

**TOWN OF PRESCOTT VALLEY
MUNICIPAL PROPERTY CORPORATION**

\$ _____
**MUNICIPAL FACILITIES REVENUE
REFUNDING BONDS, SERIES 2012A**

\$ _____
**MUNICIPAL FACILITIES REVENUE
REFUNDING BONDS, SERIES 2012B**

BOND PURCHASE CONTRACT

_____, 2012

Town of Prescott Valley
Municipal Property Corporation

Mayor and Town Council
Town of Prescott Valley, Arizona

Ladies and Gentlemen:

Upon the terms and conditions hereof and in reliance on the representations, warranties and covenants contained in this Bond Purchase Contract (the "Bond Purchase Contract") and in any certificates or other documents delivered pursuant hereto, Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus (the "Underwriter"), acting not as agent of or fiduciary to the Town of Prescott Valley Municipal Property Corporation (the "Corporation") or the Town of Prescott Valley, Arizona (the "Town"), but for and on behalf of the Underwriter, hereby offers to enter into this Bond Purchase Contract with the Town and the Corporation for the sale by the Corporation, and the purchase by the Underwriter, of the Series 2012 Bonds (as hereinafter defined). This offer is made subject to your acceptance of this Bond Purchase Contract prior to 11:59 p.m., Phoenix, Arizona time, on the date written above. Upon acceptance, as evidenced by the execution hereof by authorized officers of the Corporation and the Town, in the spaces provided below, this Bond Purchase Contract will be in full force and effect in accordance with its terms and shall be binding upon the Town, the Corporation and the Underwriter. At any time prior to such acceptance and approval, this offer is subject to withdrawal by the Underwriter by written notice delivered to the Corporation and the Town as herein provided. The offer of the Underwriter is made by signing the signature line provided and delivering the signed page to the Town and the Corporation. The acceptance is made by the Town by signing the signature line provided and delivering the signed page to the Underwriter and the Corporation. The offer of the Corporation is made by signing the signature line provided and delivering the signed page to the Underwriter and the Town. Delivery includes sending in

the form of a facsimile or telecopy or via the internet as a portable document format (PDF) file or other replicating image attached to an electronic message. Unless the context otherwise indicates, any capitalized term not defined in this Bond Purchase Contract shall have the meaning assigned to it in the Bond Resolution described in Section 4(a) hereof.

1. Purchase and Sale of the Series 2012 Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth in this Bond Purchase Contract, the Underwriter shall purchase from the Corporation, and the Corporation shall sell and deliver to the Underwriter, all (but not less than all) of the \$_____ principal amount of the Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2012A (the "Series 2012A Bonds") and the \$_____ principal amount of the Town of Prescott Valley Municipal Property Corporation Municipal Facilities Revenue Refunding Bonds, Series 2012B (the "Series 2012B Bonds" and, together with the Series 2012A Bonds, the "Series 2012 Bonds").

Inasmuch as this purchase and sale represents a negotiated transaction, the Town and the Corporation acknowledge and agree that (i) the purchase and sale of the Series 2012 Bonds pursuant to this Bond Purchase Contract is an arm's-length commercial transaction among the Town, the Corporation and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principals and is not acting as the agent or fiduciary of the Town or the Corporation, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Town or the Corporation with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Town or the Corporation on other matters) and the Underwriter has no obligation to the Town or the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Contract and (iv) the Town and the Corporation have consulted their own legal advisors and any other advisors to the extent they have deemed appropriate. The Town and the Corporation also hereby acknowledge that Greenberg Traurig, LLP ("Bond Counsel"), represents the Underwriter in certain other transactions and as general counsel regarding certain matters and hereby waives any conflict of interest that may exist as a result of such representation.

(b) The Series 2012 Bonds will be dated as of the date of the initial authentication and delivery thereof.

(c) The Series 2012 Bonds will be purchased by the Underwriter at the purchase price of \$_____ representing:

(1) The purchase price of the Series 2012A Bonds \$_____ (consisting of the par amount of the Series 2012A Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, and less the Underwriter's discount of \$_____); and

(2) The purchase price of the Series 2012B Bonds \$_____ (consisting of the par amount of the Series 2012B Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, and less the Underwriter's discount of \$_____).

(d) Payment for the Series 2012 Bonds will be made to the Corporation or its order by wire transfer or other funds that are immediately available. [Such transfer will reflect the wire transfer by the Underwriter to [_____] (the "Insurer"), the issuer of a municipal bond insurance policy (the "Policy") and a debt service reserve surety bond (the "Surety Bond") relating to the Series 2012 Bonds, on behalf of the Corporation, of the Policy premium of \$_____ and the Surety Bond premium of \$_____.]

(e) The Series 2012 Bonds will bear interest at the rates and mature on the dates and in the principal amounts set forth in Exhibit A hereto. The Series 2012 Bonds shall have such terms, redemption provisions, and other provisions as described in and be secured under and pursuant to the Trust Indenture, dated as of January 1, 1995 (the "Original Indenture"), the Series 2004 Supplemental Trust Indenture, dated as of March 1, 2004 (the "First Series 2004 Supplemental Indenture"), the Second Series 2004 Supplemental Trust Indenture, dated as of December 1, 2004 (the "Second Series 2004 Supplemental Indenture"), the Series 2011 Supplemental Trust Indenture, dated as of August 1, 2011 (the "Series 2011 Supplemental Indenture") and the Series 2012 Supplemental Trust Indenture, dated as of June 1, 2012 (the "Series 2012 Supplemental Indenture"), by and between the Corporation and U.S. Bank, National Association, as successor trustee (the "Trustee"). (The Original Indenture, as so supplemented, is referred to herein as the "Indenture"). The Series 2012 Supplemental Indenture shall be substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon among the Underwriter, the Town and the Corporation.

(f) The Series 2012 Bonds will be offered for sale pursuant to an official statement, dated as of _____, 2012 (including all appendices thereto, the "Final Official Statement"), prepared by or on behalf of the Corporation and the Town. The Underwriter agrees to make a public offering of the Series 2012 Bonds at not in excess of the initial offering prices (or not less than the yields) set forth in the Final Official Statement, reserving, however, the right to change such initial offering prices as necessary, in the sole discretion of the Underwriter, in connection with the marketing of the Series 2012 Bonds. The Underwriter may offer and sell the Series 2012 Bonds to certain dealers (including dealers depositing Series 2012 Bonds into investment trusts) and others at prices lower than the public offering prices (or higher than the yields). Based on the initial offering prices to the public of the Series 2012 Bonds, the Underwriter anticipates receiving compensation of \$_____.

(g) The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Series 2012 Bonds at a level above that which might otherwise prevail in the open market, and (ii) to discontinue such stabilizing, if commenced, at any time.

(h) The Underwriter will furnish to the Corporation a certificate in a form acceptable to Bond Counsel stating that a bona fide public offering of the Series 2012 Bonds has been made and setting forth the initial offering prices at which a substantial amount of the Series 2012 Bonds of each maturity was reasonably expected to be sold to the public (excluding bond

houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) as of the date of this Bond Purchase Contract.

