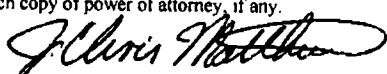



ORIGINAL

B 10 (Official Form 10) (04/10)

UNITED STATES BANKRUPTCY COURT District of Nevada		PROOF OF CLAIM
Name of Debtor: South Edge LLC		Case Number: BK-10-32968
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): The Bank of New York Mellon Trust Company, National Association, as Indenture Trustee		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: J. Chris Matthews, The Bank of New York Mellon Trust Company, National Association Default Management Group, 601 Travis Street, 16th Floor Houston, TX 77002		
Telephone number: (713) 653-8762		<input checked="" type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Name and address where payment should be sent (if different from above): <div style="text-align: center;">RECEIVED JUN 30 2011 BMC GROUP</div>		
Telephone number:		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other: Specify applicable paragraph of 11 U.S.C. §507(a) (). Amount entitled to priority: _____ *Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
1. Amount of Claim as of Date Case Filed: \$ <u>97,645,000.00</u>		
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.		
If all or part of your claim is entitled to priority, complete item 5.		
Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		
2. Basis for Claim: <u>See Attachment</u> (See instruction #2 on reverse side.)		<div style="text-align: center;">RECEIVED JUN 30 2011 CLERK</div>
3. Last four digits of any number by which creditor identifies debtor: _____		
3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: <u>Payee of City of Henderson's LID T-18 assessments, see Attachment.</u> Value of Property: \$ _____ Annual Interest Rate _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: <u>Ord. No. 2457</u> Amount of Secured Claim: \$ <u>97,645,000.00</u> Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: 06/23/2011	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. J. Chris Matthews, Vice President, 	
		FOR COURT USE ONLY South Edge  00017

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

Attachment to Proof of Claim of The Bank of New York Mellon Trust
Company, National Association
In Re South Edge, LLC
BK-10-32968

All notices with respect to this claim should be sent to :

J. Chris Matthews The Bank of New York Mellon Trust Company, N.A. Default Management Group 601 Travis Street, 16th Floor Houston, TX 77002 (713) 483-6267 j.chris.matthews@bnymellon.com	William Kiekhofer III McGuireWoods LLP 1800 Century Park East, 8th Floor Los Angeles, CA 90067 direct dial number 310-315-8244. direct fax number 310-956-3144. wkiekhofer@mcguirewoods.com
---	---

2. Basis of Claim: Trust Indenture by and Between City of Henderson, Nevada and The Bank of New York Trust Company, N.A. (of which The Bank of New York Mellon Trust Company, National Association is successor by merger) (the "Indenture Trustee") dated as of April 1, 2006, City of Henderson, Nevada Local Improvement District T-18 (Inspirada) Limited Obligation Improvement Bonds (the "Indenture").

4. The Indenture is secured by (i) assessments (the "Assessments") levied by the City of Henderson on real property located Local Improvement District No. T-18 (the "Subject Property"), (ii) certain funds held by the Indenture Trustee under the Indenture and (iii) other property pledged by the City to the Indenture Trustee. The value of the Subject Property owned by the Debtor is not presently known to the Indenture Trustee. Assessments constitute senior liens against the Subject Property. The interest rates on bonds issued under the Indenture range from 4.5-5.3% per annum and are payable from Assessments levied on the Property pursuant to City of Henderson Ordinance No. 2457 (Creation of LID T-18, Inspirada) (the "T-18 Ordinance"). The T-18 Ordinance levied the Assessments based on the Alternative Procedure Agreement by and among the Debtor, JPMorgan Chase Bank, N.A., as administrative agent, and the City of Henderson (the "Alternative Procedure Agreement.")

5. The Indenture Trustee anticipates that the City of Henderson will file a proof of claim based on the Assessments. This proof of claim is filed

to supplement rather than to duplicate any proof of claim which may be filed by the City of Henderson.

7. Indenture, T-18 Ordinance and Alternative Procedure Agreement.

The Indenture Trustee reserves (i) all rights and rights of action, (ii) the right to amend or supplement this proof of claim and (iii) objections to the jurisdiction of the Bankruptcy Court over counterclaims against the Indenture Trustee.

TRUST INDENTURE

by and between

CITY OF HENDERSON, NEVADA

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.

Dated as of April 1, 2006

**City of Henderson, Nevada
Local Improvement District No. T-18
(Inspirada)
Limited Obligation Improvement Bonds**

TABLE OF CONTENTS**Page****ARTICLE I
DEFINITIONS; EQUAL SECURITY**

Section 1.01.	Definitions.....	3
Section 1.02.	Equal Security.....	10

**ARTICLE II
BONDS; TERMS AND PROVISIONS**

Section 2.01.	Authorization	11
Section 2.02.	Bonds	11
Section 2.03.	Form of Bonds	12
Section 2.04.	Temporary Bonds.....	12
Section 2.05.	Execution and Authentication of Bonds	12
Section 2.06.	Transfer and Exchange of Bonds	13
Section 2.07.	Bonds Mutilated, Lost, Destroyed or Stolen.....	13
Section 2.08.	Registration Records	14
Section 2.09.	Book-Entry Bonds	14
Section 2.10.	Incontestable Recital.....	15

**ARTICLE III
REDEMPTION OF BONDS; REDEMPTION NOTICES**

Section 3.01.	Redemption of Bonds	17
Section 3.02.	Selection of Bonds for Redemption.....	19
Section 3.03.	Notice of Redemption.....	20
Section 3.04.	Redemption of Portions of Bonds.....	20
Section 3.05.	Effect of Notice of Redemption; Destruction of Redeemed Bonds.....	20
Section 3.06.	Purchase In Lieu	21

**ARTICLE IV
PLEDGE; DEPOSITS; COSTS OF ISSUANCE FUND; ACQUISITION FUND;
INVESTMENTS**

Section 4.01.	Pledge.....	22
Section 4.02.	Deposits.....	22
Section 4.03.	Costs of Issuance Fund	22
Section 4.04.	Acquisition Fund.....	23
Section 4.05.	Investments Authorized	23
Section 4.06.	Accounting Records and Statements	24
Section 4.07.	Allocation of Earnings or Loss	24

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 4.08. Valuation and Disposition of Investments.....	24
Section 4.09. Commingling of Moneys in Funds	24
ARTICLE V	
FLOW OF FUNDS	
Section 5.01. Assessment Revenue Fund	26
Section 5.02. Bond Fund.....	26
Section 5.03. Reserve Fund	27
Section 5.04. Redemption Fund.....	28
ARTICLE VI	
ADMINISTRATIVE COSTS FUND	
Section 6.01. Establishment of Administrative Costs Fund	29
Section 6.02. Deposits.....	29
Section 6.03. Uses.....	29
Section 6.04. Administrative Budget Amount Notification.....	29
ARTICLE VII	
TAX MATTERS	
Section 7.01. Tax Covenants	30
Section 7.02. Establishment and Application of Rebate Fund.....	30
ARTICLE VIII	
COVENANTS	
Section 8.01. Compliance with Indenture.....	32
Section 8.02. Additional Obligations; Other Liens.....	32
Section 8.03. Levy of Parity Assessments	32
Section 8.04. Enforcement of Delinquent Assessments	32
Section 8.05. Compliance with Assessment Ordinance.....	32
Section 8.06. Compliance with and Enforcement of Acquisition Agreement	32
Section 8.07. Collection of Assessment Installments; Reports from City Treasurer.....	32
Section 8.08. Recordation and Filing.....	33
Section 8.09. Continuing Disclosure	33
Section 8.10. Further Assurances.....	34
ARTICLE IX	
EVENTS OF DEFAULT AND REMEDIES	
Section 9.01. Events of Default	35

TABLE OF CONTENTS
(continued)

		<u>Page</u>
Section 9.02.	Remedies.....	35
Section 9.03.	Appointment of Receivers	36
Section 9.04.	Non-Waiver.....	36
Section 9.05.	Remedies Not Exclusive	36
Section 9.06.	Power of Trustee to Control Proceedings	36
Section 9.07.	Limitation on Bond Owners' Right to Sue	36
Section 9.08.	Application of Funds.....	37
Section 9.09.	Termination of Proceedings.....	38
ARTICLE X TRUSTEE DUTIES AND RIGHTS		
Section 10.01.	Appointment of Trustee	39
Section 10.02.	Compensation and Indemnification of Trustee.....	39
Section 10.03.	Removal of Trustee.....	40
Section 10.04.	Resignation of Trustee	40
Section 10.05.	Merger or Consolidation	40
Section 10.06.	Protection, Duties, Rights and Limited Liability of Trustee.....	40
Section 10.07.	Trustee Reliance on Opinion of Counsel.....	41
ARTICLE XI MODIFICATION OR AMENDMENT OF INDENTURE		
Section 11.01.	Amendments Permitted.....	42
Section 11.02.	Procedure for Amendment.....	42
Section 11.03.	Disqualified Bonds.....	43
Section 11.04.	Effect of Supplemental Indenture	43
Section 11.05.	Endorsement or Replacement of Bonds Delivered After Amendments	43
Section 11.06.	Amendatory Endorsement of Bonds.....	44
ARTICLE XII DEFEASANCE; UNCLAIMED MONEY		
Section 12.01.	Defeasance	45
Section 12.02.	Unclaimed Money.....	45
ARTICLE XIII LIMITATION OF LIABILITY		
Section 13.01.	Limited Liability of City.....	47
Section 13.02.	No Liability of City for Trustee Performance.....	47

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 13.03. Limitation of Rights to Parties and Bond Owners	47
ARTICLE XIV MISCELLANEOUS	
Section 14.01. Records	48
Section 14.02. Notices	48
Section 14.03. Governing Law	48
Section 14.04. Binding Effect; Successors	48
Section 14.05. Headings	48
Section 14.06. Execution of Documents and Proof of Ownership	49
Section 14.07. Waiver of Notice.....	49
Section 14.08. Severability of Invalid Provisions.....	49
Section 14.09. Execution of Counterparts	50
Section 14.10. Waiver of Personal Liability.....	50
Section 14.11. Acquisition of the Bonds by City.....	50

TRUST INDENTURE

THIS TRUST INDENTURE (this "Indenture"), dated as of April 1, 2006, is by and between the CITY OF HENDERSON, NEVADA, a municipality and a political subdivision organized and existing under the Constitution and laws of the State of Nevada, and the Charter of the City of Henderson (the "City"), and THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

WITNESSETH:

WHEREAS, the City Council of the City (the "City Council") has heretofore created the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) (the "District") and ordered the acquisition, construction and improvement of certain public improvements (the "Project");

WHEREAS, the City Council has levied assessments (the "Assessments") against the parcels of land within the District, all of which Assessments are unpaid on the date of execution and delivery of this Indenture;

WHEREAS, the City has determined that it is necessary and in the best interests of the City and the inhabitants thereof that the City authorize and provide for the issuance of its City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds (the "Bonds") in the aggregate amount not to exceed \$102,000,000 to finance the costs of the acquisition, construction and improvement of the Project and to pay related expenses, such amount not exceeding the aggregate unpaid principal amount of the Assessments levied on the parcels of land in the District; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the City and to constitute this Indenture a valid, binding and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the City, in consideration of the premises and the mutual covenants herein contained and the purchase and acceptance of the Bonds by the registered owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Indenture and has granted, bargained, warranted, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, warrant, assign, pledge, set over and confirm unto the Trustee, and to its successors and assigns

forever, all and singular the following described property, franchises and income, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein:

(a) All Assessments, including all interest and penalties, if any, thereon and the right to enforce the same, all upon the terms and conditions hereinafter set forth in this Indenture;

(b) All moneys and securities from time to time held by the Trustee in the Assessment Revenue Fund, the Bond Fund and the Reserve Fund;

(c) Any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially pledged or hypothecated, as and for additional security hereunder by the City or by anyone on its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be conveyed and assigned, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all registered owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except as herein otherwise provided;

PROVIDED, HOWEVER, that if the City, its successors or assigns, shall well and truly pay or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Assessment Revenue Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture is to be and shall remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights, interests, revenues and receipts hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective registered owners, from time to time, of the Bonds as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall have the meanings herein specified.

"Acquisition Agreement" means the Acquisition Agreement, dated as of April 1, 2006, by and between the City and South Edge, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"Acquisition Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.04 hereof.

"Act" means the Consolidated Local Improvements Law, being Chapter 271 of the Nevada Revised Statutes, as amended from time to time.

"Administrative Allocation" means, for any Assessment Year, the remainder of (a) the aggregate amount Assessment Installments payable in such Assessment Year in accordance with the Assessment Ordinance (without taking into account any reduction in such Assessment Installments required to be made pursuant to Section 4.6(c) of the Assessment Ordinance), less (b) Annual Debt Service for the Bond Year commencing in such Assessment Year.

"Administrative Budget Amount" means, for any Administrative Year, the sum of (a) the amount the City reasonably anticipates, as of the August 15 immediately preceding the commencement of such Administrative Year, will be required to be available in the Administrative Costs Fund to pay Administrative Costs during the course of such Administrative Year, plus (b) the amount the City reasonably anticipates, as of such August 15, (i) will be required to be available in the Administrative Costs Fund to pay Administrative Costs during any Administrative Year subsequent to such Administrative Year, and (ii) will not, because of the restriction contained in the proviso in this definition, be eligible for inclusion in the Administrative Budget Amount for such subsequent Administrative Year, plus (c) the amount by which the aggregate amount of Administrative Costs payable from the effective date of the Assessment Ordinance through such August 15 exceeds the aggregate of the amounts available in the Administrative Costs Fund during such period; provided, however, that such sum shall not exceed the Administrative Allocation for the Assessment Year ending in such Administrative Year.

"Administrative Costs" means the actual and reasonable costs of administering the levy, collection and enforcement of the Assessments (excluding the costs of apportioning Assessments which, pursuant to the Assessment Ordinance, are to be paid by the owner of the parcel being divided) and all other administrative costs and incidental expenses related to the Assessments or the Bonds, including, but not limited to, Trustee's fees and expenses (including reasonable attorneys' fees and expenses), engineer's fees and expenses, the costs and expenses of City staff and fees incurred in connection with the calculation of arbitrage rebate due to the federal government.

"Administrative Costs Fund" means the fund by that name established and held by the Trustee pursuant to Section 6.01 hereof.

"Administrative Year" means the twelve month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Administrative Year shall begin on the Closing Date and end on September 1, 2006.

"Alternative Procedure Agreement" means the Alternative Procedure Agreement, dated as of April 1, 2006, by and among South Edge, JPMorgan Chase Bank, N.A., as Administrative Agent, and the City, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"Annual Debt Service" means, with respect to any Outstanding Bonds, for each Bond Year, the sum of (a) the interest due on such Bonds in such Bond Year, assuming that such Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the such Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

"Appraised Value" means the market value of all or any portion of the Property (assuming the completion of any portion of the Project to be acquired with the proceeds of Bonds that have been issued) as set forth in a Qualified Appraisal Report prepared by a Qualified Appraiser.

"Assessment" or "Assessments" means, with respect to the Property, or a portion thereof, the aggregate special assessments levied by the City thereon pursuant to and in accordance with the terms of the Assessment Ordinance and, with respect to an individual parcel of the Property, means the special assessment levied by the City thereon pursuant to and in accordance with the terms of the Assessment Ordinance.

"Assessment Installments" means the installments of principal and interest payable with respect to the Assessments.

"Assessment Ordinance" means Ordinance No. 2457 of the City, adopted on April 4, 2006, pursuant to which, among other things, the Assessments are levied, as originally adopted or as the same may be amended from time to time in accordance with its terms and the terms of the Act.

"Assessment Revenue Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.01 hereof.

"Assessment Revenues" means the proceeds of the Assessments received by or on behalf of the City, including any prepayments thereof, interest and penalties thereon and proceeds of the sale of property sold as a result of foreclosure of the lien of the Assessments.

"Assessment Year" means the twelve month period beginning on June 2 in each year and extending to the next succeeding June 1, both dates inclusive, except that the first Assessment Year shall begin on the Closing Date and end on June 1, 2006.

"Average Annual Debt Service" means, with respect to any Outstanding Bonds, the average of the Annual Debt Service for such Bonds for all Bond Years, including the Bond Year in which the calculation is made.

"Beneficial Owner" means, whenever used with respect to a Bond, the Person whose name is recorded as the beneficial owner of such Bond or a portion of such Bond by a Participant on the records of such Participant or such Person's subrogee.

"Bond Counsel" means an attorney or a firm of attorneys whose experience in matters relating to the issuance of obligations by the states and their political subdivisions and the tax-exempt status of the interest thereon is recognized nationally.

"Bond Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.02 hereof.

"Bond Year" means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2006.

"Bonds" means the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds issued hereunder.

"Book-Entry Bonds" means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.09 hereof.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, in the State of New York or in any state in which the Office of the Trustee is located, are closed.

"Capitalized Interest Account" means the account in the Bond Fund by that name established and held by the Trustee pursuant to Section 5.02 hereof.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds-Entry Bonds.

