RESOLUTION NO. CFD EM1 RES 34

A RESOLUTION OF THE BOARD OF DIRECTORS OF EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1 (CITY OF MESA, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS ASSESSMENT DISTRICT NO. 5 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2016, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $1,060,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1 (CITY OF MESA, ARIZONA), AS FOLLOWS:

Section 1. Findings.

(a) Pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, as amended (the "*Enabling Act*"), the Waiver and Development Agreement described below and Resolution No. CFD EM1 RES30 adopted on November 12, 2015 (the "*Resolution of Intention*"), the Board of Directors (the "*District Board*") of the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the "*District*") has formed Assessment District No. 5 (the "*Assessment District No. 5*") and declared its intention to: (i) acquire certain public infrastructure and pay costs and expenses related thereto, including funding a debt service reserve fund (the "*Project*"); (ii) assess the costs and expenses of the Project upon certain benefited real property within the boundaries of the District as described in the Resolution of Intention; (iii) issue the District's special assessment revenue bonds (the "*Bonds*") to finance the Project; and (iv) order the public infrastructure projects performed as described in the Resolution of Intention.

(b) Pursuant to the terms and provisions of the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Waiver and Development Agreement Pertaining to the to be Formed Assessment District No. 5 recorded with the Maricopa County, Arizona, Recorder at Docket 2015-0839592 (the "*Waiver Agreement*"), DMB Mesa Proving Grounds, LLC ("*DMB*") and the other persons who have an interest in all the real property to be assessed (collectively with DMB, the "*Owner*") have waived, among other things, certain requirements relating to the notices, protests and hearings relating to, among other things, the formation of the

Assessment District No. 5, levying of the Assessments (as hereinafter defined), and the time period for cash payments.

(c) The District Board has caused a report of the feasibility and benefits of the Project to be prepared, such report included a description of certain public infrastructure to be acquired and all other information useful to understand the Project, a map showing, in general, the location of the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project, and a plan for financing the Project (the "*Report*"). A public hearing on the Report was held November 12, 2015, as provided by law, and, pursuant to the Enabling Act and the Resolution of Intention, the Report was ratified and approved in all respects.

(d) Pursuant to and in reliance upon the Waiver Agreement, the District Board adopted Resolution No. CFD EM1 RES32 on November 19, 2015 approving the assessment diagram and the levying of an assessment (the "*Assessment*" or the "*Assessments*") against the real property in the Assessment District No. 5 in the amount of $3,500.00 per lot and recording of the assessment diagram in the Office of the Superintendent of Streets of the District (the "*Superintendent*"). Pursuant to the Waiver Agreement and other agreements by the Owner, the Owner waived the requirement for notices of cash demands, the opportunity to make cash payments and requested the unpaid Assessments go to bond.

(e) Pursuant to the terms and provisions of the Waiver Agreement, the Owner, among other things, approved the: (i) proceedings relating to the Assessment and the Bonds, (ii) Assessment and assessment diagram, (iii) assessment methodology, (iv) method of collection and foreclosure of Assessments and (v) terms of the Bonds.

(f) The District Board has determined to authorize the issuance of the Bonds described herein to provide funds for the Project and any and all of the public infrastructure purposes provided for in the Enabling Act and the General Plan of the District.

(g) Pursuant to the Enabling Act, the District has also determined to enter into a Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of January 1, 2016 or such other date as set forth in the hereinafter defined Purchase Contract for the sale of the Bonds (the "*Registrar/Paying Agent Contract*"), between the District and U.S. Bank National Association, as registrar, transfer agent and paying agent (the "*Registrar*" and "*Paying Agent*" as the case may be), to process the issuance, registration, transfer and payment of the Bonds. The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to provide terms for, to provide for authentication and delivery of the Bonds by the Registrar, to authorize the execution and delivery of the Registrar/Paying Agent Contract.

