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SERIES 2012 SUPPLEMENTAL TRUST INDENTURE

FROM

TOWN OF PRESCOTT VALLEY  
MUNICIPAL PROPERTY CORPORATION

TO

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

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TOWN OF PRESCOTT VALLEY  
MUNICIPAL PROPERTY CORPORATION

\$\_\_\_\_\_,000

MUNICIPAL FACILITIES REVENUE REFUNDING BONDS,  
SERIES 2012

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Dated as of June 1, 2012

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SERIES 2012 SUPPLEMENTAL TRUST INDENTURE

THIS SERIES 2012 SUPPLEMENTAL TRUST INDENTURE, dated as of June 1, 2012 (this "Supplemental Indenture"), from TOWN OF PRESCOTT VALLEY MUNICIPAL PROPERTY CORPORATION, a nonprofit corporation organized and existing under the laws of the State of Arizona (the "Corporation"), to U.S. BANK NATIONAL ASSOCIATION, as successor to FIRST TRUST OF ARIZONA, NATIONAL ASSOCIATION, each banking entities organized and existing under the laws of the United States of America and authorized to exercise corporate trust powers in the State of Arizona, as trustee as well as any succession thereto as provided herein (the "Trustee");

W I T N E S S E T H:

WHEREAS, the Corporation was formed to transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona, including, without limiting the generality of the foregoing, any civic or charitable purpose such as financing the cost of acquiring, constructing and equipping of facilities for use by and for leasing to the Town of Prescott Valley, Arizona (the "Town"); and

WHEREAS, the Town heretofore determined that it would be beneficial to its citizens to provide for the acquisition, construction and equipping of (i) an expansion to a wastewater treatment plant (the "Treatment Plant Project"), (ii) a police operations building (the "Police Operations Project") and (iii) a town hall building and library (the "Town Hall Project"); and

WHEREAS, the Corporation, at the request of the Town, heretofore issued (i) to finance the Treatment Plant, its \$4,140,000 aggregate principal amount of Municipal Facilities Revenue Bonds, Series 1995, dated as of January 1, 1995, pursuant to a Trust Indenture, dated as of January 1, 1995 (the "Indenture"), from the Corporation to U.S. Bank National Association, as successor to First Trust of Arizona, National Association (formerly Bank of America Arizona), as trustee (the "Trustee"), none of which remain outstanding as of the date hereof and (ii) to finance the Police Operations Project, its \$1,775,000 aggregate principal amount of Municipal Facilities Revenue Bonds, Series 1995-B, dated as of June 1, 1995 (the "Series 1995-B Bonds"), pursuant to a Series 1995-B Supplemental Trust Indenture, dated as of June 1, 1995 (the "Series 1995-B Supplemental Indenture"), from the Corporation to the Trustee, none of which remain outstanding as of the date hereof; and

WHEREAS, the Corporation, at the request of the Town to finance the Town Hall Project, has also heretofore issued its \$7,825,000 aggregate principal amount of Municipal Facilities Revenue Bonds, Series 1997, dated as of October 1, 1997 (the "Series 1997 Bonds"), pursuant to a Series 1997 Supplemental Trust Indenture, dated as of October 1, 1997 (the "Series 1997 Supplemental Indenture"), from

the Corporation to the Trustee, none of which remain outstanding as of the date hereof; and

WHEREAS, the Town further determined that it would be beneficial to the citizens of the Town to provide for certain road and related improvements (the "Roads Project"); and

WHEREAS, the Corporation, at the request of the Mayor and Common Council of the Town to finance the Roads Project, issued its \$17,895,000 aggregate principal amount of Municipal Facilities Revenue Bonds, Series 2003, dated as of January 1, 2003 (the "First Series 2003 Bonds"), pursuant to a Series 2003 Supplemental Trust Indenture, dated as of January 1, 2003 (the "First Series 2003 Supplemental Indenture"), from the Corporation to the Trustee, none of which remain outstanding as of the date hereof; and

WHEREAS, the Town then determined that it would be beneficial to its citizens to provide for certain water system improvements (the "First Water System Project"); and

WHEREAS, the Corporation, as the request of the Mayor and Common Council of the Town to finance the First Water Systems Project, issued its \$4,580,000 aggregate principal amount of Municipal Facilities Revenue Bonds, Second Series 2003, dated as of September 1, 2003, pursuant to a Second Series 2003 Supplemental Indenture, dated as of September 1, 2003 (the "Second Series 2003 Supplemental Indenture"), from the Corporation to the Trustee, none of which remain outstanding as of the date hereof; and

WHEREAS, the Town then determined that it would be beneficial to its citizens to refinance certain portions of the Series 1995-B Bonds and of the Series 1997 Bonds (the "2004 Refunding"); and

WHEREAS, the Corporation, at the request of the Mayor and Common Council of the Town to finance the costs of the 2004 Refunding, issued its \$6,420,000 aggregate principal amount of Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2004, dated as of March 1, 2004 (the "First Series 2004 Bonds"), pursuant to a Series 2004 Supplemental Trust Indenture, dated as of March 1, 2004, from the Corporation to the Trustee, of which \$\_\_\_\_\_,000 principal amount remain outstanding as of the date hereof; and

WHEREAS, the Town then determined that it would be beneficial to its citizens to provide for the acquisition of certain contractual rights to water pursuant to an intergovernmental agreement between the Town and the City of Prescott, Arizona (the "Second Water System Project"); and

WHEREAS, the Corporation, at the request of the Mayor and Common Council of the Town to finance the Second Water System Project, issued its \$14,300,000 aggregate principal amount of Municipal Facilities Revenue Bonds, Second Series 2004, dated as of December 1,

2004 (the "Second Series 2004 Bonds"), pursuant to a Second Series 2004 Supplemental Indenture, dated as of December 1, 2004, from the Corporation to the Trustee, of which \$\_\_\_\_\_,000 principal amount remain outstanding as of the date hereof; and

WHEREAS, the Town then determined that it would be beneficial to its citizens to refinance all of the remaining outstanding First Series 2003 Bonds (the "2011 Refunding"); and

WHEREAS, the Corporation, at the request of the Mayor and Common Council of the Town to finance the costs of the 2011 Refunding, issued its \$14,365,000 aggregate principal amount of Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2011, dated August 25, 2011 (the "Series 2011 Bonds"), pursuant to a Series 2011 Supplemental Trust Indenture, dated as of August 1, 2011, from the Corporation to the Trustee, of which \$14,270,000 principal amount remain outstanding as of the date hereof; and

WHEREAS, the Town heretofore determined that it would be beneficial to the citizens of the Town to refinance the costs of certain improvements to the Town's sewer system (the "2003 Sewer Refunding"); and

WHEREAS, to finance the costs of the 2003 Sewer Refunding, the Mayor and Common Council of the Town issued its \$10,545,000 principal amount of Town of Prescott Valley, Arizona Sewer Revenue Refunding Bonds, Series 2003, dated as of April 1, 2003 (the "Series 2003 Sewer Bonds"), of which \$\_\_\_\_\_,000 principal amount remain outstanding; and

WHEREAS, the Town has now determined that it would be beneficial to the citizens of the Town to refinance [all/a portion] of the Second Series 2004 Bonds and the Series 2003 Sewer Bonds remaining outstanding (the "2012 Refunding"); and