"City" means the City of Henderson, Nevada, a municipality and a political subdivision organized and existing under the Constitution and laws of the State and the Charter of the City, or any public body succeeding to the rights and obligations of the City.

"City Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of April 1, 2006, by and between the City and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"City Council" means the City Council of the City, or any successor governing body of the City.

"City Representative" means the Mayor of the City, the City Treasurer and any other person designated by resolution of the City Council to act on behalf of the City with respect to this Indenture.

"City Treasurer" means the Finance Director of the City, who is also the City Treasurer.

"Closing Date" means the date on which the Bonds, duly authenticated by the Trustee, are delivered to the Original Purchaser thereof.

"Code" means the Internal Revenue Code of 1986.

"Completion Certificate" means a written certificate of a City Representative stating that (a) the portion of the Project to be financed through the Acquisition Fund has been completed and that all Project Costs therefor have been paid or are not required to be paid from the Acquisition Fund, or (b) the portion of the Project to be financed through the Acquisition Fund has been substantially completed and that all remaining Project Costs therefor have been determined and specifying the amount to be retained therefor in the Acquisition Fund.

"Contractor" has the meaning ascribed thereto in the Acquisition Agreement.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable by the City relating to the issuance of the Bonds, including, but not limited to, printing costs relating to the Bonds and the official statement or other offering statement; reproduction and binding costs; initial fees and charges of the Trustee (including legal fees); underwriting discount; actual and reasonable fees and expenses of Bond Counsel; financial and other professional consultant fees; and other charges and fees incurred in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 4.03 hereof.

"Developer Continuing Disclosure Agreement" means (a) the Continuing Disclosure Agreement, dated as of April 1, 2006, by and between South Edge and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms and (b) the Continuing Disclosure Agreement, dated as of April 1, 2006, by and between KB Home Nevada Inc. and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"District" means City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) established by the City pursuant to the Assessment Ordinance.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Book-Entry Bonds, including any such successor appointed pursuant to Section 2.09 hereof.

"Engineer's Report" means the engineer's report for the District, dated as of April 4, 2006, prepared by Gomez Consulting Group, Inc., assessment consultants and engineers,

as originally approved or as the same may be amended from time to time in accordance with the Act.

"Event of Default" means any occurrence or event specified under Section 9.01 hereof.

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, the United States of America or securities or other instruments evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

"Fiscal Year" means any period of 12 consecutive months established by the City as its fiscal year and shall initially mean the period commencing July 1 of any year and ending on the next succeeding June 30.

"Indenture" means this Trust Indenture, as originally executed or as it may from time to time be amended or supplemented by any Supplemental Indenture.

"Initial Appraisal Report" means the Market Value Appraisal, dated February 15, 2006, prepared by Baseline Consulting Services, providing an appraisal of the Property as of January 1, 2006.

"Interest Payment Date" means March 1 and September 1 of each year, commencing September 1, 2006.

"Investment Earnings" means interest, earnings or profits received in respect of the investment of money on deposit in any fund or account established hereunder.

"Maximum Annual Debt Service" means, with respect to any Outstanding Bonds, the largest Annual Debt Service for such Bonds for any Bond Year, including the Bond Year the calculation is made.

"NRS" means the Nevada Revised Statutes, as amended from time to time.

"Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the City by the Trustee in writing.

"Original Purchaser" means Stone & Youngberg LLC.

"Outstanding" when used as of any particular time with respect to Bonds, means (subject to the provisions of Section 11.03 hereof) all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Trustee pursuant to Section 12.01 of this Indenture (whether upon or prior to the maturity or redemption date of such Bonds); provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 3.03 hereof or provision reasonably satisfactory to the Trustee shall have been made for the giving of

such notice, and (c) Bonds in lieu of or in exchange for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to Sections 2.06 or 2.07 hereof.

"Owner" means, when used with respect to a Bond, the Person in whose name such Bond is registered on the registration books required to be maintained by the Trustee pursuant to Section 2.08 hereof.

"Parity Assessment" means a special assessment levied pursuant to the Act or any similar law, the lien of which is on a parity with the lien of the Assessments.

"Participant" means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriter" has the meaning ascribed thereto in the City Continuing Disclosure Agreement and the Developer Continuing Disclosure Agreement.

"Permitted Investments" means any investments which at the time of investment are legal investments under the laws of the State of Nevada for the moneys proposed to be invested therein pursuant to NRS Chapter 355, "Public Investments - Investments by Local Governments," Section 355.170, as amended.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Payment Date" means a date on which principal of the Bonds is due, including the final maturity date thereof and each mandatory sinking payment redemption date therefor.

"Project" means the local improvements to be acquired, constructed and improved by the City with a portion of the proceeds of the Bonds, which local improvements are described in the Engineer's Report in the section thereof entitled "Project Segment Descriptions."

"Project Costs" means the amounts paid or to be paid for the acquisition, construction, improvement and financing of the Project and the expenses incident thereto or connected therewith, including architectural, design, engineering, testing, inspection and surveying expenses; the Purchase Price constitutes Project Costs.

"Project Costs Credit Amount" has the meaning ascribed to "Credit Amount" in the Acquisition Agreement.

"Project Costs Credit Amount Request" has the meaning ascribed to "Credit Amount Request" in the Acquisition Agreement.

"Project Costs Payment Request" has the meaning ascribed to "Payment Request" in the Acquisition Agreement.

"Property" means the real property located within the District, as described in the Assessment Ordinance.

"Purchase Price" has the meaning ascribed thereto in the Acquisition Agreement.

"Qualified Appraisal Report" means a real estate appraisal report which (a) has been prepared by a Qualified Appraiser, (b) uses a date of value, or was updated by a letter dated, no more than six months prior to the date of submittal to the Trustee, (c) states that it is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, (d) is written in conformance with Uniform Standards of Professional Appraisal Practice (USPAP) and (e) employs a methodology and provides limiting conditions that are consistent with the Initial Appraisal Report.

"Qualified Appraiser" means Baseline Consulting Services, or any other real estate appraiser selected by the City that has an MAI designation from the Appraisal Institute and that is a Certified General Appraiser licensed in the State.

"Rebate Fund" means the fund by that name established and held by the Trustee pursuant to Section 7.02 hereof.

"Rebate Requirement" has the meaning ascribed thereto in the Tax Certificate.

"Record Date" means the 15th day of the month prior to an Interest Payment Date.

"Redemption Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.04 hereof.

"Representation Letter" means the Letter of Representations from the City to DTC, or any successor securities depository for Book-Entry Bonds, in which the City makes certain representations with respect to issues of its securities eligible for deposit by DTC or such successor depository.

"Reserve Fund" means the fund by that name established and held by the Trustee pursuant to Section 5.03 hereof.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (a) 10% of the initial principal amount of the Bonds, (b) Maximum Annual Debt Service on the Bonds, and (c) 125% of Average Annual Debt Service on the Bonds.

"South Edge" means South Edge, LLC, a limited liability company organized and existing under the laws of the State of Nevada, and its successors.

"State" means the State of Nevada.

"Supplemental Indenture" means any indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Certificate" means the Tax Certificate executed by the City at the time of issuance of the Bonds relating to the requirements of Section 148 of the Code, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"Trust Estate" means the property pledged and assigned to the Trustee pursuant to the granting clauses of this Indenture.

"Trustee" means The Bank of New York Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, and any successor thereto permitted under this Indenture.

"Value to Lien Ratio" means a fraction, (a) the numerator of which is the sum of (i) the taxable value of the Property, or the portion thereof with respect to which the Value to Lien Ratio is being determined, for which a Qualified Appraisal Report has not been provided, as such value is shown on the most recently equalized property tax roll, plus (ii) the Appraised Value of the Property, or the portion thereof with respect to which the Value to Lien Ratio is being determined, for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, and (b) the denominator of which is the sum of the principal amount of existing Assessments levied on the Property or such portion thereof, plus the principal amount of existing Parity Assessments levied on the Property or such portion thereof, plus the principal amount of any Parity Assessments proposed to be levied on the Property or such portion thereof, which proposed Parity Assessments are anticipated to be levied on or before the date of, or in connection with, the event requiring a determination of Value to Lien Ratio; the Value to Lien Ratio shall be expressed, after reducing said fraction, as a number equal to the numerator of said fraction "to" a number equal to the denominator of said fraction.

Section 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

BONDS; TERMS AND PROVISIONS

Section 2.01. Authorization. The Bonds shall be issued under the Act for the purpose of financing the acquisition, construction and improvement of the Project pursuant to the Acquisition Agreement.

The Bonds shall be payable from Assessment Revenues, and the payment thereof shall be secured by a lien on the Assessment Revenues and the other assets pledged thereto hereunder. The Bonds shall contain a recital that they are issued under authority of the Act.

Section 2.02. Bonds. The Bonds are designated as the "City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds." The aggregate principal amount of Bonds which may be issued and Outstanding under this Indenture shall not exceed \$102,000,000, except as may be otherwise provided in Section 2.07 hereof. At any time after the execution of this Indenture, the City may sell and execute and the Trustee may authenticate and, upon the written request of a City Representative, deliver Bonds in the aggregate principal amount of \$102,000,000.

The Bonds shall be issued as fully registered Bonds, without coupons, in denominations of \$5,000 each or any integral multiple thereof. No Bond shall have principal maturing on more than one principal maturity date. The Bonds shall be dated as of the Closing Date and shall accrue interest from such date. The Bonds shall mature on September 1 in the following years and in the following amounts, shall bear interest at the following rates per annum, payable on the Interest Payment Dates in each year, calculated on the basis of a 360-day year consisting of twelve 30-day consecutive months:

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2008	\$ 545,000	4.200%
2009	1,855,000	4.350
2010	1,935,000	4.500
2011	2,025,000	4.600
2012	2,115,000	4.700
2013	2,215,000	5.000
2014	2,330,000	5.000
2015	2,445,000	5.000
2016	2,565,000	5.000
2017	2,695,000	5.050
2018	2,830,000	5.100
2019	2,975,000	5.125
2020	3,125,000	5.150
2021	3,290,000	5.150
2026	19,205,000	5.250
2035	49,850,000	5.300

Only such of the Bonds as shall bear thereon a certificate of authentication in the form herein recited, executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. The Trustee shall assign each Bond authenticated and registered by it a distinctive letter, or number, or letter and number.

The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the Office of the Trustee. The interest on the Bonds shall be payable in like lawful money to the Person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the close of business on the applicable Record Date, whether or not such day is a Business Day, such interest to be paid by check mailed to such Owner at such address as appears on such registration books or at such address as he may have filed with the Trustee for that purpose or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of Bonds, received by the Trustee on or prior to the Record Date.

Interest on each Bond shall be payable from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after a Record Date and on or prior to the next succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or unless it is authenticated on or before the first Record Date, in which event interest shall be payable from the Closing Date; provided, however, that if, at the time of authentication of any Bond, interest is in default on Outstanding Bonds, interest on such Bond shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds and shall be payable to the Owners thereof of record as of a special date as shall be established by the Trustee following such default.

Section 2.03. Form of Bonds. The Bonds and the Trustee's certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the forms set forth in Exhibit A attached hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

Section 2.04. Temporary Bonds. Prior to the preparation of the definitive form of the Bonds, the Trustee may authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary printed or typewritten Bonds, in the form of registered Bonds substantially in the form of the definitive Bonds, in denominations of \$5,000 each or any integral multiple thereof, substantially of the tenor hereinabove set forth and with such omissions, insertions or variations from the terms and conditions as may be appropriate to temporary Bonds. Such temporary Bonds may be surrendered and exchanged, without charge to the Owners thereof, for definitive Bonds of the same aggregate principal amounts and interest rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security of this Indenture as the definitive Bonds.

Section 2.05. Execution and Authentication of Bonds. The Bonds shall be signed by facsimile or manual signature of the Mayor of the City, countersigned by facsimile or manual

signature of the City Treasurer, and attested by facsimile or manual signature of the City Clerk. The City Clerk shall also affix manually or by facsimile the seal of the City to the Bonds. The Bonds shall be authenticated by the Trustee by the manual signature of an authorized signatory of the Trustee.

Section 2.06. Transfer and Exchange of Bonds. Each Bond is transferable or exchangeable by the Owner thereof, in person or by such Owner's attorney duly authorized in writing, at the Office of the Trustee, in the records required to be kept by the Trustee pursuant to the provisions of Section 2.08 hereof, upon surrender of such Bond accompanied by a duly executed written instrument of transfer or exchange. Whenever any Bond shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds in authorized denominations of the same aggregate principal amount, interest rate, form and designation, except that the Trustee may require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and the reasonable fees of the Trustee for such transfer or exchange. Any Bond surrendered pursuant to the provisions of this Section shall be canceled by the Trustee and shall not be redelivered.

The Trustee shall not be required to register the transfer or exchange of any Bond after the mailing of notice calling such Bond for redemption has been given as herein provided, nor during the period of five days next preceding the selection of Bonds for redemption.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Trustee, at the expense of the Owner of said Bond, shall execute and deliver a new Bond or Bonds in authorized denominations of the same aggregate principal amount, interest rate, form and designation in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed with a certificate of destruction furnished to, or upon the order of, the City.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee, and if indemnification reasonably satisfactory to the Trustee and the City shall be given, the Trustee, at the expense of the Bond Owner, shall execute and deliver a new Bond or Bonds in authorized denominations of the same aggregate principal amount, interest rate, form and designation, in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Bond delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out its duties under this Section (including reasonable attorneys' fees and expenses). Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds delivered under this Indenture. The Trustee shall not be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond in exchange for a Bond which has been mutilated, lost, destroyed or stolen, which has

matured or been called for redemption, the Trustee may, upon receipt of indemnity satisfactory to it, make payment with respect to such Bond directly to the Owner thereof under such regulations as the Trustee may prescribe, including a lost instruments bond.

Section 2.08. Registration Records. The Trustee will keep or cause to be kept at its office sufficient records for the registration and transfer of the Bonds which shall at all times during regular business hours be open to inspection by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

The Trustee shall deem and treat the Person in whose name any Outstanding Bond shall be registered upon the bond register as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to such Bond and all such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the Trustee shall not be affected by any notice to the contrary.

Section 2.09. Book-Entry Bonds. (a) The Bonds shall be Book-Entry Bonds.

(b) Except as provided in subsection (d) of this Section, the registered Owner of all of the Book-Entry Bonds shall be DTC and the Book-Entry Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding anything to the contrary contained in this Indenture, payment of semiannual interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the payment date for the Book-Entry Bonds at the address indicated on the Record Date or special record date for Cede & Co. in the Bond register or as otherwise provided in the Representation Letter.

(c) Book-Entry Bonds shall be initially issued in the form of separate single fully registered Bonds in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of such Book-Entry Bonds shall be registered in the Bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the City may treat DTC (or its nominee) as to the sole and exclusive Owner of the Book-Entry Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Book-Entry Bonds, selecting the Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under this Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Book-Entry Bonds under or through DTC or any Participant, or any other Person which is not shown on the Bond register of the Trustee as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Book-Entry Bonds; any notice which is permitted or required to be given to Owners of Book-Entry Bonds under this Indenture; the selection by DTC or any Participant of

any Person to receive payment in the event of a partial redemption of the Book-Entry Bonds; or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of subsection (d) below, no Person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC of notice that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(d) In the event (i) DTC, including any successor as securities depository for the Book-Entry Bonds, determines not to continue to act as securities depository for the Book-Entry Bonds, or (ii) the City determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the City will discontinue the book-entry system with the incumbent securities depository for the Book-Entry Bonds. If the City determines to replace the incumbent securities depository for the Book-Entry Bonds with another qualified securities depository, the City shall prepare or direct the preparation, of a new single, separate fully registered Book-Entry Bond for the aggregate outstanding principal amount of Book-Entry Bonds of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the City, the Trustee and the successor securities depository for the Book-Entry Bonds as are not inconsistent with the terms of this Indenture. If the City fails to identify another qualified successor securities depository of the Book-Entry Bonds to replace the incumbent securities depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Bond register in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for the Book-Entry Bonds, or its nominee, shall designate. In such event the Trustee shall authenticate and deliver a sufficient quantity of Bonds as to carry out the transfers and exchanges provided in this Section and Sections 2.06 and 2.07 hereof. All such Bonds shall be in fully registered form in denominations authorized by this Indenture.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal of and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(f) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to this Indenture by the City or the Trustee with respect to any consent or other action to be taken by Owners, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.10. Incontestable Recital. Pursuant to NRS 271.505, the Bonds shall contain a recital that they are issued under authority of the Act, which recital shall conclusively impart

full compliance with all of the provisions of the Act, and all Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

ARTICLE III

REDEMPTION OF BONDS; REDEMPTION NOTICES

Section 3.01. Redemption of Bonds. (a) *Optional Redemption.* The Bonds are subject to redemption prior to their fixed maturity dates, in whole or in part, in integral multiples of \$5,000, at the option of the City, on any Interest Payment Date, from funds derived by the City from any source, other than prepaid Assessments, excess funds in the Acquisition Fund or proceeds derived from the foreclosure of delinquent Assessments, and deposited in the Redemption Fund, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium equal to the percentage of the principal amount to be redeemed set forth below:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
September 1, 2006 through September 1, 2012	3%
March 1, 2013 and September 1, 2013	2
March 1, 2014 and September 1, 2014	1
March 1, 2015 and thereafter	0

In exercising its option to redeem, the City shall give the Trustee notice of its intention not less than 25 days nor more than 60 days in advance of the date of redemption.