(h) There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Registrar/Paying Agent Contract, (2) the proposed form of the Purchase Contract relating to the Bonds (the "*Purchase Contract*"), by and between the District and RBC Capital Markets, LLC (the "*Underwriter*"), (3) the Preliminary Official Statement relating to the Bonds, dated the date thereof (the "*Preliminary Official Statement*"), and which, with such completions and changes as may be necessary will constitute

the form of the Final Official Statement for the Bonds (the "*Final Official Statement*"), and (4) the proposed form of Continuing Disclosure Undertaking relating to the Bonds, to be dated the date of delivery thereof (the "*Undertaking*"). (The documents described in Clauses (1), (2) and (4) of this paragraph are hereinafter referred to, collectively, as the "*Bond Documents.*")

(i) The District Board hereby finds and determines that: (1) the amount of the Bonds does not exceed the estimated cost of the Project plus all costs connected with the public infrastructure purposes and issuance and sale of the Bonds to be financed therewith (collectively the "*Costs*"); (2) the Costs are less than or equal to the benefits derived from the Project; and (3) based upon an appraisal completed by Schnepf Ellsworth Appraisal Group, LLC, dated September 23, 2015, the value of each of the assessed parcels comprising the Assessment District No. 5 is at least six (6) times the principal amount of the Bonds allocated to each such assessed parcel.

Section 2. Approval of Issuance and Sale of Bonds; Payment of Bonds.

(a) The Bonds are hereby authorized to be issued as a series of tax-exempt assessment bonds of the District to be designated "*Assessment District No. 5 Special Assessment Revenue Bonds, Series 2016.*" The Bonds shall be issued and delivered in an aggregate principal amount of not to exceed $1,060,000, shall be in fully registered form only, shall be dated as of their date of initial issuance, shall bear interest at the rate or rates set forth in the Purchase Contract (not to exceed 12%) from their date and shall mature on July 1 in some or all of the years 2016 through 2040, inclusive. Interest will be payable semiannually, commencing on July 1, 2016 (or on such other date as set forth in the Purchase Contract) and on each succeeding January 1 and July 1 (each such date shall be referred to as an "*Interest Payment Date*") during the term of the Bonds. As initially issued, the Bonds shall be in the Book-Entry-Only System described herein and in the denomination of $25,000 each or any $1,000 integral multiple in excess thereof and shall be in fully registered form. If necessary to accommodate a prior redemption of Bonds as set forth in Section 3 hereof, the Bonds may be in denominations of less than $25,000 in integral multiples of $1,000. Any costs of issuance in excess of the estimated amount presented in the Report shall be paid by the Owner.

(b) The principal of and premium, if any, on the Bonds shall be payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest due on the Bonds on each Interest Payment Date shall be payable by check mailed, when due, to the persons (the "*Bondholders*") in whose names the Bonds are registered by the Registrar at the close of business on the fifteenth day of the calendar month (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 Paying Agent is located (a "*Business Day*")) next preceding the applicable Interest Payment Date, so if such day is not a Business Day, the previous Business Day (the "*Record Date*").

(c) In the event that interest is not paid on an Interest Payment Date, the Registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least ten (10) days prior to the

special record date, to the address of each Bondholder appearing on the Register (as such term is hereafter defined).

(d) The Bonds shall have such additional terms and provisions as are set forth in the Purchase Contract and in the form of Bond attached hereto as *Exhibit A*, which is a part of this Resolution.

Section 3. Prior Redemption.

(a) Special Optional Redemption. All Bonds are subject to redemption prior to their stated maturity, in whole or in part, at random, at the option of the District, on any Interest Payment Date, from proceeds received by the District from: (i) if and to the extent on or after the completion of the Project, upon direction given to the Registrar by the District, amounts transferred from the Acquisition Fund for such purpose; (ii) the prepayment of any Assessment by the owner of any assessed real property or (iii) the proceeds of any foreclosure sale of any assessed real property due to a failure to pay an Assessment installment, to the extent such foreclosure sale proceeds are not used to replenish the Debt Service Reserve to an amount equal to the Reserve Fund Requirement. Such proceeds shall be deposited with the Registrar and Paying Agent at least two business days prior to the date of redemption. The special optional redemption shall be at a redemption price of par plus interest accrued to the date of redemption, without premium.

(b) Optional Redemption. The Bonds shall be subject to call for redemption prior to their stated maturity dates, at the option of the District, on such dates and at such price (the "*Redemption Price*") as are set forth in the Purchase Contract.

