type and description but excluding the unfunded portion of any loan agreements or funding commitments with Affiliates, payment or funding of which is guaranteed by the Guarantor, whether such debt, liability, loan agreement, funding commitment or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several (the "**Guaranteed Obligations**"), provided that the Guaranteed Obligations in respect of any Development shall be included in the calculation of "Undercollateralized Obligations" only if, and to the extent that, the total Guaranteed Obligations pertaining to any particular Development exceed 60% of the Net Worth of such Development. For example, if there were $35,000,000 in Guaranteed Obligations and $70,000,000 Net Worth in respect of a particular Development, then the resulting Guaranteed Obligations/Net Worth ratio would be 50%, i.e., less than the 60% Guaranteed Obligations/Net Worth ratio threshold, and the Guaranteed Obligations in respect of that Development would not be included in the calculation of "Undercollateralized Obligations". As a further example, if there were $50,000,000 in Guaranteed Obligations and $70,000,000 Net Worth in respect of a particular Development, then the resulting Guaranteed Obligations/Net Worth ratio would be approximately 71.4%, i.e., greater than the 60% Guaranteed Obligations/Net Worth ratio threshold, and the Guaranteed Obligations in respect of that Development would be included in the calculation of "Undercollateralized Obligations" to the extent that the total amount of the Guaranteed Obligations in respect of the Development were to exceed 60% of the Net Worth of the Development; i.e., [($50,000,000 total Guaranteed Obligations) - {60% ($70,000,000 Net Worth) = $42,000,000} = $8,000,000], meaning $8,000,000 in respect of the Development would be included in the calculation of "Undercollateralized Obligations". In addition, and notwithstanding the

foregoing, for purposes of calculating the Net Worth of a particular Development, the Guarantor shall be entitled, at its option, to utilize the fair market value of the Development as determined by a "Qualifying Appraisal" as the value of the total assets of such Development on the applicable consolidated balance sheet. A "**Qualifying Appraisal**" shall mean an "as is" appraisal, dated no earlier than one year prior to the date of the certificate provided for in Section 15 below, that is completed by an MAI certified appraiser.

3. Indebtedness Guaranteed. The Guarantor hereby absolutely and unconditionally guarantees to the Issuer and the Trustee the full and prompt payment when due, whether at maturity or earlier by reason of mandatory redemption, acceleration or otherwise, of each and every other sum now or hereafter owing to the Issuer by the Developer under the Contribution Agreement, including but not limited to an amount equal to the Shortfall, in each case whether now existing or hereafter arising, whether absolute or contingent, primary or secondary, sole, joint, several or joint and several, secured or unsecured, and, in the instances provided for in the Indenture, the Contribution Agreement and Section 7 below, the principal amount of the Bonds and all interest with respect to the Bonds that is unpaid and accruing to the date of actual payment (all of said sums being hereinafter called the **"Indebtedness"**).

4. Guarantor's Representations and Warranties. The Guarantor represents and warrants to the Issuer that (i) the Guarantor is an Arizona limited partnership, duly organized and existing, in good standing, and has full power and authority to make and deliver this Guaranty; (ii) the execution, delivery and performance of this Guaranty by the Guarantor has been duly authorized by all necessary action of its partners and does not and will not violate the provisions of, or constitute a default under, any presently applicable law or its organizational documents or any agreement presently binding on it; (iii) this Guaranty has been duly executed and delivered by an authorized representative of the Guarantor and constitutes its lawful, binding and legally enforceable obligation; and (iv) the authorization, execution, delivery and performance of this Guaranty does not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency. The Guarantor represents and warrants to the Issuer that the Guarantor has a direct and substantial economic interest in the Developer and expects to derive substantial benefits therefrom and from the issuance of the Bonds and any other transactions and events resulting in the creation of the Indebtedness guaranteed hereby, and that this Guaranty is given for a valid business purpose.

5. Financial Covenants. Until the obligations of the Developer under the Contribution Agreement have been fully satisfied and the Developer has been released from the Contribution Agreement pursuant to the terms of the Indenture and the Contribution Agreement, or until the Guarantor has been released from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement, the Guarantor shall comply with the following financial covenants (collectively, the "**Financial Covenants**"):

(i) The Guarantor shall have, at the time of execution of this Guaranty, a minimum Net Worth of $200,000,000; and

(ii) The Guarantor shall maintain, at all times, a minimum Net Worth of three (3) times the amount of the Undercollateralized Obligations and a minimum Liquidity of one and one-half (1.5) times the amount of the Undercollateralized Obligations.

6. Unconditional Nature. No act or thing need occur to establish the Guarantor's liability hereunder, and no act or thing, except full payment and discharge of all of the Indebtedness or the Developer being released from the Contribution Agreement pursuant to the terms of the Indenture and the Contribution Agreement, or the Guarantor being released from this Guaranty in the event Substitute Collateral (as defined in the Contribution Agreement) is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement, shall in any way exonerate the Guarantor hereunder or modify, reduce, limit or release the Guarantor's liability hereunder. This is an absolute and unconditional guaranty of payment of the Indebtedness.

7. Dissolution, Termination or Insolvency of Guarantor. The dissolution, termination or adjudication of bankruptcy of the Guarantor shall not affect the validity or binding nature of this Guaranty. Without limitation of the foregoing, if the Guarantor shall be dissolved, terminated or shall be or become insolvent (however defined), or if the Guarantor voluntarily commences or there is commenced involuntarily against the Guarantor a

petition for receivership, an acknowledgement or claim of inability to pay debts or other obligations, or other proceeding pertaining to the actual or claimed insolvency of the Guarantor case under the United States Bankruptcy Code, the Guarantor acknowledges that the Guarantor shall be deemed in default of this Guaranty and the applicable provisions of the Contribution Agreement and Indenture shall apply, including that the Bonds be subject to special mandatory redemption.

8. Non-Compliance. In the event the Guarantor is not in compliance with the Financial Covenants or the Guarantor is not in compliance with the requirements described in Section 15 below (a "**Non-Payment Default**"), then and in any such event, the applicable provisions of the Contribution Agreement and Indenture shall control including, as applicable, that the Bonds be subject to special mandatory redemption if such Non-Payment Default is not cured within the applicable cure periods or Substitute Collateral is not deposited with the Trustee.

9. Subrogation, etc. The Guarantor hereby waives all rights that the Guarantor may now have or hereafter acquire, whether by subrogation, contribution, reimbursement, recourse, exoneration, contract or otherwise, to recover from the Developer or from any property of the Developer any sums paid under this Guaranty until all of the Indebtedness shall have been fully paid and discharged. The Guarantor will not exercise or enforce any right of contribution to recover any such sums from any person who is a co-obligor with the Developer or a guarantor or surety of the Indebtedness or from any property of any such person until all of the Indebtedness shall have been fully paid and discharged.

10. Enforcement Expenses. The Guarantor will pay or reimburse the Issuer and the Trustee for all costs, expenses and attorneys' fees paid or incurred by the Issuer and the Trustee in endeavoring to collect and enforce the Indebtedness and in enforcing this Guaranty.

11. Issuer's and Trustee's Rights. The Issuer and the Trustee shall not be obligated by reason of its acceptance of this Guaranty to engage in any transactions with or for the Developer. Whether or not any existing relationship between the Guarantor and the Developer has been changed or ended, the Issuer and the Trustee may enter into transactions resulting in the creation or continuance of the Indebtedness and may otherwise agree, consent to or suffer the creation or continuance of any of the Indebtedness, without any consent or approval by the Guarantor and without any prior or subsequent notice to the Guarantor. The Guarantor's liability shall not be affected or impaired by any of the following acts or things (which the Issuer or Trustee are expressly authorized to do, omit or suffer from time to time, without consent or approval by or notice to the Guarantor): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all of the Indebtedness (except as provided for and expressly subject to the terms of the Contribution Agreement which permit the deposit of substitute collateral under certain circumstances); (ii) one or more extensions or renewals of the Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities, if any, or other contractual terms applicable to any of the Indebtedness or any amendment or modification of any of the terms or provisions of any agreement under which the Indebtedness or any part thereof arose; (iii) any waiver or indulgence granted to the Developer, any delay or lack of diligence in the enforcement of the Indebtedness or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any of the Indebtedness; (iv) any full or partial release of, compromise or settlement with, or agreement not to sue, the Developer or any guarantor or other person liable in respect of any of the Indebtedness; (v) any release, surrender, cancellation or other discharge of any evidence of the Indebtedness or the acceptance of any instrument in renewal or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for the Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to preserve, protect, insure, care for, exercise or enforce any collateral security; or any modification, alteration, substitution, exchange, surrender, cancellation, termination, release or other change, impairment, limitation, loss or discharge of any collateral security; (vii) any collection, sale, lease or disposition of, or any other foreclosure or enforcement of or realization on, any collateral security; (viii) any assignment, pledge or other transfer of any of the Indebtedness or any evidence thereof; (ix) any manner, order or method of application of any payments or credits upon the Indebtedness; and (x) any election by the Issuer under Section 1111(b) of the United States Bankruptcy Code. The Guarantor waives any and all defenses and discharges available to a surety, guarantor or accommodation co-obligor.

12. Waivers by Guarantor. The Guarantor waives any and all defenses, claims, setoffs and discharges of the Developer, or any other obligor, pertaining to the Indebtedness, except the defense of discharge by

payment in full of the Indebtedness (upon expiration of all bankruptcy preference periods as referenced in Section 13) or by the release of the Developer from the Contribution Agreement as provided for in the Indenture and the Contribution Agreement or by the release of the Guarantor from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against the Issuer or the Trustee any defense of waiver, release, discharge or disallowance in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Developer or any other person liable in respect of any of the Indebtedness, or any setoff available against the Issuer or the Trustee to the Developer or any other such person, whether or not on account of a related transaction, except discharge by payment in full of the Indebtedness (upon expiration of all bankruptcy preference periods as referenced in Section 13) or the release of the Developer from the Contribution Agreement as provided for in the Indenture and the Contribution Agreement or by the release of the Guarantor from this Guaranty in the event substitute collateral is deposited with the Trustee as provided for in (and expressly subject to the requirements of) the Contribution Agreement. The Guarantor expressly agrees that the Guarantor shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the Indebtedness, whether or not the liability of the Developer or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The liability of the Guarantor shall not be affected or impaired by (i) any voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the Developer's assets, (ii) the marshaling of the Developer's assets and liabilities, or (iii) the insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting the Developer or any of its assets. The Guarantor will not assert, plead or enforce against the Issuer or the Trustee any claim, defense or setoff available to the Guarantor against the Developer. The Guarantor waives presentment, demand for payment, notice of dishonor or nonpayment and protest of any instrument evidencing the Indebtedness. The Issuer shall not be required first to resort for payment of the Indebtedness to the Developer or other persons, or their properties, or first to enforce, realize upon or exhaust any collateral security for the Indebtedness, before enforcing this Guaranty. The Guarantor waives the benefits of Arizona Revised Statutes Sections 12-1641, 12-1642, 33-814 and 12-1566.

13. If Payments Set Aside, etc. If any payment applied by the Issuer or the Trustee to the Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of the Developer or any other obligor), the Indebtedness to which such payment was applied shall for the purpose of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

14. Additional Obligation of Guarantor. The Guarantor's liability under this Guaranty is in addition to and shall be cumulative with all other liabilities of the Guarantor to the Issuer as guarantor, surety, endorser, accommodation co-obligor or otherwise, of any of the Indebtedness, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

15. Financial Information. The Guarantor shall provide the following information, as described below, to the Issuer and the Trustee (as applicable) and, in the event a request is made by any Beneficial Owner (as such term is defined in the Indenture) to the Trustee, the Trustee shall, after confirming that the party requesting such information is a Beneficial Owner, provide a copy of such request to the Guarantor whereupon the Guarantor shall provide copies of the information provided to the Issuer, and the Trustee to such Beneficial Owner as advised by the Trustee.