2. Delivery of Documents and Official Statement.

(a) Bond Resolution. At the time of acceptance hereof by the Corporation, or as soon as reasonably possible thereafter, there shall be delivered to the Underwriter a copy of the Resolution of the Board of Directors of the Corporation, dated _____, 2012, authorizing, among other things, the issuance and sale of the Series 2012 Bonds (the “Bond Resolution”); certified by the President of the Board of Directors as having been duly adopted by the Corporation and as being in effect.

(b) Distribution of Preliminary Official Statement. The Corporation and the Town hereby approve and ratify the distribution by the Underwriter of the Preliminary Official Statement, dated _____, 2012 (together with all appendices thereto, the “Preliminary Official Statement”), relating to the Series 2012 Bonds. The Preliminary Official Statement, as amended to reflect the changes required in connection with the pricing and sale of the Series 2012 Bonds, is hereinafter referred to as the “Final Official Statement” and is referred to herein collectively with the Preliminary Official Statement as the “Official Statement.”

(c) Preliminary Deemed Final. The Corporation and the Town have caused the Preliminary Official Statement to be prepared for use in connection with the public offering, sale and distribution of the Series 2012 Bonds by the Underwriter. The Preliminary Official Statement is hereby “deemed final” (except for permitted omissions) by the Corporation and the Town for purposes of Securities and Exchange Commission Rule 15c2-12 (the “SEC Rule”). The Underwriter has not previously made any final agreement with the Corporation or the Town to purchase the Series 2012 Bonds in an offering within the meaning of the SEC Rule.

(d) Delivery, Use and Approval of Final Official Statement. The Corporation agrees to deliver to the Underwriter, without charge, within seven business days after the acceptance by the Corporation and the Town of this Bond Purchase Contract, a reasonable number of copies of the Final Official Statement relating to the Bonds, two of which will be signed on behalf of the Corporation by its President or another duly authorized officer of the Corporation acceptable to the Underwriter, which will be determined by such duly authorized officer of the Corporation to be a final official statement for purposes of Sections (b)(3) and (4) of the SEC Rule. The Final Official Statement shall be substantially in the form of the Preliminary Official Statement with only such changes therein as shall be necessary to conform to the terms of this Bond Purchase Contract and with such other changes and amendments to the date thereof as have been accepted by the Underwriter. The Corporation and the Town hereby authorize the distribution and use of copies of the Final Official Statement in connection with the public offering and sale of the Series 2012 Bonds.

(e) Continuing Disclosure. At the time of acceptance hereof by the Corporation and the Town, the Town agrees that it will enter into a written undertaking (the “Undertaking”) to provide ongoing disclosure as required by the SEC Rule, for the benefit of the owners of the Series 2012 Bonds as required under paragraph (b)(5) of the SEC Rule. The Undertaking will be in the form set forth in the Preliminary Official Statement with such changes

as may be agreed to in writing by the Underwriter and the Underwriter's obligation to purchase the Series 2011 Bonds will be conditioned upon the Town delivering the Undertaking, on or before the date of delivery of the Series 2011 Bonds.

3. Closing. At 8:00 a.m., Phoenix, Arizona time, on _____, 2012, or such other time and date as may be mutually agreed upon, the Corporation will, subject to the terms and conditions in this Bond Purchase Contract, deliver or cause to be delivered to the Underwriter (i) through the facilities of The Depository Trust Company, New York, New York ("DTC"), or (ii) through the Trustee, as registrar, on behalf of DTC via its F.A.S.T. delivery system, the Series 2012 Bonds in definitive form, duly executed and authenticated, registered in the name of Cede & Co., as nominee of DTC, pursuant to the Letter of Representations (the "DTC Letter") and bearing CUSIP numbers (provided, however, that lack of CUSIP numbers will not relieve the Underwriter of its obligation to purchase the Series 2012 Bonds), together with the other documents hereinafter mentioned. The Underwriter will, subject to the terms and conditions in this Bond Purchase Contract, accept such delivery and pay the purchase price therefor as set forth herein. The payment for and delivery of the Series 2011 Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery is referred to herein as the "Closing." The Series 2012 Bonds will be made available for checking and packaging at DTC or some other mutually agreeable place prior to the Closing.

4. Representations, Warranties and Covenants of the Corporation. The undersigned, on behalf of the Corporation, but not individually, represents and warrants to, and covenants with, the Underwriter that:

(a) The Corporation is a nonprofit corporation duly organized and existing under the laws of the State of Arizona, and has, and as of the Closing will have, full legal right, power and authority to: (i) enter into (A) the First Amendment to Second Series 2004 Ground Lease, dated as of _____ 1, 2012 (the "Ground Lease Amendment"), between the Town and the Corporation, (B) the Ground Lease, dated as of _____ 1, 2012 (the "Ground Lease"), between the Town and the Corporation, (C) the Series 2012 Town Lease, dated as of _____ 1, 2012 (the "Series 2012 Town Lease"), between the Corporation and the Town, (D) the Series 2012 Supplemental Indenture, (E) the Escrow Trust Agreement, dated as of _____ 1, 2012, by and between the Corporation and U.S. Bank National Association, as escrow trustee (the "Escrow Trustee"), (F) the DTC Letter, and (G) this Bond Purchase Contract; (ii) adopt the Bond Resolution; (iii) issue, sell and deliver the Series 2012 Bonds to the Underwriter as provided herein; and (iv) carry out and consummate the transactions contemplated by the Series 2012 Bonds, this Bond Purchase Contract, the Ground Lease Amendment, the Ground Lease, the Series 2012 Town Lease, the Series 2012 Supplemental Indenture, the Escrow Trust Agreement and the DTC Letter (collectively, the "Corporation Documents").

(b) The Board of Directors has (i) duly adopted the Bond Resolution, (ii) duly authorized and approved the Preliminary Official Statement and the Final Official Statement and the lawful distribution thereof in connection with the offering for sale of the Series 2012 Bonds, (iii) duly authorized and approved the execution and delivery of, and the performance of the Corporation's obligations under the Corporation Documents, the Bond Resolution and the Official Statement; (iv) duly authorized and approved the consummation of all other transactions contemplated by the Official Statement, the Bond Resolution and Corporation Documents,

(v) materially complied with all continuing disclosure undertakings required by the SEC Rule, if any, with respect to any previous issuance of bonds and other securities of the Corporation, (vi) not been in material breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which the Corporation is a party or to which it is otherwise subject or to which any of its property is otherwise subject because such property is property of the Corporation; and (vii) submitted to the Arizona Department of Revenue the information required with respect to previous issuance of bonds, securities and lease-purchase agreements of the Corporation pursuant to Arizona Revised Statutes § 35-501B.

(c) The Corporation is, and at the Closing will be, in material compliance in all respects with the Corporation Documents and the Bond Resolution.