(c) Mandatory Redemption. The Bonds shall be subject to mandatory redemption prior to their stated maturity dates, by lottery, at a Redemption Price of par plus interest accrued to the date of redemption, but without premium, on such dates and in such amounts as are set forth in the Purchase Contract.

Whenever Bonds which are subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or are delivered by the District to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against any mandatory redemption requirements for the Bonds for such years as the District may direct.

(d) So long as the Bonds are held under the Book-Entry-Only System described below, notices of redemption will be sent to The Depository Trust Company ("*DTC*") in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of DTC nor any registered owner of Bonds

to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

(e) Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the MSRB's Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District, or a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

(f) Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds on such date, and, if moneys for payment of the Redemption Price are held in separate accounts by the Paying Agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the Bondholders shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and such Bonds shall be deemed paid and no longer outstanding.

(g) Redemption of Less Than All of a Bond. The District may redeem an amount which is included in a Bond in integral multiples of $1,000. In that event, the registered Bondholder shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered Bondholder thereof.

Section 4. Form of Bonds. The Bonds shall be in substantially the form of *Exhibit A*, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall be dated the date of its authentication and registration.

Section 5. Execution of Bonds and Other Documents.

(a) Execution of Bonds. The Bonds shall be executed for and on behalf of the District by the Chairman and attested by the Clerk of the District Board by their manual or facsimile signatures. If the signatures are affixed or imprinted by facsimile, the Chairman and the

District Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid. A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this Resolution.

(b) Other Documents. The District Board hereby approves the form and orders and directs the execution of the Bond Documents, each in substantially the form presented to the District Board.

The Chairman is authorized and directed to determine and approve the actual dated date, maturity dates and amounts, interest rates, redemption provisions, and the purchase price to be paid by the Underwriter, and to execute and deliver the Bond Documents in substantially the form presented to this District Board with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing such agreements on behalf of the District. Execution of the documents by the Chairman shall be conclusive evidence of such approval. The District Clerk is authorized and directed to attest such signatures. Where applicable, any of the foregoing officers may affix their signatures by manual, mechanical or photographic means.

Section 6. **Mutilated, Lost or Destroyed Bonds**. In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered Bondholder's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the District Clerk by the registered Bondholder evidence satisfactory to the District that such Bond was destroyed or lost, and furnishing the District with a sufficient indemnity bond pursuant to A.R.S. § 47-8405, as amended.

Section 7. **Acceptance of Proposal**. The Bonds are hereby sold to the Underwriter in accordance with the terms of the Purchase Contract. The Underwriter has agreed to sell the Bonds in a public offering. The actual terms of the Bonds and the Purchase Contract shall be reviewed and approved by the Chairman of the District Board (which approval shall be deemed conclusive by the execution and delivery of the Purchase Contract by the Chairman, any member of the District Board, or the District Treasurer).

The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale and to indicate how such proceeds and the Owner contribution shall be deposited in the funds described in Section 8 hereof.

Section 8. **Funds and Accounts.** The District Treasurer shall create the following funds and accounts which shall be held separate and apart from other funds and accounts of the District and used only as provided herein:

(a) Bond Fund, which shall include:

(i) Principal Account
(ii) Interest Account
(iii) Prepayment Account

(b) Acquisition Fund.

(c) Issuance and Expenses Fund.

(d) Debt Service Reserve.

The money deposited to the various funds and accounts created hereby, together with all investments thereof and investment income therefrom, shall be held in trust by the District and applied solely as herein provided.

Section 9. **Deposits to and Application of Bond Fund.**

(a) The District shall deposit or shall cause, at the applicable times set forth below, to be immediately deposited to the Bond Fund to the credit of the applicable accounts:

(i) to the Principal and Interest Accounts, as applicable, upon receipt, all amounts collected by or remitted to the District from the collections of the installments of principal and interest, respectively, on the Assessments;

(ii) to the Prepayment Account, upon receipt, all amounts remitted to the District as prepayments of the Assessments;

