
**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

INDENTURE OF TRUST

AND

SECURITY AGREEMENT

DATED AS OF _____ 1, 2017

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

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[TO BE UPDATED]

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THIS INDENTURE OF TRUST AND SECURITY AGREEMENT, dated as of _____ 1, 2017 (this "*Indenture*"), from **Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona)**, a community facilities district formed by the City of Goodyear, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter together with its successors referred to as the "*Issuer*"), to **U.S. Bank National Association**, a national banking association with trust powers, as trustee (hereinafter together with any successor to the trust herein granted referred to as the "*Trustee*"),

WITNESSETH:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"), the district board of the Issuer (the "*Board*") caused a general obligation bond election to be held on December 13, 1999 (the "*Election*"), submitting to those persons who were then qualified to vote pursuant to the Enabling Act the question of authorizing the Board to issue general obligation bonds of the Issuer to provide moneys for any "public infrastructure purposes" (as such term is defined in the Enabling Act) consistent with the General Plan for the District filed with the City Clerk of the City of Goodyear, Arizona (the "*Municipality*") on November 22, 1999 (the "*General Plan*"); and

WHEREAS, the issuance of \$200,000,000 general obligation bonds was approved at the Election, and the Board previously authorized, issued and sold \$5,005,000 principal amount of its District General Obligation Bonds, Series 2005 (the "*Series 2005 Bonds*") and \$12,750,000 principal amount of its District General Obligation Bonds, Series 2007 (the "*Series 2007 Bonds*" and, together with the Series 2005 Bonds, the "*Prior Bonds*"); and

WHEREAS, pursuant to a resolution of the Board adopted on January __, 2017 (the "*Bond Resolution*"), the Board has determined that it is expedient to refund all or a portion of the Prior Bonds (the "*Bonds Being Refunded*") and that the issuance of the Bonds (as defined herein) by the Issuer and the application of the net proceeds thereof to pay at maturity or earlier redemption the Bonds Being Refunded are necessary, advisable and in the best interests of the Issuer; and

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

WHEREAS, pursuant to the Bond Resolution the Board (1) has authorized the issuance of not to exceed \$15,000,000 aggregate principal amount of the Issuer's District General Obligation Refunding Bonds, Series 2017, described herein and has subsequently decided to issue and sell \$____,000 aggregate principal amount of the Issuer's bonds (the "*Bonds*" or "*Series 2007 Bonds*") to provide funds to refund the Bonds Being Refunded and pay the costs of issuance thereof, and (2) has entered in its minutes a record of the Bonds sold and their numbers and dates, and has 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 defined herein) when due; and

WHEREAS, pursuant to the Enabling Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the Issuer, SunChase Estrella Limited Partnership, a Delaware limited partnership ("*SunChase*"), and Residential Fund Corporation ("*Residential*"), each having an interest in real property within the boundaries of the Issuer, have entered into a Development, Financing Participation and Intergovernmental Agreement No. 1 (the "*Development Agreement*"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Enabling Act) and the financing of public infrastructure; and

WHEREAS, thereafter SunChase conveyed the property in the District to Sun MP, LLC, an Arizona limited liability company, and thereafter Sun MP, LLC conveyed the property in the District to NNP III – Estrella Mountain Ranch, LLC, a Delaware limited liability company (the "*Owner*"), the sole member of which is NNP III – Estrella, LLC (the "*Parent*"), and each conveyance was approved by the Issuer and the Municipality;

WHEREAS, with regard to the property which makes up the real property included within the boundaries of the Issuer, the Municipality, the Issuer and the Owner have specified some of such matters in the Development Agreement, particularly matters relating to the acquisition and construction of certain public infrastructure by the Issuer and the acceptance thereof by the Municipality, all pursuant to the Enabling Act; and

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

WHEREAS, pursuant to the Enabling Act, the Parent and the Owner have entered into a Standby Contribution Agreement, dated as of even date herewith (the "*Standby Contribution Agreement*"), by and among the Issuer, the Parent, the Owner and the Trustee under which Standby Contribution Agreement the Parent and the Owner shall make certain contributions to the Bond Fund established hereunder; and

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

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

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, except as otherwise provided herein, to secure the payment of the principal of and interest on the Outstanding Secured Bonds (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Secured Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Holders thereof, the Issuer by these presents does grant, bargain, sell, remise, release, convey, collaterally assign, transfer, mortgage,

hypothecate, pledge, set over, and confirm to the Trustee, forever, all and singular the following described properties, and grants a security interest therein for the purposes herein expressed, to-wit:

GRANTING CLAUSE FIRST

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

GRANTING CLAUSE SECOND

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

GRANTING CLAUSE THIRD

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

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

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

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

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

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

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

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

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

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

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

"Authorized Denomination" means [[\$25,000 and integral multiples of \$5,000 in excess thereof in the case of Bonds owned by SMMP's or \$25,000 and integral multiples of \$5,000 in excess thereof in the case of Bonds owned by Qualified Investors; provided, however, that "Authorized Denomination" means \$5,000 and integral multiples thereof: (i) upon compliance with the terms of Section 3.04F hereof or (ii) if less than \$25,000 of Bonds remain Outstanding.]]