(b) *Mandatory Redemption from Prepaid Assessments.* The Bonds are subject to redemption prior to their fixed maturity dates, in whole or in part, in integral multiples of \$5,000, on any Interest Payment Date, from and to the extent of any portion of any Assessments prepaid pursuant to Section 4.5 of the Assessment Ordinance, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium equal to the percentage of the principal amount to be redeemed set forth below:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
September 1, 2006 through September 1, 2012	3%
March 1, 2013 and September 1, 2013	2
March 1, 2014 and September 1, 2014	1
March 1, 2015 and thereafter	0

The prepayment price of said prepaid Assessments certified by the City to the Trustee to have been received by the City at least 61 days prior to the next succeeding Interest Payment Date shall be applied to the redemption of Bonds on such Interest Payment Date; the prepayment price of said prepaid Assessments certified by the City to the Trustee to have been received by the City less than 61 days prior to the next succeeding Interest Payment Date shall be applied to the redemption of Bonds on the Interest Payment Date following such next succeeding Interest Payment Date.

(c) **Mandatory Redemption From Excess Moneys in Acquisition Fund.** The Bonds are subject to mandatory redemption prior to their fixed maturity dates, in whole or in part, in integral multiples of \$5,000, on the first Interest Payment Date that is at least 45 days after the date on which the City delivers to the Trustee a Completion Certificate, from excess moneys in the Acquisition Fund that are transferred to the Redemption Fund pursuant to Section 4.04(b) hereof and designated by the City, in accordance with said Section, to be applied to the redemption of Bonds, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed and accrued interest thereon to the date of redemption, without premium.

(d) **Mandatory Sinking Fund Redemption.** The Bonds maturing on September 1, 2026, or portions thereof in integral multiples of \$5,000, are subject to mandatory sinking fund redemption on September 1 of each year, commencing on September 1, 2022, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, without premium, from annual collections of Assessments, as follows:

<u>Redemption Dates</u> <u>(September 1)</u>	<u>Principal Amount</u> <u>of Bonds</u> <u>To Be Redeemed</u>
2022	\$3,460,000
2023	3,640,000
2024	3,830,000
2025	4,030,000
2026*	4,245,000

* Final maturity

If some but not all of the Bonds maturing on September 1, 2026 are redeemed pursuant to Section 3.01(a) hereof, the principal amount of Bonds maturing on September 1, 2026 to be redeemed pursuant to Section 3.01(d) hereof on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 2026 so redeemed pursuant to Section 3.01(a) hereof, such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof, as directed by the City in writing. If some but not all of the Bonds maturing on September 1, 2026 are redeemed pursuant to Section 3.01(b) or Section 3.01(c) hereof, the principal amount of Bonds maturing on September 1, 2026 to be redeemed pursuant to Section 3.01(d) hereof on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 2026 so redeemed pursuant to Section 3.01(b) or Section 3.01(c) hereof, respectively, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the City.

(e) The Bonds maturing on September 1, 2035, or portions thereof in integral multiples of \$5,000, are subject to mandatory sinking fund redemption on September 1 of each year, commencing on September 1, 2027, at a redemption price equal to the principal amount

thereof, together with accrued interest to the date of redemption, without premium, from annual collections of Assessments, as follows:

<u>Redemption Dates</u> <u>(September 1)</u>	<u>Principal Amount</u> <u>of Bonds</u> <u>To Be Redeemed</u>
2027	\$4,465,000
2028	4,700,000
2029	4,950,000
2030	5,215,000
2031	5,490,000
2032	5,780,000
2033	6,090,000
2034	6,410,000
2035*	6,750,000

* Final maturity

If some but not all of the Bonds maturing on September 1, 2035 are redeemed pursuant to Section 3.01(a) hereof, the principal amount of Bonds maturing on September 1, 2035 to be redeemed pursuant to Section 3.01(d) hereof on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 2035 so redeemed pursuant to Section 3.01(a) hereof, such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof, as directed by the City in writing. If some but not all of the Bonds maturing on September 1, 2035 are redeemed pursuant to Section 3.01(b) or Section 3.01(c) hereof, the principal amount of Bonds maturing on September 1, 2035 to be redeemed pursuant to Section 3.01(d) hereof on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 2035 so redeemed pursuant to Section 3.01(b) or Section 3.01(c) hereof, respectively, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the City.

Section 3.02. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any redemption of Bonds pursuant to Section 3.01(a) hereof, among maturities of Bonds as directed by the City in writing, and (b) with respect to any redemption of Bonds pursuant to Section 3.01(b) or Section 3.01(c) hereof, among maturities of the Bonds on a *pro rata* basis as nearly as practicable, and by lot among Bonds with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed. The Trustee shall promptly notify the City in writing of the Bonds so selected for redemption.

Section 3.03. Notice of Redemption. When redemption of Bonds is authorized or required pursuant to this Indenture, the Trustee shall give notice of the redemption of the Bonds. Such notice shall specify: (a) that the Bonds or a designated portion thereof (in the case of redemption of a Bond in part but not in whole) are to be redeemed and the CUSIP numbers of the Bonds to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, and (d) the redemption price. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the principal and redemption premium, if any, together with interest accrued to said date, and that from and after such date interest thereon shall cease to accrue and be payable. With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid and discharged as provided in Section 12.01 hereof, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Said notice shall be mailed, first class mail postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration records, at least 15 days but not more than 60 days prior to the redemption date; provided that neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Section 3.04. Redemption of Portions of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall execute and deliver to the Owner thereof a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, and with the same interest rate and the same maturity. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such Owner, and the City and the Trustee shall be released and discharged from all liability to the extent of such payment.

Section 3.05. Effect of Notice of Redemption; Destruction of Redeemed Bonds. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption and the redemption premium, if any) having been set aside in the Redemption Fund, the Bonds so called for redemption shall become due and payable on said date of redemption, and, upon presentation and surrender thereof at the Office of the Trustee specified in said notice, said Bonds shall be paid in the unpaid principal amount thereof, plus interest accrued and unpaid to said date of redemption and the redemption premium, if any.

If, on said date of redemption, moneys for the redemption of all of the Bonds to be redeemed, together with interest to said date of redemption and the redemption premium, if any,

shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest on the Bonds so called for redemption shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust, without liability for interest to the Owners of the Bonds from and after said date of redemption, for the account of the Owners of the Bonds to be so redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Indenture shall be canceled and destroyed upon surrender thereof and a certificate of destruction shall be delivered to or upon the order of the City.

Section 3.06. Purchase In Lieu. In lieu of redeeming Bonds, the Trustee may, at the written request of the City, utilizing funds that would otherwise be available to effect such redemption, purchase in the open market Bonds that are subject to redemption, or any part thereof; provided that, in purchasing any Bond, the Trustee may not pay a purchase price which exceeds the principal amount thereof, plus accrued interest thereon to the date of purchase thereof, plus the redemption premium, if any, that would be payable if such Bond were redeemed hereunder. If the Trustee purchases term Bonds in a principal amount which is less than the full principal amount of term Bonds to be redeemed on the succeeding mandatory sinking fund redemption date, the Trustee shall redeem term Bonds in a principal amount equal to the remainder of the principal amount of term Bonds to be redeemed on such mandatory sinking fund redemption date.

ARTICLE IV

PLEDGE; DEPOSITS; COSTS OF ISSUANCE FUND; ACQUISITION FUND; INVESTMENTS

Section 4.01. Pledge. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Assessment Revenues and any other amounts (including proceeds of the sale of the Bonds) held in the Assessment Revenue Fund, the Bond Fund and the Reserve Fund are hereby pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act. The Assessment Revenues, as received by or otherwise credited to the City, shall immediately be subject to the lien of such pledge without any physical delivery thereof, any filing or further act. Said pledge shall constitute a first lien on such assets.

The moneys and investments held by the Trustee under this Indenture are irrevocably held in trust for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Indenture, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Trustee, the City, any owner of any portion of the Property or any Owner of Bonds, or any of them.

Section 4.02. Deposits. On the Closing Date, the proceeds of the sale of the Bonds shall be paid to the Trustee and said amounts shall be deposited by the Trustee as follows:

- (a) \$9,728,602.93 shall be deposited into the Capitalized Interest Account;
- (b) \$7,110,581.25 shall be deposited into the Reserve Fund, which amount is equal to the Reserve Requirement;
- (c) \$450,000.00 shall be deposited into the Administrative Costs Fund;
- (d) \$454,555.00 shall be deposited into the Costs of Issuance Fund; and
- (e) \$82,731,948.87 shall be deposited into the Acquisition Fund.

Section 4.03. Costs of Issuance Fund. The Trustee shall establish a special fund designated as the "Costs of Issuance Fund." All moneys at any time on deposit in the Costs of Issuance Fund shall be held by the Trustee in trust for the benefit of the City and applied solely as provided herein. Moneys in the Costs of Issuance Fund shall be expended for Costs of Issuance. There shall be deposited in the Costs of Issuance Fund on the Closing Date the amounts specified in Section 4.02(d) hereof.

The Trustee shall disburse moneys in the Costs of Issuance Fund for payment of Costs of Issuance upon receipt of a payment request in substantially the form attached hereto as Exhibit B signed by the City Representative. The Trustee may rely on such payment requests as complete authorization for the disbursements requested thereby. On November 1, 2006, the amount remaining on deposit in the Costs of Issuance Fund shall be transferred to the Acquisition Fund.

Section 4.04. Acquisition Fund. (a) The Trustee shall establish a special fund designated as the "Acquisition Fund." All moneys at any time on deposit in the Acquisition Fund shall be held by the Trustee in trust for the benefit of the City and applied solely as provided herein.

(b) There shall be deposited in the Acquisition Fund on the Closing Date the amount specified in Section 4.02(e) hereof. Additionally, the Trustee shall deposit in the Acquisition Fund amounts required to be deposited therein pursuant to Section 4.03 and Section 4.07 hereof. Moneys in the Acquisition Fund shall be expended for Project Costs, including Project Costs Credit Amounts. The Trustee shall disburse moneys in the Acquisition Fund for payment of the Project Costs upon receipt by the Trustee of a payment request substantially in the form attached hereto as Exhibit C signed by the City Representative. The Trustee may rely on such payment requests as complete authorization for the disbursements requested thereby.

When (i) the portion of the Project to be financed through the Acquisition Fund has been completed and all Project Costs therefor have been paid or are not required to be paid from the Acquisition Fund, or (ii) the portion of the Project to be financed through the Acquisition Fund has been substantially completed and all remaining Project Costs therefor have been determined, the City shall deliver to the Trustee a Completion Certificate. On the date 15 days after the date on which the City delivers a Completion Certificate to the Trustee, the Trustee shall transfer any remaining balance in the Acquisition Fund (but less the amount of any retention specified in such Completion Certificate) to the Redemption Fund to be applied to the redemption of Bonds in accordance with Section 3.01(c) hereof.

Section 4.05. Investments Authorized. Moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee in Permitted Investments, and the City Representative shall direct the Trustee to invest in such Permitted Investments as the City Representative may select, such direction to be received by the Trustee in writing at least two Business Days prior to the availability of moneys; provided, however, that such investment directions shall not be inconsistent with the fiduciary obligations of the Trustee under this Indenture. Absent timely receipt of such written directions, the Trustee may invest such funds in a money market mutual fund that constitutes a permitted investment under NRS 355.170 for which the City has provided authorization for use to the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee shall be responsible for the safekeeping and for the investment of the moneys held by it in accordance with this Indenture and the written directions of the City Representative, but shall not be liable for any losses from investments so made provided they are made in accordance with such instructions.

Moneys in the funds and accounts established hereunder shall be invested in Permitted Investments maturing not later than the date on which it is estimated by the City that such moneys will be required to be paid out hereunder. Up to one-half of moneys in the Reserve Fund shall be invested in Permitted Investments maturing not more than five years from the date of purchase or the final maturity date of the Outstanding Bonds, whichever is earlier and the remaining moneys in the Reserve Fund shall be invested in Permitted Investments maturing not more than two years from the date of purchase or the final maturity date of the Outstanding Bonds, whichever is earlier; provided, however, that moneys in the Reserve Fund may be invested in a repurchase agreement or investment agreement without such five year limitation or

two year limitation so long as the agreement provides for withdrawals at par on any Interest Payment Date.

Section 4.06. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with trust accounting standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Assessment Revenues and the proceeds of the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment date, (c) the amount received at maturity or its sale price, as the case may be, and (d) the amounts and dates of any payments made with respect thereto.

Such records shall be open to inspection by any Owner at any reasonable time during regular business hours on reasonable notice. The Trustee shall furnish monthly to the City and to any Owner who may so request (at the expense of such Owner) a complete statement covering the receipts, deposits, investments and disbursements of the Assessment Installments received by the Trustee and all other moneys in the funds created hereunder for the preceding month. The Trustee shall additionally prepare such statements annually based on a fiscal year ending June 30 in a form which may be audited, at the City's request, by an independent certified public accountant.

Section 4.07. Allocation of Earnings or Loss. Investment Earnings from the investment of moneys in the Capitalized Interest Account of the Bond Fund shall, as and when received, be transferred to the Acquisition Fund. Investment Earnings from the investment of moneys in the Reserve Fund shall, as and when received, be transferred (a) prior to September 1, 2007, to the Acquisition Fund, and (b) from and after September 1, 2007, to the Investment Earnings Account in the Rebate Fund; provided, however, that such Investment Earnings shall be transferred out of the Reserve Fund only if and to the extent that the amount remaining on deposit in the Reserve Fund is at least equal to the Reserve Requirement. Investment Earnings from the investment of moneys in the other funds and accounts established hereunder shall be retained therein.

Section 4.08. Valuation and Disposition of Investments. All investments of amounts deposited in any fund or account created by or pursuant to this Indenture shall be valued at fair market value. The Trustee shall value investments on deposit in the Reserve Fund at least semiannually no later than March 2 and September 2. The Trustee may sell at the best price obtainable (in the reasonable discretion of the Trustee), or present for redemption, any Permitted Investment purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting therefrom.

Section 4.09. Commingling of Moneys in Funds. The Trustee may, and upon the written request of the City Representative shall, commingle any of the funds into a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the

Trustee and, provided, further, that funds on deposit in the Excess Earnings Account in the Rebate Fund may not be commingled under any circumstances.

ARTICLE V

FLOW OF FUNDS

Section 5.01. Assessment Revenue Fund. (a) The Trustee shall establish and maintain a special fund designated the "Assessment Revenue Fund." In accordance with the provisions of, and at the times specified in, Section 8.07 hereof, the City shall transfer Assessment Revenues received by the City to the Trustee for deposit in the Assessment Revenue Fund; provided, however, that any portion of any such Assessment Revenues that represents Assessments prepaid pursuant to Section 4.5 of the Assessment Ordinance shall be identified as such when transferred by the City to the Trustee, shall be deposited in the Redemption Fund and shall be applied to the redemption of Bonds in accordance with Section 3.01(b) hereof. The Trustee shall deposit in the Assessment Revenue Fund amounts required to be deposited therein pursuant to Section 7.02 hereof.

(b) On the Business Day immediately preceding each Interest Payment Date, the Trustee shall withdraw from the Assessment Revenue Fund and transfer to the funds indicated below the amounts described below in the following order of priority:

(i) **Bond Fund.** On the Business Day immediately preceding each Interest Payment Date, the Trustee shall, after having made any transfers required to be made from the Capitalized Interest Account to the Bond Fund pursuant to Section 5.02 hereof, transfer from the Assessment Revenue Fund to the Bond Fund Assessment Revenues in the amount, if any, necessary to cause the amount on deposit in the Bond Fund to be equal to the principal and interest due on the Bonds on such Interest Payment Date.

(ii) **Reserve Fund.** On the Business Day immediately preceding each Interest Payment Date, the Trustee shall, after having made any transfers required to be made pursuant to paragraph (i), above, transfer from the Assessment Revenue Fund to the Reserve Fund Assessment Revenues in the amount, if any, necessary to cause the amount in the Reserve Fund to be equal to the Reserve Requirement.

(c) On September 2 of each year, commencing September 2, 2008, the Trustee shall withdraw from the Assessment Revenue Fund and transfer to the Administrative Costs Fund an amount equal to the lesser of (i) the amount necessary to cause the amount in the Administrative Costs Fund to be equal to the Administrative Budget Amount for the following Administrative Year, or (ii) the amount then on deposit in the Assessment Revenue Fund. No later than September 10 of each year, commencing September 10, 2008, the Trustee shall, in writing, notify the City Treasurer of the amount on deposit in the Assessment Revenue Fund as of September 3 of such year.