(iii) to the Prepayment Account, upon receipt, all amounts remitted to the District as proceeds from any foreclosure sale of any assessed real property and not used to replenish the Debt Service Reserve to an amount equal to the lesser of: (i) ten percent (10%) of the outstanding principal amount of the Bonds to be outstanding after redemption from such account; (ii) an amount equal to, at the time of computation, the greatest annual payment of principal and interest of the Bonds to be outstanding after redemption from such account occurring in the then-current, or any subsequent, fiscal year (the "*Maximum Annual Debt Service*"); or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds oustanding, or such amount as required by the Internal Revenue Code of 1986, as amended (the "*Code*"), to obtain or maintain the exclusion of interest from gross income

for federal income tax purposes for the Bonds, pursuant to an opinion of bond counsel (the "*Reserve Fund Requirement*");

(iv) to the Prepayment Account, amounts transferred from the Acquisition Fund to the extent hereinafter provided;

(v) to the Principal and Interest Accounts, as the case may be, amounts transferred from the Debt Service Reserve as hereinafter provided pursuant to Section 12(b), (d) and (f);

(vi) to the Prepayment Account, any amounts transferred from the Debt Service Reserve as hereinafter provided pursuant to Section 12(e); and

(vii) such other funds as the District shall, from time to time, at its option deem advisable.

The Principal, Interest and Prepayment Accounts of the Bond Fund shall be applied solely to pay principal of (including any mandatory redemption amount then due), interest on and the Redemption Price with respect to the Bonds, respectively.

Section 10. Acquisition Fund.

(a) The District shall deposit to the Acquisition Fund Bond proceeds in the amount provided in the District's Tax Certificate relating to the Bonds (the "*Tax Certificate*").

(b) The date of completion of the Project (the "*Completion Date*") shall be evidenced to the District by a certificate signed by DMB stating that:

(i) The Project has been completed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by DMB) and all labor, services, materials and supplies used in the Project has been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

(ii) All other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by DMB), and all costs of acquisition of the Project have been paid.

Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Within ten (10) days following the Completion Date, the

District shall transfer any balance in the Acquisition Fund (except moneys retained for expenses not yet due and payable) into the Prepayment Account in the Bond Fund for application to the redemption of Bonds.

Notwithstanding anything contained in this Section 10, on July 1, 2018, any amounts remaining in the Acquisition Fund shall be transferred to the Prepayment Account of the Bond Fund and applied to the redemption of Bonds.

Section 11. Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the District. The District shall deposit to the Issuance and Expenses Fund Bond proceeds and an Owner contribution in the amounts provided in the Tax Certificate. Upon a request for disbursement, amounts on deposit in the Issuance and Expenses Fund shall be applied to pay all costs of the issuance and sale of the Bonds identified in a request signed by either the Chairman of the District Board, the District Manager or the District Treasurer. On July 1, 2016, the District shall transfer any moneys in the Issuance and Expenses Fund to the Acquisition Fund.

Section 12. Debt Service Reserve.

(a) The District shall deposit to the Debt Service Reserve Bond proceeds in the amount of the Reserve Fund Requirement as provided in the Tax Certificate.

(b) On, or, if either day is not a Business Day, before June 29 and December 30 of 2016 and each year thereafter, the District shall, to the extent the moneys in the Debt Service Reserve exceed the Reserve Fund Requirement, transfer from the Debt Service Reserve to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding July 1 or January 1, as the case may be.

(c) If, after a Debt Service Reserve withdrawal, the Debt Service Reserve is less than the Reserve Fund Requirement, the District shall reimburse the Debt Service Reserve, to the extent moneys are realized, from either: (i) the proceeds from the sale of delinquent Assessments, which sales are conducted in the manner described in A.R.S. §§ 48-601 through 48-607, inclusive, as amended from time to time, provided, however, A.R.S. § 48-607 is revised to require the sales proceeds to be deposited to the Debt Service Reserve and neither the District nor the City of Mesa, Arizona (the "*City*") shall be required under any circumstances to purchase, or make any payment for the purchase of the delinquent Assessment and corresponding assessed parcel or lot; or (ii) excess amounts from installment payments on the Assessments, if any, provided, however, only to the extent that such excess portion of such installment payments is not required for the payment of principal of and interest on the Bonds.