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

"Bond Purchase Agreement" means the Purchase Contract, dated _____, 2017, between the Issuer and the Underwriter.

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

"Bond Resolution" means the Board Resolution adopted on January __, 2017, which, among other things provided for the issuance of the Bonds.

"Bondholder" means a Holder of a Bond.

"Bonds" or *"Series 2017 Bonds"* means all bonds authenticated and delivered hereunder, being the Issuer's \$_____,000 District General Obligation Refunding Bonds, Series 2017.

"Bonds Being Refunded" means all or a portion of the Issuer's District General Obligation Bonds, Series 2005, and District General Obligation Bonds, Series 2007.

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

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

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

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

"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 purchaser 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 Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Issuer relating to the execution, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Standby Contribution Agreement, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial 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 as well as costs relating to the Election.

"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).

"Development Agreement" means that certain Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the Municipality, SunChase Estrella Limited Partnership, Residential Fund Corporation and the Issuer, as thereafter 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 City 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, the depository for the Book-Entry Bonds.

"Election" means the election of the Issuer held on December 13, 1999, to authorize the issuance of general obligation bonds by the Issuer, including the Bonds.

"Enabling Act" means Title 48, Chapter 4, Article 6, Arizona Revised Statutes, 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 only obligations set forth in paragraphs (A) and (B) of the definition of Permitted Investments, which are not subject to redemption in advance of maturity at the option of the obligor thereon, and only the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York and are held in book entry form.

"Holder" when used with respect to any Book-Entry Bond means CEDE or, with respect to any other Bond, means the Person in whose name such Bond is registered in the Bond Register.

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

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

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

"Issuer" means Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona), a community facilities district formed by the Municipality and duly organized and validly existing, pursuant to the laws of the State.

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

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

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

"Maximum Annual Debt Service" means, at the time of computation, the greatest annual Debt Service requirement for the then current or any succeeding Fiscal Year.

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

"Municipality" means the City of Goodyear, 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 Holders of such Bonds at the Maturity thereof; provided, however, that if such Bonds are to be redeemed in advance of their Stated Maturity, notice of such redemption has been duly given pursuant to this Indenture, or waived, or provision therefor satisfactory to the Trustee has been made;

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

(4) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 3.05; 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 Holder thereof have been established by a court of competent jurisdiction or other competent tribunal or otherwise established to the satisfaction of the Issuer and the Trustee.

"Owner" means NNP III – Estrella Mountain Ranch, LLC, a Delaware limited liability company.

"Parent" means NNP III – Estrella, LLC, a Delaware limited liability company.

"Parity Bonds" means other general obligation bonds of the Issuer, including the Series 2001 Bonds and the Series 2005 Bonds, which are payable from ad valorem property tax collections on parity with the Bonds.

"Parity Debt Service" means principal of and interest on all outstanding or hereafter issued Parity Bonds of the Issuer due for such fiscal year.

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

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

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

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

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

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

Repurchase Agreements must satisfy the following criteria.

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

- a. *Primary dealers* on the Federal Reserve reporting dealer list, or
- b. *Banks* rated "A" or above by S&P and rated "A" or above by Moody's.

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

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

- (1) Direct U.S. government, or
- (2) Federal agencies backed by the full faith and credit of the U.S. government.

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

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

- d. *Valuation of Collateral*

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

- (a) The value of collateral must be equal to 103% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral falls below 103% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.

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

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

- K. Governmental Obligations.

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

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

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

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular bond, and, for purposes of this definition, any bond authenticated and delivered under Section 3.05 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.

[*"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 Series 2017 Rebate Fund of the Issuer so defined in Section 10.06.

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

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

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

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

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

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

"Securities Depository" means DTC as securities depository for the Bonds until a successor securities depository is appointed pursuant hereto and thereafter shall mean such successor securities depository.

"Series 2005 Bonds" means the Issuer's District General Obligation Bonds, Series 2005 dated September 1, 2005, in the original principal amount of \$5,005,000.

"Series 2007 Bonds" means the Issuer's District General Obligation Bonds, Series 2007 dated December 1, 2007, in the original principal amount of \$12,750,000.

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

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

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

"Standby Contribution Agreement" means that certain Standby Contribution Agreement, dated as of _____ 1, 2017 by and among the Issuer, the Owner, the Parent 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 the Owner and the Parent so defined in Section 5.02.