WHEREAS, the Corporation desired to assist the Town in financing the 2012 Refunding; and

WHEREAS, the Corporation has not made, and does not intend to make, any profit by reason of any business or venture in which it may engage or by reason of the assistance it renders the Town in financing or refinancing the capital improvement projects of the Town, and no part of the net earnings of the Corporation, if any, shall ever inure to the benefit of any person, firm or corporation, except the Town; and

WHEREAS, in order to finance the costs of the 2012 Refunding, the Corporation and the Town deemed it necessary and desirable for the Corporation to issue its \$\_\_\_\_\_,000 aggregate principal amount of Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"); and

WHEREAS, in connection with the issuance of the Series 2012 Bonds, the Corporation and the Town entered into (i) a First Amendment to Second Series 2004 Ground Lease, dated as of June 1, 2012 (the "Ground Lease Amendment"), pursuant to which the Town, with respect to the Second Series 2004 Ground Lease, dated as of December 1, 2004 (the "Second Series 2004 Ground Lease"), by and between the Town and the Corporation, encumbers the "Demised Premises" described therein (the "2004 Demised Premises"), (ii) the Series 2012 Ground Lease, dated as of June 1, 2012 (the "Series 2012 Ground Lease"), by and between the Town and the Corporation, pursuant to which the Town encumbers the "Demised Premises" described therein (the "2012 Demised Premises" and, together with the 2004 Demised Premises, the "Demised Premises") and (iii) the Series 2012 Town Lease, dated as of June 1, 2012 (the "Series 2012 Town Lease"), pursuant to which (A) the Corporation accepts the encumbrance of the Demised Premises to the Town and (B) the Town, as agent for the Corporation, agrees to provide for the 2012 Refunding; and

WHEREAS, in connection with the issuance of the First Series 2004 Bonds, the Corporation and the Town entered into a Series 2004 Town Lease, dated as of March 1, 2004 (the "First Series 2004 Town Lease"); and

WHEREAS, the First Series 2004 Bonds remaining outstanding will be payable solely from the revenues received by the Corporation from the Town pursuant to the First Series 2004 Town Lease; and

WHEREAS, in connection with the issuance of the Second Series 2004 Bonds, the Corporation and the Town entered into a Second Series 2004 Town Lease, dated as of December 1, 2004 (the "Second Series 2004 Town Lease"); and

WHEREAS, the Second Series 2004 Bonds remaining outstanding will be payable solely from the revenues received by the Corporation from the Town pursuant to the Second Series 2004 Town Lease; and

WHEREAS, in connection with the issuance of the Series 2011 Bonds, the Corporation and the Town entered into a Series 2011 Town Lease, dated as of August 1, 2011 (the "Series 2011 Town Lease"); and

WHEREAS, the Series 2011 Bonds remaining outstanding will be payable solely from the revenues received by the Corporation from the Town pursuant to the Series 2011 Town Lease; and

WHEREAS, the Series 2012 Bonds are secured by the Indenture, as supplemented by this Supplemental Indenture; and

WHEREAS, the Series 2012 Bonds are payable from revenues received by the Corporation from the Town pursuant to the Series 2012 Town Lease, and the Series 2012 Bonds are, as to the pledge of such revenues, on a parity with the First Series 2004 Bonds, the Second Series 2004 Bonds and the Series 2011 Bonds; and

WHEREAS, the Corporation is authorized to execute and deliver this Supplemental Indenture and to do or cause to be done all acts provided or required herein to be performed on its part;

WHEREAS, all acts and conditions required to happen, exist and be performed precedent to and in the issuance of the Series 2012 Bonds and the execution and delivery of this Supplemental Indenture have happened, exist and have been performed, or at the delivery of the Series 2012 Bonds shall exist, shall have happened and shall have been performed (i) to make the Series 2012 Bonds, when issued, delivered and authenticated, valid obligations of the Corporation in accordance with the terms thereof and hereof and (ii) to make this Supplemental Indenture a valid, binding and legal trust agreement for the security of the Series 2012 Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Supplemental Indenture, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH that to secure, *first*, the payment of Obligation Service Charges (as such term and all other capitalized terms hereafter used are defined in Section 1.01 of this Supplemental Indenture) on the First Series 2004 Bonds, the Second Series 2004 Bonds, the Series 2011 Bonds and the Series 2012 Bonds issued and outstanding under the Indenture, the First Series 2004 Supplemental Indenture, the Second Series 2004 Supplemental Indenture, the Series 2011 Supplemental Indenture and this Supplemental Indenture (collectively, the "Indentures") according to their true intent and meaning and, *second* and *pro rata*, for the benefit of the Series 2004 Provider and the Second Series 2004 Provider, payments to the Series 2004 Provider pursuant to the Series 2004 Guaranty Agreement and payments to the Second Series 2004 Provider pursuant to the Second Series 2004 Guaranty Agreement and to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained herein and therein, and to declare the terms and conditions upon and subject to which the Series 2012 Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Series 2012 Bonds by the Owners thereof, and for other good and valuable consideration, the receipt of which is acknowledged, the Corporation has executed and delivered this Supplemental Indenture and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns, all right, title and interest of the Corporation in and to:

(i) the right, title and interest of the Corporation in and to each of the Ground Lease Amendment and the Series 2012 Ground Lease executed by the Town, as lessor, and the Corporation, as lessee, the Corporation, however, to remain liable to observe and perform all of the conditions and covenants in each of the Ground Lease Amendment and the

Series 2012 Ground Lease provided to be observed and performed by it;

(ii) the right, title and interest of the Corporation in and to the Series 2012 Town Lease executed by the Corporation, as lessor, and the Town, as lessee, the Corporation, however, to remain liable to observe and perform all of the conditions and covenants in the Series 2012 Town Lease provided to be observed and performed by it;

(iii) all of the rents, issues and profits payable to or received by the Corporation from the property described in paragraph (ii) above, including without limitation, all of the rental payments and the amounts to be paid to the Corporation or the Trustee under the terms of the Series 2012 Town Lease, except payments to the Trustee and the Corporation under Sections 1.03(iv) and 1.05 (ii), (iii), (iv), (v) and (vi) of the Series 2012 Town Lease and the Unassigned Corporation's Rights; and

(iv) all property which is by the express provisions of this Supplemental Indenture required to be subjected to the lien hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Corporation or by anyone in its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder,

SUBJECT, HOWEVER, to the rights of access and control in the Town as reserved and granted in Section 9.02 of the Series 2012 Town Lease;

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, and subject to the provisions hereof,

(i) except as otherwise provided herein, *first*, for the equal and proportionate benefit, security and protection of all present and future Owners of the Obligations issued or to be issued under and secured by the Indentures and, *second*, for the benefit of the provider of any Qualified Surety Obligation,

(ii) for the enforcement of the payment of the principal of and interest and any premium on the Series 2012 Bonds, when payable, according to the true intent and meaning thereof and of this Supplemental Indenture and for the enforcement of payments to any such provider and