(d) Any investment profits realized from the investment of moneys in the Debt Service Reserve shall remain in and be part of the Debt Service Reserve; provided, however, if moneys in the Debt Service Reserve are in excess of the Reserve Fund Requirement,

such excess amount attributed to investment earnings shall be transferred to the Interest Account of the Bond Fund and applied from time to time pursuant to Section 9 hereof.

(e) If the amount held in the Debt Service Reserve together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Bonds outstanding on a Redemption Date, together with the interest accrued on such Bonds as of such Redemption Date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such Redemption Date.

(f) On, or, if either day is not a Business Day, before June 29 and December 30 of 2016 and each year thereafter, the District shall, to the extent the moneys in either the Principal Account or Interest Account are insufficient to pay the principal of or interest on the next succeeding Interest Payment Date after any transfer required pursuant to Section 12(b) hereof, transfer from the Debt Service Reserve to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding Interest Payment Date, as the case may be.

Section 13. Investment of and Security for Funds. Money held for the credit of any fund or account herein created shall be invested pursuant to A.R.S. § 35-323.

Section 14. Registrar and Paying Agent. Pursuant to the Registrar/Paying Agent Contract, the Registrar will maintain an office or agency where Bonds may be presented for registration of transfer and the Paying Agent will maintain an office or agency where Bonds may be presented for payment. The District may appoint one or more co-registrars or one or more additional paying agents. The Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the Bondholders.

Initially, U.S. Bank National Association, Phoenix, Arizona, will act as Registrar and Paying Agent with respect to the Bonds. The District may change the Registrar or Paying Agent without notice to or consent of the Bondholders and the District may act in any such capacity.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the Bondholders all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference herein to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a register of the Bonds (the "*Register*"), the registered Bondholders and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the Register if its requirements for transfer are met and will authenticate and deliver one or more Bonds

registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent Interest Payment Date will be registered in the name of the transferee but the interest payment will be made to the registered Bondholders shown on the Register maintained by the Registrar as of the close of business on the Record Date.

The Registrar may but need not register the transfer of a Bond which has been selected for redemption and need not register the transfer of any Bond for a period of fifteen (15) days before a selection of Bonds to be redeemed; if the transfer of any Bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the Bond or Bonds.

The Registrar shall authenticate Bonds for original issue up to $1,060,000 in aggregate principal amount upon the written request of the District Treasurer or other authorized District officer. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met.

The amounts which are segregated by the District or deposited with the 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 owner of such Bonds. Amounts so segregated or deposited and held in trust shall constitute a separate trust fund for the benefit of the owner of such Bonds entitled to such principal or interest, as the case may be. Amounts held by the District or 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.

The District may at any time direct any Paying Agent to pay to the District all money held by such Paying Agent, such amounts to be held by the District 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 District, such Paying Agent shall be released from all further liability with respect to such money.

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 amounts 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 bondholder thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Government Obligations (as defined herein), without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. Such obligation of the Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at maturity or stated maturity, or at the redemption date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to

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

So long as the Bonds are administered under DTC's Book-Entry-Only System of registration of the Bonds with DTC as securities depository for the Bonds described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time of payment established by DTC on each interest or principal payment date (or in accordance with then existing arrangements between the District and DTC). The District has previously entered into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of its bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

If the Book-Entry-Only System is discontinued, the Registrar's registration books will show the registered Bondholders. While the Bonds are subject to the Book-Entry-Only System, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. The Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by check mailed to the Bondholder thereof at the Bondholder's address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date.

If the Book-Entry-Only System is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent.

Notwithstanding any other provision of this Resolution, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a Book-Entry-Only System may be paid by the Paying Agent by wire transfer in "same day funds."

Section 15. Other Actions Necessary. The Chairman (or any other member of the District Board in the event the Chairman is absent or unable to take the desired action), the District Manager, the District Clerk and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents and the Final Official Statement, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

Section 16. Distribution of Disclosure Documents. The Preliminary Official Statement is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and the District Manager or any member of the District Board is hereby authorized and directed to complete, execute and deliver the Final Official Statement in substantially the form presented at the meeting at which this Resolution was adopted, with such completions and changes as may be acceptable to such District Manager

or member of the District Board, and the distribution and use of the Final Official Statement by the Underwriter is hereby approved.