(d) As of the Closing, the Corporation Documents will have been duly executed and delivered by the Corporation and will be legal, valid and binding agreements of the Corporation enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and subject to the availability of equitable relief, and, in the case of this Bond Purchase Contract, applicable securities laws.

(e) The execution of the Corporation Documents and the adoption of the Bond Resolution and the consummation of the transactions contemplated therein and in the Official Statement will not materially conflict with or constitute a material breach of, or material default under, any provision of applicable law or administrative regulation of the State of Arizona or the United States of America or any department, division, agency or instrumentality thereof or any applicable judgment or decree or any loan agreement, bond, note, resolution, ordinance, indenture, agreement or other instrument to which the Corporation is a party or may be otherwise subject. The Corporation is not in material breach of, or material default under, any such provision and no event has occurred and is continuing which constitutes, or which with the passage of time or the giving of notice or both would constitute, such breach of, or such default under, any such provisions. There are no such provisions which, either in any single case or in the aggregate, materially adversely affect or in the future might (so far as can reasonably be foreseen) materially affect the Corporation's condition, financial or otherwise, or materially affect the Corporation's ability to fulfill its obligations under or carry out the transactions contemplated by the Corporation Documents, the Bond Resolution and the Official Statement.

(f) The Corporation has made all required filings with, and has obtained all approvals, consents and orders of, any governmental authority, board, agency or commission having jurisdiction that would constitute a condition precedent to the performance by the Corporation of its obligations under the Corporation Documents.

(g) The Series 2012 Bonds will conform to the Indenture and to the Official Statement and when issued, executed, authenticated and delivered in accordance with the Indenture, and sold to the Underwriter as provided herein, will be valid and binding obligations of the Corporation.

(h) While the Underwriter has participated and will participate with the Corporation and the Town in the preparation and assemblage of the Preliminary Official Statement and the Final Official Statement, the Corporation acknowledges and agrees that the Corporation and the Town are primarily responsible for the content of the Preliminary Official Statement and the Final Official Statement and, as of the date thereof, and at the time of the acceptance by the Corporation and the Town hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and at the time of the acceptance hereof by the Corporation and the Town and at all times subsequent thereto, up to and including the Closing (unless the Final Official Statement is amended or supplemented pursuant to subparagraph (c) of Paragraph 7 hereof), the Final Official Statement (including the financial and statistical data included therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) If, between the date of this Bond Purchase Contract and the date twenty-five (25) days following the end of the underwriting period (as defined in Section 7(g), hereof) the Corporation receives notice of the occurrence of an event affecting the Corporation, the Town, the Trustee or any transaction contemplated hereby or by the documents referred to herein, which could cause the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which is necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Underwriter.

(j) Between the date of this Bond Purchase Contract and the Closing, the Corporation will not, without providing prior written notice to the Underwriter, issue any bonds, notes or other obligations for borrowed money, and, subsequent to the respective dates as of which information is given in the Official Statement up to and including the date of the Closing, the Corporation will immediately provide written notice to the Underwriter of any material liabilities, direct or contingent, except those liabilities arising in the normal course of business.

(k) Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending overtly threatened (i) in any way affecting the Corporation's powers, the existence of the Corporation or the title to office of any officer of the Corporation, (ii) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or the collection or pledge of the excise, transaction, franchise, privilege and business taxes, state-shared sales and income taxes, fees for licenses and permits and state revenue-sharing (the "Excise Taxes") imposed or levied or to be imposed or levied to pay the principal of and interest on the Series 2012 Bonds as provided for in the Series 2012 Town Lease, or the imposition or levy thereof, (iii) in any way contesting or affecting the validity or enforceability of the Corporation Documents, the Bond Resolution or any agreement entered into in connection therewith, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement, (v) which may adversely affect the Corporation or its properties, or (vi) questioning the tax-exempt status of the Series 2012 Bonds for purposes of federal income taxation.

(l) The Corporation will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Series 2012 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) to determine the eligibility of the Series 2012 Bonds for investment under the laws of the states and other jurisdictions of the United States, and use its best efforts to continue such qualification in effect so long as required for the initial offer, sale and distribution of Series 2012 Bonds; provided that the Corporation shall not be required to consent to service of process in any other state or jurisdiction or be required to qualify as a foreign corporation or other foreign entity.

(m) The Corporation will cause the proceeds of the Series 2012 Bonds to be applied in accordance with the Indenture.

(n) Any certification required to be delivered hereunder signed by an authorized officer of the Corporation or such other officer of the Corporation as may be designated in written directions from time to time by the Corporation delivered to the Underwriter shall be deemed the representation and warranty of the Corporation to the Underwriter as to the statements made therein.

(o) The officers and officials of the Corporation executing the Official Statement, the Bond Resolution and the Corporation Documents and the officers and officials of the Corporation listed on the certificate of the Corporation to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Corporation.

5. Representation, Warranties and Covenants of the Town. The undersigned, on behalf of the Town, but not individually, represent and warrant to, and covenant with, the Underwriter that:

(a) The Town is a municipal corporation duly organized and validly existing under the Constitution and laws of the State of Arizona.

(b) The Town has and as of the Closing will have full power and authority (i) to enter into (A) the Ground Lease Amendment, (B) the Ground Lease, (C) the Series 2012 Town Lease, (D) the Undertaking, and (E) this Bond Purchase Contract (collectively, the "Town Documents"), (ii) to adopt the resolution dated _____, 2012 (the "Town Resolution"), approving and authorizing the execution and delivery of and the due performance of its obligations under the Town Documents, (iii) to carry out and consummate all other transactions contemplated by the Town Documents, the Town Resolution and the Official Statement, and (iv) to levy and collect Excise Taxes as required by the Series 2012 Town Lease.

(c) The Mayor and the Town Council have (i) duly adopted the Town Resolution, (ii) duly authorized and approved the Preliminary Official Statement and the Final Official Statement and the lawful distribution thereof in connection with the offering for sale of the Series 2012 Bonds, (iii) duly authorized and approved the execution and delivery of, and the performance of its obligations under the Town Documents, the Town Resolution and the Official

Statement; (iv) duly authorized and approved the consummation of all other transactions contemplated by the Series 2012 Bonds, the Town Documents, the Town Resolution and the Official Statement, (v) materially complied with all continuing disclosure undertakings required by the SEC Rule, if any, with respect to any previous issuance of bonds and other securities of the Town, (vi) not been in material breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which the Town is a party or to which it is otherwise subject or to which any of its property is otherwise subject because such property is property of the Town; and (vii) submitted to the Arizona Department of Revenue the information required with respect to previous issuance of bonds, securities and lease-purchase agreements of the Town pursuant to Arizona Revised Statutes § 35-501 B.

(d) The Town is, and at the Closing will be, in material compliance in all respects with the Town Documents and the Town Resolution.

(e) As of the Closing, the Town Documents will have been duly executed and delivered by the Town and will be legal, valid and binding agreements of the Town enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and subject to the availability of equitable relief, and, in the case of this Bond Purchase Contract, applicable securities laws. Upon the execution and delivery of the Series 2012 Bonds, the Series 2012 Town Lease and the Indenture shall provide, for the benefit of the Owners from time to time of the Series 2012 Bonds, the legally valid and binding pledge of and lien they purport to create as set forth in the Series 2012 Town Lease and the Indenture.