Section 5.02. Bond Fund. The Trustee shall establish and maintain a special fund designated the "Bond Fund." Within the Bond Fund the Trustee shall establish and maintain a special account designated the "Capitalized Interest Account." There shall be deposited in the Capitalized Interest Account on the Closing Date the amount required to be deposited therein pursuant to Section 4.02(a) hereof. The Trustee shall deposit in the Bond Fund the amounts required to be deposited therein pursuant to Section 5.01(b) hereof. Additionally, on the Business

Day preceding each Interest Payment Date through and including March 1, 2008, the Trustee shall transfer the amount set forth in the following table from the Capitalized Interest Account to the Bond Fund.

<u>Interest Payment Date</u>	<u>Amount Transferred From Capitalized Interest Account</u>
September 1, 2006	\$1,816,787.29
March 1, 2007	2,637,271.88
September 1, 2007	2,637,271.88
March 1, 2008	2,637,271.88

Any amount remaining in the Capitalized Interest Account on March 2, 2008 shall be transferred to the Bond Fund.

On each Interest Payment Date, the Trustee shall withdraw from the Bond Fund for payment to the Owners of the Bonds the principal, if any, of and interest then due and payable on the Bonds, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds. In the event that amounts in the Bond Fund are insufficient for such purposes, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Bond Fund.

On any date on which Bonds are defeased in accordance with Section 12.01 hereof, the Trustee shall, if so directed in a written request signed by a City Representative, transfer the amount, if any, representing payments of Assessments deposited in the Assessment Revenue Fund and available to be applied to the payment of the principal of and interest on such Bonds on the next succeeding Interest Payment Date, from the Assessment Revenue Fund to the entity or fund so specified in such written request, to be applied to such defeasance.

Section 5.03. Reserve Fund. The Trustee shall establish and maintain a special fund designated the "Reserve Fund." There shall be deposited in the Reserve Fund on the Closing Date the amount specified in Section 4.02(b) hereof.

Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds. Transfers shall be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with Section 5.02 hereof.

If, as a result of the payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer to the Assessment Revenue Fund any moneys that cause the amount on deposit therein to be in excess of such reduced Reserve Requirement.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and

premium, if any, due upon redemption, the Trustee shall, upon receipt of a written direction of the City, transfer the amount in the Reserve Fund to the Bond Fund or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

On any date on which Bonds are defeased in accordance with Section 12.01 hereof, the Trustee shall, if so directed in a written request signed by a City Representative, transfer to the entity or fund so specified in such written request any moneys in the Reserve Fund that, because of the reduction, if any, in the Reserve Requirement resulting from such defeasance, cause the amount on deposit therein to be in excess of such reduced Reserve Requirement, which moneys shall be applied to such defeasance.

Section 5.04. Redemption Fund. The Trustee shall establish and maintain a special fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund amounts received from the City in connection with the City's exercise of its rights to optionally redeem Bonds pursuant to Section 3.01(a) hereof and any other amounts required to be deposited therein pursuant to Section 4.04 or Section 5.01(a) hereof or pursuant to any Supplemental Indenture.

Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the redemption price of Bonds redeemed pursuant to Section 3.01(a), Section 3.01(b) or Section 3.01(c) hereof.

If after a redemption of Bonds, funds remain on deposit in the Redemption Fund in an amount insufficient to redeem Bonds or any portion of a Bond in the minimum principal amount of \$5,000, such funds shall remain on deposit in the Redemption Fund. Said funds, and any investment earnings thereon, shall be utilized for the next redemption of the Bonds, as directed by the City.

ARTICLE VI

ADMINISTRATIVE COSTS FUND

Section 6.01. Establishment of Administrative Costs Fund. The Trustee shall establish a special fund designated the "Administrative Costs Fund." All moneys at any time on deposit in the Administrative Costs Fund shall be held by the Trustee in trust for the benefit of the City and applied solely as provided herein. The Administrative Costs Fund shall not constitute a surplus and deficiency fund as described in NRS 271.428.

Section 6.02. Deposits. There shall be deposited in the Administrative Costs Fund on the Closing Date the amount required to be deposited therein pursuant to Section 4.02(c) hereof. Additionally, the Trustee shall deposit in the Administrative Costs Fund the amounts required to be deposited therein pursuant to Section 5.01(c) hereof.

Section 6.03. Uses. The Trustee shall disburse moneys in the Administrative Costs Fund for payment of Administrative Costs only upon receipt of a payment request in substantially the form attached hereto as Exhibit D signed by the City Representative.

Section 6.04. Administrative Budget Amount Notification. On or before August 22 of each year, commencing August 22, 2008, the City Treasurer shall, in writing, notify the Trustee of the Administrative Budget Amount for the following Administrative Year.

ARTICLE VII

TAX MATTERS

Section 7.01. Tax Covenants. (a) The City shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the City shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the City is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the City shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the City shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(d) Certain agreements, requirements and procedures contained or referred to in this Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Any such change may occur or action may be taken or omitted upon the advice or approval of Bond Counsel other than the Bond Counsel that rendered a final opinion with respect to the Bonds upon their original issuance, only if the City obtains from such Bond Counsel an opinion, substantially to the effect that interest on the Bonds is excluded from gross income for federal income tax purposes.

Section 7.02. Establishment and Application of Rebate Fund. The Trustee shall establish, maintain and hold in trust a special fund separate from any other fund or account established and maintained hereunder designated as the "Rebate Fund." The Rebate Fund shall be maintained by the Trustee until the Trustee receives written notification from a City Representative that it be closed.

The Trustee shall establish and maintain in the Rebate Fund a separate account designated as the "Investment Earnings Account" and a separate account designated as the "Excess Earnings Account." All moneys in the Investment Earnings Account and the Excess Earnings Account shall be held by the Trustee in trust and shall be applied solely as provided herein. All Investment Earnings on amounts on deposit in the Excess Earnings Account shall be retained therein. Amounts on deposit in the Investment Earnings Account shall be transferred to the Excess Earnings Account pursuant to the written instructions from a City Representative in

accordance with the provisions of the Tax Certificate. No later than July 31 of each year, commencing July 31, 2006, the City shall determine, or cause to be determined, the City's rebate liability in accordance with the provisions of Section 148(f) of the Code and a City Representative shall (a) inform the Trustee in writing as to the amount, if any, required to be maintained in the Excess Earnings Account in order to provide for the satisfaction of any such liability, and (b) instruct the Trustee to transfer from the Investment Earnings Account to the Excess Earnings Account the amount, if any, necessary to cause the amount on deposit in the Excess Earnings Account to equal the amount required to be maintained therein. After any such necessary transfer and no later than August 31 of each year, commencing August 31, 2006, the Trustee shall transfer any amount remaining in the Investment Earnings Account and any amount on deposit in the Excess Earnings Account which exceeds the amount required to be maintained therein to the Assessment Revenue Fund. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall only be applied to payments made to the federal government in accordance with the Tax Certificate and the written instruction of a City Representative. All money at any time deposited in the Excess Earnings Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article XII hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Excess Earnings Account shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference).

ARTICLE VIII

COVENANTS

Section 8.01. Compliance with Indenture. The Trustee will not authenticate and deliver any Bonds in any manner other than in accordance with the provisions hereof, and the City will not suffer or permit any default by it to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by the City.

Section 8.02. Additional Obligations; Other Liens. So long as any Bonds are Outstanding, the City will not issue any additional bonds or other obligations payable from Assessment Revenues. So long as any Bonds are Outstanding, the City will not create or suffer to be created any pledge of or lien on the Assessment Revenues, other than the pledge and lien hereof.

Section 8.03. Levy of Parity Assessments. So long as any Bonds are Outstanding, the City will not levy Parity Assessments against the Property, or any portion thereof, unless the Value to Lien Ratio of each parcel of the Property, or the portion thereof against which such Parity Assessment is proposed to be levied, will be, immediately after such levy, no less than 3 to 1.

Section 8.04. Enforcement of Delinquent Assessments. The City covenants to enforce Assessments in the manner provided in the Act, to commence the enforcement of any delinquent Assessment within 150 days after the same becomes delinquent and to diligently pursue any such enforcement; provided, however, that the City may, subject to the following sentence, in its sole discretion, elect to defer enforcement with respect to any parcel on which an Assessment Installment is not paid when due so long as (a) the amount in the Reserve Fund is at least equal to the Reserve Requirement, and (b) the amount of Assessment Installments received as of such date 150 days after such due date is at least equal to 95% of the total Assessment Installments due on such date. Notwithstanding the foregoing, the City shall not defer enforcement with respect to any parcel with delinquent Assessment Installments in excess of \$5,000.

Section 8.05. Compliance with Assessment Ordinance. The City will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Assessment Ordinance required to be observed and performed by it.

Section 8.06. Compliance with and Enforcement of Acquisition Agreement. The City will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Acquisition Agreement required to be observed and performed by it. The City will faithfully enforce all the agreements, conditions, covenants and terms contained in the Acquisition Agreement required to be observed and performed by a Contractor, and will not suffer or permit any default by a Contractor, to occur thereunder.

Section 8.07. Collection of Assessment Installments; Reports from City Treasurer. Assessment Installments shall be collected and received from the owners of the Property within the District by the City Treasurer in the manner and at the time or times as prescribed by the

Assessment Ordinance. Assessment Installments shall be collected until the earlier of (a) the Assessment against each parcel is paid in full, or (b) the date all Bonds are paid in accordance with the provisions hereof.

The City Treasurer shall, within eight Business Days after the end of each calendar month in which Assessment Revenues are received, transfer such Assessment Revenues to the Trustee for deposit in the Assessment Revenue Fund; provided, however, that any Assessment Revenues received during the period from February 1 to February 15 shall be transferred by the City Treasurer to the Trustee no later than the last day of February and any Assessment Revenues received during the period from August 1 to August 15 shall be transferred by the City Treasurer to the Trustee no later than August 31.

The City Treasurer, within 60 days following each Assessment payment date shall provide the Trustee with a list of all delinquent Assessment Installments as of such date, specifying: (a) the name of the property owner, if known, (b) the amount of the delinquency, including the amount and year of the Assessment, and (c) the parcel number or other identifying information for the property against which such delinquent Assessment is levied.

Section 8.08. Recordation and Filing. The City shall record and file all such documents as may be required by law (together with whatever else may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law, in order fully to preserve, protect and perfect the pledge of and lien on the Assessment Revenues as provided herein.

Section 8.09. Continuing Disclosure. Each of the City and the Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of the City Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the City or the Trustee to comply with the City Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any holder or beneficial owner of Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

South Edge and the Trustee have entered into a Developer Continuing Disclosure Agreement and KB Home Nevada Inc. and the Trustee have entered into a Developer Continuing Disclosure Agreement. The Trustee hereby covenants and agrees that it will comply with and carry out all of the provisions of each Developer Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of South Edge, KB Home Nevada Inc. or the Trustee to comply with the applicable Developer Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

The Trustee has entered into the City Continuing Disclosure Agreement and each Developer Continuing Disclosure Agreement in its capacity as Trustee hereunder and, in performing its duties thereunder, the Trustee shall be entitled to compensation and indemnification, and shall be afforded the protections, as provided herein.

Section 8.10. Further Assurances. The City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided herein.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.01. Events of Default. If any of the following events occur, it is hereby declared to constitute an "Event of Default:"

(a) Default in the due and punctual payment of interest on any Bond, whether at the stated Interest Payment Date or special interest payment date thereof, or upon proceedings for redemption thereof, or otherwise;

(b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or otherwise;

(c) Failure of the City to commence or cause to be commenced enforcement proceedings in accordance with Section 8.04 hereof, or to diligently pursue or cause to be diligently pursued, any such enforcement proceedings; or

(d) If default shall be made by the City in the observance of any of the other covenants, agreements of conditions on its part in this Indenture or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City by the Trustee, or to the City and the Trustee by the Owners of not less than 25% in aggregate principal amount of Bonds Outstanding; provided, however, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the City within such 30 day period and the City shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

Section 9.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written request of the Owners of a majority in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction, shall exercise any and all remedies available pursuant to law including, without limitation, the right:

(a) to file and prosecute a foreclosure action pursuant to NRS 271.625 in the name of the City;

(b) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any officer or employee thereof, and to compel the City or any such officer or employee thereof, to observe or perform their duties under applicable law and the conditions, covenants and terms contained herein required to be observed or performed by them;

(c) by suit in equity to enjoin any acts or things which are unlawful which violate the rights of the Trustee; or

(d) by suit in equity upon the happening of any Event of Default hereunder to require the City and its officers and employees to account as the trustee of an express trust.

All rights of action (including the right to file proof of claims) under this Indenture or any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of the Outstanding Bonds.

Section 9.03. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Assessment Revenues and the funds created hereunder and of the revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 9.04. Non-Waiver. No delay or omission of the Trustee or of any Owner of any of the Bonds to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners.

Section 9.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Bond Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity, by statute, or otherwise.

Section 9.06. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion exercised under the terms of this Indenture or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of least a majority in principal amount of the Bonds then Outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 9.07. Limitation on Bond Owners' Right to Sue. No Owner of any Bond executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under this Indenture, except as provided hereinbelow, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an

Event of Default, (b) the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name and shall have afforded the Trustee a reasonable opportunity to exercise such powers or institute such proceedings, (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or failure are hereby declared, in every case, to be conditions precedent to the exercise by any Bond Owner of any remedy hereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds. All moneys received by any Bond Owner bringing such proceedings shall be immediately delivered to the Trustee.

The right of any Owner of any Bond to receive payment of principal of and interest on his or her Bond as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 9.08. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied by the Trustee in the following order:

(a) To the payment of the fees, costs and expenses of the Trustee and of the Owners incurred in exercising their rights and remedies under this Article, including reasonable compensation to its or their agents and attorneys;

(b) To the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest on any Bonds then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference;

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the

respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference; and

(c) Any remaining funds shall be transferred by the Trustee to the Assessment Revenue Fund.

Section 9.09. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the City, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE X

TRUSTEE DUTIES AND RIGHTS

Section 10.01. Appointment of Trustee. The City hereby appoints and employs the Trustee to receive, hold, invest and disburse, upon written direction of the City, the moneys to be deposited with the Trustee for credit to the various funds established by this Indenture, to cause the Trustee to authenticate and deliver the Bonds, to apply and disburse the Assessment Revenues collected by the City Treasurer and paid over to the Trustee to and for the benefit of the Owners, and to perform certain other functions all as hereinafter provided. In consideration of the compensation hereinafter provided for, the Trustee accepts such appointment, subject to the terms and conditions of this Indenture. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in the exercise of such rights and powers as a prudent person would exercise or use in the conduct of his or her own affairs.

Section 10.02. Compensation and Indemnification of Trustee. The City shall from time to time direct the Trustee to pay itself from the Administrative Costs Fund reasonable compensation for its services, subject to any agreement then in effect with the Trustee, and shall similarly direct the Trustee to reimburse itself from the Administrative Costs Fund for all its actual and reasonable advances and expenditures, including, but not limited to, actual and reasonable advances to and fees and expenses of independent appraisers, accountants, consultants, agents and attorneys or other experts employed by it in the lawful and proper exercise and performance of its powers and duties hereunder.

To the extent permitted by law, the City does hereby assume liability for, and agrees to indemnify and hold harmless the Trustee from and against any and all claims, fees, expenses, damages, liabilities and losses (including legal fees and expenses) arising out of (a) the condition, management, maintenance or use of or from any work done in connection with the Project, (b) any act of negligence of the City or of any of its agents, contractors, employees, invitees, licensees, officers or supervisors in connection with the Project, or (c) the payment of any costs or expenses of the acquisition, construction and improvement of the Project; provided, that no indemnification will be made for willful misconduct or negligence hereunder by the Trustee. To the extent permitted by law, the City also agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the part of the Trustee arising out of or in connection with the acceptance or administration of the trusts hereunder, as well as the costs and expenses of defending itself against any claim, action, suit or liability in accordance with the exercise or performance of any of its powers or duties hereunder. Notwithstanding the foregoing, unless the action or omission giving rise to such indemnification is caused by the gross negligence or willful misconduct of the City, its officers or employees, the City's obligations in the immediately preceding two sentences to indemnify the Trustee shall be limited to amounts available in the Administrative Costs Fund.

Section 10.03. Removal of Trustee. The City may, or the Owners of a majority in aggregate principal amount of all Bonds then Outstanding may by written request, at any time and for any reason, upon 30 days advance written notice to the Trustee, remove the Trustee, and shall thereupon appoint a successor thereto, but any such successor shall be a bank or trust company doing business, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. A successor trustee shall be deemed to meet the requirements of this Section if its parent bank meets the capital requirements hereof and guarantees or confirms the performance of all obligations and duties hereunder of such successor trustee.

Section 10.04. Resignation of Trustee. The Trustee may at any time resign by giving written notice to the City and by giving mailed notice, first class and postage prepaid, to the Owners of its intention to resign and of the proposed date of resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event the City fails to appoint a successor trustee within 30 days following receipt of such written notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee shall become effective only upon acceptance of appointment by the successor trustee.