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

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

"Underwriter" means Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds pursuant to the Bond Purchase Agreement.

Section 1.02. Acts of Bondholders.

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

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

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

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

Section 1.03. Notices, etc.

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

(1) the Trustee shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its principal corporate trust office or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at _____, 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 Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona), 190 North Litchfield Road,

Goodyear, Arizona 85338, Attention: District Manager, or at any other address previously furnished in writing to such Person by the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Trustee and its subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the "Information") open for random inspection by the Issuer during the Trustee's normal business hours. The Trustee and its subcontractors shall reasonably cooperate with the Issuer's random inspections including granting the Issuer entry rights onto its property to perform the random inspections, granting the Issuer access to, and use of, the Information, provided that, the Issuer agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 1.11 and, subject to the requirements of law, including the public records law of the State of Arizona, the Issuer will preserve the confidentiality of any information, records, or papers the Issuer views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 1.13. No Boycott of Israel. Pursuant to A.R.S. §35-393 et seq., the Trustee hereby certifies it is not currently engaged in, and for the duration of this Indenture will not engage in, a boycott of Israel. The term “boycott” has the meaning set forth in A.R.S. §35-393.

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 CUSIP numbers) 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. Form of Bonds. The Bonds shall be in the following form:

[THIS BOND IS ONLY TRANSFERABLE UPON COMPLIANCE
WITH THE RESTRICTED TERMS PROVIDED HEREIN]¹

REGISTERED

REGISTERED

No. R-_____

\$_____

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

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

¹ Insert bracketed language in the Bonds until otherwise required as provided in Section 3.04(F).

UNITED STATES OF AMERICA
STATE OF ARIZONA

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BOND, SERIES 2017

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>Cusip No.</u>
_____ %	July 15, _____	_____, 2017	29758A ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS (\$_____.00)

Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona), a community facilities district formed by the City of Goodyear, Arizona (the "*City*"), and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (the "*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 Issue 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 duly provided for at Maturity (as such term is defined in the hereinafter described "Indenture"), semiannually on each January 15 and July 15, commencing July 15, 2017 (each an "*Interest Payment Date*"), at the per annum "*Interest Rate*" specified above.

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

If the specified date for any such payment shall be a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the Place of Payment or in the city where the designated corporate trust office of 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 _____ 1, 2017 (herein, together with all indentures supplemental thereto, referred to as the "*Indenture*"), from the Issuer to U.S. 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 January __, 2017 (the "*Bond Resolution*"), for the purposes therein described and in strict conformity with Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*") and Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended (the "*Refunding Act*").

The Bonds are payable, equally and ratably with such other obligations of the Issuer payable from such sources as may be outstanding from time to time and to the extent provided in the Indenture, from the proceeds of an ad valorem tax unlimited as to rate and collected at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer sufficient together with any other moneys from sources available pursuant to the Enabling Act (including amounts available from the Standby Contribution Agreement as described below) to pay debt service on the Bonds when due; provided, however, in accordance with the Refunding Act, that the total aggregate of taxes levied to pay principal and interest on the issue of bonds of which this bond is one, 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 issue of bonds of which this bond is a part to the final date of maturity of the bonds being refunded; and subject, further, to the rights vested in the owners of the bonds being refunded by the bonds of this issue to the payment of such bonds being refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America purchased from the proceeds of the sale of the bonds of this issue and placed in trust for the purpose of providing for payment of principal of and interest on the bonds being refunded. The owner of this bond must rely on the sufficiency of the moneys and obligations placed irrevocably in trust for payment of the bonds being refunded.

NNP III - Estrella Mountain Ranch, LLC, a Delaware limited liability company and its sole member, NNP III – Estrella, LLC (collectively, the "*Developer*"), the developer of the land within the boundaries of the Issuer, has entered into a Standby Contribution Agreement dated as of _____ 1, 2017 (the "*Standby Contribution Agreement*") with the Issuer pursuant to which the Developer will make payments to the Trustee to supplement tax revenues. The Standby Contribution Agreement may be released prior to the maturity of the Bonds by the Issuer upon satisfaction of certain conditions set forth in the Indenture.

Notwithstanding the above description of payment for the bonds being refunded in the event of an escrow deficiency, should this bond be refunded in advance of its maturity with proceeds of refunding bonds in the future, the holders of such bond so refunded shall rely on the sufficiency of the funds or securities held in trust for the payment of such bond so refunded. Payment of the bond being refunded at that time in the future shall in no way infringe on the rights of the holders of the subsequent refunding bonds to rely on a tax levy for the payment of principal of and interest on such subsequent refunding bonds if the funds or securities held in trust for payment of the bond so refunded prove insufficient.