(a) As soon as available, and in any event within 120 days after the end of each fiscal year of the Guarantor, the Guarantor shall provide notice to the Issuer designee that the Guarantor's audited annual financial statements (the "**Audited Financial Statements**") are available for review, which Audited Financial Statements shall include the Guarantor's balance sheet as of the end of such fiscal year and the related statements of the Guarantor's income, partner's capital and cash flows for the fiscal year then ended, shall be prepared in accordance with GAAP and shall be accompanied by the unqualified opinion of independent certified public accountants selected by the Guarantor and acceptable to the Issuer (the "**Auditor's Opinion**"), and shall thereafter make such Audited Financial Statements and Auditor's Opinion available to the Issuer designee. In addition, concurrent with the notice to the Issuer designee concerning the Audited Financial Statements, the

managing partner of the Guarantor shall deliver to the Issuer designee, the Issuer and the Trustee a certificate ("**Certificate**") stating (i) whether or not the officer signing the Certificate on behalf of the managing partner has knowledge of the occurrence of any default under this Guaranty not heretofore reported and, if any such default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (ii) that the information contained in the Financial Covenant Calculations worksheet (attached as Exhibit 1 to this Guaranty) is accurate to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner and, based on the Audited Financial Statements, Auditor's Opinion and the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, whether or not the Guarantor is in compliance with the Financial Covenants as of the end of such fiscal year. The Certificate shall be accompanied by a letter from the Guarantor's independent certified public accountants in substantially the form of Exhibit 2 to this Guaranty, enumerating certain procedures performed in respect of the Financial Covenant Calculations (the "**Auditor's Letter**").

(b) As soon as available, and in any event within 60 days after the last day of the sixth month (i.e., mid-year) of each fiscal year of the Guarantor, the Guarantor shall provide notice to the Issuer designee that the Guarantor's unaudited internal financial statements (the "**Internal Financial Statements**") are available for review, which Internal Financial Statements shall include the Guarantor's internal balance sheet and related statements of income and partner's capital of the Guarantor as of the end of such month and for the year-to-date period then ended and shall be prepared in accordance with GAAP (excluding footnotes to financial statements and subject to year-end audit adjustments). In addition, concurrent with the notice to the Issuer designee concerning the Internal Financial Statements, the managing partner of the Guarantor shall deliver to the Issuer designee, the Issuer and the Trustee a Certificate stating (i) that the Internal Financial Statements made available to the Issuer designee have been prepared in accordance with GAAP subject to year-end audit adjustments, (ii) whether or not the officer signing the Certificate on behalf of the managing partner has knowledge of the occurrence of any default under this Guaranty not heretofore reported and, if any such default has occurred and been remedied, stating in reasonable detail the facts with respect thereto, and (iii) that the information contained in the Financial Covenant Calculations worksheet (attached as Exhibit 1 to this Guaranty) is accurate to the best actual knowledge of the officer signing the Certificate on behalf of the managing partner and, based on the Internal Financial Statements and the best actual knowledge of the officer signing the Certificate on behalf of the managing partner, whether or not the Guarantor is in compliance with the Financial Covenants as of the end of such year-to-date period.

16. No Duties Owed by Issuer. The Guarantor acknowledges and agrees that the Issuer and the Trustee (i) have not made any representations or warranties with respect to, (ii) do not assume any responsibility to the Guarantor for, and (iii) have no duty to provide information to the Guarantor regarding, the enforceability of any of the Indebtedness or the financial condition of the Developer or any guarantor. The Guarantor has independently determined the creditworthiness of the Developer and the enforceability of the Indebtedness and until the Indebtedness is paid in full will independently and without reliance on the Issuer continue to make such determinations.

17. Miscellaneous. This Guaranty shall be effective upon delivery to the Issuer, without further act, condition or acceptance by the Issuer or the Trustee, shall be binding upon the Guarantor and the successors and assigns of the Guarantor and shall inure to the benefit of the Issuer, the Trustee and their participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful provisions and application thereof, and to this end the provisions of this Guaranty are declared to be severable. This Guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Guarantor and the Issuer. This Guaranty shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Arizona. The Guarantor hereby (i) consents to the personal jurisdiction of the state and federal courts located in the State of Arizona in connection with any controversy related to this Guaranty; (ii) waives any argument that venue in any such forum is not convenient, (iii) agrees that any litigation initiated by the Issuer, the Trustee or the Guarantor in connection with this Guaranty may be venued in either the state or federal courts located in Maricopa County, Arizona; and (iv) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

18. Waiver of Jury Trial. **THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, BASED ON OR PERTAINING TO THIS GUARANTY.**

APPENDIX E-1

FORM OF LEGAL OPINION OF BOND COUNSEL

(REFUNDING BONDS)

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the
Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

At your request we have examined the official proceedings leading to the issuance of $20,400,000* principal amount of District General Obligation Refunding Bonds, Series 2013A, dated the date of delivery (the "*Bonds*"), issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 04-13, passed and adopted by the District Board on June 4, 2013 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds, without limit as to rate or amount, except that the total aggregate of

* Subject to change.

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, in the same manner as other taxes of the District, an annual tax upon the 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 Bond Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

Bond Counsel

APPENDIX E-2

FORM OF LEGAL OPINION OF BOND COUNSEL

(PROJECT BONDS)

[Letterhead of Gust Rosenfeld P.L.C.]

(Dated the Date of Initial Delivery of the Bonds)

District Board of the Verrado District 1
Community Facilities District
(Town of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) General Obligation Bonds, Series 2013B

At your request we have examined the official proceedings leading to the issuance of $6,000,000* aggregate principal amount of District General Obligation Bonds, Series 2013B, dated the Date of Delivery, issued by Verrado District 1 Community Facilities District (the "District").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 04-13, passed and adopted by the District Board on June 4, 2013 (the "Resolution"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the bonds.

2. The Resolution has been duly passed and adopted by the District Board, and the Indenture (as such term is defined in the Resolution) is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes, an annual tax upon all taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the bonds when due.

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* Subject to change.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest on the bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to the federal alternative minimum tax. The bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of assessments may be subject to bankruptcy insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

Bond Counsel

APPENDIX F

FORMS OF INVESTOR LETTER

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

Wells Fargo Bank, N.A., as Trustee

RBC Capital Markets, LLC

Re: Verrado District 1 Community Facilities District General Obligation Bonds, Series 2013

In connection with the undersigned Purchaser's proposed purchase of the above-referenced Bonds (the "Bonds"), which Bonds were issued by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "Issuer"), Purchaser hereby certifies, represents and warrants as follows:

1. Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by Purchaser in connection with the purchase of the Bonds.

2. Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended.

3. Purchaser has, either alone or with a purchaser representative, (i) experience in the bond market, (ii) knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the Bonds, and (iii) the ability to bear the economic risk of its investment in the Bonds, including a total loss of Purchaser's investment. Purchaser's commitment to investments that are not readily marketable is not disproportionate to its net worth, and an investment in the Bonds will not cause such commitment to become excessive. Purchaser has adequate means of providing for its current needs and contingencies and has no need for liquidity with respect to its investment in the Bonds, and can withstand a complete loss of such investment in the Bonds.

4. Purchaser understands that the Bonds (a) are not registered under the Securities Act of 1933, as amended, and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not be rated by any bond rating agency, and (d) will not be readily marketable.

5. The Bonds are being acquired by Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds in violation of the Act or other applicable securities laws. Purchaser agrees that it may not sell or otherwise transfer all or any interest in the Bonds except as expressly provided in this letter, the Bonds and the offering document. Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

6. Purchaser, either alone or with a purchaser representative, has made its own inquiry, independent investigation, due diligence and analysis with respect to the Bonds and acknowledges that it has either been supplied with or been given access to information, including the offering document, financial statements and other financial information, to which a reasonable Purchaser would attach significance in making

investment decisions, and Purchaser has read and understand the information, including the rights, risks and limitations pertaining to the Bonds, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Developer, the Project, the Bonds and the security therefore so that, as a reasonable investor, Purchaser has been able to make its investment decision to purchase the Bonds.

7. Purchaser acknowledges that the Issuer and the Trustee and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements herein.

8. Purchaser has satisfied itself that the Bonds are a lawful investment for Purchaser under all applicable laws.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

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

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S., securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to other such as both U.S. and non-U.S., securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices or significant events with respect to the Bonds, such as redemptions, tenders, default and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

APPENDIX H

UNAUDITED FINANCIAL STATEMENTS OF THE DEVELOPER

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DMB White Tank, LLC
Balance Sheet
(Unaudited)
December 31, 2012

	Current Month	Prior Month
ASSETS		
Cash and cash equivalents	$ 981,429	$ 2,281,326
Restricted cash	2,090,543	2,090,125
Accounts receivable	1,144,015	1,000,278
Related party receivables	198,496	29,132
Prepaid expenses and other assets	3,026,252	2,930,553
Real estate under development	115,144,098	122,205,075
Construction in progress	3,588,581	3,588,181
Land held for investment	3,673,567	3,664,200
Land held for trade or business use	3,305,737	3,305,737
Property and equipment, net	729,591	483,201
Deposits	1,242,741	1,242,741
Notes and interest receivable	187,500	187,500
	$ 135,312,550	**$ 143,008,049**
LIABILITIES AND MEMBER'S EQUITY		
Accounts payable	$ 220,561	$ 96,385
Accrued liabilities	101,712	97,752
Property and sales tax payable	562,119	467,718
Related party payables	217,440	218,402
Retention payable	48,605	101,032
Deferred revenue	37,189,768	35,798,229
Notes and interest payable	8,681,264	8,848,771
	47,021,469	45,628,289
Member's equity	88,291,081	97,379,760
	$ 135,312,550	**$ 143,008,049**

These financial statements were prepared for internal purposes and
are not necessarily in conformity with generally accepted accounting principles.

DMB White Tank, LLC
Income Statement
(Unaudited)
For the Twelve Months Ended December 31, 2012

	MTD	YTD
REVENUE		
Land, net of discounts	$ (1,144,942)	$ 1,964,402
Supplemental land revenue	(49,154)	229,098
Development fee income	24,488	1,797,955
Utility income	4,757	582,294
	(1,164,851)	4,573,749
COST OF SALES		
Land	9,033,060	9,351,322
Commissions and closing costs	(109,169)	218,701
	8,923,891	9,570,023
OTHER (INCOME) EXPENSE		
General and administrative	206	34,147
Marketing	3,304	427,524
Interest income	(3,350)	(40,985)
Other expense	-	146
Depreciation and amortization	28,610	353,609
(Gain) loss on investment	(28,833)	(1,041,893)
	(63)	(267,452)
NET INCOME (LOSS)	**$ (10,088,679)**	**$ (4,728,822)**

These financial statements were prepared for internal purposes and
are not necessarily in conformity with generally accepted accounting principles.

DMB White Tank, LLC
Statement of Cash Flows
(Unaudited)
For the Twelve Months Ended December 31, 2012

	MTD	YTD
OPERATING ACTIVITIES		
Net income (loss)	$ (10,088,679)	$ (4,728,822)
Adjustments to reconcile net income (loss) to cash:		
Depreciation and amortization	28,610	353,609
(Gain) loss on investment	(28,833)	(1,041,893)
Changes in operating assets and liabilities:		
Accounts receivable	(143,737)	(340,372)
Related party receivables	(169,364)	64,792
Prepaid expenses and other assets	(95,699)	20,578
Real estate under development	7,033,897	(2,169,759)
Deposits	-	751,307
Accounts payable	124,176	83,116
Accrued liabilities	3,960	(140,748)
Property tax payable	94,401	(192,919)
Related party payables	(962)	(87,068)
Retention payable	(52,427)	(143,991)
Deferred revenue	1,447,452	2,138,486
Interest payable	(69,522)	376,395
Net cash provided by (used by) operating activities	(1,916,727)	(5,057,289)
INVESTING ACTIVITIES		
Restricted cash	(418)	(1,300,263)
Land holding costs	(9,367)	(112,404)
Fixed asset acquisitions	(275,000)	(293,392)
Construction in progress	(400)	(92,908)
Net cash provided by (used by) investing activities	(285,185)	(1,798,967)
FINANCING ACTIVITIES		
Contributions	1,000,000	8,825,000
Distributions	-	(1,400,000)
Note payable to landowner	(1,577,985)	(1,577,985)
Note payable to Verrado Village Club	1,480,000	1,480,000
Net cash provided by (used by) financing activities	902,015	7,327,015
Net increase (decrease) in cash and cash equivalents	(1,299,897)	470,759
Cash and cash equivalents, beginning of period	2,281,326	510,670
Cash and cash equivalents, end of period	**$ 981,429**	**$ 981,429**

These financial statements were prepared for internal purposes and are not necessarily in conformity with generally accepted accounting principles.