(iii) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Supplemental Indenture,

in each case, without preference, priority or distinction, as to lien or otherwise, except as otherwise provided herein, of any one Obligation over any other Obligation by reason of series, designation, number, date of the Obligations or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that, except as otherwise provided herein each Obligation and all Obligations shall have the same right, lien and privilege under the Indentures, and, except as otherwise provided herein, shall be secured equally and ratably hereby and thereby, it being intended that the lien and security of this Supplemental Indenture shall take effect from the date hereof, without regard to the date of actual issue, sale or disposition of the Series 2012 Bonds, as though upon that date all of the Series 2012 Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that if

(i) the principal of the Series 2012 Bonds and the interest due or to become due thereon, together with any premium required by redemption of any of the Series 2012 Bonds prior to maturity, shall be well and truly paid, at all times and in the manner to which reference is made in the Series 2012 Bonds, according to the true intent and meaning thereof, or the outstanding Series 2012 Bonds shall have been paid and discharged in accordance with Article X of the Indenture, and

(ii) all of the covenants, agreements, obligations, terms and conditions of the Corporation under this Supplemental Indenture shall have been kept, performed and observed, and there shall have been paid to the Trustee, the Registrar and the Paying Agents as well as the provider of any Qualified Surety Obligation, all sums of money due or to become due to them in accordance with the terms and provisions hereof,

then, this Supplemental Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 10.03 of the Indenture with respect to the survival of certain provisions hereof; otherwise, this Supplemental Indenture shall be and remain in full force and effect.

It is declared that all Series 2012 Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that all Revenues assigned hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in the Indentures. The Corporation has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Owners as well as the provider of any Qualified Surety Obligation, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. All words and terms used herein shall have the same meanings as set forth in the recitals hereto and Section 1.01 of the Indenture, except as hereinafter provided:

"Beneficial Owners" means actual purchasers of the 2012 Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Securities Depository.

"Book-Entry System" means a system for clearing and settlement of securities transactions among participants of a Securities Depository (and other parties having custodial relationships with such participants) through electronic or manual book-entry changes in accounts of such participants maintained by the Securities Depository hereunder for recording ownership of the Series 2012 Bonds by Beneficial Owners and transfers of ownership interests in the Series 2012 Bonds.

"Cost of Issuance Fund (Series 2012)" means the Cost of Issuance Fund (Series 2012) created in Section 4.01 hereof.

"Delivery Costs (Series 2012)" means all items of expense directly or indirectly payable by or reimbursable to the Corporation or the Town relating to the sale, issuance and delivery of the Series 2012 Bonds and the execution and delivery of this Supplemental Indenture, the Ground Lease Amendment, the Series 2012 Ground Lease, the Series 2012 Town Lease, the Escrow Trust Agreement and the Continuing Disclosure Undertaking to be executed and delivered by the Town simultaneously with the initial delivery of the Series 2012 Bonds or the Series 2012 Bonds, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, the Registrar, the Paying Agents, the Escrow Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Series 2012 Bonds and charges and fees in connection with the foregoing.

"Eligible Investments" means, with respect to the Series 2012 Bonds and to the extent permitted by applicable law:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:

- U.S. treasury obligations
  - All direct or fully guaranteed obligations
  - Farmers Home Administration
  - General Services Administration
  - Guaranteed Title XI financing
  - Government National Mortgage Association (GNMA)
  - State and Local Government Series
- (3) Obligations of any of the following federal agencies which obligations represent the full faith credit of the United States of America, including:
- Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHAs)
  - Federal Housing Administration
  - Federal Financing Bank
- (4) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
  - Obligations of the Resolution Funding Corporation (RECORP)
  - Senior debt obligations of the Federal Home Loan Bank System
  - Senior debt obligations of other Government Sponsored Agencies approved by Ambac
- (5) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's Investors Services ("Moody's") and "A-1" or "A-1+" by Standard & Poor's Ratings Group ("S&P") and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (6) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;
- (7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

- (8) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
- (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
  - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (9) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

The value of the above investments shall be determined as follows:

- a) For the purpose of determining the amount in any fund, all Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers.
- b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and
- c) As to any investment not specified above: the value thereof established by prior agreement among the Corporation and the Trustee.

"Escrow Trust Agreement" means the Escrow Trust Agreement, dated as of June 1, 2012, from the Corporation to the Escrow Trustee, as amended or supplemented from time to time.

"Escrow Trustee" means U.S. Bank National Association, a banking entity organized and existing under the laws of the United

States of America and authorized to exercise trust powers under the laws of the State, as escrow agent, and its successors and assigns.

"Ground Lease" means, collectively, the First Amendment to Series 1995-B Ground Lease and Series 1997 Ground Lease, dated as of March 1, 2004, the Series 2003 Ground Lease, dated as of January 1, 2003, as amended by the First Amendment to Series 2003 Ground Lease, dated as of June 1, 2012, the Second Series 2004 Ground Lease, dated as of December 1, 2004, as amended by the First Amendment to Second Series 2004 Ground Lease, dated as of August 1, 2011, and the Series 2012 Ground Lease, dated as of June 1, 2012, each by and between the Town, as lessor, and the Corporation, as lessee.

"Interest Payment Date" or "Interest Payment Dates" means, as to the Series 2012 Bonds, the date or dates set forth as such in the form of bond attached as the Exhibit to this Supplemental Indenture, and as to Additional Obligations, each date or dates designated as an Interest Payment Date or Dates in the form of bond for which provision is made in the applicable Supplemental Indenture or Obligation Resolution.

"Obligations" means, collectively, the First Series 2004 Bonds, the Second Series 2004 Bonds, the Series 2011 Bonds, the Series 2012 Bonds and any Additional Obligations.

"Original Purchaser" means, as to the Series 2012 Bonds, Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, and, as to Additional Obligations, the Person or Persons identified as the purchaser or purchasers in the applicable purchase agreement or purchase proposal.

"Paying Agent" means, as to the Series 2012 Bonds, the Trustee.

"Principal Payment Date" or "Principal Payment Dates" means, as to the Series 2012 Bonds, January 1 in the years specified in Section 2.03 of this Supplemental Indenture for the stated amount of principal to be retired at maturity, or any other date on which the principal of the Series 2012 Bonds is payable as a result of redemption, optional or mandatory.

"Refunded Bonds" means the Section Series 2004 Bonds and the Series 2003 Sewer Bonds which are the subject of the 2012 Refunding described in the recitals hereto.

"Registrar" means, as to the Series 2012 Bonds, the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture and as to any series of Additional Obligations, the bank, trust company or other Person designated as such by or pursuant to the applicable Obligation Resolution or Supplemental Indenture

"Reserve Requirement" means, as to the Series 2012 Bonds, the lesser of an amount equal to (a) the Maximum Annual Debt Service Requirement for the Series 2012 Bonds, (b) 125% of the average Annual Debt Service Requirement for the Series 2012 Bonds, and (c) ten percent (10%) of the stated principal amount of the Series 2012 Bonds. The Reserve Requirement may be satisfied by cash, a Qualified Surety Obligation, or a combination of these two.

"Revenues" means (a) the rental payments due under the Town Lease, (b) all other moneys received or to be received by the Corporation or the Trustee in respect of the Town Lease, including without limitation, moneys and investments in the Bond Retirement Fund, (c) as to the Series 2012 Bonds, any moneys and investments in the Reserve Fund, and (d) all income and profit from the investment of the foregoing moneys, except income and profit from the investment of the moneys described in clause (c) which shall inure only to the benefit of the Series 2012 Bonds.