Section 17. **Assessment Levy and Procedures**.

(a) An Assessment in the amount of not to exceed $3,500.00 has been levied and recorded in the office of the Superintendent against each lot comprising the subdivided parcels of real property in the Assessment District No. 5 and described in the Resolution of Intention.

(b) For each year while any Bond is outstanding, the District Board shall semiannually cause to be collected such portion of the Assessment, sufficient, together with any moneys from any sources in the Enabling Act, to pay principal and interest on the Bonds when due. Moneys received from the collection of the Assessment when collected constitute funds to pay principal and interest on the Bonds when due and shall be kept separately from other funds in the Bond Fund of the District. The amounts due pursuant to the Assessment and unpaid are and shall be a first lien on the property so assessed in the Assessment District No. 5, subject only to general property taxes and prior special assessments and shall be collected as prescribed by A.R.S. §§ 48-599 and 600, as amended, as nearly as practicable or such other procedures as the District Board may prescribe. Notwithstanding the foregoing, the Assessments may be collected by the Maricopa County Treasurer in a similar manner and together with the collection of real property taxes, should the District Treasurer so direct. In the event of nonpayment of amounts due pursuant to the Assessment, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by A.R.S. §§ 48-601 through 48-607, as amended, apply, as nearly as practicable, except that neither the District nor the City is required to purchase the delinquent land at the sale if there is no other purchaser.

(c) Pursuant to A.R.S. § 48-721, the provisions and procedures pertaining to the prepayment of Assessments, the payment of Assessments and the reallocation and modification of Assessments among the assessed parcels as development occurs, set forth in this Resolution are hereby approved and adopted.

(d) If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such Assessment when it might have done so, the District shall either (a) take all necessary steps to cause a new Assessment to be made for the whole or any part of a Project or against any property benefited by said Project, or (b) in its sole discretion, request the Owner to make up the amount of such Assessment, which moneys shall be deposited into the Bond Fund, as applicable. In case such second Assessment shall be annulled, the District shall obtain and make other Assessments until a valid Assessment shall be made.

Section 18. **No Obligation of City**. Nothing contained in this Resolution, the Bond Documents or any other instrument shall be construed as obligating the City or the State of Arizona (the "*State*") or any political subdivision of either (other than the District) or as incurring a charge upon the general credit of the City and the State nor shall the breach of any agreement

contained herein, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the City and the State.

Section 19. **Repeal of Resolution**. After any of the Bonds are delivered by the District to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

Section 20. **Severability**. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 21. **Ratification of Prior Acts**. All acts of the District Chairman, District Engineer, the District Treasurer, the District Manager, the Superintendent, and any person acting for such official, in furtherance of this Resolution are hereby ratified and confirmed, including the splitting of certain parcels within the District in compliance with A.R.S. § 48-272.

Section 22. **Compliance with Federal Law.**

(a) The District recognizes that the purchasers of the Bonds will have accepted them on, and paid therefore a price which reflects, the understanding that interest thereon is excludable from gross income of the Bondholder thereof for federal income tax purposes under laws in force at the time the Bonds shall have been delivered. In this connection the District 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 District 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 is necessary to prevent interest on the Bonds from becoming included as gross income for purposes of calculating federal income taxes.

(b) The District authorizes the creation of a fund which is hereinafter referred to as the "*Rebate Fund*". The District will comply with the rebate requirement ("*Rebate*") set forth in the District's Tax Certificate delivered in connection with the delivery of the Bonds.

(c) The District Chairman or his designee is hereby authorized to make certain truthful certifications, representations, agreements and 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 or the regulations of the United States Treasury Department currently in effect or proposed. The certifications, representations and agreements of the District may be made by executing and delivering certificates and agreements required by the District's bond counsel, Gust Rosenfeld P.L.C. The certificates and agreements shall constitute an agreement of the District to follow covenants and requirements set forth therein which may require the District 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.

(d) The District 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 District 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.

Section 23. Qualified Tax-Exempt Obligations. The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The Chairman, any member of the District Board, the District Manager or the District Treasurer shall certify in the closing certificates that it is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which shall be issued for or by the District in the current calendar year shall not exceed $10,000,000.