DMB White Tank, LLC
Statement of Changes in Member's Equity
(Unaudited)
For the Twelve Months Ended December 31, 2012

Beginning balance	$	85,594,903
Contributions		8,825,000
Distributions		(1,400,000)
Net income (loss)		(4,728,822)
Ending balance	**$**	**88,291,081**

These financial statements were prepared for internal purposes and
are not necessarily in conformity with generally accepted accounting principles.

APPENDIX I

AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR

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ABD Investments Limited Partnership and Subsidiary

Consolidated Financial Statements
12.31.2012

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McGladrey

Independent Auditor's Report

To the Partners
ABD Investments Limited Partnership
and Subsidiary
Scottsdale, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ABD Investments Limited Partnership and Subsidiary (the Partnership) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income and comprehensive income, changes in partners' capital and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Phoenix, Arizona
April 24, 2013

Member of the RSM International network of independent accounting, tax and consulting firms.

ABD Investments Limited Partnership and Subsidiary

Consolidated Balance Sheets
December 31, 2012 and 2011

ASSETS	**2012**	2011
Cash and cash equivalents	**$ 3,178,785**	$ 1,102,988
Dividends receivable *(Note 4)*	**-**	5,207,571
Marketable securities, at fair value *(Notes 3, 4 and 6)*	**626,524,649**	596,895,366
Notes receivable from related parties *(Note 5)*	**2,898,403**	8,106,424
Total assets	**$ 632,601,837**	$ 611,312,349
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	**$ 4,294**	$ 2,570
Bank line of credit *(Note 6)*	**95,800,000**	95,800,000
Interest payable	**938,221**	1,012,846
Fair value of interest rate swap *(Notes 3 and 7)*	**6,525,510**	8,437,495
Total liabilities	**103,268,025**	105,252,911
Commitments and contingencies *(Note 8)*		
Partners' capital:		
General partners	**351,328**	1,082,200
Limited partners	**224,676,283**	230,300,320
Accumulated other comprehensive income *(Note 4)*	**304,306,201**	274,676,918
	529,333,812	506,059,438
	$ 632,601,837	$ 611,312,349

See Notes to Consolidated Financial Statements.

ABD Investments Limited Partnership and Subsidiary

Consolidated Statements of Income and Comprehensive Income
Years Ended December 31, 2012 and 2011

	2012	2011
Income:		
Dividend income *(Note 4)*	**$ 26,037,854**	$ 20,830,284
Interest income *(Note 5)*	**42,134**	90,927
Total income	**26,079,988**	20,921,211
Expenses:		
Interest expense *(Note 6)*	**4,324,682**	2,701,904
Administrative expenses	**17,200**	10,300
(Gain) loss on fair value of interest rate swap *(Note 7)*	**(1,911,985)**	2,559,517
Total expenses	**2,429,897**	5,271,721
Net income	**23,650,091**	15,649,490
Other comprehensive income:		
Unrealized gain (loss) on marketable securities *(Note 4)*	**29,629,283**	(27,115,283)
Comprehensive income (loss)	**$ 53,279,374**	$ (11,465,793)

See Notes to Consolidated Financial Statements.

ABD Investments Limited Partnership and Subsidiary

Consolidated Statements of Changes in Partners' Capital
Years Ended December 31, 2012 and 2011

	General Partners	Limited Partners	Accumulated Other Comprehensive Income	Total Partners' Capital
Balance, December 31, 2010	$ 2,586,127	$ 267,577,392	$ 301,792,201	$ 571,955,720
Net income	171,988	15,477,502	-	15,649,490
Unrealized gain on marketable securities	-	-	(27,115,283)	(27,115,283)
Distribution of capital	(1,675,915)	(52,754,574)	-	(54,430,489)
Balance, December 31, 2011	1,082,200	230,300,320	274,676,918	506,059,438
Net income	259,914	23,390,177	-	23,650,091
Unrealized loss on marketable securities	-	-	29,629,283	29,629,283
Distribution of capital	(990,786)	(29,014,214)	-	(30,005,000)
Balance, December 31, 2012	**$ 351,328**	**$ 224,676,283**	**$ 304,306,201**	**$ 529,333,812**

See Notes to Consolidated Financial Statements.

ABD Investments Limited Partnership and Subsidiary

Consolidated Statements of Cash Flows
Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 23,650,091**	$ 15,649,490
Adjustments to reconcile net income to net cash provided by operating activities:		
Capitalized interest on notes receivable from related parties	**(41,979)**	(90,277)
Change in fair value of interest rate swap	**(1,911,985)**	2,559,517
Change in working capital components:		
Dividends receivable	**5,207,571**	-
Accounts payable	**1,724**	818,474
Interest payable	**(74,625)**	185,962
Net cash provided by operating activities	**26,830,797**	19,123,166
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments on notes receivable from related parties	**5,250,000**	900,000
Net cash provided by investing activities	**5,250,000**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution of capital	**(30,005,000)**	(18,935,000)
Net cash used in financing activities	**(30,005,000)**	(18,935,000)
Net increase in cash and cash equivalents	**2,075,797**	1,088,166
Cash and cash equivalents, beginning of year	**1,102,988**	14,822
Cash and cash equivalents, end of year	**$ 3,178,785**	$ 1,102,988
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	**$ 5,217,785**	$ 2,515,942
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Payment on notes receivable	**$ -**	$ (35,495,490)
Unrealized gain (loss) on marketable securities	**$ 29,629,283**	$ (27,115,283)

See Notes to Consolidated Financial Statements.

Note 1. Organization

ABD Investments Limited Partnership (the ABD Partnership), an Arizona limited partnership, was formed on August 27, 1993, for the purpose of investing partnership funds in stock, partnership interests, tangible and intangible assets, including real and personal property, and to acquire, hold, maintain, improve, finance or otherwise deal with such assets and engage in any other activity permitted under Arizona law. The Partnership was capitalized on March 31, 1994, through the contribution of shares of common stock of a publicly traded company. The Partnership will expire December 31, 2050, or sooner, in accordance with the terms of the Partnership Agreement.

The Partnership Agreement provides for allocation of profits and losses and distributions among its partners as follows:

Profits and Losses - Profits and losses are allocated to the partners in proportion to their percentage interests, subject to special allocations as defined in the Partnership Agreement.

Distributions - Distributions of net cash flows, if any, as defined in the Partnership Agreement, shall be paid to the partners on the last day of each calendar year in proportion to their percentage interests.

ABD Investments II, LLC (ABD II), a single member LLC and wholly owned subsidiary of ABD Investments Limited Partnership, was formed on September 5, 1999, for the purpose of providing certain financial assurances for a related party land acquisition (Note 8). Collectively both entities are referred to as "the Partnership".

Note 2. Summary of Significant Accounting Policies

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of the ABD Partnership and ABD II. All related intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents:

The Partnership considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. The Partnership maintains its cash in two institutions.

At times during the year, the Partnership maintained cash in financial institutions in excess of the federally insured limits. The Partnership has not experienced any losses in such accounts, and management believes the Partnership is not exposed to any significant credit risk with respect to cash.

Notes receivable from related parties:

Notes receivable are carried at an amount equal to the outstanding note balance less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts through the identification of troubled accounts. Notes receivables are written off when deemed uncollectible. Recoveries of notes receivable previously written off are recorded as income when received. No allowance was considered necessary at December 31, 2012 or 2011.

Interest is charged on notes receivables and is recognized on an accrual basis. After the receivable becomes past due, it is placed on nonaccrual status, accrual of interest is suspended, and unpaid interest is reversed at that time. There were no receivables in nonaccrual status at either December 31, 2012 or December 31, 2011.

Note 2. Summary of Significant Accounting Policies (Continued)

Marketable securities:

Marketable securities at December 31, 2012 consist of approximately 17.9 million shares of a publicly traded corporation. These securities have been classified as available-for-sale in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Accounting for Certain Investments in Debt and Equity Securities*, and are recorded at their fair value at December 31, 2012 and 2011.

Unrealized gains and losses on available-for-sale securities are reflected as a separate component of partners' capital in the accompanying financial statements.

Declines in the fair value of equity securities classified as available-for-sale below their amortized cost that are determined to be other than temporary result in write-downs of the individual securities to their fair value with the resulting write-downs included in current earnings as realized losses. In determining other than temporary losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Partnership to retain its investment in the issuer for a period of time sufficient to allow for any contractual recovery in fair value.

Income recognition:

Dividend income is recognized on the declaration date of the dividends. Interest income is recognized when earned.

Administrative expenses:

Administrative expenses consist of bank fees. Management services, including due diligence on the approval of advances to related parties and other expenses associated therewith, are provided by related parties at no charge to the Partnership.

Income taxes:

The Partnership is organized as a limited partnership under the laws of the state of Arizona. In lieu of corporation federal and state income taxes, the partners of the limited partnership are taxed on their proportionate share of taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying consolidated financial statements.

Management evaluated the Partnership's tax positions and concluded that the Partnership had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Partnership is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

Personal assets and liabilities:

In accordance with the generally accepted method of presenting partnership financial statements, the financial statements do not include the personal assets and liabilities of the partners, including their rights to refunds on its net losses, nor any provision for income tax refunds, if any.

Note 2. Summary of Significant Accounting Policies (Continued)

Guarantees:

As discussed further in Note 8, the Partnership has guaranteed the debt of a related party. The Partnership would be required to perform under the guarantee upon default of the related party. The Partnership has not experienced any losses related to the guarantee. Upon entering into a guarantee, the Partnership records the related liability at fair value pursuant to ASC 460, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. Thereafter, the related liability is evaluated pursuant to ASC 450, *Contingencies for Gain and Loss*. The Partnership has determined that no liability was required to be recorded as of December 31, 2012 and 2011 pursuant to ASC 450 and ASC 460.

Interest rate swap:

The Partnership uses an interest rate swap to assist in managing interest incurred on its long-term debt. The difference between amounts received and amounts paid under such agreements, as well as any costs or fees, is recorded as a reduction of, or addition to, interest expense as incurred over the life of the swap or similar financial instrument. The Partnership accounts for interest rate swap agreements in accordance with ASC 815, *Derivatives and Hedging*. ASC 815 requires the Partnership to measure the derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheet as either an asset or liability. The Partnership has not elected hedge accounting therefore, changes in fair value of derivatives are recorded currently in earnings as a change in fair value of the swap unless special hedge accounting criteria are met whereby the change is recorded as a component of other comprehensive income.

Subsequent events:

The Partnership has evaluated subsequent events through April 24, 2013, the date on which the consolidated financial statements were available to be issued.

Fair value of financial instruments:

The estimated fair values of the Partnership's short-term financial instrument, including cash and cash equivalents, and dividends receivable approximates fair value due to the short-term nature of these instruments.

The carrying amount of debt outstanding under the Partnership's line of credit approximates fair value as interest rates on this amount approximates current interest rates offered due to the variable rate nature to the Partnership for debt with similar terms and remaining maturities. The fair value of the related party notes receivable is believed to approximate their carrying value. However, fair value is difficult to determine based on the related party nature of these instruments.

Concentration of credit risk:

Financial instruments, which potentially expose the Partnership to concentrations of credit risk, other than the investment in marketable securities previously mentioned, consist primarily of notes receivable from related parties. The Partnership's notes receivable from related parties are with two separate, but affiliated, entities.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements:

In June 2011, the FASB Accounting Standards Update (ASU) No. 2011-05, *Presentation of Comprehensive Income*. This guidance eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The amendments do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. This guidance is effective for fiscal years ending after December 15, 2012, with early adoption permitted. The Partnership adopted this guidance during the year ending December 31, 2012. This adoption had no impact on the Partnership's financial statement presentation.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, updating accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011 and will be applied prospectively. The Partnership adopted this guidance during the year ending December 31, 2012. This adoption impacted the footnote disclosure with no impact to the Partnership's consolidated financial statements.