"Town Lease" means, collectively, the First Series 2004 Town Lease, the Second Series 2004 Town Lease, the Series 2011 Town Lease and the Series 2012 Town Lease.

"Unassigned Corporation's Rights" means all of the rights of the Corporation to receive additional payments under Section 1.05 (iii), (iv) and (v) of the Series 2012 Town Lease, to be held harmless and indemnified under Article VIII thereof, to be reimbursed for attorneys' fees and expenses under Sections 8.04 and 8.05 thereof, to receive notice thereunder and to give or withhold consent to amendments, changes, modifications and alterations of the Series 2012 Town Lease and its right to enforce such rights.

SECTION 1.02. Interpretation.

(a) Any reference herein to the Corporation, to the Board of Directors or to any member or officer of either, includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

(b) Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of the Arizona Revised Statutes, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision, if it constitutes in any way an impairment of the rights or obligations of the Corporation, the Owners, the Trustee, the Registrar or the Corporation under this Supplemental Indenture, the Obligation Resolution, the Series 2012 Bonds, the Ground Lease Amendment, the Series 2012 Ground Lease, the Series 2012 Town Lease or any other instrument or document entered into in connection with any of the foregoing including the Series 2012 Reserve

Fund Agreement, including without limitation, any alteration of the obligation to pay Obligation Service Charges in the amount and manner, at the times, and from the sources provided in the Obligation Resolution and this Supplemental Indenture, except as permitted herein.

(c) Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Supplemental Indenture; and the term "hereafter" means after, and the term "heretofore" means before, the date of this Supplemental Indenture. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

SECTION 1.03. Captions and Headings. The captions and headings in this Supplemental Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

## ARTICLE II

### AUTHORIZATION AND TERMS OF SERIES 2012 BONDS

SECTION 2.01. Nonapplicable Provisions of the Indenture. The provisions of Sections 2.02 and 2.03 of the Indenture shall not apply to the Series 2012 Bonds.

SECTION 2.02. Authorized Amount of Series 2012 Bonds. No Series 2012 Bonds may be issued under the provisions of this Supplemental Indenture except in accordance with this Article. The total authorized principal amount of Series 2012 Bonds which shall be issued under the provisions of this Supplemental Indenture is \$\_\_\_\_,000. The Corporation may issue, sell and deliver one or more series of Additional Obligations for the purpose, upon satisfaction of the conditions and in the manner provided in Section 2.04 of the Indenture.

### SECTION 2.03. Issuance of Series 2012 Bonds.

(a) It is determined to be necessary to, and the Corporation shall, issue, sell and deliver \$\_\_\_\_,000 aggregate principal amount of "Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2012." The Series 2012 Bonds shall be issuable only in fully registered form, substantially as set forth in the Exhibit to this Supplemental Indenture; shall be numbered in such manner as determined by the Trustee in order to distinguish each Series 2012 Bond from any other Series 2012 Bond; shall be in the denominations of \$5,000 of principal amount and any integral multiple thereof; shall be dated June \_\_, 2012, and shall

bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date.

(b) The Series 2012 Bonds shall bear interest at the rates, and mature in the principal amounts on January 1 of the years, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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SECTION 2.04. Delivery of Series 2012 Bonds.

(a) Upon the execution and delivery of this Supplemental Indenture and upon satisfaction of the conditions established by the Corporation for delivery of the Series 2012 Bonds, the Corporation shall execute the Series 2012 Bonds and deliver them to the Trustee. Thereupon, the Trustee shall authenticate the Series 2012 Bonds and deliver them to, or on the order of, the Original Purchaser thereof, as directed by the Corporation in accordance with this Section 2.04.

(b) Prior to delivery by the Trustee of any Series 2012 Bonds, there shall have been received by the Trustee a request and authorization to the Trustee on behalf of the Corporation, signed by the President or the Secretary of the Corporation, to authenticate and deliver the Series 2012 Bonds to, or on the order of, the Original Purchaser upon payment to the Trustee of the amounts specified therein (including without limitation, any accrued interest), which amounts shall be deposited as provided in Section 4.02 hereof.

SECTION 2.05. Form of Series 2012 Bonds. The Series 2012 Bonds shall be substantially in the form set forth in the Exhibit to this Supplemental Indenture, with such omissions, insertions and variations which may be authorized or permitted by the Obligation Resolution or this Supplemental Indenture. Except as provided in Section 3.07 of the Indenture, the Owner of a Series 2012 Bond shall be regarded as the absolute owner thereof for all purposes of this Supplemental Indenture.

SECTION 2.06. Execution and Authentication of Series 2012 Bonds.

(a) Each Series 2012 Bond shall be signed by the President and the Secretary of the Corporation in their official capacities (provided that any or all of those signatures may be facsimiles). In case any officer whose signature or a facsimile of whose signature shall appear on any Series 2012 Bond shall cease to be that officer before the issuance of the Series 2012 Bond, his signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he had remained in office until that time. Any Series 2012 Bond may be executed on behalf of the Corporation by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer.

(b) No Series 2012 Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under the Indentures unless and until a certificate of authentication, substantially in the form set forth in Exhibit A to this Supplemental Indenture, shall have been signed by an authorized representative of the Trustee on behalf of the Trustee. The authentication by the Trustee upon any Series 2012 Bond shall be conclusive evidence that the Series 2012 Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of the Indenture and this Supplemental Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Series 2012 Bonds.

SECTION 2.07. Source of Payment of Series 2012 Bonds. To the extent provided in and except as otherwise permitted by the Indentures, the Series 2012 Bonds shall be special obligations of the Corporation and the Obligation Service Charges thereon shall be payable equally and ratably solely from the Revenues; provided, that payment of Obligation Service Charges on any series of Additional Obligations may be otherwise secured and protected from sources or by property or instruments not applicable to the Series 2012 Bonds and any one or more series of Additional Obligations. Notwithstanding anything to the contrary in the Obligation Resolution, the Series 2012 Bonds or this Supplemental Indenture, the Series 2012 Bonds do not and shall not represent or constitute a debt or pledge of the faith and credit of the Corporation or the taxing power of the Town or of the State or of any political subdivision, municipality or other local agency thereof.

SECTION 2.08. Book-Entry System. The Series 2012 Bonds shall be subject to a Book-Entry System of ownership and transfer, except as provided in (iii) below. The general provisions for effecting such Book-Entry System are as follows:

(i) The Corporation hereby designates The Depository Trust Company, New York, New York, as the initial Securities Depository hereunder.

(ii) The Series 2012 Bonds shall initially be evidenced by one typewritten certificate for each maturity, in an amount equal to the aggregate principal amount thereof. The Series 2012 Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Series 2012 Bonds may not thereafter be transferred or exchanged on the registration books of the Corporation maintained by the Registrar except:

(A) to any successor Securities Depository designated pursuant to (iii) below;

(B) to any successor nominee designated by a Securities Depository; or

(C) if the Corporation shall elect to discontinue the Book-Entry System pursuant to (iii) below, the Corporation will cause the Registrar to authenticate and deliver replacement Series 2012 Bonds in fully registered form in authorized denominations in the names of the Beneficial Owners or their nominees, as certified by the Securities Depository, at the expense of the Corporation; thereafter the provisions of Sections 3.06, 3.07, 3.08 and 3.09 of the Original Indenture shall apply to the Series 2012 Bonds.