(f) Neither the Town nor the Corporation has granted a lien on, made a pledge of or agreed to apply the Excise Taxes and other moneys payable under the Series 2012 Town Lease and the Indenture, except as provided or permitted in the Series 2012 Town Lease or the Indenture or as described in the Official Statement.

(g) The execution of the Town Documents, the adoption of the Town Resolution and the consummation of the transactions contemplated therein and in the Official Statement will not materially conflict with or constitute a material breach of or material default under any provision of applicable law or administrative regulation of the State of Arizona or United States of America or any department, division, agency or instrumentality thereof or any applicable judgment or decree or any loan agreement, bond, note, resolution, ordinance, indenture, agreement or other instrument to which the Town is a party or may be otherwise subject. There are no provisions which, either in any single case or in the aggregate, materially adversely affect or in the future might (so far as can reasonably be foreseen) materially affect the Town's business, affairs, position, results of operation or condition, financial or otherwise, or materially affect the Town's ability to fulfill its obligations or carry out the transactions contemplated by the Town Documents, the Town Resolution and the Official Statement.

(h) While the Underwriter has participated and will participate with the Town and the Corporation in the preparation and assemblage of the Preliminary Official Statement and the Final Official Statement, respectively, the Town acknowledges and agrees that the Town and the Corporation are primarily responsible for the content of the Preliminary Official Statement

and the Final Official Statement and, as of the date thereof, and at the time of the acceptance by the Town and the Corporation hereof, the Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and at the time of the acceptance hereof by the Town and the Corporation and at all times subsequent thereto, up to and including the Closing (unless the Final Official Statement is amended or supplemented pursuant to subparagraph (d) of Paragraph 7 hereof), the Final Official Statement (including the financial and statistical data included therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) If, between the date of this Bond Purchase Contract and the date twenty-five (25) days following the end of the underwriting period (as defined in Section 7(g) hereof), the Town receives notice of an event affecting the Town, the Corporation, the Trustee or any transaction contemplated hereby or by the documents referred to herein, which could cause the Preliminary Official Statement or the Final Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which is necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Town shall notify the Underwriter.

(j) Except as otherwise disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or overtly threatened (i) in any way affecting the powers of the Town, the existence of the Town or title to office of any officials of the Town, (ii) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or the levy and collection or pledge of the Excise Taxes imposed or levied or to be imposed or levied to pay the principal of and interest on the Series 2012 Bonds, or the imposition thereof, (iii) in any way contesting or affecting the validity or enforceability of the Series 2012 Bonds, the Town Documents, the Town Resolution or any agreements entered into in connection therewith, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement, (v) which may adversely affect the Town or its properties, or (vi) questioning the tax-exempt status of the Series 2012 Bonds for purposes of federal income taxation.

(k) The Town will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Series 2012 Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) to determine the eligibility of the Series 2012 Bonds for investment under the laws of the states and other jurisdictions of the United States, and use its best efforts to continue such qualification in effect so long as required for the initial offer, sale and distribution of Series 2012 Bonds; provided that the Town shall not be required to consent to service of process in any other state or jurisdiction or be required to qualify as a foreign corporation or other foreign entity; and the Town shall advise the Underwriter immediately of receipt by the Town of any notification with respect to the suspension of the qualification of the Series 2012 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(l) The financial statements of the Town contained in the Preliminary Official Statement and to be contained in the Final Official Statement fairly present the financial position and results of operations and changes in fund balances of the Town as of the dates and for the periods therein set forth and the Town has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles for municipalities consistently applied. Since June 30, 2011, the Town has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the result of operations or financial condition of the Town that is not described in the Preliminary Official Statement, whether or not arising from transactions in the ordinary course of business.

(m) The Town shall file the information required to be submitted to the Arizona Department of Revenue pursuant to A.R.S. Section 35-501(B) within sixty (60) days of the date of the Closing.

(n) Prior to the Closing, the Town will execute and deliver, or cause the execution and delivery of, the documents required to cause the Series 2012 Bonds to be eligible for deposit with DTC or other securities depositories.

(o) The Town has made all required filings with, and has obtained all approvals, consents and orders of, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to the performance by the Town of its obligations under the Town Resolution, the Town Documents and the Series 2012 Bonds.

(p) The Town is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse affect on the financial condition, operations or prospects of the Town or ability of the Town to comply with all the requirements set forth in the Official Statement, the Town Resolution, the Town Documents or the Series 2012 Bonds.

(q) Any certification required to be delivered hereunder signed by an authorized officer of the Town or such other officer of the Town as may be designated in written directions from time to time by the Town delivered to the Underwriter shall be deemed the representation and warranty of the Town to the Underwriter as to the statements made therein.

(r) The officers and officials of the Town executing the Official Statement, the Town Resolution and the Town Documents and the officers and officials of the Town listed on the certificate of the Town to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Town.

6. Conditions to Underwriter's Obligations. The Underwriter has entered into this Bond Purchase Contract in reliance upon the warranties, representations and covenants of the Corporation and the Town contained herein and to be contained in the documents and instruments to be delivered at the Closing, including without limitation, the Undertaking, and upon the performance by the Town and the Corporation of their obligations hereunder at or prior to the Closing. Accordingly, the Underwriter's obligation under this Bond Purchase Contract to purchase, to accept delivery of and to pay for the Series 2012 Bonds is subject to the

performance by the Town and the Corporation of their obligations to be performed hereunder and under such aforesaid documents and instruments at or prior to the Closing, and is also subject to the fulfillment to the reasonable satisfaction of the Underwriter of the following conditions:

(a) At the time of the Closing,

(1) the Corporation Documents, the Bond Resolution, the Town Documents and the Town Resolution shall be in full force and effect and shall not have been amended, modified, supplemented, repealed or revoked in any respect and the Final Official Statement will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter;

(2) the representations and warranties of the Corporation and the Town contained in the Corporation Documents and the Town Documents, respectively, will be true, complete and correct on the date hereof and as of the Closing, as if made at the Closing;

(3) the Series 2012 Bonds shall be delivered to the Underwriter as provided herein;

(4) the proceeds from the sale of the Series 2012 Bonds shall be applied as described in the Indenture, the Escrow Trust Agreement and the Official Statement;

(5) the Corporation and the Town shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bond Counsel, and Squire Sanders (US) LLP, counsel to the Underwriter, shall be necessary in connection with the transactions contemplated hereby and by the Official Statement and all necessary action of the Corporation and the Town relating to the issuance of the Series 2012 Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter;

(6) the Town and the Corporation shall not have failed to pay principal or interest when due on any of their respective outstanding obligations for borrowed money;

(7) [at or prior to the Closing, the Policy and Surety Bond will have been duly executed, issued and delivered by the Insurer; and]

(8) all steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Bond Purchase Contract shall be reasonably satisfactory in legal form and effect to the Underwriter.