Reclassifications:

Certain liabilities on the balance sheet as of December 31, 2011 have been reclassified to be consistent with the classifications adopted as of December 31, 2012.

Note 3. Fair Value Disclosures

Fair value measurements:

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

ote 3. Fair Value Disclosures (Continued)

Fair value measurements (continued):

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Partnership uses various methods including market, income and cost approaches. Based on these approaches, the Partnership often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Partnership utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Partnership is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 — Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2012 and 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

The fair value of the Partnership's securities is the market value based on quoted market prices or market prices provided by the New York Stock Exchange. The marketable securities are recorded at fair value on a recurring basis and are classified within Level 1 of the valuation hierarchy. The fair value of the marketable securities was $626,524,649 and $596,895,366 at December 31, 2012 and 2011, respectively.

The Partnership's interest rate swap at December 31, 2012 is a spread of variable interest rates based on LIBOR in excess of the rate cap per the agreement. LIBOR is observable at commonly quoted intervals for the full term of the swap. For an interest rate swap in an asset position, the credit standing of the counterparty is analyzed and factored into the fair value measurement of the asset. ASC 820 states that the fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the impact of the Partnership's creditworthiness would also be factored into the fair value measurement of the interest rate swap if in a liability position. The fair value of the Partnership's interest rate swap is categorized within Level 2 of the fair value hierarchy. The asset is measured at fair value on a recurring basis. The fair value of the interest rate swap was a liability of $6,525,510 and $8,437,495 at December 31, 2012 and 2011, respectively.

Note 3. Fair Value Disclosures (Continued)

Fair value on a recurring basis:

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

	December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Marketable securities	**$ 626,524,649**	**$ -**	**$ -**	**$ 626,524,649**
Interest rate swap	**$ -**	**$ (6,525,510)**	**$ -**	**$ (6,525,510)**

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Marketable securities	$ 596,895,366	$ -	$ -	$ 596,895,366
Interest rate swap	$ -	$ (8,437,495)	$ -	$ (8,437,495)

There were no transfers between levels during 2012 or 2011.

Note 4. Marketable Securities

Marketable securities consist of the following:

	Agreed Upon Value on the Date of Contribution	Unrealized Gain	Market Value
		2012	
Common stock of a publicly traded corporation	**$ 322,218,448**	**$ 304,306,201**	**$ 626,524,649**
		2011	
Common stock of a publicly traded corporation	$ 322,218,448	$ 274,676,918	$ 596,895,366

58% of the publicly traded common stock has been pledged as collateral for the line of credit discussed in Note 6 and certain commitments described in Note 8. Unrealized gains and losses are reflected as a separate component of partners' capital in the accompanying consolidated financial statements. The agreed upon value on the date of contribution represents the market value of common stock contributed on March 31, 1994.

The Partnership received five dividend payments of $0.29 per share during the year ended December 31, 2012.

Note 5. Notes Receivable and Commitments to Related Parties

The Partnership has loan agreements and two future funding commitments with related parties (the Borrowers). The commitments and the notes receivable have been recorded at their book value. A summary of the notes receivable, commitment amounts, and the amounts outstanding under the loan agreements consist of the following as of December 31:

Related Party	Date of Maturity	Commitment Amount at December 31, 2012	Outstanding Balance **2012**	Outstanding Balance 2011
The managing general partner - Note 1	12/31/14	**$ 10,000,000**	**$ 2,898,403**	$ 8,106,424
The managing general partner - Note 2	12/31/12	**50,000,000**	**-**	-
		$ 60,000,000	**$ 2,898,403**	$ 8,106,424

The term of Note 1 with the managing general partner provides for multiple advances up to a committed maximum. All loans are approved in advance by the Partnership and are unsecured. Interest accrues at a rate equal to .57% per annum based on the actual days elapsed over a 360 day year. Interest income related to these notes receivable approximates $42,000 and 51,000 for the years ended December 31, 2012 and 2011, respectively. The note is due and payable at December 31, 2014.

The term of Note 2 with the managing general partner provides for multiple advances up to a committed maximum. All loans are approved in advance by the Partnership and are unsecured. The balances of the loans were repaid in March 2011. Interest accrues at a rate equal to .57% per annum based on the actual days elapsed over a 360 day year. Interest income related to these notes receivable approximates $0 and $40,000 for the years ended December 31, 2012 and 2011, respectively. The note is due and payable at December 31, 2012.

Note 6. Bank Line of Credit

The Partnership finances its investments, consisting mainly of notes receivable from related parties, through dividends received and a line of credit with an unrelated banking institution. Funds are drawn on the line of credit and advanced to the related party companies and partnerships pursuant to the terms of certain loan agreements described in Note 5. The amount outstanding under the line of credit at December 31, 2012 and 2011 was $95,800,000. The interest rate on the draws from the line of credit is at LIBOR (0.25% at December 31, 2012) plus 75 basis points. The line matures on April 30, 2013. At December 31, 2012, the line of credit provided for a maximum commitment of $100,000,000 subject to adequate collateralization. Draws under the line of credit are collateralized by the shares of common stock of a publicly traded corporation (See Note 4) pledged by the Partnership and are limited to 58% of the then current market value of the pledged securities. The line of credit is subject to certain financial and non-financial covenants.

The general partner of the Partnership and the trustee of the general partner (personally) act as guarantors under the terms of the line of credit agreements.

Note 7. Interest Rate Swap

In December 2009, the Partnership entered into an interest rate swap agreement with a financial institution which became effective June 30, 2011 and will terminate as of December 31, 2014 (subject to adjustment). The Partnership entered into this agreement to manage future interest expense, which is subject to fluctuations due to the variable nature of the prime rate and LIBOR.

The interest rate swap was priced to assume no value at inception and has an initial notional amount of $100 million as of December 31, 2012. The Partnership must pay a fixed interest rate of 3.6065% and will receive interest from the counterparty at a floating rate equal to the 3 month LIBOR.

The Partnership elected not to use hedge treatment for the swap and all changes in fair market value will be recorded in current earnings. The estimated fair value of the interest rate swap is a liability of $6,525,510 and $8,437,495 at December 31, 2012 and 2011, respectively. This balance is included in total liabilities on the balance sheet and the change in the fair market value is included in the statement of income under loss on fair value of interest rate swap.

Note 8. Commitments and Contingencies

The Partnership and ABD II have guaranteed up $30,400,000 (combined) for certain performance obligations of a related party related to a land development in Arizona. As part of the guarantees, the Partnership and ABD II must maintain certain financial and non-financial covenants.

Approximately 11% of the publicly traded common stock is pledged as collateral for a line of credit maintained by the managing general partner (See Note 4).

Note 9. Subsequent Event

In March 2013, the Partnership received an equity contribution of approximately $101,768,000. The Partnership used the contribution to pay off the bank line of credit. As part of this transaction, the interest rate swap was assigned to a related party.

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APPENDIX J

FORM OF CONTINUING DISCLOSURE UNDERTAKING

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT
(TOWN OF BUCKEYE, ARIZONA)
$20,400,000*
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013A
AND
$6,000,000*
DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2013B

(CUSIP BASE NUMBER 92511Q)

This Undertaking is executed and delivered by Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "Issuer"), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the "Securities") for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

"Annual Report" shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

"Authorizing Documents" shall mean, collectively, the indenture of trust and security agreements and the resolutions authorizing the issuance of the Securities.

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

"EMMA" shall man the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at http://emma.msrb.org/submission.

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

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2014,***

* Preliminary, subject to change.

PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.***

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4 and 5 of the Limited Offering Memorandum, dated ....., 2013, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF MATERIAL EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than 30 days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Listed Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

1. Principal and interest payment delinquencies,

2. Nonpayment related defaults under the Authorizing Documents, if material,

3. Unscheduled draws on debt service reserves reflecting financial difficulties,

4. Unscheduled draws on credit enhancements reflecting financial difficulties,

5. Substitution of the credit or liquidity providers or their failure to perform,

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other notices or determinations, in each case, with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities,

7. Modifications to rights of holders of the Securities, if material,

8. Bond calls, if material, or tender offers,

9. Defeasances,

10. Release, substitution or sale of property securing repayment of the Securities, if material,

11. Rating changes,

12. Bankruptcy, insolvency, receivership or similar events of the Issuer, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District,

13. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,

14. Appointment of a successor trustee or an additional trustee or the change of the name of the trustee, if material, and

15. Notice of a failure of the Issuer to provide required annual financial information on or before the date specified in Section 4 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

(c) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Authorizing Documents.

(d) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS THEREAFTER, FILE A NOTICE OF MATERIAL EVENT OF SUCH OCCURRENCE THROUGH EMMA.***

Section 4. Termination of Reporting Obligation.

(a) The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

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

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an

opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted and (ii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance. The Undertaking is not required by the Rule. As such, the Issuer's failure to comply with this Undertaking will not be a violation of the Rule.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

VERRADO DISTRICT 1 COMMUNITY FACILITIES DISTRICT

By.....

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 ■

July 12, 2013

District Board
Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Refunding Bonds, Series 2013A

Ladies and Gentlemen:

At your request we have examined the official proceedings leading to the issuance of $20,400,000 principal amount of District General Obligation Refunding Bonds, Series 2013A dated July 12, 2013 (the "*Bonds*"), issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 04-13, passed and adopted by the District Board on June 4, 2013 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds, without limit as to rate or amount, 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 Bond Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights

and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By Scott W. Ruby
Scott W. Ruby
Bond Counsel

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July 12, 2013

District Board
Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)

Re: Verrado District 1 Community Facilities District
(Town of Buckeye, Arizona)
District General Obligation Project Bonds, Series 2013B

Ladies and Gentlemen:

At your request we have examined the official proceedings leading to the issuance of $6,000,000 principal amount of District General Obligation Project Bonds, Series 2013B dated July 12, 2013B (the "*Bonds*"), issued by the Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "*District*").

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 04-13, passed and adopted by the District Board on June 4, 2013 (the "*Resolution*"). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.

4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds, without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes 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 Bond Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

By Scott W. Ruby
Scott W. Ruby
Bond Counsel

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July 12, 2013

RBC Capital Markets, LLC
2398 East Camelback Rd., Suite 700
Phoenix, Arizona 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B

WE HAVE ACTED as Bond Counsel to Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "*Issuer*") in connection with the issuance this date by the Issuer of bonds designated its District General Obligation Refunding Bonds, Series 2013A, in the principal amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the principal amount of $6,000,000 (hereinafter referred to as, collectively, the "*Bonds*") and otherwise as counsel to the Issuer. The Bonds (i) are issued under and secured by a resolution authorizing issuance of, and certain other matters related to, the Bonds adopted by the Board of Directors of the Issuer on June 4, 2013 (hereinafter referred to as the "*Resolution*") and an Indenture of Trust and Security Agreement, dated as of July 1, 2013 (hereinafter referred to as the "*Indenture*"), from the Issuer to Wells Fargo Bank, National Association, as trustee (hereinafter referred to as the "*Trustee*"); (ii) are the subject of an Limited Offering Memorandum, dated July 2, 2003 (hereinafter referred to as the "*Limited Offering Memorandum*") and (iii) are being sold pursuant to a Purchase Contract, dated July 2, 2013 (hereinafter referred to as the "*Purchase Contract*"), by and between the Issuer and RBC Capital Markets, LLC (hereinafter referred to as the "*Underwriter*"). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

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

(i) An executed copy of the Indenture;

(ii) An executed copy of the Purchase Contract;

(iii) An executed copy of the Limited Offering Memorandum;

(iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);

(v) An executed copy of a Standby Contribution Agreement, dated as of July 1, 2013 (hereinafter referred to as the "Standby Contribution Agreement"), by and among the Issuer, the Trustee and DMB White Tank, LLC (hereinafter referred to as the "*Developer*");

(vi) An executed copy of the Continuing Disclosure Undertaking, dated even date herewith (hereinafter referred to as, collectively, with the Purchase Contract, the Indenture and the Standby Contribution Agreement, the "*Issuer Documents*"), from the Issuer;

(v) Such other agreements, certificates (including particularly, but not by way of limitation, representations of each of the "*Developer*" and the "*Guarantor*" (as such term is defined in the Limited Offering Memorandum), opinions (including particularly, but not by way of limitation, opinions of counsel to each of the Developer and the Guarantor, dated as of even date herewith), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein and

(vi) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the Issuer in the capacities described above, we have also participated in conferences from time to time with representatives of the Issuer, the Underwriter, the Town of Buckeye, Arizona, the Trustee and the Owners relating to the Limited Offering Memorandum and the Issuer Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Issuer is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to cause the adoption of the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the Issuer Documents and the Bonds, (c) to approve, execute and authorize the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum, dated June 13, 2013 (the "*Preliminary Limited Offering Memorandum*"), with respect to the Bonds) and (d) to carry out and

consummate the transactions contemplated by the Limited Offering Memorandum, the Resolution, the Issuer Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the Issuer under, the Issuer Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Limited Offering Memorandum (including, as applicable, the Preliminary Limited Offering Memorandum) by the Issuer under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or of any existing law, ordinance, administration regulation, court order or consent decree to which the Issuer is subject.

3. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the Issuer of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Issuer of the Issuer Documents and the Bonds and the consummation of the transactions contemplated by the Limited Offering Memorandum.

4. The Issuer has duly (a) adopted the Resolution, and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the Issuer Documents and the Bonds and (ii) the taking of the actions required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Limited Offering Memorandum, the Bond Resolution, the Issuer Documents and the Bonds. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The Issuer Documents have been duly authorized, executed and delivered by the Issuer and, assuming due and valid authorization, execution and delivery by the other party thereto, constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their terms. The Indenture creates the lien it purports to create in the Trust Estate (as such term is defined in the Indenture).

6. Based solely upon a search of the records of the Superior Court in and for the State of Arizona, County of Maricopa and the United States District Court for the District of Arizona from June 26, 2003, through June 26, 2013, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court,

governmental agency, public board or body, pending or overtly threatened against or affecting the Issuer, and there is no basis therefor, (i) which in any way questions the powers of the Issuer referred hereinabove or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Limited Offering Memorandum, the Bond Resolution, the Issuer Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Bond Resolution, the Issuer Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Limited Offering Memorandum) or (iii) contesting in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum. Further, there are no lawsuits pending or threatened against the Issuer which question the right of the Issuer to levy, receive and pledge ad valorem property taxes, nor lawsuits pending or overtly threatened against the Issuer which, if decided adversely to the Issuer, would, individually or in the aggregate, have a material adverse effect on the financial condition of the Issuer or impair the ability of the Issuer to comply with all the requirements set forth in the Limited Offering Memorandum, the Bond Resolution, the Issuer Documents or the Bonds.

7. The information contained in the Limited Offering Memorandum in the tax caption on the cover thereof, under the headings "INTRODUCTORY STATEMENT," "INVESTOR SUITABILITY STANDARDS AND TRANSFER RESTRICTIONS," "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT (excluding "Property Valuations," "Net Secondary Assessed Valuations by Property Classification," "Net Secondary Assessed Valuations of Certain Taxpayers," "Record of Taxes Levied and Collected in the District," "Overlapping General Obligation Bonded Indebtedness" and "Additional Overlapping General Obligation Bonded Indebtedness"), "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE – The District," "LITIGATION," "TAX EXEMPTION," "BOND PREMIUM," and "RELATIONSHIPS AMONG PARTIES" (but solely as it relates to Bond Counsel) therein and in APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," APPENDIX C – "FORM OF STANDBY CONTRIBUTION AGREEMENT," APPENDIX D – "FORM OF GUARANTY," APPENDIX E – "FORMS OF LEGAL OPINIONS," APPENDIX F – "FORM OF INVESTOR LETTER" and APPENDIX J – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds fairly summarizes the information which it purports to summarize.

8. 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 were authorized and issued.

9. It is not necessary in connection with the issuance and sale of the Bonds to register the Bonds, the Standby Contribution Agreement or the Guaranty 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.

10. The sale of Bonds pursuant to the terms described in the Limited Offering Memorandum complies with the requirements of Section 48-719(C), Arizona Revised Statutes.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the Issuer Documents are dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the Issuer Documents by the other party thereto and to the extent that the enforceability of the Issuer Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the Issuer Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the Issuer Documents (other than the Issuer) any rights or remedies not specifically set forth therein.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Respectfully submitted,

Scott W. Ruby
For the Firm

JTG:akr
1994858.3

GT GreenbergTraurig

July 12, 2013

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

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Project Bonds, Series 2013B

This opinion is rendered pursuant to the Purchase Contract, dated July 2, 2013, by and between Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (hereinafter referred to as the "District") and RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter"), relating to the purchase by the Underwriter from the District of its District General Obligation Refunding Bonds, Series 2013A, in the principal amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the principal amount of $6,000,000 (hereinafter referred to as, both series together, the "Bonds"), and as counsel to the Underwriter solely for its use in connection with the issuance and the sale of the Bonds to the Underwriter by the District.

We have examined the Limited Offering Memorandum relating to the Bonds (hereinafter referred to as the "Limited Offering Memorandum"). We also have examined originals, or copies certified or otherwise identified to our satisfaction, of other documents, resolutions, instruments, records, certificates and opinions, have reviewed other laws and information and have made investigations, as we have considered necessary or appropriate, for the purpose of rendering this opinion.

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

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MEXICO CITY+
MIAMI
MILAN"
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PHILADELPHIA
PHOENIX
ROME"
SACRAMENTO
SAN FRANCISCO
SEOUL^
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TEL AVIV^
TYSONS CORNER
WARSAW~
WASHINGTON, D.C.
WEST PALM BEACH
WHITE PLAINS

*OPERATES AS GREENBERG TRAURIG MAHER LLP
+OPERATES AS GREENBERG TRAURIG, S.C.
"STRATEGIC ALLIANCE
^OPERATES AS GREENBERG TRAURIG LLP FOREIGN LEGAL CONSULTANT OFFICE
~A BRANCH OF GREENBERG TRAURIG, P.A., FLORIDA, USA
^OPERATES AS GREENBERG TRAURIG GRZESIAK SP.K.

of the District and the Developer and the Guarantor (as each is defined in the Limited Offering Memorandum) concerning the contents of the Limited Offering Memorandum and related matters. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Limited Offering Memorandum, on the basis of the information which was developed in the course of our performance of the services referred to hereinabove and without having undertaken to verify independently that accuracy, completeness or fairness, nothing has come to our attention which leads us to believe that the Limited Offering Memorandum, at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements made in the Limited Offering Memorandum, in light of the circumstances under which such statements were made, not misleading. Reference in this paragraph to the Limited Offering Memorandum does not include the financial information (including particularly, but not by way of limitation, financial statements) or other technical or statistical data included therein or in the appendices thereto nor to any information with respect to the Developer or the Guarantor or The Depository Trust Company, New York, New York, or it processes (including that in Appendix G) therein, as to all of which we express no opinion.

Respectfully submitted,

Greenberg Traurig, LLP

GT GreenbergTraurig

July 12, 2013

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

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 Community Facilities District No. 1 (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A, in the amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the amount of $6,000,000 (collectively, the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to DMB White Tank, LLC, an Arizona limited liability company (the "Owner"), DMB White Tank Holdings, a Delaware limited liability company ("DMB WT Holdings"), DMB Associates, Inc., an Arizona corporation ("DMB") and ABD Investments Limited Partnership, an Arizona limited partnership ("ABD"), in connection with the sale and issuance of the captioned Bonds sold pursuant to a Purchase Contract, dated July 2, 2013 (hereinafter referred to as the "Purchase Contract"), by and between RBC Capital Markets, LLC (hereinafter referred to as the "Underwriter") and Verrado District 1 Community Facilities District (hereinafter referred to as the "District"). Any capitalized terms used herein and not defined shall have the meaning assigned to it in the Purchase Contract.

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. Limited Offering Memorandum issued by the District, dated July 2, 2013 ("Limited Offering Memorandum");

2. Indenture of Trust and Security Agreement, by and between the District and Wells Fargo Bank, N.A., as Trustee, dated as of July 12, 2013 (the "Trustee");

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MEXICO CITY+
MIAMI
MILAN»
NEW JERSEY
NEW YORK
ORANGE COUNTY
ORLANDO
PALM BEACH COUNTY
PHILADELPHIA
PHOENIX
ROME»
SACRAMENTO
SAN FRANCISCO
SHANGHAI
SILICON VALLEY
TALLAHASSEE
TAMPA
TEL AVIV^
TYSONS CORNER
WARSAW~
WASHINGTON, D.C.
WHITE PLAINS

*OPERATES AS GREENBERG TRAURIG MAHER LLP
+OPERATES AS GREENBERG TRAURIG, S.C.
^A BRANCH OF GREENBERG TRAURIG, P.A. FLORIDA, USA
»STRATEGIC ALLIANCE
~OPERATES AS GREENBERG TRAURIG GRZESIAK SP.K.

3. Standby Contribution Agreement, by and among the District, the Owner and the Trustee, dated as of July 12, 2013 ("Standby Contribution Agreement");

4. First Amendment to Standby Contribution Agreement, by and among the District, the Owner and the Trustee, dated as of July 12, 2013, amending that certain Standby Contribution Agreement (Verrado District 1 Community Facilities District - Series 2006 Bonds), by and among the District, the Owner and Trustee, dated as of October 1, 2006 ("First Amendment");

5. Developer Indemnity Letter, by the Owner, of even date with the Purchase Contract ("Developer Indemnity Letter");

6. Guaranty, by and among the District, the Trustee and ABD, dated as of July 12, 2013 ("Guaranty");

7. Guarantor Indemnity Letter, by ABD, of even date with the Purchase Contract ("Guarantor Indemnity Letter");

8. Developer Closing Certificate, by the Owner, dated as of July 10, 2013;

9. Guarantor Closing Certificate, by ABD, dated as of July 10, 2013;

10. 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;

11. 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;

12. Written Consent of Member of the Owner, effective June 4, 2013, by DMB, as Manager of DMB WT Holdings, as the sole Member 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 Agreement and the Developer Indemnity Letter);

13. Certificate of Good Standing of the Owner issued by the State of Arizona on May 29, 2013, a copy of which is included herewith;

14. Amended and Restated Operating Agreement of DMB WT Holdings dated October 1, 2010, between DMB Communities LLC, an Arizona limited liability

company ("Communities") and DFE Real Estate Investments, LLC, an Arizona limited liability company ("DFE");

15. 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;

16. Written Consent of Members of DMB WT Holdings, effective June 4, 2013, by: (a) DMB, as the Manager of Communities, and (b) DFE PTC, a Delaware limited liability company on behalf of DFE Legacy Trust, dated January 14, 2010, and Argonaut Private Equity, LLC as Manager of Argonaut Holdings LLC, an Oklahoma limited liability company, as the Members of DFE;

17. Certificate of Good Standing of DMB WT Holdings issued by the State of Delaware on May 30, 2013, a copy of which is included herewith;

18. 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;

19. Amended and Restated Bylaws of DMB, dated October 1, 2012

20. 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;

21. Consent in Lieu of Annual Meeting of the Board of Directors of DMB, dated December 5, 2012, executed by Drew M. Brown, Bennett Dorrance and Mark N. Sklar (as to the election of officers and the ratification, approval and confirmation of lawful acts of the officers during the previous year, and the delegation of authority to the officers to execute and deliver agreements, contracts and other documents on behalf of DMB);

22. Consent in Lieu of Annual Meeting of the Shareholders of DMB, dated December 5, 2012 executed by Drew M. Brown, Trustee of The Brown Family Trust dated August 30, 1980, as amended, Bennett Dorrance, Trustee of The Bennett Dorrance Trust dated April 21, 1989, as amended, and Mark N. Sklar, Trustee of the Mark N. Sklar Trust dated May 18, 1972, as amended (as to the election of directors and the ratification, approval and confirmation of the lawful acts of the Corporation, its officers and members of the Board of Directors during the previous year);

23. Consent in Lieu of Meeting of the Shareholders of DMB, dated April 11, 2013, executed by Mark N. Sklar, Trustee of the Mark N. Sklar Trust dated May 18, 1972, as amended, Drew M. Brown, Trustee of The Brown Family Trust dated August 30, 1980, as amended and Bennett Dorrance, as Trustee of The Bennett Dorrance Trust dated April 21, 1989, as amended (as to the ratification, approval and affirmation of actions of the Legacy Board);

24. Unanimous Written Consent of the Board of Directors of DMB, effective May 21, 2013, executed by Drew M. Brown, Mark N. Sklar, Bennett Dorrance, Susan Bansak, Dawn M. Olsen and Charley Freericks (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 Agreement and the Developer Indemnity Letter);

25. Certificate of Incumbency of DMB, dated May 21, 2013 executed by Andrew S. Beams, Executive Vice President/Chief Financial Officer/Treasurer (and by Directors Drew M. Brown, Mark N. Sklar, Bennett Dorrance, Susan Bansak, Dawn M. Olsen and Charley Freericks);

26. Certificate of Good Standing of DMB issued by the State of Arizona on May 29, 2013, a copy of which is included herewith;

27. Certificate of Executive Vice President/Secretary/General Counsel of DMB, dated June 4, 2013, a copy of which is included herewith;

28. Certificate of Executive Vice President/Chief Financial Officer/Treasurer of DMB, dated June 4, 2013, a copy of which is included herewith;

29. Opinion of Special Counsel to DFE, Communities, Realco, the shareholders of DMB ("DMB Shareholders") and ABD, dated July 8, 2013, in reference to DFE, Communities, Realco, the DMB Shareholders and ABD, for the benefit of Underwriter and the District and for the reliance by the law firm of Greenberg Traurig (to which we expressly refer, and upon which we rely, for the opinions expressed herein), a copy of which is included herewith; and

30. Certificate of Existence of ABD issued by the State of Arizona on May 30, 2013, a copy of which is included herewith.