(iii) The Registrar, pursuant to a request from the Corporation for the removal or replacement of the Securities Depository, and upon thirty (30) days' notice to the Securities Depository, may remove or replace the Securities Depository. The Registrar agrees to remove or replace the Securities Depository at any time pursuant to the request of the Corporation. The Securities Depository may determine not to continue to act as Securities Depository for the Series 2012 Bonds upon thirty (30) days written notice to the Corporation, the City and the Registrar. If the use of the Book Entry System is discontinued, then after the Registrar has made provision for notification of the Beneficial Owners of their book entry interests in the Series 2012 Bonds by appropriate notice to the then Securities Depository, the Corporation and the Registrar shall permit withdrawal of the Series 2012 Bonds from the Securities Depository, and authenticate and deliver the Series 2012 Bond certificates in fully registered form and in denominations authorized by this Section to the assignees of the Securities Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise prepar-

ing, and delivering, such replacement Series 2012 Bond certificates) of the Corporation.

(iv) Neither the Corporation nor the Registrar and Paying Agent shall be responsible or liable for the failure of the Securities Depository or any participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Series 2012 Bonds or any error or delay relating thereto.

### ARTICLE III

#### REDEMPTION OR PURCHASE OF SERIES 2012 BONDS

SECTION 3.01. Redemption of Series 2012 Bonds. Under the terms of the Series 2012 Town Lease, money may be paid or credited for the purpose of redeeming Series 2012 Bonds when redeemable or purchasing Series 2012 Bonds when permitted hereunder. The Corporation covenants that any and all money received by it which, pursuant to the Series 2012 Town Lease, is to be used to redeem or purchase Series 2012 Bonds shall be paid to the Trustee under this Supplemental Indenture, and in such event, the Trustee shall deposit the same in the Bond Retirement Fund and shall use any and all such money to prepay and redeem or purchase Series 2012 Bonds in accordance with their terms and the provisions of this Article.

SECTION 3.02. Nonapplicable Provisions of the Indenture. The provisions of Section 4.02 of the Indenture shall not apply to the Series 2012 Bonds.

SECTION 3.03. Terms of Redemption of Series 2012 Bonds. The Series 2012 Bonds maturing on or after January 1, 20\_\_, may be redeemed prior to their maturity dates, in whole or in part, on any interest payment date, in any order of maturity and by lot within any maturity, by the Corporation, at the request of the Town, on or after January 1, 20\_\_, at the redemption price of par, plus in each case, interest accrued to the date fixed for redemption.

### ARTICLE IV

#### PROVISIONS AS TO FUNDS AND PAYMENTS

SECTION 4.01. Expansion of Funds and Establishment of Cost of Issuance Fund. The same several deposit accounts established under Section 5.01 of the Indenture, that is, the (i) Revenue Fund, (ii) Interest Fund, (iii) Obligation Retirement Fund, and (iv) Reserve Fund, shall remain in full force and effect and hereby are expanded to fully service the Series 2012 Bonds issued under this Supplemental Indenture from the installments of rental payments to be paid by the Town pursuant to the terms of the Series 2012 Town Lease. Addi-

tionally, there is hereby ordered created by the Corporation and maintained as a separate deposit account (except when invested as hereinafter set forth) in the custody of the Trustee, the following trust fund: the Cost of Issuance Fund (Series 2012).

SECTION 4.02. Application of Series 2012 Bond Proceeds and Transfer from Reserve Fund. The Corporation deposited with the Trustee all of the proceeds of the Series 2012 Bonds, and upon receipt of such proceeds the Trustee:

(a) deposited with the Escrow Trustee the amount of \$\_\_\_\_\_ for the credit of the "Trust Fund" established pursuant to the Escrow Trust Agreement to provide for the payment of the Refunded Bonds pursuant to the provisions of the Escrow Trust Agreement,

(b) deposited to the credit of the Reserve Fund the amount of \$\_\_\_\_\_ and

(c) deposited to the credit of the Cost of Issuance Fund (Series 2012), the balance of the proceeds of the sale of the Series 2012 Bonds (\$\_\_\_\_\_).

[The Trustee also transferred the amount of \$\_\_\_\_\_ from the Reserve Fund to the Escrow Trustee for the credit of such Trust Fund.]

SECTION 4.03. Disbursements From Cost of Issuance Fund (Series 2012).

(a) The Trustee shall hold the moneys in the Cost of Issuance Fund (Series 2012) for the benefit of the Corporation to be used to pay the Delivery Costs (Series 2012), upon written order executed and delivered to the Trustee from the Town Representative directing such disbursements. The Trustee shall disburse moneys in the Cost of Issuance Fund (Series 2012) only upon a requisition signed by a Town Representative setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs (Series 2012) and the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs (Series 2012) properly chargeable to the Cost of Issuance Fund (Series 2012).

(b) The Trustee shall be responsible for holding the moneys in the Cost of Issuance Fund (Series 2012) and the payment thereof in accordance with this Section. On September 1, 2012, the Trustee shall transfer to the Obligation Retirement Fund the balance of moneys remaining in the Cost of Issuance Fund (Series 2012).

SECTION 4.04. Receipt of Revenues. The installments of rental payments to be paid by the Town pursuant to the terms of the Series 2012 Town Lease have been assigned by the Corporation to the Trustee so that such moneys shall be paid by the Town directly to the Trustee, and the Trustee shall credit such moneys to the Revenue Fund. If on any payment date the money in the Revenue Fund exceeds the

amount necessary for the current debt service on all Obligations then outstanding, including administration costs and expenses then due and payable, and the Town is not then in default under the Town Lease, such excess shall constitute a credit to the Town on the next succeeding installments of rent due or to become due under the Town Lease; provided, however, that the Town may exercise its rights under Section 7.03 of the Town Lease, in which event such excess funds shall be transferred to and paid over into the Obligation Retirement Fund. The aforesaid credit or transfer shall be made by the Trustee no less frequently than annually.

SECTION 4.05. Flow of Funds. The Trustee shall transfer from the Revenue Fund the following amounts at the time and in the manner hereinafter provided, to-wit:

(i) Interest Fund: One (1) business day prior to each Interest Payment Date, the Trustee shall deposit in the Interest Fund an amount equal to the amount of the interest becoming due and payable on the outstanding Obligations on the next Interest Payment Date, and each such deposit shall be made so that adequate moneys for the payment of interest will be available in such fund on each date that interest payments are to be made hereunder. Money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Obligations as it shall become due and payable.