Section 10.05. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 10.03 hereof, shall be the successor to the Trustee without the execution or filing of any document or further act, anything herein to the contrary notwithstanding, so long as such surviving entity shall continue to provide corporate trust services.

Section 10.06. Protection, Duties, Rights and Limited Liability of Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or allowing any action hereunder, such matter (unless other evidence in respect thereof be herein specifically required) shall be deemed to be conclusively proved and established by the certificate of a City

Representative, and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee and affiliates of the Trustee may become the Owner of any of the Bonds with the same rights it would have if it were not the Trustee; may acquire and dispose of Bonds or other evidences of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in principal amount of the Bonds then Outstanding.

The Trustee may execute any of the trusts or powers and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for any instrument of further assurance, or for insuring the Project, or for the validity of the execution by the City of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title to the Project, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City, except as herein set forth; but the Trustee may require of the City full information and advice as to the performance of the covenants, conditions and agreements aforesaid.

The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the funds and accounts established hereunder, except only for its own negligence or willful misconduct.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof.

The Trustee shall have no duties or obligations under the Acquisition Agreement.

Section 10.07. Trustee Reliance on Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of counsel acceptable to the Trustee, which opinion shall be made available to the City upon request, which counsel may be counsel to the City, or a verified certificate of the City Representative, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying on any such opinion or certificate.

ARTICLE XI

MODIFICATION OR AMENDMENT OF INDENTURE

Section 11.01. Amendments Permitted. (a) This Indenture and the rights and obligations of the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.03 hereof, which shall have been filed with the Trustee. No such Supplemental Indenture shall (i) extend or have the effect of extending the fixed maturity of any Bond or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof or modifying the rights of redemption with respect thereto, without the express consent of the Owner of such Bond, (ii) reduce or have the effect of reducing the interest rate on any Bond or extending the time of payment of interest thereon, without the express consent of the Owner of such Bond, (iii) reduce or have the effect of reducing the percentage of the principal amount of Bonds required for the affirmative vote or written consent to an amendment or modification of any of this Indenture, (iv) modify any of the rights or obligations of the Trustee without its written assent thereto, or (v) modify any of the rights or obligations of the owners of the Property, the Assessment liens on which Property constitute the security for the Bonds. Any such Supplemental Indenture shall become effective as provided in Section 11.02 hereof.

(b) This Indenture or the rights and obligations of the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the City and the Trustee may enter into without the consent of any such Owners, but only to the extent permitted by law and only (i) to add to the covenants and agreements of the City in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City, (ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, (iii) so as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America, or (iv) in any other respect whatsoever as the City may deem necessary or desirable, provided that such modification or amendment made pursuant to this clause (iv) does not materially adversely affect the interests of the Bond Owners hereunder. Any such Supplemental Indenture shall become effective upon execution and delivery by the parties hereto.

Section 11.02. Procedure for Amendment. If the consent of the Owners is required pursuant to Section 11.01 hereof, this Indenture may be amended by Supplemental Indenture only upon compliance with the provisions of this Section. A copy of the Supplemental Indenture, together with a request to the Owners for their consent thereto, shall be mailed by first class mail, postage prepaid, by the Trustee to each Owner at his address as set forth on the Bond registration records maintained pursuant to Section 2.08 hereof, but failure to mail copies of any such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such a Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 11.03 hereof) and a notice shall have been mailed as provided hereinafter in this Section. Any such consent shall be binding upon the Owner of the Bond giving such consent and on any subsequent Owner of the same Bond or a replacement thereof (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been given.

After the Owners of the required percentage of Bonds shall have filed their consents to such a Supplemental Indenture, the Trustee shall mail a notice to the Owners in the manner previously provided in this Section for the mailing of such Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such Supplemental Indenture or consents thereto). Such a Supplemental Indenture shall become effective upon the mailing by the Trustee of the last-mentioned notice, and the Supplemental Indenture shall be deemed conclusively binding upon the parties hereto and the Owners of all Bonds at the expiration of 60 days after such mailing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60 day period. A record consisting of the documents required by this Section to be mailed by the Trustee and a certificate of the Trustee as to its compliance with the requirements of this Section shall be proof of the matters therein stated until the contrary is proved.

Section 11.03. Disqualified Bonds. Bonds owned or held by or for the account of the City or by any Person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Bonds held in any pension or retirement fund), shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Bonds provided for in this Indenture, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Section; provided, however, that the City shall notify the Trustee of any Bonds so owned or held.

Section 11.04. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and the Owners shall thereafter be determined, exercised and enforced hereunder or thereunder subject in all respects to such modifications and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture so modified for any and all purposes.

Section 11.05. Endorsement or Replacement of Bonds Delivered After Amendments. The Trustee may determine that Bonds delivered after the effective date of any action taken as provided in this Article shall bear a notation by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner at such effective date and presentation of his Bond at the Office of the Trustee, a suitable notation shall

be made on such Bond. The Trustee may determine that new Bonds, so modified as in the opinion of the Trustee is necessary to conform with action taken pursuant to this Article, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Outstanding Bond, such a new Bond shall be exchanged for the Outstanding Bond at the Office of the Trustee, without cost to the Owner, for a Bond of the same maturity and principal amount upon surrender of such Bond.

Section 11.06. Amendatory Endorsement of Bonds. The provisions of this Article shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE XII

DEFEASANCE; UNCLAIMED MONEY

Section 12.01. Defeasance. If any Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal, interest, and redemption premium, if any, on such Bonds Outstanding, as and when the same become due and payable at maturity or on the date of redemption prior thereto; or

(b) by depositing with the Trustee, under an escrow agreement or other similar document, an amount which together with the amount of earnings calculated to accrue on any investment of all or any portion of such amount in legally permitted, non-callable Federal Securities to maturity or applicable redemption date will be sufficient to pay and discharge such Bonds Outstanding (including all principal, interest and redemption premiums, if any) at or before their respective maturity dates, as shall be verified by an independent public accountant, and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 3.04 hereof or provision satisfactory to the Trustee shall have been made for the giving of such notice,

then, at the election of the City, and notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the Trustee and the City under this Indenture with respect to such Outstanding Bonds shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Trustee.

Notwithstanding anything contained in this Section to the contrary, the fees and expenses of the Trustee (including reasonable attorneys' fees) must be paid, or provision for such payment satisfactory to the Trustee must be made, in order to effect any discharge of this Indenture and the satisfaction and discharge of this Indenture shall be without prejudice to the right of the Trustee to charge and be reimbursed by the City for any expenditures which it may thereafter incur in connection herewith.

Any funds held hereunder by the Trustee, at the time of receipt such notice from the City, which are not required for the purpose above mentioned, shall, upon payment of all fees and expenses of the Trustee, including attorneys' fees, be paid over to the City.

Nothing herein contained shall be deemed to limit or prevent the defeasance of less than all of the Outstanding Bonds from any moneys available therefor.

Section 12.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal or redemption premiums, if any, of any Bonds which remains unclaimed for three years after the date when the payments on such Bonds have become payable, if such money was held by the Trustee on such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such amounts on such Bonds have become

payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the interest and principal and redemption premiums, if any, on such Bonds; provided that before being required to make any such payment to the City, the Trustee shall, at the expense of the City, give notice by mail to the Owners that such money remains unclaimed and that after a date named in such notice, which date shall not be less than 60 days after the date of giving such notice, the balance of such money then unclaimed will be returned to the City. During the period the Trustee holds such unclaimed money, it shall have no responsibility to invest such unclaimed money.

ARTICLE XIII

LIMITATION OF LIABILITY

Section 13.01. Limited Liability of City. Notwithstanding any provisions of the City Charter or Chapter 271, Nevada Revised Statutes to the contrary, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, the amounts on deposit in the Assessment Revenue Fund, the Bond Fund and the Reserve Fund constitute the only available funds of the City to be used for payment of the Bonds in the event of delinquency in the payment of the Assessment Installments. Upon depletion of the moneys in said funds and accounts, none of the Trustee, the Owners or any other Person shall have any right at law or equity to compel the City, by mandamus or otherwise, to advance or expend any other moneys of the City for payment of the Bonds during the pendency of said delinquencies. The City shall only be required to diligently enforce delinquent Assessments as provided in Section 8.04 hereof. The Bonds shall not constitute a debt of the City and the City shall not be liable thereon except from the Trust Estate. The full faith and credit of the City is not pledged to the payment of the Bonds, and the payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City except the pledge of the Trust Estate.

Section 13.02. No Liability of City for Trustee Performance. The City shall not have any obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Indenture.

Section 13.03. Limitation of Rights to Parties and Bond Owners. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give any Person other than the City, the Trustee and the Owners any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision hereof, and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Trustee and the Owners.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Indenture, which shall be available for inspection by the City and any Owner, or the agent of any of them, at any time during regular business hours.

Section 14.02. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City: City of Henderson, Nevada
 240 Water Street
 Henderson, Nevada 89015
 Attention: City Attorney

If to the Trustee: The Bank of New York Trust Company, N.A.
 700 South Flower Street, Suite 500
 Los Angeles, California 90017
 Attention: Western States Unit

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 14.03. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 14.04. Binding Effect; Successors. This Indenture shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Indenture the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

Section 14.05. Headings. The headings or titles of the several Articles and Sections hereof and any table of contents appended to copies hereof shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this Indenture. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding

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

Section 14.06. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for the Bonds owned by such Owners. The Trustee may require a copy of the document by which a purported attorney or agent claims authority to execute an instrument for an Owner. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction where the instrument is executed, that the Persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority; and

(b) The ownership of Bonds and the amount and the numbers of such Bonds and the date of ownership of the same may be proved by the registration records maintained by the Trustee hereunder.

Nothing contained in this Section shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient, in the Trustee's sole and absolute discretion. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 14.07. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the party entitled to receive such notice, and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.08. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality, or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such

invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Indenture and each and every section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 14.09. Execution of Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.10. Waiver of Personal Liability. No official, officer, employee or agent of the City shall be individually or personally liable for the payment of the interest or principal or redemption premiums, if any, on the Bonds, but nothing contained herein shall relieve any official, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 14.11. Acquisition of the Bonds by City. All Bonds acquired by the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

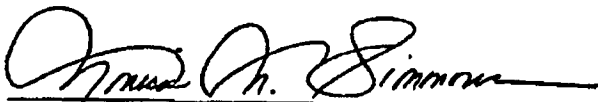
IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed by their duly authorized officers as of the date first above written.

CITY OF HENDERSON, NEVADA

By: 

James B. Gibson, Mayor

ATTEST:



Monica M. Simmons, CMC, City Clerk

THE BANK OF NEW YORK TRUST
COMPANY, N.A., TRUSTEE

By: _____

Authorized Signatory

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed by their duly authorized officers as of the date first above written.

CITY OF HENDERSON, NEVADA

By: _____
James B. Gibson, Mayor

ATTEST:

Monica M. Simmons, CMC, City Clerk

**THE BANK OF NEW YORK TRUST
COMPANY, N.A., TRUSTEE**

By: *[Signature]*
Authorized Signatory

EXHIBIT A

FORM OF BOND

NO. _____

**UNITED STATES OF AMERICA, STATE OF NEVADA
COUNTY OF CLARK**

**CITY OF HENDERSON
LOCAL IMPROVEMENT DISTRICT NO. T-18
(INSPIRADA)
LIMITED OBLIGATION IMPROVEMENT BOND**

MATURITY DATE	INTEREST RATE	DATED DATE	CUSIP
----------------------	----------------------	-------------------	--------------

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Under and by virtue of the Consolidated Local Improvements Law, Chapter 271 of the Nevada Revised Statutes (the "Act") the City of Henderson, County of Clark, State of Nevada (the "City") will, solely from the sources described herein as being available to pay the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds (the "Bonds"), issued upon the unpaid portion of assessments (the "Assessments") made for the acquisition, construction, improvement and financing of certain local improvements (the "Project") more fully described in proceedings taken pursuant to Ordinance No. 2457 adopted by the City Council of the City on the 4th day of April, 2006 (the "Ordinance"), pay to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America and in like manner will pay interest from the Interest Payment Date (as defined below) next preceding the date of authentication hereof, unless (a) this Bond is authenticated after the close of business on the 15th day of the month preceding an Interest Payment Date (each such date a "Record Date") and on or before such Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (b) this Bond is authenticated on or before the first Record Date, in which event interest will be payable from the Dated Date specified above until payment of such Principal Amount shall have been discharged at the Interest Rate per annum stated above, payable semi-annually on March 1 and September 1 in each year commencing on September 1, 2006 (each, an "Interest Payment Date").

Both the principal hereof and premium, if any, hereon are payable upon surrender at the principal corporate trust office of The Bank of New York Trust Company, N.A. (the "Trustee"),

in Los Angeles, California, the address of which is currently 700 South Flower Street, Los Angeles, California 90017, acting as the Trustee under the Trust Indenture, dated as of April 1, 2006 (the "Indenture"), by and between the City and the Trustee. The interest hereon is payable by check mailed to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee or at such address as may have been filed with the Trustee for that purpose, or by wire transfer at the written request of the Registered Owner (but only if the Registered Owner owns not less than \$1,000,000 aggregate principal amount of Bonds), received by the Trustee on or prior to the Record Date. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

This Bond is one of a series of bonds designated "City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Bonds" issued by the City under the Act, the Ordinance and the Indenture in the aggregate principal amount of \$102,000,000. Reference is hereby made to the Indenture (copies of which are on file at the principal corporate trust office of the Trustee in Los Angeles, California) for a description of the terms on which the Bonds are authenticated and delivered, the rights thereunder of the registered owners of the Bonds, the rights, duties and immunities of the Trustee and the rights and obligations of the City, to all of which provisions of the Indenture the Registered Owner of this Bond by acceptance hereof, assents and agrees.

Pursuant to the Indenture, the City has granted, bargained, warranted, assigned, pledged, set over and confirmed to the Trustee all Assessments, including all interest and penalties, if any, thereon and the right to enforce the same, all upon the terms and conditions set forth in the Indenture, all moneys and securities from time to time held by the Trustee in the Assessment Revenue Fund, the Bond Fund and the Reserve Fund (together with any and all other property from time to time pledged or hypothecated by the City or anyone on its behalf or with its written consent, in favor of the Trustee, the "Trust Estate"). The Bonds do not constitute a debt of the City and the City is not liable thereon except from the Trust Estate. The full faith and credit of the City is not pledged to the payment of the Bonds, and the payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City except the pledge of the Trust Estate.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the proceeds of the Assessments received by or on behalf of the City, including any payments thereof, interest and penalties thereon and proceeds of the sale of property sold as a result of foreclosure of the lien of the Assessments (the "Assessment Revenues") and any other amounts (including proceeds of the sale of the Bonds) held in the Assessment Revenue Fund, the Bond Fund and the Reserve Fund are pledged pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. The Assessment Revenues, as received by or otherwise credited to the City, shall immediately be subject to the lien of such pledge without any physical delivery thereof, any filing or further act. Said pledge constitutes a first lien on such assets.

The Bonds are authorized to be delivered in the form of fully registered Bonds, without coupons, in the denominations of \$5,000 each or any integral multiple thereof.

This Bond is transferable or exchangeable by the Registered Owner hereof, in person or by such Registered Owner's attorney duly authorized in writing, at the office of the Trustee, subject to the terms and conditions provided in the Indenture, including the payment of certain charges, if any, upon surrender of this Bond accompanied by a duly executed written instrument of transfer or exchange. The Trustee shall not be required to register the transfer or exchange of this Bond after the mailing of notice calling this Bond for redemption has been given as provided in the Indenture, nor during the period of five days next preceding the selection of Bonds for redemption.

The Trustee shall deem and treat the Registered Owner hereof as the absolute owner of this Bond, whether this Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest payments with respect to this Bond and all such payments so made to the Registered Owner hereof or upon his order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and the Trustee shall not be affected by any notice to the contrary.

The Bonds are subject to redemption prior to their fixed maturity dates, in whole or in part, in integral multiples of \$5,000, at the option of the City, on any Interest Payment Date, from funds derived by the City from any source other than prepaid Assessments, excess funds in the Acquisition Fund established under the Indenture, or proceeds derived from the foreclosure of delinquent Assessments, and deposited in the Redemption Fund, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium equal to the percentage of the principal amount to be redeemed set forth below:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
September 1, 2006 through September 1, 2012	3%
March 1, 2013 and September 1, 2013	2
March 1, 2014 and September 1, 2014	1
March 1, 2015 and thereafter	0

The Bonds are subject to redemption prior to their fixed maturity dates, in whole or in part, in integral multiples of \$5,000, on any Interest Payment Date, from and to the extent of any portion of any Assessments prepaid at the election of owners of the parcels of property on which they are levied that are required to be applied thereto pursuant to the Indenture, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed and accrued interest thereon to the date of redemption, plus a redemption premium equal to the percentage of the principal amount to be redeemed set forth below:

<u>Redemption Dates</u>	<u>Redemption Premium</u>
September 1, 2006 through September 1, 2012	3%
March 1, 2013 and September 1, 2013	2
March 1, 2014 and September 1, 2014	1
March 1, 2015 and thereafter	0

The Bonds are subject to mandatory redemption prior to their fixed maturity dates, in whole or in part, in integral multiples of \$5,000, on the first Interest Payment Date that is at least 45 days after completion of the portion of the Project to be financed from amounts in the Acquisition Fund established under the Indenture, from excess moneys in said Acquisition Fund that are transferred to the Redemption Fund pursuant to the Indenture, at a redemption price equal to the sum of the principal amount of each Bond or the portion thereof so redeemed and accrued interest thereon to the date of redemption, without premium.