(b) The Underwriter shall have the right to cancel its obligation to purchase, to accept delivery of and to pay for the Series 2012 Bonds by notifying the Corporation and the Town of its election to do so if between the date hereof and the Closing (regardless of whether or not any of the following conditions were in existence on the date of this Bond Purchase Contract):

(1) the marketability of the Series 2012 Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by (A) an amendment to the Constitution of the United States or the Constitution of the State of Arizona; (B) any introduced or enacted federal or State legislation; (C) any decision of any federal or State court; (D) any ruling or regulation (final, temporary or proposed) of the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority; (E) any bill favorably reported out of committee in either house of the Congress of the United States, in any case affecting the tax status of the Corporation or the Town, either of their property or income, securities (including the Series 2012 Bonds) or the interest thereon, or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended, or the statutory law of the State of Arizona;

(2) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission is issued or made having the effect or creating the probability that the issuance, offering or sale of obligations of the general character of the Series 2012 Bonds shall be or shall become a violation of any provisions of the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended;

(3) in the Congress of the United States legislation is enacted or a bill is favorably reported out of committee to either house, or a decision by a court of the United States is rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made, to the effect that securities of the Corporation or the Town or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, the Securities and Exchange Act of 1934 as amended, or the Trust Indenture Act of 1939, as amended; provided, however, that the effective date of the events described in (1), (2) and (3) of this subparagraph (b) is prior to the date of the Closing;

(4) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak of hostilities or a national or international calamity or crisis, or an escalation thereof, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Series 2012 Bonds or to enforce contracts for the sale of the Series 2012 Bonds;

(5) there occurs a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, or by the States of Arizona or New York;

(6) there exists any event which, in the reasonable judgment of the Underwriter, either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, (B) is not reflected in the Official Statement, but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, the Corporation or the Town refuses to permit the Official Statement to be supplemented to correct or supply such statement or

information, or the statement or information as supplemented is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Series 2012 Bonds or the sale, at the contemplated offering price, by the Underwriter of the Series 2012 Bonds; and

(7) there occurs in the reasonable judgment of the Underwriter a material adverse change in the affairs or economic condition of the Corporation or the Town.

(c) At or prior to the Closing, the Underwriter shall receive the following opinions, certificates and documents:

(1) the approving opinion of Bond Counsel, in form and substance satisfactory to the Underwriter, dated as of the date of the Closing;

(2) a supplemental letter or opinions of Bond Counsel or the Town Attorney, dated the date of the Closing and addressed to the Underwriter, to the effect that:

(i) the opinion referred to in the preceding subparagraph (1) may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(ii) the statements contained in the Final Official Statement under the headings entitled "THE SERIES 2012 BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2012 BONDS," "PLAN OF REFUNDING," "TAX MATTERS," "ORIGINAL ISSUE DISCOUNT," "AMORTIZABLE PREMIUM," "POLITICAL CONTRIBUTIONS" (as it relates to Bond Counsel), "RELATIONSHIP AMONG PARTIES" (as it relates to Bond Counsel), "CONTINUING DISCLOSURE" (except as to compliance with prior undertakings, as to which no opinion need be expressed), and Appendices E and F thereto, and in the caption paragraph on the cover page of the Official Statement accurately summarize the information they purport to summarize;

(iii) the offer and sale of the Series 2012 Bonds is exempt from registration under the Securities Act of 1933, as amended, and the Indenture does not need to be qualified pursuant to the Trust Indenture Act of 1939, as amended;

(iv) the Corporation Documents and the Town Documents have been duly authorized, executed and delivered by the Corporation and the Town, as applicable, and (assuming due authorization and execution by the other party or parties thereto) are legal, valid and binding obligations of the Corporation or the Town, as applicable, enforceable in accordance with their terms, subject to customary exceptions for bankruptcy and judicial discretion;

(v) the Town is duly incorporated and validly existing as a municipal corporation and political subdivision under the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder to adopt the Town Resolution and to enter into and perform its covenants and agreements under the Town Documents; to approve and authorize the use, distribution and execution, as applicable,

of the Preliminary Official Statement and the Final Official Statement and to carry out and consummate all other transactions contemplated by the Official Statement, the Series 2012 Bonds, the Town Resolution and the Town Documents;

(vi) no consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Series 2012 Bonds), is required in connection with the adoption by the Town of the Town Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the Town of the Town Documents and the Series 2012 Bonds and the consummation of the transactions contemplated by the Official Statement, the Series 2012 Bonds, the Town Resolution and the Town Documents (provided that no opinion need be expressed on any action required under state securities or “blue sky” laws with respect to the Series 2012 Bonds), and the adoption of the Town Resolution and the execution and delivery by the Town of the Town Documents and compliance with the provisions of the Town Resolution and the Town Documents do not and shall not conflict with or violate any federal or Arizona constitutional or statutory provision;

(vii) the Town has duly (a) adopted the Town Resolution and (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the Town Documents and the Series 2012 Bonds, (ii) the execution, use and distribution of the Preliminary Official Statement and the Final Official Statement, and (iii) the taking of all actions required on the part of the Town to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Town Resolution, the Town Documents and the Series 2012 Bonds;

(viii) the Town has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents, and the Town Resolution is fully effective under and pursuant to the laws of the State of Arizona and is not subject to referendum;

(ix) the adoption and approval of the Town Resolution, the authorization, execution and delivery of the Town Documents and the authorization, issuance, delivery and sale of the Series 2012 Bonds and compliance with the respective provisions thereof under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Town a material breach of or material default under any agreement or other instrument to which the Town is a party or any existing law, ordinance, administrative regulation, court order or consent decree to which the Town is subject;

(x) there is no legal requirement to record, re-record, file or refile any instrument in order to create, perfect, protect and maintain the enforceability of any pledge, lien or security interest granted or assigned by the Series 2012 Town Lease or the Indenture;

(xi) the Series 2012 Town Lease creates the lien and pledge of Excise Taxes it purports to create;

(xii) the execution and delivery of the Series 2012 Supplemental Indenture is permitted under and properly authorized pursuant to the 1995 Indenture as supplemented by the First Series 2004 Supplemental Indenture, the Second Series 2004 Supplemental Indenture and the Series 2011 Supplemental Indenture;

(xiii) the issuance, execution and delivery of the Series 2012 Bonds on parity with the First Series 2004 Bonds, the Second Series 2004 Bonds and the Series 2011 Bonds is permitted under and properly authorized pursuant to the Indenture; and

(xiv) the Bonds Being Refunded (as defined in the Escrow Trust Agreement) have been fully paid and provided for pursuant to the Indenture and are no longer Outstanding (as defined in the Indenture) pursuant to the Indenture;

(3) the opinion of Squire Sanders (US) LLP, as counsel to the Underwriter, dated the date of the Closing, addressed and in form and substance acceptable to the Underwriter;