(ii) Obligation Retirement Fund: One (1) business day prior to each Principal Payment Date, the Trustee shall deposit in the Bond Retirement Fund solely for the purpose of paying the principal of the Series 2012 Bonds as each amount shall become due and payable, on or before the following dates, the amounts specified opposite each such date:

<u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>
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(iii) Reserve Fund: (A) Monthly, commencing on the twentieth (20th) day of the month following a payment made from the Reserve Fund with respect to the Series 2012 Bonds as hereinafter described, the Trustee shall, to the extent of legally available funds therefor, deposit into the Reserve Fund an amount equal to the amount required to restore the Reserve Fund to an amount equal to the Reserve Requirement for the Series 2012 Bonds. No deposit need be made into the Reserve Fund with respect to the Series 2012 Bonds if the amount of money contained therein is at least equal to the Reserve Requirement for the Series 2012 Bonds. If and to the extent that money has also been deposited in the Reserve Fund, all such money shall be used (or investments purchased with such money shall be liquidated and the proceeds applied as required) prior to any drawing under a Qualified Surety Obligation. If and to the extent that more than one Qualified Surety Obligation is credited to the Reserve Fund in lieu of money, drawings under such Qualified Surety Obligations (and repayment or reimbursement of amounts with respect to such Qualified Surety Obligations as hereinafter described) shall be made on a pro rata basis (calculated by reference to the policy limits or maximum amounts available thereunder) after applying all available money in the Reserve Fund.

(B) If on January 15 of any year the amount in the Reserve Fund exceeds an amount equal to the Reserve Requirement for the Series 2012 Bonds, and if the Corporation is not then in default under the Indentures or the Series 2004 Guaranty Agreement or the Second Series 2004 Guaranty Agreement, the Trustee shall withdraw the amount of any such excess from such fund and shall apply such amount, *first* and on a *pro rata* basis, to amounts due with respect to any Qualified Surety Obligation and, *second*, as a deposit to the Revenue Fund.

(C) Except for such withdrawals, all amounts in the Reserve Fund shall be used and withdrawn solely for the purpose of paying the interest on or principal of the Series 2012 Bonds in the event that no other money of the Corporation is available therefor, or for the retirement of all of the Bonds then outstanding.

(D) Any funds on deposit in the Reserve Fund may be invested by the Trustee as hereinafter described; provided, however, that such funds may not be invested at a yield which would cause the Series 2012 Bonds to be arbitrage bonds as defined in Section 148 of the Code.

SECTION 4.06. Investment of Funds. Substantially all money in any of the funds to be established by the Trustee pursuant to Article V of the Indenture and this Article IV of this Supplemental Indenture shall be invested and reinvested by the Trustee in Eligible

Investments, at the direction of the Town, so long as the Town is not in default under the Town Lease. Such investments of moneys shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary to provide moneys to pay Obligation Service Charges as they become due at stated maturity or by redemption. Any interest, profit or loss on investments made pursuant to this Section 4.06 shall be credited or charged to the fund to which such interest, profit or loss relates. It is understood, pursuant to Section 1.05 (iv) of the Series 2012 Town Lease, that any losses on such investments are to be made up by the Town to the extent necessary to meet the Bond Service Charges and to pay the fees and expenses of the Trustee, the Registrar and any Paying Agents under this Supplemental Indenture. Any money paid to the Trustee by the Town for such purpose shall be deposited in the fund or funds with respect to which, and to the extent that, such losses were incurred. At any time that the Town is in default under the Town Lease, substantially all money in any of the funds established by the Trustee pursuant to Article V of the Indenture or to be established by the Trustee pursuant to Article IV of this Supplemental Indenture shall be invested and reinvested by the Trustee at the direction of the Corporation in Eligible Investments.

SECTION 4.07. Limitation of Investment Yield. In the event the Town (while it is directing investments), the Corporation (while it is directing investments) or nationally recognized bond counsel is of the opinion that it is necessary to restrict or limit the yield on the investment of any money paid to or held by the Trustee hereunder in order to avoid the Bonds, or any of them, being considered "arbitrage bonds" within the meaning of Section 148 of the Code, the Town, the Corporation or nationally recognized bond counsel, as the case may be, may issue to the Trustee a written certificate or other instrument to such effect (along with appropriate instructions), in which event the Trustee will take such action as has been directed by such parties so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate or other instrument.

SECTION 4.08. Obligation With Respect to Rebate. The Town has agreed pursuant to the Series 2012 Town Lease to provide for amounts due pursuant to Section 148 of the Code as "rebate." As such, the Trustee shall have no duties with respect to such matter other than duties the Trustee otherwise has with respect to enforcement of the Series 2012 Town Lease.

## ARTICLE V

### ENFORCEMENT OF REVENUE PLEDGE; EXCLUSIVE PLEDGE

SECTION 5.01. Enforcement of Revenue Pledge. As provided in Section 3.07 of the Series 2012 Town Lease, the Trustee shall have the right of specific performance of the covenants of the Town as to the Revenues contained in Article III of the Series 2012 Town Lease,

by appropriate court action, in the name of the Trustee on behalf of the Owners of the Obligations and the provider of any Qualified Surety Obligation, in the name of the Corporation, or in the names of both. Nothing contained in this Section 5.01 or in Article III of the Series 2012 Town Lease shall be deemed to create a lien of any kind upon the Real Property or the Improvements or upon any other assets of facilities of the Town.

SECTION 5.02. Exclusive Pledge. As further provided in Section 3.05 of the Series 2012 Town Lease, the pledges of Revenues referred to in this Article shall be for the benefit of the Owners of the First Series 2004 Bonds, the Second Series 2004 Bonds, the Series 2011 Bonds, the Series 2012 Bonds and any other Additional Obligations issued by the Corporation as well as the provider of any Qualified Surety Bond, and no other creditor of the Corporation shall have any claim thereto.

## ARTICLE VI

### PARITY OF PLEDGE OF REVENUES

SECTION 6.01. Parity of Pledge of Revenues. To the extent that the installments of rental payments required to be paid by the Town to the Trustee (as assignee of the Corporation) pursuant to the Town Lease, are not paid, the pledge of and lien upon the Excise Taxes under Article III of the Town Lease shall accrue equally and ratably by means of the Indentures to the Owners of the Bonds. Any default under this Supplemental Indenture shall constitute a default under the Indentures, and any default under the Series 2012 Town Lease shall constitute a default under the Series 2012 Town Lease.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

SECTION 7.01. Counterparts. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

SECTION 7.02. Incorporation of State Law Provisions.

(a) To the extent applicable by provision of law, the Trustee acknowledges that this Supplemental Indenture is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that the Corporation may within three years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by the Corporation if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Corporation is at any time while the

contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Trustee of the foregoing shall be deemed a material breach of this Supplemental Indenture and may result in the termination of the services of the Trustee by the Corporation. The Corporation retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the foregoing. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Corporation. The Trustee shall cooperate with the random inspections by the Corporation including granting the Corporation entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Sections 35-391.06 and 35-393.06, Arizona Revised Statutes, as amended, the Trustee does not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in Section 35-391 and 35-393, Arizona Revised Statutes, as amended, as applicable. If the Corporation determines that the Trustee submitted a false certification, the Corporation may impose remedies as provided by law including terminating the services of the Trustee.

## ARTICLE VIII

### INTEGRATION OF DOCUMENTS

SECTION 8.01. The Indenture and this Supplemental Indenture. The Indenture and this Supplemental Indenture shall be deemed and considered as a single document, and the covenants, agreements, terms, conditions, rights, privileges, duties and liabilities contained in the Indenture and this Supplemental Indenture and arising thereunder and hereunder shall apply concurrently, except as specifically set forth herein, and except when the context or circumstances otherwise require.

SECTION 8.02. Indenture to Remain in Effect, Except as Modified. Except as otherwise modified, amended or supplemented by this Supplemental Indenture, the Indenture shall remain in full force and effect for and until the defeasance clause of the preamble of this Supplemental Indenture is satisfied.