Section 24. 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 Registrar have been made) shall have been provided for by depositing for such payment from funds of the District under the terms provided in this Section (1) money sufficient to make such payment or (2) money and direct or indirect obligations of the United States of America (as approved by the District's bond counsel) ("*Government 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 Registrar and Paying Agent 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 Registrar. Any such deposit shall be made either with the Paying Agent or, if notice of such deposit is given to the Registrar and Paying Agent, 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 Registrar or the Paying Agent 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 14 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

unless made with respect to all of the Bonds then outstanding and (2) unless there shall be delivered to the Registrar 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 Government Obligations deposited with the Paying Agent for such purpose shall be held by the Paying Agent in a segregated account in trust for the Owners of the Bonds with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Government Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Government Obligations and unless such money not invested, such Government 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 Resolution, except for purposes of any such payment from such money or Government Obligations.

Section 25. **Resolution a Contract**. This resolution shall constitute a contract between the District and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 26. **Effective Date**. This Resolution shall be effective immediately.

[Signature Page to Follow]

PASSED AND ADOPTED by the Board of Directors of Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) on December 3, 2015.

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1 (CITY OF MESA, ARIZONA)

Chairman, Board of Directors

ATTEST:

Clerk, Board of Directors

CITY OF MESA CORPORATE SEAL MARICOPA COUNTY, AZ

APPROVED AS TO FORM:

Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing Resolution No. CFD EM1 RES 34 was duly passed by the Board of Directors of the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) at a regular meeting held on December 3, 2015, and that a quorum was present thereat and that the vote thereon was 5 ayes and 0 nays; 2 did not vote or were absent.

Clerk

EXHIBIT A

[FORM OF BOND]

REGISTERED
No. R-___

REGISTERED
$_____

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.

UNITED STATES OF AMERICA
STATE OF ARIZONA

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)
ASSESSMENT DISTRICT NO. 5
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2016

Interest Rate	Maturity Date	Original Issue Date	CUSIP No.
____%	July 1, 20__	_____, 2016	277484 __

REGISTERED OWNER: CEDE & Co.

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

Eastmark Community Facilities District No. 1, a community facilities district formed by the City of Mesa, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Issuer*"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "*Holder*"), on the "*Maturity Date*" specified above, 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 paid or the payment thereof is duly provided for at maturity, semiannually on each January 1 and July 1, commencing July 1, 2016 (each an "*Interest Payment Date*"), at the per annum "Interest Rate" specified above.

As provided in the Issuer's Resolution No. CFD EM1 RES__, adopted on December 3, 2015 (the "*Bond Resolution*"), the interest, principal and Redemption Price (as such term and all other terms used herein and not defined are defined in the Bond Resolution) payable on the Bonds shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time

established by DTC on the date due (or in accordance with then existing arrangements between the Issuer and DTC).

If the specified date for any such payment shall not be a business day, then such payment may be made on the next succeeding day which is a business day without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking institutions generally at the place of payment or in the city where the principal corporate trust office of the Paying Agent is located, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

Neither the full faith and credit nor the general taxing power of the Issuer, the City of Mesa, Arizona, Maricopa County, Arizona or the State of Arizona or any political subdivision thereof is pledged to the payment of the Bonds.

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the "*Bonds*"), issued in one series, with the limitations described herein, pursuant the Bond Resolution to which Bond Resolution 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 registered owner of the Bonds and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Bond Resolution are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to the Bond Resolution, the Board of Directors of the Issuer authorized the issuance and sale of not to exceed $1,060,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring certain public infrastructure, including particularly the acquisition by the Issuer of the improvements and public infrastructure purposes (the "*Improvements*") described in Resolution No. CFD EM1 RES___ which was adopted by the Board of Directors of the Issuer on November 12, 2015.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from a special assessment (the "*Assessment*") levied only against the lots or parcels of land fronting on or benefited by the Improvements (the "*Assessed Property*") and from amounts held by the Issuer in a debt service reserve fund (the "*Debt Service Reserve*"). The Assessed Property represents approximately 303 residential lots over approximately 93 acres of land within the District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Bond Resolution for the payment of the Bonds and can be used for no other 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 have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the Assessments from which said Bonds are to be paid are first liens on the Assessed

Property, subject only to the lien for general taxes and prior special assessments. For the levy of the Assessment, collection and payment of said Assessments, the full faith and diligence of the Issuer are hereby irrevocably pledged. 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.