The Bonds maturing on September 1, 2026, or portions thereof in integral multiples of \$5,000, are subject to mandatory sinking fund redemption on September 1 of each year, commencing on September 1, 2022, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, without premium, from annual collections of Assessments, in the principal amounts set forth in the Indenture.

The Bonds maturing on September 1, 2035, or portions thereof in integral multiples of \$5,000, are subject to mandatory sinking fund redemption on September 1 of each year, commencing on September 1, 2027, at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, without premium, from annual collections of Assessments, in the principal amounts set forth in the Indenture.

As provided in the Indenture, notice of redemption shall be mailed by the Trustee, first class mail postage prepaid, to the respective registered owners of any Bonds designated for redemption at such registered owners' addresses appearing on the registration records maintained by the Trustee, at least 15 days but not more than 60 days prior to the redemption date; provided that neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds. If, on said date of redemption, moneys for the redemption of all of the Bonds to be redeemed, together with interest to said date of redemption and the redemption premium, if any, shall be held by the Trustee so as to be available therefor on such date of redemption, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said date of redemption, interest on the Bonds so called for redemption shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust, without liability for interest to the registered owners of the Bonds from and after said date of redemption, for the account of the registered owners of the Bonds to be so redeemed.

The Indenture permits the amendment thereof and the modification of the rights and obligations of the parties thereto at any time with the written consents of the registered owners of a majority in aggregate principal amount of the Bonds then Outstanding, subject to the limitations set forth in the Indenture. The Indenture permits the amendment thereof and the modification of the rights and obligations of the parties thereto at any time, without the consent of the registered owners of the Bonds, but only for the purposes, and subject to the limitations, set forth in the Indenture.

It is hereby certified, recited and declared that all acts, conditions and things essential to the validity of this Bond exist, have happened and have been done in due time, form and manner as required by law; that the total issue of the Bonds, including this Bond, does not exceed the amount authorized by law for the total unpaid Assessments levied to cover the cost of the

Project; that this Bond is issued under the authority of the Act and that this Bond is incontestable for any cause whatsoever; and that the proceedings with reference to making the Project have been regularly had in compliance with law and that all prerequisites to the fixing of the Assessment lien have been performed.

This Bond shall not be entitled to any benefit under the Act or the Ordinance or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IN WITNESS WHEREOF, the City of Henderson, Nevada, has caused this Bond to be signed by the facsimile signatures of its Mayor and Treasurer, and attested by the facsimile signature of its City Clerk, and has caused its corporate seal to be reproduced in facsimile hereon all as of the date hereof.

CITY OF HENDERSON, NEVADA

By: _____
Mayor

By: _____
Treasurer

(SEAL)

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in and issued under authority of Ordinance No. _____ adopted by the City Council of the City of Henderson, Nevada, on the ____ day of _____, 2006, which Bond has been authenticated and registered pursuant to the terms of the Indenture.

Date of Authentication: _____, 2006

**THE BANK OF NEW YORK TRUST
COMPANY, N.A., AS TRUSTEE**

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ whose Social Security or other tax identifying number is _____ the within registered bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the same on the bond register of the Trustee with full power of substitution in the premises.

Dated: _____

NOTE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Authorized Signature

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

EXHIBIT B

**FORM OF COSTS OF ISSUANCE
PAYMENT REQUEST**

**PAYMENT REQUEST NO. _____
PERTAINING TO PAYMENT OF COSTS OF ISSUANCE**

**City of Henderson, Nevada
Local Improvement District No. T-18 (Inspirada)**

To: _____

You are hereby requested to pay from the Costs of Issuance Fund established by the Trust Indenture, dated as of April 1, 2006 (the "Indenture"), by and between the City of Henderson, Nevada, and The Bank of New York Trust Company, N.A., to the Person designated, the Costs of Issuance described below. The amount of the obligation shown below is a Cost of Issuance, has been properly incurred and is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursement. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Payee: _____

Payee's address: _____

Amount: _____

Description of Costs of Issuance: _____

A duplicate original of Payee's statement is attached.

I hereby certify that no Event of Default has occurred and is continuing.

I further certify that I am an authorized City Representative as defined in the Indenture.

Date: _____

By: _____

Title: _____

EXHIBIT C

FORM OF PROJECT COSTS PAYMENT REQUEST

**PAYMENT REQUEST NO. _____
PERTAINING TO PAYMENT OF PROJECT COSTS**

**City of Henderson, Nevada
Local Improvement District No. T-18 (Inspirada)**

To: _____

You are hereby requested to pay from the Acquisition Fund established by the Trust Indenture, dated as of April 1, 2006 (the "Indenture"), by and between the City of Henderson, Nevada, and The Bank of New York Trust Company, N.A., to the Person designated, the Project Costs described below. The amount of the obligation shown below constitutes Project Costs, has been properly incurred and is a proper charge against the Acquisition Fund and has not been the basis of any previous disbursement. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Payee: _____

Payee's address: _____

Amount of Project Costs: _____

Segment Nos. to which Project Costs pertain: _____

If the Project Costs constitute the Purchase Price of a portion of the Project to be paid pursuant to a Payment Request submitted by the Contractor pursuant to the Acquisition Agreement, a duplicate original of the signed and approved Payment Request, together with all exhibits and attachments thereto, must be attached.

If the Project Costs constitute a Project Costs Credit Amount to be paid pursuant to a Project Costs Credit Amount Request submitted by the Contractor pursuant to the Acquisition Agreement, a duplicate original of the signed and approved Project Costs Credit Amount Request, together with all exhibits and attachments thereto, must be attached.

I hereby certify that no Event of Default has occurred and is continuing.

I further certify that I am an authorized City Representative as defined in the Indenture.

Date: _____

By: _____

Title: _____

EXHIBIT D

FORM OF PAYMENT OF ADMINISTRATIVE COSTS REQUESTS

**PAYMENT REQUEST NO. _____
PERTAINING TO PAYMENT OF ADMINISTRATIVE COSTS**

**City of Henderson, Nevada
Local Improvement District No. T-18 (Inspirada)**

To: _____

You are hereby requested to pay from the Administrative Costs Fund established by the Trust Indenture, dated as of April 1, 2006 (the "Indenture"), by and between the City of Henderson, Nevada, and The Bank of New York Trust Company, N.A., to the Person designated, the Administrative Costs described below. The amount of the obligation shown below is an Administrative Cost, has been properly incurred and is a proper charge against the Administrative Costs Fund and has not been the basis of any previous disbursement. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Payee: _____

Payee's address: _____

Amount: _____

Description of Administrative Cost: _____

A duplicate original of Payee's statement is attached.

I further certify that I am an authorized City Representative (as defined in the Indenture).

Date: _____

By: _____

Title: _____

BACK
PAGE

Case 10-32968 Claim 17-1 Part 2 Filed 06/28/11

Receipt/Conformed Copy

RECORDING REQUEST BY AND
WHEN RECORDED MAIL TO:
Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Los Angeles, California 90017
Attn.: Greg Harrington

191-11-811-001

Requestor:

HENDERSON CITY

04/12/2006 15:40:38 T20060065086

Book/Instr: 20060412-0004225

Agreement Page Count: 20

Fees: \$0.00 N/C Fee: \$0.00

Frances Deane
Clark County Recorder

ALTERNATIVE PROCEDURE AGREEMENT

by and among

SOUTH EDGE, LLC

**JPMORGAN CHASE BANK, N.A.,
AS ADMINISTRATIVE AGENT**

and

CITY OF HENDERSON, NEVADA

Dated as of April 1, 2006

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS	
Section 1.1. Definitions.....	3
ARTICLE II	
ALTERNATIVE PROCEDURE	
Section 2.1. Acquisition, Construction and Improvement of Project.	5
Section 2.2. Procedure.	5
Section 2.3. Addition and Removal of Property.	5
Section 2.4. Property Description.	5
Section 2.5. Recordation and Effect Thereof.	5
ARTICLE III	
ASSESSMENT INSTALLMENTS	
Section 3.1. Election to Pay in Installments.....	6
Section 3.2. Consent and Waiver.....	6
ARTICLE IV	
MISCELLANEOUS	
Section 4.1. Successors.	7
Section 4.2. Severability.	7
Section 4.3. Further Actions.	7
Section 4.4. Execution in Counterparts.....	7
Section 4.5. Governing Law.	7
Section 4.6. Notices.	7
Section 4.7. Amendments.	8
Exhibit A DESCRIPTION OF PROPERTY	A-1

ALTERNATIVE PROCEDURE AGREEMENT

THIS ALTERNATIVE PROCEDURE AGREEMENT (this "Alternative Procedure Agreement"), dated as of April 1, 2006, is by and among SOUTH EDGE, LLC, a limited liability company organized and existing under the laws of the State of Nevada (the "Property Owner"), JPMORGAN CHASE BANK, N.A., a national banking association organized and existing under the laws of the United States of America, as Administrative Agent (the "Administrative Agent"), and the CITY OF HENDERSON, NEVADA, a municipality and a political subdivision organized and existing under the Constitution and laws of the State of Nevada, and the Charter of the City of Henderson (the "City").

WITNESSETH:

WHEREAS, the Property Owner is the owner in fee simple of certain tracts of real property, as more fully described in Exhibit A (the "Property"), and the Property Owner constitutes the only fee owner of the Property;

WHEREAS, the Administrative Agent is designated as the administrative agent for certain lenders (the "Lenders") pursuant to the Credit Agreement, dated as of November 1, 2004 (as amended, the "Credit Agreement"), by and among the Administrative Agent, the Lenders and the Property Owner;

WHEREAS, the indebtedness incurred by the Property Owner pursuant to the Credit Agreement is secured by liens on the Property in favor of the Administrative Agent for the benefit of the Lenders;

WHEREAS, the Property Owner has petitioned the City Council of the City to take proceedings, pursuant to Chapter 271 of the Nevada Revised Statutes ("NRS"), the Consolidated Local Improvements Law (the "Act"), for the formation of a local improvement district in order to provide for the acquisition, construction, improvement and financing of certain local improvements (the "Project") that would benefit the Property;

WHEREAS, the City Council of the City has accepted such petition;

WHEREAS, in order to provide moneys for such acquisition, construction, improvement and financing, the City intends, pursuant to the Act, to levy assessments on the Property;

WHEREAS, NRS 271.710 through NRS 271.730 authorize an alternative procedure for the financing of local improvements, and the City and the Property Owner desire to make use of such alternative procedure; and

WHEREAS, NRS 271.710 and NRS 271.720 require that, in order to make use of such alternative procedure, the City and the Property Owner and the Administrative Agent must enter into an agreement with respect to the matters set forth herein;

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Article I shall have the meanings herein specified. Unless otherwise defined herein or unless the context otherwise requires, words and phrases used herein that are defined in the Act shall have the meanings ascribed thereto in the Act.

"Acquisition Agreement" means the Acquisition Agreement, dated as of April 1, 2006, by and between the City and South Edge, LLC, which provides, among other things, for the acquisition of the Project by the City, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"Act" means the Consolidated Local Improvements Law, being Chapter 271 of the Nevada Revised Statutes, as amended from time to time.

"Administrative Agent" means JPMorgan Chase Bank, N.A., as administrative agent for the Lenders pursuant to the Credit Agreement, as holder of certain indebtedness secured by a lien on the Property, and its successors and assigns.

"Alternative Procedure Agreement" means this Alternative Procedure Agreement, dated as of April 1, 2006, by and among the Property Owner, the Administrative Agent and the City, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"Assessment" or "Assessments" means, with respect to the Property, or a portion thereof, the aggregate special assessments levied by the City thereon pursuant to and in accordance with the terms of the Assessment Ordinance and, with respect to an individual parcel of the Property, means the special assessment levied by the City thereon pursuant to and in accordance with the terms of the Assessment Ordinance.

"Assessment Ordinance" means Ordinance No. 2457 of the City, adopted on April 4, 2006, pursuant to which, among other things, the Assessments are levied, as originally adopted or as the same may be amended from time to time in accordance with its terms and the terms of the Act.

"Assessment Roll" means the assessment roll, dated April 4, 2006, prepared by Gomez Consulting Group, Inc. in connection with the levy of the Assessments.

"Bonds" means the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds issued under the Indenture.

"City" means the City of Henderson, Nevada, a municipality and a political subdivision organized and existing under the Constitution and laws of the State of Nevada and the Charter of the City, or any public body succeeding to the rights and obligations of the City; provided,

however, that if and to the extent required for purposes of the Act, references to the City herein shall be deemed to be references to the City Council acting on behalf of the City.

"Credit Agreement" means the Credit Agreement, dated as of November 1, 2004, by and among the Administrative Agent, the Lenders and the Property Owner, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"District" means the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) established by the City pursuant to the Assessment Ordinance.

"Engineer's Report" means the engineer's report for the District, dated April 4, 2006, prepared by Gomez Consulting Group, Inc., assessment consultants and engineers, as originally approved or as the same may be amended from time to time in accordance with the Act.

"Indenture" means the Trust Indenture, dated as of April 1, 2006, by and between the City and the Trustee, as originally executed or as the same may from time to time be amended or supplemented by any Supplemental Indenture.

"Lenders" means the entities from time to time party to the Credit Agreement as **"Lenders."**

"NRS" means the Nevada Revised Statutes, as amended from time to time.

"Outstanding" has the meaning ascribed thereto in the Indenture.

"Owner" has the meaning ascribed thereto in the Indenture.

"Project" means the local improvements to be acquired, constructed and improved by the City with a portion of the proceeds of the Bonds, which local improvements are described in the Engineer's Report in the section thereof entitled "Project Segment Descriptions."

"Property" means the real property located within the District, as described in Exhibit A hereto.

"Property Owner" means South Edge, LLC, as the owner of the Property, and its successors.

"Supplemental Indenture" has the meaning ascribed thereto in the Indenture.

"Trustee" has the meaning ascribed thereto in the Indenture.

"Value to Lien Ratio" has the meaning ascribed thereto in the Assessment Ordinance.

ARTICLE II

ALTERNATIVE PROCEDURE

Section 2.1. Acquisition, Construction and Improvement of Project. The City hereby agrees to enter into the Acquisition Agreement, which provides for the acquisition, construction and improvement of the Project and which includes the provisions required by subsection 1(a) of Section 271.710 of the Act.

Section 2.2. Procedure. The Property Owner and the Administrative Agent, for and on behalf of the Lenders, hereby agree that the City may, and the City hereby agrees to, create the District, levy the Assessments and, for all other purposes relating to the District, proceed pursuant to the provisions of NRS 271.710.

Section 2.3. Addition and Removal of Property. The City may amend the Assessment Ordinance, change the Assessment Roll and redistribute the Assessments in the same manner in which those actions were originally taken in order to add additional property to the District or to remove property from the District, provided that (a) the requirements of Section 271.710 of the Act pertaining thereto are satisfied, and (b) the Value to Lien Ratio of all property in the District immediately after such addition or removal is at least equal to the Value to Lien Ratio of all property in the District immediately prior to such addition or removal.

Section 2.4. Property Description. A description of the Property in the District is attached hereto as Exhibit A. Said description shall be amended to reflect any addition of property to, or removal of property from, the District pursuant to Section 2.3 hereof.

Section 2.5. Recordation and Effect Thereof. Upon the execution and acknowledgment hereof, this Alternative Procedure Agreement shall be recorded in the office of the Clark County Recorder. Upon such recordation, this Alternative Procedure Agreement:

- (a) shall be binding on all subsequent owners of any portion of the Property;
- (b) shall not be extinguished by the sale of the Property, or any portion thereof, on account of nonpayment of general taxes or by any other sale of the Property, or any portion thereof; and
- (c) shall be prior and superior to all liens, claims, encumbrances and titles, other than the liens of assessment and general taxes.

ARTICLE III

ASSESSMENT INSTALLMENTS

Section 3.1. Election to Pay in Installments. The Property Owner hereby elects to pay the Assessments in installments, as provided in the Assessment Ordinance.