Pursuant to Arizona law in effect at the time of issuance of this bond, this bond is not secured by a statutory lien upon the property tax revenues of the Issuer. Certain of the Issuer's other outstanding bonds and future general obligation bonds are secured by such statutory lien. This means that in the event of the Issuer's bankruptcy, a bankruptcy judge may consider this bond as subordinate to other

general obligation bonds issued by the Issuer and secured by ad valorem taxes levied of the Issuer. The exact outcome if the Issuer declared bankruptcy and any bankruptcy judge's potential preferential treatment of investors in certain of the Issuer's general obligation bonds to the detriment of investors in this bond cannot be predicted at this time.

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 [[\$25,000 and any \$5,000 multiple in excess thereof ("*Authorized Denominations*") in the case where the Holder of the Bonds is a Sophisticated Municipal Market Professional, or \$25,000 and any \$5,000 multiple in excess thereof in the case where the Holder of the Bonds is a Qualified Investor. Bonds may be issued in denominations of \$5,000 or any integral multiple thereof from and after such time as the Trustee receives proof of either (a) a rating of "A" or better on the Bonds from a nationally-recognized rating agency; or (b) the Bonds have been defeased pursuant to the terms of the Indenture.]]

Special Mandatory Redemption Relating to a Default under the Standby Contribution Agreement. The Bonds are subject to special mandatory redemption at any time in the event of a default under the terms of the Standby Contribution Agreement upon payment of the Redemption Price by the Developer which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium. The Redemption Date shall be the first day of the first calendar month after payment of the Redemption Price to the Trustee for which notice of the redemption can be given not more than 60 nor less than 30 days prior to the Redemption Date.

Optional Redemption. The Bonds maturing on and after July 15, 20__, are subject to redemption, at the option of the Issuer, on any date on or after July 15, 20__, as a whole or in part, upon not more than 60 nor less than 30 days prior notice given by mail (as provided in the Indenture), upon payment of the Redemption Price which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the date fixed for redemption (the "*Redemption Date*"), but without premium.

Mandatory Redemption. The Bonds maturing on July 15, 20__, shall be redeemed on the following Redemption Dates and in the following amounts upon not more than 60 nor less than 30 days prior notice given by mail as provided in the Indenture, upon payment of the Redemption Price, which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium:

Redemption Date <u>(July 15)</u>	Principal <u>Amount</u>
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.

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

If the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the notice shall further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption shall be cancelled and the notice shall be of no force or effect

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 the Owner in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

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

The Bond Resolution and the Indenture permit, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Owners of the Bonds under the Bond Resolution, the Indenture and the Standby Contribution Agreement at any time by the Issuer with the consent of the Owners of a majority in principal amount of the Bonds at the time Outstanding (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 is nontransferable unless the transferee or transferees are Sophisticated Municipal Market Participants or Qualified Investors and such Qualified Investor provides the Trustee a completed certificate of qualified investor in the form included in this bond.]²

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

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

² Insert bracketed language in Bonds until otherwise required as provided in Section 3.04(F).

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.

**ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)**

By _____
Chairman, Board of Directors

ATTEST:

District Clerk

[The following certificate shall be required only to the extent required by Section 3.04(B)(2) of the Indenture.]

["CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PARTICIPANT"]

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

U.S. Bank National Association, as Trustee

Re: Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona) District General Obligation
Refunding Bonds, Series 2017

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

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

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

4. The undersigned acknowledges that it received the [Limited Offering Memorandum dated _____, 2017] related to the Bonds.

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

6. The undersigned had access to all information regarding the Bonds and the Issuer that the undersigned deemed material in connection with its evaluation of and decision to purchase the Bonds. The undersigned acknowledges that the undersigned has not requested and neither the Issuer or the City of Goodyear, Arizona (the "*City*"), nor their respective officials, officers, directors, council members, advisors, employees and agents have undertaken to furnish information to the undersigned from any third party in connection with investment in the Bonds.

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

(PURCHASER)

By _____
Printed Name: _____
Title: _____

["CERTIFICATE OF QUALIFIED INVESTOR"]

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Re: Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona) District General Obligation Refunding
Bonds, Series 2017

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

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Indenture of Trust and Security Agreement, dated as of _____ 1, 2017 (hereinafter referred to as the "*Indenture*") from the addressee District (hereinafter referred to as the "*Issuer*") to the addressee Trustee (or any successor thereto as provided in such Indenture, hereinafter referred to as the "*Trustee*") as described in the Bonds. The undersigned understands that, unless the transfer restrictions terminate pursuant to the Indenture, a transferee shall be a Qualified Investor, and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is one of the following:

(i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the

U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of \$5,000,000;

(iv) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000 and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth;

(v) a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with the person's spouse in excess of \$300,000 in each of those years and who reasonably expects reaching the same income level the current year and the purchase price of the Bonds does not exceed ten percent (10%) of such person's net worth; or

(vi) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (i), (ii), (iii), (iv) or (v) above.