(4) a certificate, dated the date of the Closing, signed on behalf of the Corporation by the President and by the Secretary, in form and substance satisfactory to the Underwriter, to the effect that, to the best knowledge of such officers:

(i) the representations and warranties of the Corporation contained in the Corporation Documents are true and correct in all material respects as of the Closing as if made on the date of the Closing;

(ii) except as otherwise described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to the knowledge of the Corporation, threatened (A) in any way affecting the Corporation's powers or the existence of the Corporation, (B) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or collection or pledge of the Excise Taxes imposed or levied or to be levied to pay the principal of and interest on the Series 2012 Bonds, or the imposition or levy thereof, (C) in any way contesting or affecting the validity or enforceability of the Series 2012 Bonds, the Bond Resolution or the Corporation Documents or any agreement entered into in connection therewith, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or of the Official Statement, (E) which may adversely affect the Corporation or its properties, or (F) questioning the tax-exempt status of the Series 2012 Bonds for purposes of federal income taxation;

(iii) no authority or proceedings for the issuance of the Series 2012 Bonds have been repealed, revoked or rescinded;

(iv) the Corporation has complied with all agreements, covenants and arrangements and satisfied all conditions on its part to be complied with or satisfied at or prior to the Closing; and

(v) no event affecting the Corporation has occurred since the date of the Final Official Statement that should be disclosed in the Final Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein with respect to the Corporation in order to make the statements and information therein in the light of the circumstances under which they were made or set forth not misleading in any material respect;

(5) a certificate, dated the date of the Closing, signed on behalf of the Town by the Mayor and the Clerk of the Town, in form and substance satisfactory to the Underwriter, to the effect that, to the best knowledge of such officials:

(i) the representations and warranties of the Town contained in the Town Documents are true and correct in all material respects as of the Closing as if made at the Closing;

(ii) except as otherwise described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to the knowledge of the Town, threatened (A) in any way affecting the Town's powers or the existence of the Town, (B) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or the levy, collection or pledge of the Excise Taxes imposed or levied or to be imposed or levied to pay the principal of and interest on the Series 2012 Bonds, (C) in any way contesting or affecting the validity or enforceability of the Series 2012 Bonds, the Town Resolution, the Town Documents or any agreement entered into in connection therewith, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or of the Official Statement, (E) which may adversely affect the Town or its properties, or (F) questioning the tax-exempt status of the Series 2012 Bonds for purposes of federal income taxation;

(iii) no authority or proceedings for the issuance of the Series 2012 Bonds have been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Series 2012 Bonds has been filed with or received by any of the undersigned;

(iv) the Town has complied with all agreements, covenants and arrangements, and satisfied all conditions on its part to be complied with or satisfied at or prior to the Closing; and

(v) no event affecting the Town has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein with respect to the Town in order to make the information therein in the light of the circumstances under which they were made or set forth not misleading in any material respect;

(6) an opinion of the Town Attorney that:

(i) the Town is duly organized and validly existing as a municipal corporation under the Constitution and laws of the State of Arizona, and has all requisite power and authority thereunder and under the laws of the State of Arizona, to adopt the Town Resolution and to enter into and perform its covenants and agreements under the Town Documents and to levy and collect Excise Taxes as required by the Series 2012 Town Lease to approve and authorize the use, distribution and execution, as applicable, of the Official Statement and to carry out and consummate all other transactions contemplated by the Official Statement, the Series 2012 Bonds, the Town Resolution and the Town Documents;

(ii) the Town Documents have been duly authorized, validly executed and delivered by the Town, and constitute the legal, valid and binding obligations of the Town enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, and equitable principles affecting the enforceability of creditors' rights generally;

(iii) the authorization, approval and execution of the Town Documents and all other proceedings of the Town relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting and other laws, resolutions and ordinances of the Town and the State of Arizona;

(iv) to the best of his knowledge, information and belief, the Official Statement issued in connection with the Series 2012 Bonds did not on the date of sale and does not on the date of delivery of the Series 2012 Bonds contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein contained with respect to the Town, in light of the circumstances under which they were made, not misleading; and

(v) except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to his knowledge threatened (A) in any way affecting the Town's powers, the existence of the Town or the title to office of any of the officials of the Town, (B) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or the collection or pledge of the Excise Taxes to be levied to pay the principal of and interest on the Series 2012 Bonds, or delivery thereof, (C) in any way contesting or affecting the validity or enforceability of the Series 2012 Bonds, the Town Resolution, the Town Documents or any agreements entered into in connection therewith, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, (E) which may adversely affect the Town or its properties, or (F) questioning the tax-exempt status of the Series 2012 Bonds for purposes of federal income taxation; nor, to the best knowledge of such counsel, is there any reasonable basis therefor;

(7) an opinion of Counsel to the Corporation that:

(i) the Corporation is duly organized and validly existing as a nonprofit corporation under the Constitution and laws of the State of Arizona, and has all requisite power and authority thereunder and under the laws of the State of Arizona, to enter into and perform its covenants and agreements under the Corporation Documents;

(ii) the Corporation Documents have been duly authorized, validly executed and delivered by the Corporation, and constitute the legal, valid and binding obligations of the Corporation enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, and equitable principles affecting the enforceability of creditors' rights generally;

(iii) the authorization, approval and execution of the Corporation Documents and all other proceedings of the Corporation relating to the transactions contemplated thereby have been performed in accordance with all applicable open meeting and other laws and regulations of the State of Arizona and the articles of incorporation, bylaws and resolutions of the Corporation;

(iv) to the best of his knowledge, information and belief, the Official Statement did not on the date hereof and does not on the date of delivery of the Series 2012 Bonds contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein contained with respect to the Corporation, in light of the circumstances under which they were made, not misleading; and

(v) except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to his knowledge threatened (A) in any way affecting the Corporation's powers, the existence of the Corporation or the title to office of any of the officials of the Corporation, (B) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2012 Bonds, or the collection or pledge of the Excise Taxes to be levied to pay the principal of and interest on the Series 2012 Bonds, or delivery thereof, (C) in any way contesting or affecting the validity or enforceability of the Bond Resolution, the Corporation Documents or any agreements entered into in connection therewith, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, (E) which may adversely affect the Corporation or its properties, or (F) questioning the tax-exempt status of the Series 2012 Bonds for purposes of federal income taxation; nor, to the best knowledge of such counsel, is there any reasonable basis therefor;

(8) executed counterparts or copies of the Bond Resolution and a certification by the Secretary of the Corporation that such counterparts or copies are true, correct and complete and that the Bond Resolution is in full force and effect as of the date of the Closing and has not been amended, modified, supplemented, revoked or repealed;

(9) executed counterparts or copies of the Town Resolution and a certification by the clerk of the Town that such counterparts or copies are true, correct and

complete and that the Town Resolution is in full force and effect as of the date of the Closing and has not been amended, modified, supplemented, revoked or repealed;

(10) an executed counterpart of a certificate of authentication certifying to the authentication of the Series 2012 Bonds by the Trustee, as registrar, together with a resolution evidencing the authority of the Trustee, in a form acceptable to counsel to the Underwriter;