SECTION 8.03. Continuing Disclosure Undertaking. With respect to the Series 2012 Bonds, Section 8.01(a)(iv) of the Indenture shall include any default provided by the Continuing Disclosure Undertaking, dated the date of the Series 2012 Bonds, from the Town.

IN WITNESS WHEREOF, the Corporation has caused this Supplemental Indenture to be executed and delivered for it and in its name and on its behalf by its duly authorized officers; in token of its acceptance of the trusts created hereunder, the Trustee has caused this Supplemental Indenture to be executed and delivered for it and in its name and on its behalf by its duly authorized officer; and in token of its acceptance of the duties and obligations of the Registrar hereunder, the Registrar has caused this Supplemental Indenture to be executed and delivered for it and in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

TOWN OF PRESCOTT VALLEY MUNICIPAL  
PROPERTY CORPORATION

By.....  
President

ATTEST:

.....  
Secretary-Treasurer

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee and Registrar

By.....  
Vice President

EXHIBIT

[FORM OF SERIES 2012 BOND]

REGISTERED  
NO. R-.....

REGISTERED  
\$.....

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND 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  
TOWN OF PRESCOTT VALLEY MUNICIPAL PROPERTY CORPORATION  
MUNICIPAL FACILITIES REVENUE REFUNDING BOND,  
SERIES 2012

<u>Interest</u> <u>Rate:</u>	<u>Maturity</u> <u>Date:</u>	<u>Original</u> <u>Issue Date:</u>	<u>CUSIP:</u>
....% per annum	January 1, ....	June 25, 2012	74080P ....

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ..... DOLLARS

Town of Prescott Valley Municipal Property Corporation, a nonprofit corporation incorporated and existing under and by virtue of the laws of the State of Arizona (hereinafter referred to as the "Corporation"), for value received, hereby promises to pay to the Registered Owner (named above), or registered assigns, the Principal Amount (stated above) on the aforesaid Maturity Date, unless this Bond is redeemed prior to its maturity date and payment provided therefor, and to pay interest on the Principal Amount at the Interest Rate (stated above) on January 1 and July 1 of each year, commencing January 1, 2013 (the "interest payment dates"), from the date of this Bond to its maturity or until redeemed if redeemed prior to maturity. The principal of and premium, if any, on this Bond (and any interest

\* Insert so long as the Depository Trust Company, New York, New York, is the Securities Depository.

due as of the principal maturity or redemption date) are payable upon presentation and surrender hereof at the designated corporate trust office of ....., as trustee (the "Trustee"). Interest on this Bond other than that due on a principal maturity or redemption date is payable by check or draft mailed to the registered owner hereof, as shown on the registration books for the series of bonds of which this Bond is one maintained by the Trustee, at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the Registered Owner hereof (or of one or more predecessor Bonds) as of the regular record date, but shall be payable to the Registered Owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date to be fixed by the Trustee for the payment of that overdue interest. The special record date shall be fixed by the Trustee whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to registered owners of the Bonds not less than 10 days prior thereto. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the Trustee.

This Bond is one of a duly authorized series of Bonds of the Corporation known as its Municipal Facilities Revenue Refunding Bonds, Series 2012 (hereinafter called the "Series 2012 Bonds"), in an aggregate principal amount of \$\_\_\_\_\_,000 for the purpose of providing funds for the Town of Prescott Valley, Arizona (the "Town"), to provide for the costs of refinancing certain bonds of the Corporation and bonds of the Town, secured by rental payments due from the Town. The Series 2012 Bonds are special obligations of the Corporation issued under and equally and ratably secured, both as to principal and interest, by a Trust Indenture, dated as of January 1, 1995 (the "Indenture"), as supplemented by a Series 1995-B Supplemental Trust Indenture, dated as of June 1, 1995 (the "Series 1995-B Supplemental Indenture"), a Series 1997 Supplemental Trust Indenture, dated as of October 1, 1997 (the "Series 1997 Supplemental Indenture"), a First Series 2003 Supplemental Trust Indenture, dated as of January 1, 2003 (the "First Series 2003 Supplemental Indenture"), a Second Series 2003 Supplemental Trust Indenture, dated as of September 1, 2003 (the "Second Series 2003 Supplemental Indenture"), a First Series 2004 Supplemental Trust Indenture, dated as of March 1, 2004 (the "First Series 2004 Supplemental Indenture"), a Second Series 2004 Supplemental Trust Indenture, dated as of December 1, 2004 (the "Second Series 2004 Supplemental Indenture"), a Series 2011 Supplemental Trust Indenture, dated as of August 1, 2011 (the "Series 2011 Supplemental Indenture"), and a Series 2012 Supplemental Trust Indenture, dated as of June 1, 2012 (the "Series 2012 Supplemental Indenture") from the Corporation to the Trustee. The Indenture, the Series 1995-B Supplemental Indenture, the Series 1997 Supplemental Indenture, the First Series 2003 Supplemental Indenture, the Second Series 2003 Supplemental Indenture, the First Series 2004 Supplemental Indenture, the Second Series 2004 Supplemental Indenture, the Series

2011 Supplemental Indenture and the Series 2012 Supplemental Indenture are hereinafter collectively referred to as the "Indentures." Reference is hereby made to the Indentures for the nature and extent of the security, a statement of the terms and conditions upon which the Series 2012 Bonds are issued and secured, the rights of the registered owner hereof and the terms under which obligations on a parity with the Series 2012 Bonds have been and may be issued, including the hereinafter described "First Series 2004 Bonds," "Second Series 2004 Bonds" and "Series 2011 Bonds."

The Corporation is the lessee of certain real property owned by the Town. Pursuant to a Series 2012 Town Lease, dated as of June 1, 2012 (the "Series 2012 Town Lease"), between the Corporation and the Town, the Corporation has leased such real property to the Town. The rental payments to be paid by the Town pursuant to the Series 2012 Town Lease have been assigned to the Trustee as security for the payment of the Series 2012 Bonds.

Under the terms of the Series 2012 Town Lease, the Town has agreed to pay as rental payments sums sufficient to pay, among other things, the principal of and interest on the Series 2012 Bonds as the same come due as well as all charges and expenses of the Trustee. In order to secure the payment of the rental payments, the Town has pledged all of its transaction privilege (sales), other transaction privilege, excise and franchise taxes collected by or on behalf of the Town (except those taxes required by State law to be expended for specific purposes, such as the motor vehicle fuel tax and other amounts provided for in the Series 2012 Town Lease, which pledge is on a parity with the pledge by the Town for the rental payments securing the Corporation's Municipal Facilities Revenue Refunding Bonds, Series 2004, dated as of March 1, 2004 (the "First Series 2004 Bonds"), Municipal Facilities Revenue Bonds, Second Series 2004 (the "Second Series 2004 Bonds"), and Municipal Facilities Revenue Refunding Bonds, Series 2011 (the "Series 2011 Bonds"), issued under the Indentures and under the terms of a Series 2004 Town Lease, dated as of March 1, 2004 (the "First Series 2004 Town Lease"), a Second Series 2004 Town Lease, dated as of December 1, 2004 (the "Second Series 2004 Town Lease"), and a Series 2011 Town Lease, dated as of August 1, 2011 (the "Series 2011 Town Lease"), respectively, in each case by and between the Corporation, as lessor, and the Town, as lessee, and remaining outstanding after the issuance of the Series 2012 Bonds. The Series 2012 Bonds (including for all purposes this Bond) are payable solely from amounts received by the Corporation pursuant to the Series 2012 Town Lease, and as to the pledge of such excise taxes, are on a parity with the First Series 2004 Bonds, the Second Series 2004 Bonds and the Series 2011 Bonds.