Collectively, the purchasers meeting one or more of the criteria set forth above shall be referred to as a "Qualified Investor".

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

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

6. The undersigned understands that the Bonds (i) are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that Act, (ii) are not

being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) will not be listed on any stock or other securities exchange, (iv) will not carry any bond rating from any rating service, and (v) are not likely to be readily marketable.

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

[PURCHASER]

By _____
Printed Name: _____
Title: _____

[END OF FORM OF BOND]

Section 2.03. Form of Certificate of Authentication. Each of the Bonds shall have the following form printed thereon:

CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Representative

DATE: _____

Section 2.04. Form of Assignment. Each of the Bonds shall have printed thereon the following form:

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

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of
survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - _____ (Custodian)
Custodian for _____ (Minor) Under Uniform
Gifts/Transfers to Minors Act of _____ (State)

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

ASSIGNMENT

For Value Received the undersigned [subject to the transfer restrictions described in the within Bond,]³ hereby sells, assigns, and transfers unto (print or typewrite name, address, and zip code of transferee):

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

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

DATED: _____

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

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

ARTICLE III

TERMS AND ISSUANCE OF THE BONDS

Section 3.01. Title and Terms.

A. There shall be one series of Bonds issued and secured hereunder entitled "ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017" dated as of _____, 2017.

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

C. The aggregate principal amount of the Bonds which may be authenticated and delivered and Outstanding is limited to \$_____,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:

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

<u>YEAR</u> <u>(July 15)</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>DESIGNATION</u>
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D. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from and including the dated date of the Bonds, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each January 15 and July 15 commencing July 15, 2017 (herein each referred to as an "*Interest Payment Date*").

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

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

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 Bondholder 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 Bondholder 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 Holder of Bonds owning an aggregate principal amount of at least \$1,000,000. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in writing delivered by the Holder 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 Bondholder on the relevant Regular Record Date solely by virtue of such Bondholder having been such Bondholder. Such Defaulted Interest shall thereupon be paid by the Issuer to the Persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided. The Issuer shall promptly notify the Trustee in

writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Bondholder entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the Trust Estate for the other than Outstanding Secured Bonds. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder 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, and evidence satisfactory to the Trustee of performance of the obligations of the Owner, the Parent and the Issuer thereunder to be performed by the Owner, the Parent and the Issuer prior to or simultaneously with the delivery of the Bonds, and
- (3) 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, (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 Issuer shall cause to be kept (at its agency for payment of the Bonds) in the Place of Payment a register (herein referred to as the "*Bond Register*") for the Bonds in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of Bonds as herein provided.

B. Book-Entry-Only System.

(i) The Bonds shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial execution, authentication, and delivery, the ownership of the Bonds shall be registered in the Bond Register in the name of CEDE, 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 of and premium, if any, and interest on the Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice required or permitted to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent from the Bondholders, and providing for any other action to be taken by the Bondholders hereunder), and none of the Trustee, the Paying Agent or the Issuer shall be affected by any knowledge or notice to the contrary. So long as the Bonds are registered in the name of a Securities Depository, including DTC, or its nominee, including CEDE, payment of the principal of, premium, if any, purchase price of, and interest on such Bonds shall be made only to the Securities Depository or its nominee as such Holder, which payments shall be valid and effectual to satisfy and discharge the liability on such Bond to the extent of the sum or sums so paid. None of the Paying Agent, the Trustee or the Issuer shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in a Bond under or through the Securities Depository or any Participant, or any other person which is not shown in the Bond Register as being a Holder, with respect to: the accuracy of any records maintained by the Securities Depository or any Participant; the payment by the Securities Depository or any Participant of any amount in respect of the principal of, premium on, if

any, purchase price of, or interest on the Bonds; any notice which is permitted or required to be given to Bondholders hereunder; the selection by the Securities Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Securities Depository (or its nominee) as the Holder of the Bonds. Except under the conditions specified in subsection (C) of this Section 3.04, no person other than the Securities Depository shall receive authenticated Bonds. Upon delivery by the Securities Depository to the Paying Agent of written notice to such effect, the Securities Depository may substitute a new nominee in place of any existing nominee and subject to the provisions herein with respect to Record Dates, the term "CEDE" in this Indenture shall refer to such new nominee of the Securities Depository.

(ii) The Issuer has entered into the Representation Letter with the Securities Depository in connection with the issuance of its bonds, including 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 on, if any, purchase price of, and interest on, such Bond, and all notices with respect to such Bond, shall be made and given, respectively, as provided in the Representation Letter.

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

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

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

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

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

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

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

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

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

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

E. Upon surrender for transfer of any Bond to a Paying Agent therefore in the Place of Payment, accompanied by such other documents as are required in the form of the Bond in Section 2.02 in connection with the transfer thereof to a Qualified Investor, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or

more new fully registered Bonds of the same maturity, of any Authorized Denominations, and of a like aggregate principal amount as requested by the transferor.