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 7 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, DMB WT Holdings and DMB, as applicable, and are in compliance with all laws, rules or regulations governing the parties thereto other than the Owner, DMB WT Holdings 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, First Amendment or Developer Indemnity Letter (collectively, the "Developer Documents") or the Guaranty or Guarantor Indemnity Letter (collectively, the "Guarantor 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 Underwriter and the District have 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 and ABD. 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 ABD or their respective business, assets or financial condition that are entirely those of the Owner or ABD, respectively, 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 WT Holdings is a limited liability company, duly formed and existing under the laws of the State of Delaware and, based solely on the Document listed in paragraph 17, has the requisite limited liability company power and authority under the laws of the State of Delaware to enter into and perform its obligations under the Document listed in paragraph 16.

4. DMB WT Holdings has taken all necessary limited liability company actions 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. 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 Document listed in paragraph 26.

6. 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.

7. 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.

8. The Guarantor Documents constitute the valid and legally binding obligations of ABD, enforceable against ABD in accordance with their terms.

9. 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 WT Holdings or DMB or, to our knowledge, any agreement or other instrument to which the Owner, DMB WT 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 WT 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.

10. 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, and as described in the Limited Offering Memorandum, except for such actions, approvals, authorizations, consents and orders that the Owner would expect to obtain in the ordinary course of its business.

11. To our knowledge, none of the Owner, DMB WT 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.

12. 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 WT 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 WT 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.

13. To our knowledge, the information contained in the Limited Offering Memorandum pertaining to the Owner and the Verrado planned community (referred to therein as the "Project") under the headings "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - "General", "The Standby Contribution Agreement" and "The Guaranty and the Guarantor", "GENERAL DESCRIPTION OF THE DISTRICT AND THE PUBLIC INFRASTRUCTURE - Public Infrastructure", GENERAL DESCRIPTION OF THE PROJECT AND THE DEVELOPER", and "RISK FACTORS", respectively, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review we have not undertaken to determine independently the accuracy, completeness or fairness of the other statements contained therein except as and to the extent provided in this paragraph and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, we have not acquired any knowledge that the Official Statement (except for the financial information and notes thereto and schedules and other financial or statistical date included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which the statements are made, not misleading.

The opinions expressed herein are subject to the following qualifications:

(i) Enforceability of the Developer Documents and enforceability of the Guarantor Documents, respectively, 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 and the Guarantor Documents, respectively, 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 and of the Guarantor Documents, respectively, 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 or the Guarantor Documents, as applicable, 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 and/or the Guarantor 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 of ABD or any affiliate of ABD, respectively, or their respective business operations or financial ability to perform under the Developer Documents and the Guarantor Documents, as applicable, 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; provided, we hereby consent to the references made to this firm in the Limited Offering Memorandum.

Respectfully submitted,

For the Firm

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

******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 May, 2013, A. D.

Jodi A. Jerich, Executive Director

By: 917614

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DMB WHITE TANK 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 THIRTIETH DAY OF MAY, A.D. 2013.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DMB WHITE TANK HOLDINGS, LLC" WAS FORMED ON THE TWENTY-SECOND DAY OF NOVEMBER, A.D. 2006.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

Jeffrey W. Bullock, Secretary of State

4256579 8300

AUTHENTICATION: 0469125

130690370

DATE: 05-30-13

You may verify this certificate online at corp.delaware.gov/authver.shtml

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

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

****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 May, 2013, A. D.

Jodi A. Jerich, Executive Director

By: 917633

CERTIFICATE OF OFFICER

Mary S. Alexander, the Executive Vice President/Secretary/General Counsel of DMB Associates, Inc., an Arizona corporation ("**DMB Associates**"), being the duly qualified and active Executive Vice President/Secretary/General Counsel of DMB Associates, hereby represents, warrants, covenants and certifies to Greenberg Traurig, LLP, an Arizona professional limited liability partnership ("**Greenberg Traurig**"), for purposes of Greenberg Traurig rendering its opinion (the "**Opinion Letter**") to RBC Capital Markets LLC and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "**District**") in connection with the District's levy of ad valorem property taxes and issuance and sale, and the purchase, of those certain District General Obligation Refunding Bonds, Series 2013A, in the amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the amount of $6,000,000 (the "**Bonds**") (collectively, the "**Transactions**"), as follows:

1) The undersigned, Mary S. Alexander, is (i) Executive Vice President/Secretary/General Counsel of DMB Associates, which is: (a) the Manager and a Member of DMB Realco LLC, an Arizona limited liability company, which is the sole member of DMB Communities LLC, an Arizona limited liability company ("**DMB Communities**"); (b) the Manager of DMB Communities, which is a Member of DMB White Tank Holdings, LLC, a Delaware limited liability company ("**DMB WT Holdings**"); and (c) the Manager of DMB WT Holdings, which is the sole Member of DMB White Tank, LLC, an Arizona limited liability company ("**DMB WT LLC**"), and (ii) familiar with the legal affairs and condition of DMB WT LLC, DMB WT Holdings and DMB Associates and their respective limited liability company and corporate (as applicable) books and records including the DMB WT LLC Documents, the DMB WT Holdings Documents and the DMB Associates Documents (as such terms are hereinafter defined and referred to herein collectively as the "**Operative Documents**").

2) Greenberg Traurig has been provided with authentic, accurate and complete copies of the following documents (collectively referred to as the "**DMB WT LLC Documents**"):

   a) Operating Agreement of DMB WT LLC, dated October 12, 1999, by DMB Realco LLC;

   b) Amended and Restated Articles of Organization as filed with the Arizona Corporation Commission on November 1, 1999;

   c) Assignment of Membership Interest and First Amendment to Operating Agreement, dated December 31, 2005;

   d) First Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on January 9, 2006;

   e) Assignment of Membership Interest and Second Amendment to Operating Agreement dated November 30, 2006;

f) Second Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on December 1, 2006;

g) Third Amendment to Operating Agreement dated September 1, 2010;

h) Third Amendment to Amended and Restated Articles of Organization filed with the Arizona Corporation Commission on September 24, 2010 as File No. L0858094-6;

i) Consent of Member, dated as of June 4, 2013, authorizing the Company to (i) provide indemnities and make representations and agreements on behalf of DMB WT to satisfy the requirements and conditions of the District and which are otherwise incident to the District's levy of ad valorem property taxes and issuance and sale of the Bonds, and (ii) authorizing the Executive Vice President/Chief Financial Officer/Treasurer and the Executive Vice President/Secretary/General Counsel of DMB Associates, in its capacity as Manager of DMB WT Holdings, the sole member of DMB WT, to negotiate, execute and deliver, in the name and on behalf of the Company, certificates, agreements, indemnities and other documents or instruments in connection with the Transactions;

3) Greenberg Traurig has been provided with authentic, accurate and complete copies of the following documents (collectively referred to as the "**DMB WT Holdings Documents**"):

a) Certificate of Formation, filed with the Delaware Secretary of State on November 22, 2006, as Document SRV 061076431 4256579 File

b) Amended and Restated Operating Agreement dated October 1, 2010, between DMB Communities LLC and DFE Real Estate Investments, LLC;

c) Consent of Members, dated as of June 4, 2013, authorizing the Company to (i) provide indemnities and make representations and agreements on behalf of DMB WT LLC to satisfy the requirements and conditions of the District and which are otherwise incident to the District's levy of ad valorem property taxes and issuance and sale of the Bonds, and (ii) authorizing the Executive Vice President/Chief Financial Officer/Treasurer and the Executive Vice President/Secretary/General Counsel of DMB Associates, in its capacity as Manager of Realco, DMB Communities and DMB WT Holdings and Member of Realco, the sole Member of DMB Communities, which is a Member of DMB WT Holdings, the sole member of DMB WT LLC, to negotiate, execute and deliver, in the name and on behalf of the Company, waivers, certificates, agreements, indemnities and other documents or instruments in connection with the Transactions;

4) Greenberg Traurig has been provided with authentic, accurate and complete copies of the following documents (collectively referred to as the "**DMB Associates Documents**"):

a) Articles of Amendment to the Articles of Incorporation of DMB Associates, dated May 1, 2002, filed with the Arizona Corporation Commission on June 11, 2002, as File No. 172559-6

b) Amended and Restated Bylaws of DMB Associates, adopted by the Board of Directors as of October 1, 2012

c) Shareholder Governance and Voting Agreement, dated as of October 1, 2012, by and among DMB Associates, 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;

d) Consent in Lieu of Annual Meeting of Board of Directors, dated December 5, 2012, pertaining to the election of officers of DMB Associates

e) Consent in Lieu of Annual Meeting of Shareholders, dated December 5, 2012, electing as Directors Drew M. Brown, Bennett Dorrance and Mark N. Sklar

f) Unanimous Written Consent of Board of Directors of DMB Associates, dated as of June 4, 2013, as Manager of Realco, DMB Communities and DMB WT Holdings and Member of Realco, the sole member of DMB Communities, which is a Member of DMB WT Holdings, the sole Member of DMB WT, authorizing the Company to (i) provide indemnities and make representations and agreements on behalf of DMB WT to satisfy the requirements and conditions of the District and which are otherwise incident to the District's levy of ad valorem property taxes and issuance and sale of the Bonds, and (ii) authorizing the Executive Vice President/Chief Financial Officer/Treasurer and the Executive Vice President/Secretary/General Counsel of DMB Associates, in its capacity as Manager of Realco, DMB Communities and DMB WT Holdings and Member of Realco, the sole member of DMB Communities, which is a Member of DMB WT Holdings, the sole Member of DMB WT, to negotiate, execute and deliver, in the name and on behalf of the Company, waivers, certificates, agreements, indemnities and other documents or instruments in connection with the Transactions.

g) Certificate of Incumbency, dated as of June 4, 2013, of Mary S. Alexander, Executive Vice President/Secretary/General Counsel of DMB Associates.

5) The sole member of DMB WT is DMB WT Holdings; the members of DMB WT Holdings are Communities and DFE Real Estate Investments, LLC; the sole member of Communities is Realco; and the members of Realco are DMB Associates, DFE Legacy Trust, Mark N. Sklar Trust and Brown Family Trust (the **"Realco Members"**).

6) DMB Associates is the Manager of Realco, DMB Communities and DMB WT Holdings.

7) The Directors of DMB Associates are Drew M. Brown, Bennett Dorrance, Mark N. Sklar, Susan Bansak, Dawn Olsen and Charley Freericks.

8) The shareholders of DMB Associates are Bennett Dorrance Trust dated April 21, 1989, as amended, Mark N. Sklar Trust dated May 18, 1972, as amended, and

Brown Family Trust, dated August 30, 1980, as amended (the "**DMB Shareholders**").

