

The Town Administration is enclosing the draft Preliminary Official Statement (“POS”) to allow Council members an opportunity to review and return questions or comments. A POS is required by Securities and Exchange Commission (“SEC”) regulations to be sent to prospective purchasers prior to conducting a sale of the bonds. The POS must contain all material information necessary to allow potential investors to make informed investment decisions and must not be misleading. The enclosed POS draft has been assembled by Stone & Youngberg, the District’s Underwriter, using information that is typically included in an Arizona municipality’s bond POS (sent to them by the Town and other sources indicated therein), is currently in draft form and will be reviewed and edited by Town officials and members of the Town’s financing team before it is sent to potential investors. **However, we bring to the attention of Council members that POS content is the sole responsibility of the Corporation and the Town and that statements by SEC officials in recent years have clarified that Council participation in POS review is required.** Though Administration agrees an exhaustive detailed review by Council members may be impractical and largely duplicative, we suggest that attention on portions relating directly to the Town and the community (Appendices A and B) may identify excluded information a bond investor would want to know or included information that is confusing or appears inaccurate.

Please return any questions or comments to _____ by July __, 2011.