The amount required to be held in the Debt Service Reserve (the "*Reserve Fund Requirement*") may be reduced from time to time in accordance with the Bond Resolution. Any amount held in the Debt Service Reserve in excess of the Reserve Fund Requirement may be transferred to the Bond Fund and used to make payment of principal and interest on the Bonds either at stated maturity or prior redemption.

Investment earnings on the Debt Service Reserve, to the extent not needed to return the Debt Service Reserve to the Reserve Fund Requirement, to pay debt service on the Bonds, or to pay rebate to the United States, will be deposited into the Bond Fund.

The Bonds are issuable as fully registered bonds only in the denominations of $25,000 or any $1,000 multiple in excess thereof. If necessary to accommodate a prior redemption of Bonds, the Bonds may be in denominations of less than $25,000 in integral multiples of $1,000.

Notwithstanding any provision hereof or of the Bond Resolution, 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 obligations of the United States of America (such obligations to be approved by the Issuer's bond counsel) sufficient for such purposes, as described in the Bond Resolution.

The Bonds are subject to special optional redemption prior to maturity, in whole or in part, on any Interest Payment Date upon payment of the applicable Redemption Price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium from proceeds received by the Issuer from: (i) if and to the extent on or after the completion of the Project, upon direction given to the Registrar by the Issuer, amounts transferred from the Acquisition Fund for such purpose; (ii) the prepayment of any assessment by the owner of any assessed real property or (iii) the proceeds of any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, to the extent such foreclosure sale proceeds are not used to replenish the Debt Service Reserve to an amount equal to the Reserve Fund Requirement.

The Bonds are subject to optional redemption on or after July 1, 20__, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium. If less than all of the Bonds of a maturity are to be redeemed, the Bonds to be redeemed shall be selected by such random method as DTC, in its sole discretion, deems fair and appropriate, so long as the book-entry-only system is in effect.

The Bonds will be subject to mandatory sinking fund redemption as randomly determined by the Registrar on the following redemption dates and in the following amounts upon payment of the Redemption Price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date but without premium.

Redemption Date (July 1)	Principal Amount	Redemption Date (July 1)	Principal Amount

Whenever Bonds of the applicable maturity are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the Issuer to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a *pro rata* basis against the remaining mandatory redemption requirements for the Bonds of the applicable maturity.

Notice of redemption shall be mailed not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed, at the address appearing in the Register.

Bonds may be redeemed in integral multiples of $1,000. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Bond Resolution shall thereupon cease to be entitled to the benefits of the Bond Resolution and shall cease to bear interest from and after the date fixed for redemption.

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

The Issuer will not 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 Registrar as being a Holder with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (3) the timely or ultimate payment by DTC 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 to be given to the Holders;

(5) the selection of the Beneficial Owner to receive payment in the event of any partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the Holder.

If ownership of this Bond is not maintained in the book-entry-only system, as provided in the Bond Resolution and subject to certain limitations therein set forth, this Bond is transferable on the Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the Paying Agent's designated office, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

If ownership of this Bond is not maintained in the book-entry-only system, as provided in the Bond Resolution and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Holder, upon surrender of the Bonds to be exchanged to the Paying Agent at the Paying Agent's designated office.

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

The Issuer, the Registrar, the Paying Agent, and any agent of any 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 Registrar, the Paying Agent, and any such agent shall be affected by notice to the contrary.

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 have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the Assessments from which said Bonds are to be paid are first liens on the property assessed, subject only to the lien for general taxes and prior special assessments. 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.

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

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1 (CITY OF MESA, ARIZONA)

By_____
Chairman, Board of Directors

ATTEST:

_____
Clerk, Board of Directors

Dated:_____

- - - -

ASSIGNMENT

FOR VALUE RECEIVED the undersigned 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 books 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 Registrar

_____

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