(11) copies of the Original Indenture, the First Series 2004 Supplemental Indenture, the Second Series 2004 Supplemental Indenture, the Series 2011 Supplemental Indenture, the 1997 Town Lease (as described in the 1997 Supplemental Indenture), the First Series 2004 Town Lease (as described in the First Series 2004 Supplemental Indenture), the Second Series 2004 Town Lease (as described in the Second Series 2004 Supplemental Indenture), the Series 2011 Town Lease (as described in the Series 2011 Indenture), the First Series 2004 Ground Lease (as described in the First Series 2004 Supplemental Indenture), the Second Series 2004 Ground Lease (as described in the Second Series 2004 Supplemental Indenture) and the First Amendment to Series 2003 Ground Lease (as described in the Series 2011 Supplemental Indenture);

(12) executed counterparts of the Series 2012 Supplemental Indenture, the Ground Lease Amendment, the Ground Lease, the Series 2012 Town Lease, the DTC Letter and the Undertaking;

(13) a copy of the verification report prepared by Grant Thornton LLP, a firm of independent public accountants, verifying the accuracy of (A) the mathematical computations of the adequacy of the maturing principal amounts of, and interest earned on, the Government Obligations (as defined in the Official Statement) held by the Escrow Trustee pursuant to the Escrow Trust Agreement to pay the debt service on the Bonds Being Refunded, and (B) mathematical computations supporting the conclusion that the refunding aspects of the Series 2012 Bonds will not cause the Series 2012 Bonds to be “arbitrage bonds under Section 148 of the Code and the regulations promulgated thereunder and a written consent of Grant Thornton LLP to make reference to the foregoing report in the Official Statement;

(14) a certificate or certificates of the Corporation and the Town in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Series 2012 Bonds will be used in a manner that would cause the Series 2012 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of the knowledge and belief of the Corporation and the Town there are not other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate or certificates;

(15) a specimen copy of the Series 2012A Bonds and a specimen copy of the Series 2012B Bonds;

(16) evidence that Standard & Poor's Financial Services, LLP ("S&P"), has issued a rating of "___" for the Series 2012 Bonds, that Fitch Ratings ("Fitch") has issued a rating of "___" for the Series 2012 Bonds, [premised upon the delivery of the Policy and the Surety Bond by the Insurer and uninsured ratings of "___" and "___" by S&P and Fitch, respectively,] and that such ratings are then in effect;

(17) [evidence that the Insurer has issued its Policy and its Surety Bond with respect to the Series 2012 Bonds as well as appropriate opinions and certificates from the Insurer relating to the effectiveness of the Policy and the Surety Bond;]

(18) such information and instruments as the Underwriter may reasonably request in order to qualify the Series 2012 Bonds for offering and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate, provided, however, that neither the Corporation nor the Town shall be required to submit to any service of process in any jurisdiction as a condition to the offering and sale of the Series 2012 Bonds by the Underwriter;

(19) a certificate, dated the date of the Closing and signed by either the Manager or Management Services Director of the Town (i) to the effect that to the best of his knowledge after due investigation (A) the Official Statement did not, as of its date or as of the date of sale of the Series 2012 Bonds, and does not, as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (B) the financial statements of the Town contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the Town as of the dates and for the periods therein set forth and the Town has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; (C) since June 30, 2011, the Town has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the result of operations or financial condition of the Town that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business, nor are there any deficits in any fund of the Town except as disclosed in the Official Statement; (D) no event affecting the Town has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose of which it is to be used or which it is necessary to disclose therein with respect to the Town in order to make the information therein in the light of the circumstances under which they were made or set forth not misleading in any material respect; (E) the Town and the Corporation have complied with the requirements under the Indenture and the First Series 2004 Town Lease, the Second Series 2004 Town Lease and the Series 2011 Town Lease for the issuance of the Series 2012 Bonds on a parity with the 1995B Bonds, the First Series 2004 Bonds, the Second Series 2004 Bonds and the Series 2011 Bonds; and (F) the Town is not in default with respect to the 1997 Bonds, the First Series 2004 Bonds, the Second Series 2004 Bonds and the Series 2011 Bonds or any documents, obligations or agreements of the Town with respect thereto; and (ii) setting forth all factual certifications as may be necessary to satisfy the requirements referred to in clause (i)(E) above;

(20) one counterpart original of a transcript of all proceedings relating to the authorization and issuance of the Series 2012 Bonds;

(21) an original of the Final Official Statement manually executed on behalf of the Corporation by its President;

(22) any items required by the Bond Resolution or the Town Resolution as conditions for issuance of the Series 2012 Bonds;

(23) the filing copy of the Information Return Form 8038-G (IRS) for the Series 2012 Bonds;

(24) delivery to the Underwriter at the time of the Closing, in a form satisfactory to the Underwriter, of the information required to be submitted to the Arizona Department of Revenue pursuant to A.R.S. Section 35-501(B);

(25) such additional legal opinions, certificates proceedings, instruments and other documents as the Underwriter, counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Corporation or the Town with legal requirements, the truth and accuracy, as of the time of the Closing, of the representations herein and in the Official Statement and the due performance or satisfaction by the Corporation or the Town at or prior to such time of all agreements and legal requirements then to be satisfied by the Corporation or the Town.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Bond Purchase Contract shall be deemed to be in compliance with the provisions of this Bond Purchase Contract if, but only if, they are in form and substance satisfactory to the Underwriter and its counsel. To the extent any of the above-described opinions, certificates, letters or documents is required to be delivered and to be satisfactory or acceptable to the Underwriter as a condition of closing, the Underwriter's delivery of payment for the Series 2012 Bonds shall evidence such satisfaction or acceptance, or the waiver of such requirement, as the case may be.

If there is any failure to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Contract or if the Underwriter's obligations are terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract shall terminate and the Underwriter, the Corporation and the Town shall not have any further obligation hereunder, except the respective obligations of the Corporation, the Town and the Underwriter set forth in Paragraph 8 and the representations and warranties of the Corporation and the Town contained herein will continue in full force and effect.

7. Compliance with Rule 15c2-12; Circumstances Affecting Disclosure Arising Before or After the Closing.

(a) As soon as practicable after the date hereof, and in any event within seven business days of the date hereof, the Corporation shall deliver to the Underwriter copies of the Final Official Statement dated the date hereof in substantially the form of the Preliminary Official Statement, with only such changes therein as shall have been approved by the Corporation and the Underwriter (the delivery of the Final Official Statement by the Corporation to the Underwriter and the acceptance thereof by the Underwriter to constitute in all events such approval), executed on behalf of the Corporation by its President. The Final Official Statement

shall be provided to the Underwriter for distribution is such quantity as shall be reasonably requested by the Underwriter in order to permit the Underwriter to comply with the provisions of the SEC Rule and the applicable rules of the Municipal Securities Rulemaking Board.