F. The restrictions on transfer of the Bonds or any beneficial interest therein to SMMP's, 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 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 any Paying Agent, shall be delivered to the Trustee and, if not already canceled, shall be promptly canceled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously certified or authenticated and delivered which the Issuer may have acquired by any manner whatsoever,

and all Bonds so delivered shall be promptly canceled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond canceled as provided in this Section, except as expressly provided by this Indenture. 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. The Bonds maturing on and after July 15, 20__ 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, 20__ upon not more than 60 nor less than 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.

B. The exercise by the Issuer of its option to redeem any Bonds shall be evidenced by a Board Resolution. In case of any redemption at the election of the Issuer of less than all of the Outstanding Bonds, the Issuer shall, at least 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 Redemption; Credits.*

A. The Bonds are subject to special mandatory redemption at any time in the event of a default under the terms of the Standby Contribution Agreement upon payment of the Redemption Price by the Developer which shall consist of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the Redemption Date, but without premium. The Redemption Date shall be the first day of the first calendar month after payment of the Redemption Price to the Trustee for which notice of the redemption can be given not more than 60 nor less than 30 days prior to the Redemption Date.

B. The Bonds maturing on July 15, 20__, 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

20__	\$ ____,000
20__	____,000
20__	____,000
20__	____,000
20__ (maturity)	____,000

C. Reserved.

D. Reserved.

E. 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 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 45 days prior to the Redemption Date by the Trustee from the Outstanding Bonds which have not previously been called for redemption, by such random method as the Trustee shall in its sole discretion deem appropriate and which may provide for the selection for redemption of portions (equal to Authorized Denominations) of the principal of Bonds and provided that no Bonds shall be redeemed if such redemption would result in such Bond being less than the minimum Authorized Denomination for such Bonds.

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

Section 4.04. Notice of Redemption.

A. Notice of redemption shall be given by the Trustee in the name and at the expense of the Issuer, not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of 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 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 (4) to DTC in the manner required by DTC (or any successor Securities Depository).

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.

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

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 4.01(A), the Issuer shall deposit or cause to be deposited with the Trustee an amount of money which, together with any amounts in the Bond Fund available for such purpose, is sufficient to pay the Redemption Price of all the Bonds then to be redeemed and interest, if any, accrued thereon to the Redemption Date. Such money and amounts shall be segregated and shall be held in trust, uninvested, for the benefit of the Holders entitled to such Redemption Price and shall not be deemed to be part of the Trust Estate.

Section 4.06. Bonds Payable on Redemption Date.

A. Notice of redemption having been given as aforesaid, the Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Issuer at the Redemption Price, but solely from the sources therein provided. Installments of interest with a Stated Maturity on or prior to the Redemption Date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 3.02.

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 Holder of such Bond, without service charge, a new Bond or Bonds of the same Stated Maturity and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE V

FUNDS

Section 5.01. Bond Fund. There is hereby created by the Issuer and established with the Trustee, a special fund of the Issuer designated its "District General Obligation Refunding Bonds, Series 2017 Bond Fund" (herein referred to as the "*Bond Fund*"). The money deposited to the Bond Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the Trustee and applied solely as provided in Sections 5.02 and 7.03 hereof.

Section 5.02. Deposits to and Application of Bond Fund.

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

- (1) all amounts collected by or remitted to the Issuer as ad valorem taxes to the extent provided in Section 10.01(A) hereof, including collections of delinquent taxes;
- (2) the amount, if any, received from proceeds of the sale of the Bonds indicated in Section 5.05;
- (3) amounts received pursuant to subsection B hereof;
- (4) such other funds as the Issuer shall, at its option deem advisable.

B. (1) On or, if either day is not a Business Day, before April 11 and October 12 of each year prior to the termination of the Standby Contribution Agreement, the Trustee shall deposit into the Bond Fund 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, 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 Owner and the Parent under the Standby Contribution Agreement for the difference between the amount in the Bond Fund 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 (a "*Tax Contribution Request*"). The Trustee shall deposit into the Bond Fund upon receipt all amounts paid to it pursuant to a Tax Contribution Request.

C. The Bond Fund shall be applied solely to pay Debt Service on the Bonds on the dates due in the amounts and order provided in Section 7.03B.

Section 5.03. Reserved.

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

A. The Trustee shall establish an account to be known as the Costs of Issuance Account and used to pay the costs of issuing the Bonds. The Issuer shall deposit a portion of the proceeds of the Bonds into the Costs of Issuance Account in accordance with Section 5.05 hereof.