Section 3.2. Consent and Waiver. The Property Owner and the Administrative Agent, for and on behalf of the Lenders, agree (a) that all of the Property is benefited by the Project by an amount at least equal to the amount of the Assessments proposed to be assessed against the Property, as listed in the Assessment Roll, and (b) that the City may assess the Assessments against the Property in the amounts listed in the Assessment Roll. The Property Owner and the Administrative Agent, for and on behalf of the Lenders, waive any and all formalities required by the laws of the United States and the State of Nevada in order to impose the Assessments. The Property Owner and the Administrative Agent, for and on behalf of the Lenders, consent and agree to the Assessments and agree that, provided the Bonds are issued, the Assessments may be levied and collected regardless of whether any or all of the Project is in fact constructed and agree that the City may proceed to collect and enforce the Assessments in the manner described in the Assessment Ordinance and the Indenture regardless of whether it completes the Project. The Property Owner and the Administrative Agent, for and on behalf of the Lenders, waive all powers, privileges, immunities and rights as against the City or the District arising from or following from irregularities or defects, if any, occurring in connection with or ensuing from the actions, proceedings, matters and things heretofore taken or hereafter to be taken, had and done by the City, the City Council and the officers of the City (including, without limitation, the proper description of all property which the Property Owner may own within the District and the giving of proper notice of the proceedings relating to the District) concerning the creation of the District and the levying of the Assessments to meet the cost and expenses of the Project. The Property Owner and the Administrative Agent, for and on behalf of the Lenders, consent and agree that all of the Property be bound and be subject to the Assessment lien as thoroughly and effectively as if all actions, proceedings, notices, matters and things had been taken and done free from irregularities. The Property Owner represents and warrants that the market value of each parcel of the Property owned by the Property Owner, as of the date of execution hereof and the date the Assessments are levied, exceeds the amount of the Assessments proposed to be made against each such parcel.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Successors. This Alternative Procedure Agreement applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

Section 4.2. Severability. If any term or provision of this Alternative Procedure Agreement or the application thereof shall be judicially determined to be unenforceable or inoperative, such determination shall not affect the remaining parts or provisions hereof, the intention being to make each term and provision of this Alternative Procedure Agreement valid and enforceable to the fullest extent permitted by law.

Section 4.3. Further Actions. The Property Owner, the Administrative Agent and the City agree to do such further acts and things and to execute and deliver such additional certificates, documents and instruments as the other may reasonably require to carry into effect the purposes of this Alternative Procedure Agreement.

Section 4.4. Execution in Counterparts. This Alternative Procedure Agreement may be executed and recorded in any number of counterparts and with respect to all or portions of the Property, the counterparts so executed to be taken together and construed as a single execution and recordation.

Section 4.5. Governing Law. This Alternative Procedure Agreement shall be governed by the laws of the State of Nevada.

Section 4.6. Notices. Any notice, payment or instrument required or permitted by this Alternative Procedure Agreement be given or delivered to any party shall be deemed to have been received when personally delivered, transmitted by telecopy or facsimile transmission (which shall immediately be confirmed by telephone and be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified, postage prepaid, addressed as follows:

Property Owner:

South Edge, LLC
c/o Focus Commercial Group, Inc.
3455 Cliff Shadows Parkway, Suite 220
Las Vegas, Nevada 89129
Attention: John A. Ritter

With a copy to:

Pillsbury Winthrop Shaw Pittman LLP
10250 Constellation Boulevard, 21st Floor
Los Angeles, California 90067
Attention: Lewis G. Feldman

and to: Kummer, Kaempfer, Bonner, Renshaw & Ferrario
3800 Howard Hughes Parkway
Las Vegas, Nevada 89109
Attention: John C. Jeppsen

Administrative Agent: JPMorgan Chase Bank, N.A.
Loan and Agency Services Group
1111 Fannin, 10th Floor
Houston, Texas 77002
Attention: Rese Comley

With a copy to: JPMorgan Chase Bank, N.A.
270 Park Avenue, 15th Floor
New York, New York 10017
Attention: Daniella Cassagnol

City: City of Henderson
240 Water Street
Henderson, Nevada 89015
Attention: City Manager

With a copy to: City of Henderson
240 Water Street
Henderson, Nevada 89015
Attention: City Attorney

Any party hereto may designate, by notice in writing, any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 4.7. Amendments. This Alternative Procedure Agreement may be modified or amended at any time by an amendment hereto which shall become effective upon execution thereof by the parties hereto and when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.03 of the Indenture, shall have been filed with the Trustee. No such amendment shall reduce or have the effect of reducing the percentage of Bonds required for the written consent to an amendment or modification hereof.

This Alternative Procedure Agreement may be modified or amended at any time by an amendment hereto which shall become effective upon execution thereof by the parties hereto, without the consent of any such Owners, but only to the extent permitted by law and only (a) to cure, correct or supplement any ambiguous or defective provision contained herein, or (b) to make any change that does not materially adversely affect the rights or interests of any Owner.

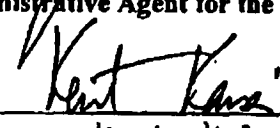
IN WITNESS WHEREOF, the parties have executed this Alternative Procedure Agreement as of the date first written above.

SOUTH EDGE, LLC

By: Holdings Manager, LLC, its General
Manager

By: 
John A. Ritter, Manager

**JPMORGAN CHASE BANK, as
Administrative Agent for the Lenders**

By: 
Kent Kaiser

CITY OF HENDERSON, NEVADA

By: _____
James B. Gibson, Mayor

ATTEST:

Monica M. Simmons, CMC, City Clerk

IN WITNESS WHEREOF, the parties have executed this Alternative Procedure Agreement as of the date first written above.

SOUTH EDGE, LLC

By: Holdings Manager, LLC, its General
Manager

By: _____
John A. Ritter, Manager


**JPMORGAN CHASE BANK, as
Administrative Agent for the Lenders**

By: _____

CITY OF HENDERSON, NEVADA

By: 
James B. Gibson, Mayor

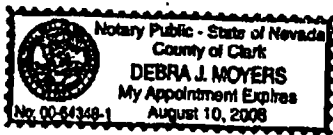
ATTEST:


Monica M. Simmons, CMC, City Clerk

STATE OF Nevada)
COUNTY OF Clark) ss

On 4-6-06 before me, Debra Moyers, Notary Public,
personally appeared John A. Ritter personally
known to me or proved to me on the basis of satisfactory evidence to be the person whose name
is subscribed to the within instrument and acknowledged to me that he/she executed the same in
his/her authorized capacity, and that by his/her signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

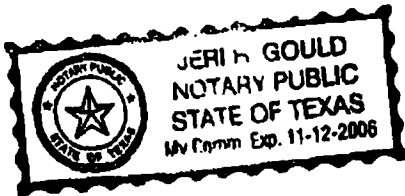
WITNESS my hand and official seal.



Debra J. Moyers

STATE OF Texas)
COUNTY OF Harris) ss

On April 6, 2006 before me, Jeri H. Gould Notary Public,
personally appeared Kurt Kaiser, Vice President personally
known to me or proved to me on the basis of satisfactory evidence to be the person whose name
is subscribed to the within instrument and acknowledged to me that he/she executed the same in
his/her authorized capacity, and that by his/her signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.



WITNESS my hand and official seal.

Jeri H. Gould

STATE OF Nevada)
COUNTY OF Clark) ss

On April 11, 2006 before me, Stacey Brownfield, Notary Public,
personally appeared James B. Gibson personally
known to me or proved to me on the basis of satisfactory evidence to be the person whose name
is subscribed to the within instrument and acknowledged to me that he/she executed the same in
his/her authorized capacity, and that by his/her signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

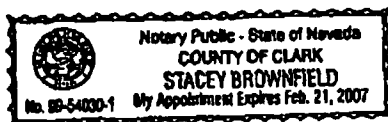


Stacey Brownfield

STATE OF Nevada)
COUNTY OF Clark) ss

On April 11, 2006 before me, Stacey Brownfield Notary Public,
personally appeared Monica M. Simmons personally
known to me or proved to me on the basis of satisfactory evidence to be the person whose name
is subscribed to the within instrument and acknowledged to me that he/she executed the same in
his/her authorized capacity, and that by his/her signature on the instrument the person, or the
entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Stacey Brownfield

EXHIBIT A

DESCRIPTION OF PROPERTY

DOCSLA1:507746.4

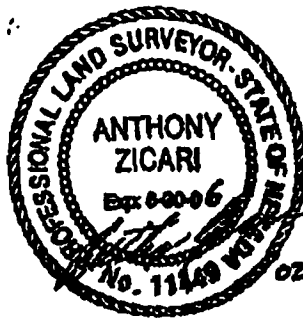
A-1



CONSULTING ENGINEERS • PLANNERS • SURVEYORS

2727 SOUTH RAINBOW BOULEVARD
LAS VEGAS, NEVADA 89146-5148

W.O. 8151
February 15, 2008
BY: BS
P.R. BY:
PAGE 1 OF 3



EXPLANATION:

THIS LEGAL DESCRIBES A PARCEL OF LAND GENERALLY LOCATED SOUTHEASTERLY OF THE VOLUNTEER BOULEVARD ALIGNMENT AND THE BERMUDA ROAD ALIGNMENT FOR BOUNDARY DESCRIPTION PURPOSES.

**BOUNDARY
LEGAL DESCRIPTION**

THAT PORTION OF SECTIONS 11, 14, 22, 23, AND 24, TOWNSHIP 23 SOUTH, RANGE 81 EAST, M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 22, SAID TOWNSHIP AND RANGE; THENCE NORTH $00^{\circ}03'59''$ EAST, ALONG THE WEST LINE OF THE SOUTHWEST QUARTER (SW $1/4$) OF SAID SECTION 22, A DISTANCE OF 2877.40 FEET TO THE QUARTER SECTION CORNER COMMON TO SECTIONS 21 AND 22, SAID TOWNSHIP AND RANGE; THENCE SOUTH $88^{\circ}07'45''$ EAST, ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER (SW $1/4$), A DISTANCE OF 2558.55 FEET TO THE CENTER QUARTER CORNER OF SECTION 22, SAID TOWNSHIP AND RANGE; THENCE NORTH $01^{\circ}07'00''$ WEST, ALONG THE WEST LINE OF THE NORTHEAST QUARTER (NE $1/4$) OF SECTION 22, SAID TOWNSHIP AND RANGE, 2475.43 FEET; THENCE NORTH $88^{\circ}53'00''$ EAST, DEPARTING SAID WEST LINE, 194.58 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 621.60 FEET; THENCE EASTERLY, 393.36 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $36^{\circ}15'48''$; THENCE SOUTH $54^{\circ}51'13''$ EAST, 1332.12 FEET; THENCE NORTH $40^{\circ}21'31''$ EAST, 104.44 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 3000.00 FEET; THENCE NORTHEASTERLY, 271.74 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $05^{\circ}11'24''$, TO WHICH A RADIAL LINE BEARS NORTH $44^{\circ}27'05''$ WEST; THENCE SOUTH $42^{\circ}51'23''$ EAST, 2396.01 FEET RADIALY TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 3043.00 FEET; THENCE NORTHEASTERLY, 1544.76 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $29^{\circ}05'09''$; THENCE NORTH $76^{\circ}13'46''$ EAST, 432.49 FEET RADIALY TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 5077.50 FEET; THENCE NORTHWESTERLY, 202.55 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $02^{\circ}17'08''$, TO WHICH A RADIAL LINE BEARS SOUTH $78^{\circ}30'54''$ WEST; THENCE NORTH $76^{\circ}13'46''$ EAST, 124.84 FEET; THENCE NORTH $12^{\circ}01'07''$ WEST, 1126.30 FEET; THENCE SOUTH $78^{\circ}16'52''$ WEST, 125.00 FEET; THENCE NORTH $12^{\circ}01'07''$ WEST, 405.10 FEET; THENCE NORTH $78^{\circ}16'52''$ EAST, 125.00 FEET; THENCE NORTH $12^{\circ}01'07''$ WEST, 1251.82 FEET;

LEGAL DESCRIPTION CONTINUED

W.O. 6151

February 15, 2006

PAGE 2 OF 3

THENCE NORTH 09°34'22" WEST, 71.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 2360.49 FEET, A RADIAL BEARING TO SAID BEGINNING BEARS NORTH 78°03'40" EAST; THENCE NORTHWESTERLY, 672.43 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16°19'18", TO WHICH A RADIAL LINE BEARS NORTH 62°44'22" EAST; THENCE NORTH 89°18'07" EAST, 69.42 FEET; THENCE NORTH 00°10' 58" EAST, 670.28 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 14, SAID TOWNSHIP AND RANGE; THENCE NORTH 00°11'04" EAST, DEPARTING SAID NORTH LINE, 2873.18 FEET TO THE SOUTH LINE OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 11, SAID TOWNSHIP AND RANGE; THENCE NORTH 00°26'12" EAST, DEPARTING SAID SOUTH LINE, 1603.30 FEET; THENCE NORTH 89°14'11" EAST, 664.03 FEET TO THE WEST LINE OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION 11, SAID TOWNSHIP AND RANGE; THENCE NORTH 89°14'08" EAST, DEPARTING SAID WEST LINE, 1330.59 FEET TO THE BOUNDARY OF ANTHEM MASTER PLANNED COMMUNITY; THENCE ALONG SAID BOUNDARY, AS FOLLOWS: THENCE SOUTH 00°23'13" WEST, 326.07 FEET; THENCE NORTH 89°23'28" EAST, 332.64 FEET; THENCE SOUTH 00°23'10" WEST, 1307.90 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION 11, SAID TOWNSHIP AND RANGE; THENCE SOUTH 00°19'17" WEST, DEPARTING SAID SOUTH LINE, 993.08 FEET; THENCE NORTH 89°46'56" EAST, 332.18 FEET; THENCE SOUTH 00°20'50" WEST, 330.58 FEET; THENCE NORTH 89°42'18" EAST, 332.03 FEET; THENCE SOUTH 00°22'23" WEST, 1320.54 FEET TO THE NORTH LINE OF THE SOUTHEAST QUARTER (SE 1/4) OF SAID SECTION 14; THENCE NORTH 89°23'44" EAST ALONG SAID NORTH LINE, 331.46 FEET TO THE QUARTER SECTION CORNER COMMON TO SECTIONS 13 AND 14, SAID TOWNSHIP AND RANGE; THENCE SOUTH 00°23'57" WEST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION 14, SAID TOWNSHIP AND RANGE, 2637.52 FEET TO THE SOUTHEAST CORNER OF SECTION 14, SAID TOWNSHIP AND RANGE; THENCE SOUTH 00°03'29" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 14, SAID TOWNSHIP AND RANGE, A DISTANCE ~~2537.63 FEET~~; THENCE NORTH 89°30'01" EAST, DEPARTING SAID EAST LINE, 337.27 FEET; THENCE SOUTH 00°12'55" WEST, 338.45 FEET; THENCE NORTH 89°38'15" EAST, 336.34 FEET; THENCE SOUTH 00°22'18" WEST, 339.27 FEET; THENCE NORTH 89°46'31" EAST, 335.41 FEET; THENCE SOUTH 00°31'39" WEST, 680.18 FEET; THENCE SOUTH 89°56'47" EAST, 333.54 FEET; THENCE SOUTH 00°40'57" WEST, 340.82 FEET; THENCE SOUTH 89°48'22" EAST, 332.62 FEET; THENCE SOUTH 00°50'12" WEST, 683.48 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 24, SAID TOWNSHIP AND RANGE; THENCE SOUTH 89°31'23" EAST, ALONG SAID NORTH LINE, 330.77 FEET; THENCE SOUTH 00°59'24" WEST, DEPARTING SAID NORTH LINE, 1370.29 FEET; THENCE SOUTH 88°56'51" EAST, 327.08 FEET; THENCE SOUTH 01°08'34" WEST, 686.81 FEET; THENCE SOUTH 88°38'17" EAST, 325.27 FEET TO THE EAST LINE OF SAID SOUTHWEST QUARTER (SW 1/4); THENCE SOUTH 01°17'41" WEST, ALONG SAID EAST LINE, 688.47 FEET TO THE QUARTER SECTION CORNER COMMON TO SECTION 24 AND 25, SAID TOWNSHIP AND RANGE; THENCE NORTH 88°21'32" WEST, DEPARTING THE BOUNDARY OF SAID ANTHEM MASTER PLANNED COMMUNITY AND ALONG THE SOUTH LINE OF SECTION 24, SAID TOWNSHIP AND RANGE, 2587.63 FEET TO THE SECTION CORNER COMMON TO SECTIONS 23, 24, 25 AND 26, SAID TOWNSHIP AND RANGE; THENCE NORTH 89°57'24" WEST, ALONG THE SOUTH LINE OF SECTION 23, SAID TOWNSHIP AND RANGE, 5221.66 FEET TO THE SECTION CORNER COMMON TO SECTIONS 22, 23, 26 AND 27 SAID TOWNSHIP AND RANGE;

LEGAL DESCRIPTION CONTINUED
W.O. 8151
February 15, 2006
PAGE 3 OF 3

THENCE NORTH 88°31'32" WEST, ALONG THE SOUTH LINE OF SECTION 22, SAID TOWNSHIP AND RANGE, 5222.04 FEET TO THE POINT OF BEGINNING:

CONTAINING 1603 ACRES, MORE OR LESS, AS DETERMINED BY COMPUTER METHODS.