THE TOWN IS NOT AND SHALL NOT BE LIABLE FOR THE PAYMENT FROM AD VALOREM TAXES OF THE RENTAL PAYMENTS DUE PURSUANT TO THE SERIES 2012 TOWN LEASE OR PRINCIPAL OF AND INTEREST ON THE SERIES 2012 BONDS. PURSUANT TO THE INDENTURES, THE FIRST SERIES 2004 BONDS, THE SECOND SERIES 2004 BONDS, THE SERIES 2011 BONDS AND THE SERIES 2012 BONDS WILL BE SPECIAL OBLIGATIONS, PAYABLE SOLELY FROM THE RENTAL

PAYMENTS MADE PURSUANT TO THE FIRST SERIES 2004 TOWN LEASE, THE SECOND SERIES 2004 TOWN LEASE, THE SERIES 2011 TOWN LEASE AND THE SERIES 2012 TOWN LEASE. THE SERIES 2012 BONDS DO NOT AND SHALL NOT REPRESENT OR CONSTITUTE A DIRECT OR INDIRECT PLEDGE OF THE FULL FAITH AND CREDIT OF THE TOWN OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION, MUNICIPALITY OR OTHER AGENCY THEREOF. THE CORPORATION HAS NO TAXING POWER.

As provided in, and to the extent permitted by the Indentures, or any indenture supplemental thereto, the rights and obligations of the Corporation and the registered owners of the Series 2012 Bonds may be modified by the Corporation with the written consent of the registered owners of a majority of the principal amount of the Series 2012 Bonds outstanding, provided, however, that no such modification shall effect the reduction, or the extension of the stated time of payment, of the principal hereof, or of the interest hereon, or permit the creation of any lien on the trust estate prior to or on a parity with the lien of the Indentures (except parity bonds or other obligations issued under the conditions set forth in the Indentures) or deprive the registered owner hereof of the lien created by the Indentures.

The Town, for itself, its successors and assigns, has covenanted and agreed with the registered owners of the Series 2012 Bonds that, so long as any of the First Series 2004 Bonds, the Second Series 2004 Bonds, the Series 2011 Bonds or the Series 2012 Bonds remain outstanding and any of the principal and interest thereon shall be unpaid or unprovided for, it will not further encumber the taxes pledged under the First Series 2004 Town Lease, the Second Series 2004 Town Lease, the Series 2011 Town Lease and the Series 2012 Town Lease, on a basis equal to its first lien pledge therein, unless the taxes collected in the next preceding fiscal year shall have amounted to at least two and one-half times the highest combined interest and principal requirements for any succeeding 12 months' period for the First Series 2004 Bonds, the Second Series 2004 Bonds, the Series 2011 Bonds and the Series 2012 Bonds then outstanding and all other outstanding parity obligations and any parity obligations so proposed to be secured by a pledge of those taxes.

The Series 2012 Bonds maturing on or after January 1, 20\_\_, may be redeemed prior to their maturity dates by the Corporation, at the request of the Town, in whole or in part, on any interest payment date, in any order of maturity and by lot within any maturity, on or after January 1, 20\_\_, at the redemption price of par, plus interest accrued to the date fixed for redemption.

Notice of redemption of the Series 2012 Bonds shall be mailed by first class mail, postage prepaid, not more than 45 days nor less than 30 days prior to the date fixed for redemption, to the registered owner of each Series 2012 Bond to be redeemed in whole or in part at the registered owner's address shown on the registration books for the Series 2012 Bonds on the 15th day preceding that mailing. Failure to mail notice to any registered owner of Series 2012 Bonds shall not affect the validity of the proceeding for the redemp-

tion of Series 2012 Bonds with respect to registered owners of other Series 2012 Bonds.

The Registrar, initially the Trustee, shall maintain the registration books of the Corporation for the registration of ownership of each Series 2012 Bond as provided in the Supplemental Indenture.

This Bond may be transferred on the registration books for the Series 2012 Bonds upon delivery hereof to the Registrar, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the registered owner of this Bond, or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books for the Series 2012 Bonds.

In all cases upon the transfer of a Series 2012 Bond, the Registrar shall enter the transfer of ownership in the registration books for the Series 2012 Bonds and shall authenticate and deliver, in the name of the transferee or transferees, a new fully registered Series 2012 Bond or Series 2012 Bonds of the denominations of \$5,000 of principal amount or any whole multiple thereof (except that no Series 2012 Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Indentures.

The registered owner of one or more Series 2012 Bonds may, upon request, and upon the surrender to the Trustee of such Series 2012 Bonds, exchange such Series 2012 Bonds for Series 2012 Bonds of other authorized denominations of the same maturity, series and interest rate together aggregating the same principal amount as the Series 2012 Bonds so surrendered.

The Corporation or the Registrar shall charge the registered owner of such Series 2012 Bond, for every such transfer or exchange of a Series 2012 Bond, an amount sufficient to reimburse them for any tax, governmental fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Series 2012 Bond shall be delivered. The Corporation shall pay all initial registration fees on the Series 2012 Bonds. Subsequent owners of the Series 2012 Bonds shall pay all transfer fees including governmental fees, taxes or charges. The registered owner of any Series 2012 Bond shall be required to pay any expenses incurred in connection with the replacement of a mutilated, lost, stolen or destroyed Series 2012 Bond.

The Corporation and the Registrar shall not be required (a) to issue or transfer any Series 2012 Bonds during a period beginning with the opening of business on the 15th business day next preceding the date of mailing of notice of Series 2012 Bonds to be redeemed and ending with the close of business on the day on which the

applicable notice of redemption is mailed or (b) to transfer any Series 2012 Bonds which have been selected for redemption in whole or in part.

This Bond shall not be entitled to any security or benefit under the Indentures or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

This Bond is a special obligation of the Corporation, and no incorporator, member, director, officer or agent, as such, past, present or future, of the Corporation shall be personally liable for the payment hereof.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this Bond do exist, have occurred and have been performed.

IN WITNESS WHEREOF, the President and Secretary-Treasurer of the Corporation have caused this Bond to be executed in the name of the Corporation by the facsimile signature of said President and by the facsimile signature of said Secretary-Treasurer, all as of the date written above.

TOWN OF PRESCOTT VALLEY MUNICIPAL  
PROPERTY CORPORATION

(Facsimile).....  
President

ATTEST:

(Facsimile).....  
Secretary-Treasurer

CERTIFICATE OF AUTHENTICATION

This Bond is one of Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2012.

Date of Authentication: .....

.....,  
as Registrar

By.....  
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto ..... the within bond and irrevocably constitutes and appoints ..... attorney to transfer that bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: .....

Signature Guaranteed:

.....

[INSERT PROPER LEGEND]

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or any change whatsoever.

[INSERT APPROPRIATE ABBREVIATIONS]

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