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

C. Any moneys remaining in the Costs of Issuance Account on the earlier of _____, 2017, or when all Costs of Issuance associated with the Bonds have been paid (as indicated by a certificate of the Issuer Representative, if requested by the Trustee), will be transferred to the Bond Fund established pursuant to the terms of Section 5.02(A)(4) of this Indenture, and the Costs of Issuance Account shall be closed.

Section 5.05. Disposition of Proceeds of Bonds. Simultaneously with delivery of the Bonds to the initial purchaser thereof, the Issuer shall cause the Trustee to deposit the proceeds of the Bonds [and the Developer's cash contribution of \$____,000] as follows:

A. *Transfer to Prior Trustee.* \$_____ shall be transferred immediately upon receipt to Wells Fargo Bank, N.A., as trustee for the Bonds Being Refunded for deposit to the bond fund of the Bonds Being Refunded.

B. *Costs of Issuance Account.* \$_____ shall be deposited to the credit of the 2016 Costs of Issuance Account and applied in accordance with Section 5.04 hereof.

C. *Bond Fund.* \$_____ shall be deposited to the credit of the Bond Fund.

Section 5.06. Investment of and Security for Funds.

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

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

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

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

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

Section 5.07. Reports by Trustee. As soon as possible after January 15 and July 15 of each year, the Trustee shall provide to the Issuer, the Underwriters and, while the Standby Contribution Agreement is in effect, the Owner, the Parent and counsel to the Issuer (as identified by a certificate of the Issuer) the balances as of such date in each fund established hereunder.

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

ARTICLE VI

DEFEASANCE AND RELEASES

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

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

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

(2) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 3.05, 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 Holder thereof and where enforceability has not been determined adversely against such Holder by a court of competent jurisdiction,

(3) Bonds, other than those referred to in the foregoing clauses, for the payment or redemption (under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Issuer) of which the Issuer has deposited or caused to be deposited with the Trustee in trust for such purpose an amount (to be immediately available for payment, except in the case of Bonds excepted from the foregoing Clause (2) prior to the time the ownership and enforceability of such Bonds has been established) sufficient to pay and discharge the entire indebtedness on the Bonds for principal (and premium, if any) and interest to the date of Maturity thereof, and

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

B. the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer, then, upon an Issuer Request, this Indenture and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer, and deliver to the Issuer 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 Holders of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for purposes of any such payment from such money or Governmental Obligations.

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

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 \$1.00 per \$100 of net assessed full cash valuation of property within the boundaries of the Issuer 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 those District Administrative Expenses relating to the Bonds and all Outstanding 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 Owner, the Parent or any entity owned or controlled (as such term is used in the federal Securities Act of 1933, as amended) by the Owner or the Parent 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 Owner, the Parent or any person or entity owned or controlled by the Owner or the Parent or constituting one or

more operating businesses of the Owner, the Parent or any person or entity owned or controlled by the Owner or the Parent (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 Owner or the Parent, that is based upon the application of such secondary tax rate in light of:

- (i) the actual net assessed full cash 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 direct the Trustee to release the Standby Contribution Agreement. Upon receipt of such direction from the Issuer, the Trustee shall release the Standby Contribution Agreement whereupon the Owner and the Parent 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 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 Holders 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 Bondholders under this Indenture by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any

covenant or agreement contained herein or in the Standby Contribution Agreement or in aid of the execution of any power granted herein or in the Standby Contribution Agreement or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or the Bondholders.

B. In addition to all rights and remedies of any Holder of Bonds provided herein, in the event the Issuer defaults in the payment of the principal of or premium, if any, or interest on any of the Bonds when due, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Resolution, this Indenture, or in the Standby Contribution Agreement, the Trustee shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the directors and other officers of the Issuer to make such payment or to observe and perform any covenant, obligation, or condition prescribed in the Bond Resolution, the Standby Contribution Agreement or this Indenture. Notwithstanding any other provision of this Indenture, the Issuer shall cure any covenant default within 30 days of receiving notice from the Trustee of the event of default or, in the case of any monetary default that cannot be cured within 30 days, shall take such action to cure the default in the immediately succeeding fiscal year.

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

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

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

A. If

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

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

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

B. The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of this Indenture, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce

payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Secured Bonds, for the benefit of the Holders thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Issuer shall affect or impair the lien of this Indenture upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Holders of the Bonds. 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) 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 Owner, the Parent or the property of the Issuer, the Owner, the Parent or 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 Owner or the Parent for the payment of overdue principal, premium, or interest or the amounts due under the Standby Contribution Agreement) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Secured Bonds or the whole amount owing pursuant to the Standby Purchase Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

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

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

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

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

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

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

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

exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be.

Section 7.10. Control by Bondholders.