(b) Neither the Corporation nor the Town will adopt any amendment of or supplement to the Final Official Statement to which, after having been furnished with a copy, the Underwriter shall object reasonably, in writing, or which shall be disapproved by Bond Counsel or counsel to the Underwriter.

(c) After the date hereof and until 25 days after the end of the underwriting period, if any event shall occur which could cause the Preliminary Official Statement or the Final Official Statement to contain an untrue statement of a material fact or to omit to state a material fact which is necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as a result of which it is necessary, in the opinion of the Underwriter or the Town, to amend or supplement the Final Official Statement, the Town shall cause to be prepared and furnished a reasonable number of copies of an amendment of or supplement to the Final Official Statement (in form and substance satisfactory to the Underwriter, and counsel to the Underwriter) which will amend or supplement the Final Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances, not misleading in any material respect; provided, however, that if such event shall occur on or prior to the Closing, the Underwriter in its sole discretion shall have the right to terminate the Underwriter's obligations hereunder by written notice to the Town, and the Underwriter will be under no obligation to purchase and pay for the Series 2012 Bonds. The expense of preparing any such amendment or supplement shall be paid by the Corporation.

(d) For the purposes of this Section 7, the Corporation and the Town will furnish such information with respect to the Corporation and the Town, as the Underwriter may, within twenty-five (25) days of filing the Final Official Statement as required by the SEC Rule), reasonably request.

(e) The Corporation and the Town represent and warrant that, at the time of the acceptance hereof by the Corporation and the Town and (unless an event occurs in the nature described in subparagraph (c) of this Section (7)) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, the Final Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information therein, in light of the circumstances, not misleading in any material respect.

(f) The Corporation and the Town represent and warrant that, if the Official Statement is supplemented or amended pursuant to subparagraph (d) of this Section 7 as to such information, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, the Final Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(g) The “end of the underwriting period” as used in this Bond Purchase Contract shall mean the date of the Closing unless the Underwriter gives written notice otherwise to the Corporation prior to the date of the Closing. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the Corporation in writing promptly following the occurrence of the “end of the underwriting period” as defined in the SEC Rule.

8. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Bond Purchase Contract are consummated, the Underwriter shall be under no obligation to pay, and the Corporation shall pay from the proceeds of the Series 2012 Bonds only, all expenses and costs of the Town and the Corporation incident to their respective obligations in connection with the authorization, execution and delivery of Series 2012 Bonds to the Underwriter, including, without limitation: fees and expenses of Bond Counsel, Corporation Counsel, Town Counsel, Counsel to the Underwriter, Verification Agent and all other professional advisers; costs of preparation, signing, transportation, delivery and safekeeping of the Series 2012 Bonds; printing and assemblage of the Preliminary Official Statement and the Final Official Statement; fees and expenses of the Trustee and the Escrow Trustee, registrar and paying agent, the Corporation and the Town; the fees and expenses of obtaining ratings; and travel expenses and miscellaneous expenses reasonably incurred by the Underwriter.

(b) The Underwriter will pay all advertising expenses in connection with the public offering of the Series 2012 Bonds, and all other expenses incurred by it in connection with its public offering and distribution of the Series 2012 Bonds.

(c) If this Bond Purchase Contract is terminated by the Underwriter because of any failure or refusal on the part of the Corporation or the Town to comply with the terms or to fulfill any of the conditions of this Bond Purchase Contract, the Town shall reimburse the Underwriter for all “out-of-pocket” expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Bond Purchase Contract or the offering contemplated hereunder.

9. Notices. Any notice to be given under this Bond Purchase Contract may be given by mailing or delivering the same in writing as follows:

Town or Corporation: Town of Prescott Valley, Arizona
7501 E. Civic Circle
Prescott Valley, Arizona 86314
Attn: Larry Tarkowski, Town Manager

Underwriter: Stone & Youngberg, a Division of Stifel Nicolaus
2555 E. Camelback Road, Suite 280
Phoenix, Arizona 85016
Attn: Mr. Robert A. Casillas

10. Parties in Interest. This Bond Purchase Contract is made solely for the benefit of the Corporation, the Town and the Underwriter (including the successors or assigns of the Underwriter), and no other person, partnership, association or corporation shall acquire or have

any right hereunder or by virtue hereof. All agreements of the Corporation and the Town in this Bond Purchase Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2012 Bonds.

11. Effect of Other Contract. Nothing in this Bond Purchase Contract shall be construed as altering, terminating or otherwise modifying any existing contracts between the Corporation, the Town and the Underwriter.

12. Miscellaneous.

(a) If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. The parties hereto declare they would have executed this Bond Purchase Contract and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, or clauses or phrases hereof may be held to be illegal, invalid, or unenforceable. If any provision hereof contains any ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

(b) This Bond Purchase Contract expresses the entire understanding and all agreements of the parties hereto with each other with respect to the subject matter hereof, and no party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth herein.

13. Notice Concerning Cancellation of Contracts. To the extent applicable by provision of law, the parties acknowledge that this Bond Purchase Contract is subject to cancellation pursuant to Arizona Revised Statutes Section 38-511, the provisions of which are incorporated herein.

14. Counterparts. This Bond Purchase Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

15. Effective Date. This Bond Purchase Contract will become effective upon execution by the President of the Board of Directors of the Corporation and the Mayor of the Town and the attestation of such execution by the Clerk of the Town and will be valid and enforceable as of the time of such execution and attestation.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED, DBA STONE &
YOUNGBERG, A DIVISION OF STIFEL
NICOLAUS**

By: _____
Its: Authorized Officer

Accepted at _____ a.m./p.m. MST this ____ day of _____, 2012:

**TOWN OF PRESCOTT VALLEY
MUNICIPAL PROPERTY CORPORATION**

By: _____
Its: President

**TOWN OF PRESCOTT VALLEY,
ARIZONA**

By: _____
Its: Mayor

ATTEST:

By: _____
Clerk, Town of Prescott Valley, Arizona

EXHIBIT A

**TOWN OF PRESCOTT VALLEY
MUNICIPAL PROPERTY CORPORATION**

\$ _____
**MUNICIPAL FACILITIES REVENUE
REFUNDING BONDS, SERIES 2012A**

\$ _____
**MUNICIPAL FACILITIES REVENUE
REFUNDING BONDS, SERIES 2012B**

The Series 2012A Bonds mature on January 1 in the years and amounts and bear interest at the following per annum rates:

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield
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*Priced to January 1, 20__, the first optional redemption date.

The Series 2012B Bonds mature on January 1 in the years and amounts and bear interest at the following per annum rates:

Maturity Date (January 1)	Principal Amount	Interest Rate	Yield
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*Priced to January 1, 20__, the first optional redemption date.

Redemption Provisions

Optional Redemption:

The Series 2012 Bonds maturing before or on January 1, 20__ are not subject to redemption prior to their stated maturity date. The Series 2012 Bonds maturing on or after January 1, 20__, may be redeemed prior to maturity, 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 the principal amount of the Series 2012 Bonds to be redeemed, plus in each case, interest accrued to the date fixed for redemption but without premium.