9) There are no amendments, modifications, supplements, restatements or replacements of any of the Operative Documents, including none of the members or officers, directors or shareholders (as applicable) of DMB WT LLC, DMB WT Holdings or DMB Associates has taken or omitted to take any action, nor has any event occurred, nor is any action or proceeding pending, which would supercede, revoke or amend any term or condition of any Operative Document or result in the dissolution of DMB WT LLC, DMB WT Holdings or DMB Associates; each of the Operative Documents contains and, to the best knowledge of the undersigned, accurately describes all of the agreements and understandings by and among the parties thereto relevant to the execution and delivery of this Certificate and the authorizations, consents, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC in connection with the Transactions and the consummation thereof; there are no written or, to the best knowledge of the undersigned, oral statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of any of the Operative Documents; and, to the best knowledge of the undersigned, all signatures on the Operative Documents are genuine, all actions of the signatories thereto have been duly authorized and the Operative Documents remain in full force and effect.

10) Neither the execution and delivery of this Certificate or of the authorizations, consents, waivers, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC in connection with the Transactions or the consummation thereof, will (a) conflict with or result in a violation of any provision of, or default under, the Operative Documents or any agreement, contract, indenture, undertaking or other instrument to which any of DMB WT LLC, DMB WT Holdings or DMB Associates is a party or by which it or its assets or interests are bound; or (b) conflict with any judgment, order or other governmental action or decree to which any of DMB WT LLC, DMB WT Holdings or DMB Associates is a party or by which it or its assets or interests are bound, 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 DMB WT LLC, DMB WT Holdings or DMB Associates.

11) Except as already obtained and/or as reflected in the Operative Documents, no material approval, authorization, consent or other action by, or filing with, any federal, State or local governmental authority with jurisdiction over DMB WT LLC, DMB WT Holdings or DMB Associates is required to allow (a) the execution and delivery of this Certificate and the authorizations, consents, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC in connection with the Transactions or the consummation thereof; or (c) DMB WT LLC to conduct its business as such business is presently being conducted relating to the Transactions, and as described

in the Limited Offering Memorandum in respect of the Transactions, except for such actions, approvals, authorizations, consents and orders that DMB WT LLC would expect to obtain in the ordinary course of its business.

12) None of DMB WT LLC, DMB WT Holdings or DMB Associates is in violation of any provision of, or in default under, the Operative Documents or any other agreement, undertaking or instrument, the violation of or default under which would (a) have a material adverse effect on the business, properties, assets, liabilities or condition (financial or otherwise) of DMB WT LLC as a whole, (b) materially and adversely affect the validity or enforceability of this Certificate and the authorizations, consents, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC in connection with the Transactions, or (c) materially and adversely affect the execution and delivery of this Certificate and the authorizations, consents, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC in connection with the Transactions and/or the consummation thereof.

13) There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by any governmental authority with jurisdiction over DMB WT LLC, DMB WT Holdings or DMB Associates, or to which any of them is a party or of which any property or asset of DMB WT LLC is subject which, if determined adversely to DMB WT LLC, DMB WT Holdings or DMB Associates would individually or in the aggregate: (a) have a material adverse effect on the financial condition or results of operations of DMB WT LLC as a whole, (b) materially and adversely affect the validity or enforceability of this Certificate and the authorizations, consents, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC in connection with the Transactions, or (c) materially and adversely affect the execution and delivery of this Certificate and the authorizations, consents, waivers, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC, DMB WT Holdings or DMB Associates in connection with the Transactions and/or the consummation thereof.

14) To the best knowledge of the undersigned, the information contained in the Limited Offering Memorandum in respect of the Transactions, pertaining to DMB WT LLC, DMB WT Holdings, DMB Associates and the Verrado master-planned community (referred to therein as the "Project"), does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading.

15) To the best knowledge of the undersigned, all representations and warranties of DMB WT LLC, DMB WT Holdings and DMB Associates contained in the authorizations, consents, waivers, agreements, documents and other instruments which have been or will be executed and delivered on behalf of DMB WT LLC,

DMB WT Holdings and DMB Associates in connection with the Transactions are accurate and complete in all material respects.

16) To the best knowledge of the undersigned, all reports and other documents prepared by third party consultants relating to the Transactions are accurate and complete and do not omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading.

17) DMB WT LLC holds title to the real property involved in the Transactions and/or Second Beneficiary's interest therein, pursuant to that certain Trust Agreement, dated March 19, 2002, creating Trust No. B176, among Fidelity National Title Insurance Company, a California corporation, as Trustee, Caterpillar Foundation, as First Beneficiary, and DMB WT LLC, as Second Beneficiary, as amended, and title to any personal property or other real property otherwise purported to be owned by DMB WT LLC, free and clear of any lien or encumbrance, and has not pledged or collaterally assigned such interests to any person or entity, except as disclosed on those certain unaudited financial statements of DMB WT LLC, dated December 31, 2012, provided to the District and the Underwriter concurrently with the Transactions.

18) DMB WT Holdings holds its Member Interest in DMB WT LLC free and clear of any lien or encumbrance and has not pledged or collaterally assigned such Member Interest to any person or entity.

19) DMB Associates holds its Manager interest in DMB WT Holdings, DMB Communities and Realco, and its Member Interest in Realco, respectively, free and clear of any lien or encumbrance and has not pledged or collaterally assigned such interest or interests to any person or entity.

Dated as of the 4th day of June, 2013.

Mary S. Alexander

Mary S. Alexander, Executive Vice President/Secretary/General Counsel of DMB Associates, Inc., an Arizona corporation

CERTIFICATE OF OFFICER

Andrew S. Beams, the Executive Vice President/Chief Financial Officer/Treasurer of DMB Associates, Inc., an Arizona corporation ("**DMB Associates**"), being the duly qualified and active Executive Vice President/Chief Financial Officer/Treasurer of DMB Associates, hereby represents, warrants, covenants and certifies to Greenberg Traurig, LLP, an Arizona professional limited liability partnership ("**Greenberg Traurig**"), for purposes of Greenberg Traurig rendering its opinion (the "**Opinion Letter**") to RBC Capital Markets LLC and Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) (the "**District**") in connection with the District's levy of ad valorem property taxes and the issuance and sale, and the purchase, of those certain District General Obligation Refunding Bonds, Series 2013A, in the amount of $20,400,000 and District General Obligation Project Bonds, Series 2013B, in the amount of $6,000,000 (collectively, the "**Transactions**"), as follows:

1) The undersigned, Andrew S. Beams, is Executive Vice President/Chief Financial Officer/Treasurer of DMB Associates, the Manager of DMB White Tank Holdings, LLC ("**DMB WT Holdings**") and the Manager of DMB White Tank, LLC ("**DMB WT LLC**"), and is familiar with the financial and business affairs and condition of DMB WT LLC, DMB WT Holdings and DMB Associates.

2) To the best knowledge of the undersigned, the information contained in the Limited Offering Memorandum in respect of the Transactions, pertaining to DMB WT LLC, DMB WT Holdings, DMB Associates and the Verrado master-planned community (referred to therein as the "Project"), does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading.

3) To the best knowledge of the undersigned, all reports and other documents prepared by third party consultants relating to the Transactions are accurate and complete and do not omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading.

4) DMB Associates has paid all income taxes, fines, jeopardy or fraud assessments, and interest due and payable to the State of Arizona.

5) DMB WT LLC holds title to the real property involved in the Transactions and/or Second Beneficiary's interest therein, pursuant to that certain Trust Agreement, dated March 19, 2002, creating Trust No. B176, among Fidelity National Title Insurance Company, a California corporation, as Trustee, Caterpillar Foundation, as First Beneficiary, and DMB WT LLC, as Second Beneficiary, as amended, and title to any personal property or other real property otherwise purported to be owned by DMB WT LLC, free and clear of any lien or encumbrance, and has not pledged or collaterally assigned such interests to any person or entity, except as

disclosed on those certain unaudited financial statements of DMB WT LLC, dated December 31, 2012, provided to the District and the Underwriter concurrently with the Transactions.

6) DMB WT Holdings holds its Member Interest in DMB WT LLC free and clear of any lien or encumbrance and has not pledged or collaterally assigned such Member Interest to any person or entity.

7) DMB Associates holds its Manager interest in DMB WT LLC and DMB WT Holdings, its Manager Interest in DMB Communities LLC and DMB Realco LLC ("**Realco**"), and its Member Interest in Realco, respectively, free and clear of any lien or encumbrance and has not pledged or collaterally assigned such interest or interests to any person or entity.

Dated as of the 4th day of June, 2013.

Andrew S. Beams, Executive Vice President/Chief Financial Officer/Treasurer of DMB Associates, Inc., an Arizona corporation

Ballard Spahr LLP

1 East Washington Street, Suite 2300
Phoenix, AZ 85004-2555
TEL 602.798.5400
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July 12, 2013

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix AZ 85016

Re: Verrado District 1 Community Facilities District (Town of Buckeye, Arizona) District General Obligation Refunding Bonds, Series 2013A, and District General Obligation Project Bonds, Series 2013B (together, the "Bonds")

Ladies and Gentlemen:

We have acted as special counsel to DMB Realco LLC, an Arizona limited liability company ("Realco"), DMB Communities LLC, an Arizona limited liability company ("Communities"), DFE Real Estate Investments, LLC, an Arizona limited liability company ("DFE"), ABD Investments Limited Partnership, an Arizona limited partnership ("ABD") and the Brown Family Trust, under agreement dated August 30, 1980, as thereafter amended (the "Brown Family Trust"), the Mark N. Sklar Trust, under agreement dated May 18, 1972, as thereafter amended (the "Sklar Trust") and the Bennett Dorrance Trust, under agreement dated April 21, 1989, as thereafter amended (the "Bennett Dorrance Trust"), constituting the shareholders (the "DMB Shareholders") of DMB Associates, Inc., an Arizona corporation ("DMB Associates"), in connection with the issuance and sale of the referenced Bonds pursuant to a Purchase Contract, dated July 2, 2013 (the "Purchase Contract"), between Verrado District 1 Community Facilities District (Town of Buckeye, Arizona)(the "District"), as the issuer, and RBC Capital Markets, LLC (the "Underwriter"), as the underwriter. Capitalized terms used but not defined herein have the respective meanings set forth in the Purchase Contract.

For the purposes of our engagement, we have reviewed and considered the following (the "Documents"):

1. The Limited Offering Memorandum, dated July 2, 2013 (the "Limited Offering Memorandum"), with respect to the offering for sale of the Bonds by the District;

2. The Guaranty, dated as of July 1, 2013, among ABD, the District and Wells Fargo Bank, National Association, as trustee;

3. The Guarantor Indemnity Letter, dated July 2, 2013 (the "Guarantor Indemnity Letter"), executed by ABD in favor of the District and the Underwriter;

4. The Closing Certificate of Guarantor, dated July 12, 2013, executed by ABD in connection with the issuance and sale of the Bonds;

5. The Amended and Restated Articles of Organization of DMB Realco LLC, dated April 8, 2003, as amended on January 14, 2010 and filed with the Arizona Corporation Commission on September 3, 2010;

6. The Second Amended and Restated Operating Agreement of DMB Realco LLC, dated as of January 1, 2012, among DMB Associates, as a member and the manager, and the Brown Family Trust, the Sklar Trust, and the DFE Legacy Trust, under agreement dated January 14, 2010 (the "DFE Legacy Trust"), as members;

7. A good standing certificate with respect to Realco issued by the Arizona Corporation Commission on May 29, 2013;

8. The Written Consent of Members (sic) of DMB Realco, LLC, signed by DMB Associates, as its managing member, effective as of June 4, 2013;

9. The Articles of Organization of DMB Communities LLC, filed with the Arizona Corporation Commission on November 1, 2005;

10. A good standing certificate with respect to Communities issued by the Arizona Corporation Commission on May 29, 2013;

11. The Written Consent of Member of DMB Communities, LLC, signed by Realco, as its sole member, effective as of June 4, 2013;

12. The Articles of Organization of DFE Real Estate Investments, LLC, filed with the Arizona Corporation Commission on July 21, 2010, as amended by Articles of Amendment, dated May 16, 2011, filed with the Arizona Corporation Commission on May 20, 2011;