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

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

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

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

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

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

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

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

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

Section 7.11. Rights and Remedies of Bondholders. No Holder of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred nor unless such default has become an Event of Default and the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding has made written request to the Trustee and offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers herein granted, or to institute such action, suit or proceeding in its own name; it being understood and intended that no one or more Holders of the Bonds has the right in any manner

whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Holders of the Bonds then outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Holder of a Bond to enforce payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any such Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Holders of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed. For purposes of this Section, so long as the Bonds are held by the Securities Depository pursuant to the Book-Entry-Only System hereof, the Trustee shall be permitted to accept direction from the Beneficial Owners of the Bonds, rather than the Bondholder, upon receipt by the Trustee of appropriate certification of such Beneficial Ownership.

Section 7.12. Waiver of Past Defaults.

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

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

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

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

ARTICLE VIII

THE TRUSTEE

Section 8.01. Certain Duties and Responsibilities.

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

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

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

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

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

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

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

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

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

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

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

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

C. whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate or, for purposes of Section 10.06(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 Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction;

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

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

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

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

or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee, Paying Agent, Bond Registrar or such other agent.

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

Section 8.06. Compensation and Reimbursement.

A. The Issuer shall

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

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

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

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

Section 8.08. Resignation and Removal; Appointment of Successor.

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

B. The Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within

thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

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

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

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

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

F. The Issuer shall give notice of each resignation and each removal of the Trustee (or Paying Agent) and each appointment of a successor Trustee (or Paying Agent) to the Holders 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 Agents; Appointment and Acceptance of Duties; Removal.

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

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

ARTICLE IX

**SUPPLEMENTAL INDENTURES;
AMENDMENTS TO BOND RESOLUTION OR
STANDBY CONTRIBUTION AGREEMENT**

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

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

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

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

D. to add to the covenants of the Issuer, the Owner or the Parent for the benefit of the Holders of all of the Bonds; or

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

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

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

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount of, or the interest on, any Bond, or change the Place of Payment where, or the coin or currency in which, any Bond or the interest on any Bond is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

(2) reduce the percentage in principal amount of the Outstanding Bonds the consent of the Holders of which is required for any such supplemental indenture or amendment to the Bond Resolution or the Standby Contribution Agreement, or the consent of Holders of which is required for any waiver provided for in this Indenture of compliance with certain provisions hereof or certain defaults hereunder and their consequences; or

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

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

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

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

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

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

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

ARTICLE X

COVENANTS

Section 10.01. Pledge and Levy of Taxes.

A. For each year while any Bond is Outstanding, the Board shall annually levy and cause an ad valorem tax, unlimited as to rate or amount, to be collected, at the same time and in the

same manner as other taxes are levied and collected on all taxable property of the Issuer, to pay, when due, the Issuer's operation and maintenance expenses, Debt Service on the Bonds and Parity Debt Service. 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 \$1.00 per \$100 of net assessed full cash valuation to pay such Debt Service and Parity Debt Service, provided, however, that the tax rate in any year may be less than \$1.00 if such lower tax rate shall produce based on the then current net assessed full cash valuation of the property within the boundaries of the Issuer secondary ad valorem tax revenues sufficient to pay in full the aggregate Debt Service on the Bonds and any Parity Debt Service.

B. The Issuer and the Trustee acknowledge that the Bonds and 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 Parity Debt Service then due and in either case, taking into account other funds held by the Issuer for such payment. Property tax revenues allocated for any series of bonds shall be deposited into the applicable fund or account set aside for such series.

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

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

Section 10.02. Payment of Debt Service.

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

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

Section 10.03. Maintenance of Agency. The Issuer shall maintain an agency in the Place of Payment where Bonds may be presented or surrendered for payment, where Bonds entitled to be registered, transferred, exchanged, or converted may be presented or surrendered for registration, transfer, exchange, or conversion, and where notices and demands to or upon the Issuer in respect of the Bonds and this Indenture may be served. The Trustee is hereby appointed as Paying Agent for such

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

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

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

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

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

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

Issuer, whereupon any claim of whatever nature by the Holder of such Bond arising under such Bond shall be made upon the Issuer.

Section 10.05. Further Assurances; Recording.

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

B. The Issuer shall cause, 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 Bondholders and the Trustee hereunder to all property comprising the Trust Estate, and the Issuer shall execute any financing statement, continuation statement or other document required for such purposes.

Section 10.06. Compliance with Federal Law.

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

B. The Issuer authorizes the creation by the Trustee of a fund which is hereinafter referred to as the "Rebate Fund." The Issuer will comply with the rebate requirements set forth in the Tax Certificate.

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

D. The Issuer further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be

issued in, or converted into, bearer or coupon form if such action would cause interest on the Bonds to be included in gross income for federal income tax purposes.

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

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

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

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

**ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)**

By _____
Chairperson, Board of Directors

ATTEST:

District Clerk

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Its _____