13. The Operating Agreement of DFE Real Estate Investments, LLC, effective as of April 25, 2011, among DFE and the DFE Legacy Trust and Argonaut Holdings, LLC, an Oklahoma limited liability company ("Argonaut"), as members;

14. A good standing certificate with respect to DFE issued by the Arizona Corporation Commission on May 29, 2013;

15. The Written Consent of Members of DFE Real Estate Investments, LLC, signed by DFE Legacy Trust and Argonaut, as its sole members, effective as of June 4, 2013;

16. The Amended and Restated Agreement of Limited Partnership of ABD Investments Limited Partnership, effective as of January 1, 2002, among Hank, Inc., an Arizona corporation, Bennett Dorrance, as trustee of (i) the Bennett Dorrance Grantor Retained Annuity Trust I, dated March 31, 1994, (ii) the Bennett Dorrance Grantor Retained Annuity Trust II, dated March 31, 1994, (iii) the Bennett Dorrance Grantor Retained Annuity Trust III, dated March 31, 1994, (iv) the Bennett Dorrance Grantor Retained Annuity Trust IV, dated June 17, 1996, (v) the Bennett Dorrance Grantor Retained Annuity Trust V, dated June 17, 1996, (vi) the Bennett Dorrance Retained Annuity Trust VI, dated June 17, 1996, and (vii) the Bennett Dorrance Trust, Bennett Dorrance, Jr., as trustee of the Bennett Dorrance, Jr. Trust, dated December 11, 1989, as thereafter amended, Bennett Dorrance and Ashley Dorrance, as co-trustees of the Ashley Dorrance Trust, dated March 7, 1995, as thereafter amended, and Jacquelynn W. Dorrance, Bennett Dorrance, Jr. and Ashley Dorrance, as co-trustees of the Dorrance 1995 Issue Trust, dated November 2, 1998;

17. The Certificate of Limited Partnership of ABD Investments Limited Partnership filed with the Secretary of State of the State of Arizona on September 10, 1993;

18. A Limited Partnership Certification with respect to ABD issued by the Secretary of State of the State of Arizona on May 30, 2013;

19. The DMB Associates, Inc. Shareholder Governance and Voting Agreement, dated as of October 1, 2012 (the "DMB Governance Agreement"), among DMB Associates and the Sklar Trust, the Brown Family Trust, and the Bennett Dorrance Trust, constituting the DMB Shareholders;

20. A certified extract, dated April 6, 2006, of certain portions of the Sklar Trust, a certified extract, dated May 5, 2008, of certain portions of the Brown Family Trust, and copies of the Bennett Dorrance Trust;

21. Certificates of Officer, dated as of June 4, 2013, signed by Mary S. Alexander, Executive Vice President/Secretary/General Counsel of DMB Associates;

22. A Certificate of Officer, dated as of June 4, 2013, signed by Andrew S. Beams, Executive Vice President/Chief Financial Officer/Treasurer of DMB Associates; and

23. Such other documents and matters as we have considered necessary or appropriate for the purposes of this opinion.

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures appearing on the Documents and the legal capacity of each natural person who executed any of the Documents;

(b) The authenticity and completeness of Documents submitted to us as originals, and the conformity to the originals of Documents submitted as certified, conformed or photostatic copies;

(c) The transactions contemplated by the Documents listed in paragraphs 1, 2 and 3 above (the "Transaction Documents") have been fully authorized by all necessary action by or on behalf of the parties thereto other than Realco, Communities, DFE, ABD and the DMB Shareholders, as applicable, and are in compliance with all laws, rules or regulations governing the parties thereto other than Realco, Communities, DFE, ABD and the DMB Shareholders, as applicable;

(d) All parties to the Transaction Documents, other than Realco, Communities, DFE, ABD and the DMB Shareholders, as applicable, have obtained all consents, authorizations, approvals, permits and certificates (governmental and otherwise) required as a condition to the execution and delivery of the Transaction Documents by such parties and to the consummation of the transactions described therein by such parties;

(e) The Transaction Documents constitute or describe an integrated agreement among the parties thereto with respect to the matters contemplated therein and accurately describe and contain all the agreements and understandings among the parties thereto with respect to the matters contemplated therein; 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; and

(f) All statements of fact and all representations, warranties and agreements contained in the Documents and in certificates or documents of governmental entities or officials, to the extent they relate to the opinions expressed herein, are complete and accurate.

Whenever any portion of this opinion is limited to the existence or absence of any fact "to the best of our knowledge", it is limited to the actual knowledge of the attorneys in our firm who have been engaged with respect to the transactions contemplated herein based on review of the Documents and discussions with and certificates provided by officers of DMB Associates without independent investigation. 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 on the part of Realco, Communities, DFE, ABD or the DMB Shareholders, as applicable, after having been advised as to the legal effect and consequences of such matters.

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

1. Realco is a limited liability company, duly organized and existing in accordance with the laws of the State of Arizona with the requisite power and authority pursuant to the laws of the State of Arizona to enter into and perform its obligations pursuant to, and to consummate the transactions on its part contemplated by, the Document listed in paragraph 8 above.

2. Communities is a limited liability company, duly organized and existing in accordance with the laws of the State of Arizona with the requisite power and authority pursuant to the laws of the State of Arizona to enter into and perform its obligations pursuant to, and to consummate the transactions on its part contemplated by, the Document listed in paragraph 11 above.

3. DFE is a limited liability company, duly organized and existing in accordance with the laws of the State of Arizona with the requisite power and authority pursuant to the laws of the State of Arizona to enter into and perform its obligations pursuant to, and to consummate all transactions on its part contemplated by, the Document listed in paragraph 15 above.

4. No further action on the part of Realco, Communities or DFE is necessary to authorize the execution, delivery or performance by DMB White Tank, LLC, an Arizona limited liability company ("DMB WT"), of the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the Bonds or the performance and consummation of the transactions on the part of DMB WT contemplated by the Limited Offering Memorandum.

5. ABD is a limited partnership, duly organized and existing in accordance with the laws of the State of Arizona with full power and authority to enter into and perform its obligations pursuant to, and to consummate the transactions on its part contemplated by, the Transaction Documents.

6. ABD has taken all action necessary on its part to authorize (i) the execution, delivery and performance by ABD of the Transaction Documents to be executed, delivered and performed by ABD and (ii) the performance and consummation of the transactions on its part contemplated by the Transaction Documents.

7. Each of the DMB Shareholders is a trust duly created and existing pursuant to the laws of the State of Arizona and each has the requisite power and authority pursuant to the laws of the State of Arizona to enter into and perform its obligations pursuant to the DMB Governance Agreement.

8. No further action is required by or on behalf of the DMB Shareholders to authorize the execution, delivery and performance by DMB WT of the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the

Bonds or the performance and consummation of the transactions on the part of DMB WT contemplated by the Limited Offering Memorandum.

9. Neither the execution, delivery or performance by DMB WT of the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the Bonds, nor the execution, delivery or performance by ABD of the Transaction Documents to be executed, delivered and performed by ABD, respectively, (i) are or will result in a violation of any provision of, or in a default under, the organizational documents of Realco, Communities, DFE, ABD or the DMB Shareholders or, to the best of our knowledge, any agreement or other instrument to which Realco, Communities, DFE, ABD or the DMB Shareholders is a party or by which any of Realco, Communities, DFE, ABD or the DMB Shareholders or their respective properties are bound, or (ii) to the best of our knowledge, conflict with any judgment, order or other governmental action or decree to which Realco, Communities, DFE, ABD or the DMB Shareholders or the properties or assets of any of them are subject which, in any such case, would materially and adversely affect (A) the execution, delivery or performance by DMB WT of the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the Bonds or (B) the execution, delivery or performance by ABD of the Transaction Documents to be executed, delivered and performed by ABD, or, in each instance, with respect to the consummation of the transactions contemplated thereby.

10. To the best of our knowledge (i) no additional material approval, authorization, consent or other action by any governmental authority that has jurisdiction over Realco, Communities, DFE, ABD or the DMB Shareholders is legally required to enable or permit DMB WT to execute and deliver, and to consummate the transactions contemplated by, the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the Bonds or to enable or permit ABD to execute and deliver, and to consummate the transactions contemplated by, the Transaction Documents to be executed, delivered and performed by ABD, (ii) each of Realco, Communities, DFE, ABD or the DMB Shareholders has obtained all consents, approvals and authorizations, and has made all filings, required by governmental authorities with jurisdiction over Realco, Communities, DFE, ABD or the DMB Shareholders, as applicable, which are necessary to enable DMB WT to conduct the business of DMB WT, or to enable ABD to conduct the business of ABD, in each instance as presently being conducted and as described in the Limited Offering Memorandum, except for such actions, approvals, authorizations, consents and orders as DMB WT or ABD, as applicable, would expect to obtain in the ordinary course of their respective businesses; provided that no opinion is expressed as to compliance of the offer and sale of the Bonds or any related transactions or documents with any securities or tax laws or regulations or any consents, approvals, authorizations or other action by the Town of Buckeye, Arizona or the District.

11. To the best of our knowledge, none of Realco, Communities, DFE, ABD or the DMB Shareholders is in violation of any provision of, or in default with respect to, its organizational documents or any agreement or other instrument, the violation of or default with respect to which would materially and adversely affect the execution, delivery or performance of

the obligations of DMB WT pursuant to the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the Bonds or the execution, delivery or performance of the obligations of ABD pursuant to the Transaction Documents to be executed, delivered and performed by ABD, or, in each instance, with respect to consummation of the transactions contemplated thereby.

12. To the best of our knowledge, except as described in the Limited Offering Memorandum, there are no legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authority with jurisdiction over any of Realco, Communities, DFE, ABD or the DMB Shareholders or to which any of Realco, Communities, DFE, ABD or the DMB Shareholders is a party or to which any property of Realco, Communities, DFE, ABD or the DMB Shareholders is subject which, if determined adversely to Realco, Communities, DFE, ABD or the DMB Shareholders, as applicable, would individually or in the aggregate materially and adversely affect the execution, delivery or performance of the obligations of DMB WT pursuant to the documents to be executed, delivered and performed by DMB WT in connection with the issuance and sale of the Bonds or the execution, delivery or performance of the obligations of ABD pursuant to the Transaction Documents to be executed, delivered and performed by ABD, or, in each instance, with respect to consummation of the transactions contemplated by the Transaction Documents.

13. Based upon our review of the information pertaining to ABD under the subheadings "General" and "The Guaranty and the Guarantor" in the section captioned "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" in the Limited Offering Memorandum, nothing has come to our attention which causes us to believe that such information, considered together with APPENDICES D and I thereto, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, we have not undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Limited Offering Memorandum except as and to the limited extent provided in this paragraph and the knowledge available to us is such that we are unable to assume, and do no assume, any responsibility for the accuracy, completeness or fairness of such statements, and provided, further, that we express no opinion with respect to any financial, statistical or demographic data included in the Limited Offering Memorandum.

We do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona. With respect to such law, our opinions reflect our opinion of 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 as a result of any change in the law by legislative action, judicial decision or otherwise. We are not expressing any opinion with respect to any matters other than those expressly set forth above.

The opinions contained herein are furnished to and solely for your reliance in expressing certain opinions concerning the transactions and agreements contemplated in the Limited Offering Memorandum and 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
Department of State

LIMITED PARTNERSHIP CERTIFICATION

Issued on 05/30/2013

I, Ken Bennett, Secretary of State, do hereby certify that ABD INVESTMENTS LIMITED PARTNERSHIP with file number 2011547 was filed as a Limited Partnership on 09/10/1993.

HANK, INC.
7600 E DOUBLETREE RANCH ROAD
SUITE 300
SCOTTSDALE AZ 85258-

6/30/2003	Amendment	5/20/1994	Amendment
12/29/2000	Amendment	4/14/1994	Amendment
10/18/1999	Amendment	3/31/1994	Amendment
3/31/1997	Amendment	9/10/1993	Application
6/28/1996	Amendment		
4/17/1995	Amendment		

Registration Date: 09/10/1993

Date First Used:

Limited Partnership No.: 2011547

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Arizona. Done at Phoenix, the capitol, this 30 day of May, 2013.

KEN BENNETT