THIS LEGAL DESCRIPTION IS PROVIDED AS A CONVENIENCE AND IS NOT INTENDED FOR THE PURPOSE OF SUBDIVIDING LAND NOT IN CONFORMANCE WITH NEVADA REVISED STATUTES.

BASIS OF BEARINGS

NORTH 88°31'32" EAST - BEING THE BEARING OF THE SOUTH LINE OF SECTION 22, TOWNSHIP 23 SOUTH, RANGE 61 EAST, M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA, AS SHOWN BY THAT RECORD OF SURVEY ON FILE IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, NEVADA, IN BOOK 133 OF SURVEYS, AT PAGE 18.

END OF DESCRIPTION.

ORDINANCE NO. 2457
(Creation of LID T-18, Inspirada)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HENDERSON, NEVADA, DESCRIBING CERTAIN RECITALS, MAKING CERTAIN FINDINGS, AUTHORIZING CERTAIN ACTIONS, INCLUDING THE CREATION OF LOCAL IMPROVEMENT DISTRICT NO. T-18 (INSPIRADA) OF SAID CITY, THE LEVYING OF ASSESSMENTS THEREIN AND THE ISSUANCE OF LIMITED OBLIGATION IMPROVEMENT BONDS THEREFOR, PURSUANT TO THE CONSOLIDATED LOCAL IMPROVEMENTS LAW, NEVADA REVISED STATUTES CHAPTER 271, THE EXECUTION AND DELIVERY OF SPECIFIED AGREEMENTS, DOCUMENTS AND INSTRUMENTS, AND APPROVING CERTAIN MATTERS RELATING THERETO; AND PROVIDING THE EFFECTIVE DATE HEREOF

WHEREAS, the owner in fee simple of certain real property (the "Property") located within the boundaries of the City of Henderson, Nevada (the "City") has, pursuant to the Consolidated Local Improvements Law (the "Act"), being Chapter 271 of the Nevada Revised Statutes ("NRS"), by written petition, initiated the acquisition, construction and improvement by the City of certain public improvements (the "Project"), all of the costs of which Project, including all incidental expenses, are to be assessed against the Property;

WHEREAS, the City Council has accepted such petition;

WHEREAS, in order to finance the acquisition, construction and improvement of the Project, the City Council desires to create the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) (the "District"), levy assessments therein and issue limited obligation improvement bonds therefor;

WHEREAS, concurrently with the adoption of this Ordinance, the City Council is adopting a resolution (the "Companion Resolution") that takes further actions with respect to the financing of the acquisition, construction and improvement of the Project;

WHEREAS, in order to finance the acquisition, construction and improvement of the Project, the City Council desires to authorize the issuance of not to exceed \$102,000,000 aggregate principal amount of City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds (the "Bonds");

WHEREAS, the Bonds are to be issued under and pursuant to a Trust Indenture by and between the City and The Bank of New York Trust Company, N.A., as trustee (such Trust Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Ordinance, being referred to herein as the "Indenture");

WHEREAS, Stone & Youngberg LLC (the "Underwriter") has submitted a proposal to purchase the Bonds in the form of a Bond Purchase Agreement (such Bond Purchase Agreement,

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 2

in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Ordinance, being referred to herein as the "Purchase Agreement");

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Ordinance being referred to herein as the "Preliminary Official Statement")

WHEREAS, there have been presented to this meeting the following documents:

- (a) a form of the Indenture;
- (b) a form of the Purchase Agreement;
- (c) a form of the Preliminary Official Statement;
- (d) the Engineer's Report (as defined herein);
- (e) a form of the Alternative Procedure Agreement (as defined herein);
- (f) a form of the Acquisition Agreement (as defined herein);
- (g) the final Assessment Roll (as defined herein); and

WHEREAS, the City Council now desires to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the financing of the acquisition, construction and improvement of the Project;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HENDERSON DOES ORDAIN as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Article I shall have the meanings herein specified. Unless otherwise defined herein or unless the context otherwise requires, words and phrases used herein that are defined in the Act shall have the meanings ascribed thereto in the Act.

"Acquisition Agreement" means the Acquisition Agreement, dated as of April 1, 2006, by and between the City and South Edge, LLC, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

"Acquisition Fund" means the fund of that name established under the Indenture.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 3

"Act" means the Consolidated Local Improvements Law, being Chapter 271 of the Nevada Revised Statutes, as amended from time to time.

"Administrative Allocation" means, for any Assessment Year, the remainder of (a) the aggregate amount Assessment Installments payable in such Assessment Year in accordance with this Ordinance (without taking into account any reduction in such Assessment Installments required to be made pursuant to Section 4.6(c) hereof), less (b) Annual Debt Service for the Bond Year commencing in such Assessment Year.

"Administrative Budget Amount" means, for any Administrative Year, the sum of (a) the amount the City reasonably anticipates, as of the August 15 immediately preceding the commencement of such Administrative Year, will be required to be available in the Administrative Costs Fund to pay Administrative Costs during the course of such Administrative Year, plus (b) the amount the City reasonably anticipates, as of such August 15, (i) will be required to be available in the Administrative Costs Fund to pay Administrative Costs during any Administrative Year subsequent to such Administrative Year, and (ii) will not, because of the restriction contained in the proviso in this definition, be eligible for inclusion in the Administrative Budget Amount for such subsequent Administrative Year, plus (c) the amount by which the aggregate amount of Administrative Costs payable from the effective date of the Assessment Ordinance through such August 15 exceeds the aggregate of the amounts available in the Administrative Costs Fund during such period; provided, however, that such sum shall not exceed the Administrative Allocation for the Assessment Year ending in such Administrative Year.

"Administrative Costs" means the actual and reasonable costs of administering the levy, collection and enforcement of the Assessments (excluding the costs of apportioning Assessments which, pursuant hereto, are to be paid by the owner of the parcel being divided) and all other actual and reasonable administrative costs and incidental expenses related to the Assessments or the Bonds, including, but not limited to, Trustee's fees and expenses, engineer's fees and expenses, the costs and expenses of City staff and fees incurred in connection with the calculation of arbitrage rebate due to the federal government.

"Administrative Costs Fund" means the fund of that name established under the Indenture.

"Administrative Year" means the twelve month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Administrative Year shall begin on the Closing Date and end on September 1, 2006.

"Alternative Procedure Agreement" means the Alternative Procedure Agreement, dated as of April 1, 2006, by and among South Edge, LLC, JPMorgan Chase Bank, N.A., as Administrative Agent, and the City, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 4

"Annual Debt Service" means, with respect to any Outstanding Bonds, for each Bond Year, the sum of (a) the interest due on such Bonds in such Bond Year, assuming that such Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal amount of the such Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

"Appraised Value" means the market value of all or any portion of the Property (assuming the completion of any portion of the Project to be acquired with the proceeds of Bonds that have been issued) as set forth in a Qualified Appraisal Report prepared by a Qualified Appraiser.

"Assessment" or "Assessments" means, with respect to the Property, or a portion thereof, the aggregate special assessments levied by the City thereon pursuant to and in accordance with the terms of this Ordinance and, with respect to an individual parcel of the Property, means the special assessment levied by the City thereon pursuant to and in accordance with the terms of this Ordinance.

"Assessment Installments" means the installments of principal and interest payable with respect to the Assessments.

"Assessment Revenue Fund" means the fund of that name established under the Indenture.

"Assessment Roll" means the assessment roll, dated April 4, 2006, prepared by Gomez Consulting Group, Inc. in connection with the levy of the Assessments.

"Assessment Year" means the twelve month period beginning on June 2 in each year and extending to the next succeeding June 1, both dates inclusive, except that the first Assessment Year shall begin on the Closing Date and end on June 1, 2006.

"Bond Payment Dates" means March 1 and September 1 of each year, commencing September 1, 2006.

"Bond Year" means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2006.

"Bonds" means the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) Limited Obligation Improvement Bonds issued under the Indenture.

"City" means the City of Henderson, Nevada, a municipality and a political subdivision organized and existing under the Constitution and laws of the State and the Charter of the City, or any public body succeeding to the rights and obligations of the City; provided, however, that if and to the extent required for purposes of the Act, references to the City herein shall be deemed to be references to the City Council acting on behalf of the City.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 5

"City Treasurer" means the Finance Director of the City, who is also the Treasurer of the City and, as such, the chief financial officer of the City.

"Closing Date" has the meaning ascribed thereto in the Indenture.

"Credit Amount" means, for any Assessment Year, an amount equal to the remainder of (a) the sum of (i) the amount on deposit in the Assessment Revenue Fund on September 3 of such Assessment Year, plus (ii) an amount equal to the Administrative Allocation for such Assessment Year, less (b) the sum of (i) an amount equal to the Administrative Budget Amount for the Administrative Year commencing in such Assessment Year, plus (ii) an amount equal to the amount reasonably anticipated by the City to be the amount by which the Administrative Budget Amount for the Administrative Year commencing in the next succeeding Assessment Year will exceed the Administrative Budget Amount for the Administrative Year commencing in such Assessment Year, plus (iii) an amount equal to the amount, if any, reasonably anticipated by the City to be the amount by which the Assessment Installments scheduled to be paid in such Assessment Year that will be delinquent as of the end of such Assessment Year will exceed the amount of the Assessment Installments that were scheduled to be paid in a prior Assessment Year, that remain unpaid as of September 3 of such Assessment Year and that will be received by the City on or before the end of such Assessment Year.

"District" means the City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada) established by the City pursuant to this Ordinance.

"Engineer's Report" means the engineer's report for the District, dated as of April 4, 2006, prepared by Gomez Consulting Group, Inc., assessment consultants and engineers, as originally approved or as the same may be amended from time to time in accordance with the Act.

"Indenture" means the Trust Indenture, dated as of April 1, 2006, by and between the City and the Trustee, as originally executed or as it may from time to time be amended or supplemented by any Supplemental Indenture.

"Initial Appraisal Report" means the Market Value Appraisal, dated February 15, 2006, prepared by Baseline Consulting Services, providing an appraisal of the Property as of January 1, 2006.

"Initial Semiannual Credit Amount" means an amount equal to the remainder of (a) the remainder of (i) the aggregate amount Assessment Installments payable on June 1, 2008 in accordance with this Ordinance (without taking into account any reduction in such Assessment Installments required to be made pursuant to Section 4.6(b) hereof), less (ii) an amount equal to the principal of and interest on the Bonds payable on September 1, 2008, less (b) an amount equal to the amount reasonably anticipated by the City to be Administrative Budget Amount for the Administrative Year commencing September 2, 2008.

"NRS" means the Nevada Revised Statutes, as amended from time to time.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 8

"Ordinance" means this Ordinance.

"Outstanding" has the meaning ascribed thereto in the Indenture.

"Owner" has the meaning ascribed thereto in the Indenture.

"Parity Assessment" means a special assessment levied pursuant to the Act or any similar law, the lien of which is on a parity with the lien of the Assessments.

"Payment Dates" means June 1 and December 1, commencing June 1, 2008.

"Penalty Rate" means 2% per month or such lower rate as shall at the time be the maximum lawful interest rate under the laws of the State and any applicable federal law.

"Project" means the local improvements to be acquired, constructed and improved by the City with a portion of the proceeds of the Bonds, which local improvements are described in the Engineer's Report in the section thereof entitled "Project Segment Descriptions."

"Property" means the real property located within the District, as described in Exhibit A hereto.

"Property Owners" means, collectively, South Edge, LLC, as owner of the Property, and any successors in interest to the Property or portions thereof, or any assigns thereof.

"Qualified Appraisal Report" means a real estate appraisal report which (a) has been prepared by a Qualified Appraiser, (b) uses a date of value, or was updated by a letter dated, no more than six months prior to the date of submittal to the Trustee, (c) states that it is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, (d) is written in conformance with Uniform Standards of Professional Appraisal Practice (USPAP), and (e) employs a methodology and provides limiting conditions that are consistent with the Initial Appraisal Report.

"Qualified Appraiser" means Baseline Consulting Services, or any other real estate appraiser selected by the City that has an MAI designation from the Appraisal Institute and that is a Certified General Appraiser licensed in the State.

"Qualified Engineer" means a qualified engineer, or firm of engineers, of recognized standing in the field of assessment engineering.

"Semiannual Credit Amount" means, for any Assessment Year, 50% of the Credit Amount for such Assessment Year.

"State" means the State of Nevada.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 7

"Supplemental Indenture" means any indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Trustee" means The Bank of New York Trust Company, N.A., as trustee under the Indenture, and any successor thereto permitted under the Indenture.

"Value to Lien Ratio" means a fraction, (a) the numerator of which is the sum of (i) the taxable value of the Property, or the portion thereof with respect to which the Value to Lien Ratio is being determined, for which a Qualified Appraisal Report has not been provided, as such value is shown on the most recently equalized property tax roll, plus (ii) the Appraised Value of the Property, or the portion thereof with respect to which the Value to Lien Ratio is being determined, for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, and (b) the denominator of which is the sum of the principal amount of existing Assessments levied on the Property or such portion thereof, plus the principal amount of existing Parity Assessments levied on the Property or such portion thereof, plus the principal amount of any Parity Assessments proposed to be levied on the Property or such portion thereof, which proposed Parity Assessments are anticipated to be levied on or before the date of, or in connection with, the event requiring a determination of Value to Lien Ratio; the Value to Lien Ratio shall be expressed, after reducing said fraction, as a number equal to the numerator of said fraction "to" a number equal to the denominator of said fraction.

ARTICLE II

INCORPORATION; PROCEDURES

Section 2.1. Incorporation. Each of the Engineer's Report and the Alternative Procedure Agreement is hereby incorporated in and made a part of this Ordinance as though set forth in full herein.

Section 2.2. Alternative Procedure. The Alternative Procedure Agreement satisfies the conditions of NRS 271.710 and NRS 271.720 and, consequently, this Ordinance creating the District and ordering the Project to be acquired, constructed and improved may be adopted, the Acquisition Agreement may be entered into, the Bonds may be issued and the Assessments may be levied, without complying with the provisions of NRS 271.305 to 271.320, inclusive, NRS 271.330 to 271.345, inclusive, NRS 271.380, NRS 271.385 and, except as otherwise provided in NRS 271.710, the provisions of any law requiring public bidding or otherwise imposing requirements on any public contract, project, works or improvement.

ARTICLE III

CREATION OF DISTRICT

Section 3.1. Creation of District. The City Council has, in the Companion Resolution, determined that public convenience and necessity require the creation of the District and that the

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 8

creation of the District is economically sound. The District is hereby created and the City Council hereby orders the Project to be acquired, constructed and improved. The District is hereby designated "City of Henderson, Nevada, Local Improvement District No. T-18 (Inspirada)."

Section 3.2. Statutory Prescriptions. The (a) extent of the District, (b) kind and location of each part of the Project, and (c) amount of the total cost of the Project to be defrayed by the Assessments and the method of levying the Assessments shall be as prescribed in the Engineer's Report. The Assessments shall be paid in 55 semiannual installments, with the last installment due June 1, 2035. The work with respect to the Project shall be done as provided in the Act.

Section 3.3. Recordation. The City Clerk of the City (the "City Clerk") shall cause to be recorded in the office of the Clark County Recorder a certified copy of a list of the tracts to be assessed and the amount of maximum benefits estimated to be assessed against each tract in the District, as shown in the assessment plat contained in the Engineer's Report.

ARTICLE IV

ASSESSMENTS

Section 4.1. Levy of Assessments. The Assessment Roll is in final form and has been so confirmed by the Companion Resolution. The Assessments are hereby levied on the property within the District in accordance with, and as set forth in, the Assessment Roll.

Section 4.2. Payment of Assessments in Installments. The City hereby authorizes the Assessments to be paid in installments, as provided herein. Pursuant to the Alternative Procedure Agreement, the Property Owners have elected to pay the Assessments in installments.

Section 4.3. Payment Dates; Late Payments. Assessment Installments shall be due and payable on Payment Dates, in such amounts and in such years as is provided pursuant hereto. Any Assessment Installment not paid when due shall bear interest at the Penalty Rate from the date when the same is due until the same shall be paid.

Section 4.4. Principal and Interest; Assessment Installments. The principal of the Assessments shall be in an aggregate amount equal to \$102,000,000, the aggregate principal amount of the Bonds authorized to be issued under the Indenture. The principal of the Assessments shall bear interest (a) from the effective date of this Ordinance through and including November 30, 2007 at a rate of 0%, and (b) from December 1, 2007 until paid in full at the rate fixed by, and specified in a written certificate of, the City Treasurer on the Closing Date; provided, however, that such rate shall be no more than 1% above the highest rate of interest on the Bonds at any maturity. The City Treasurer is hereby authorized to fix such rate.

The unpaid Assessments shall be payable in substantially equal semiannual Assessment Installments, due on each Payment Date, commencing June 1, 2008. On the Closing Date, the

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 9

City Treasurer shall, in a written certificate, specify the aggregate amount of the Assessment Installments payable on each Payment Date, which portion of such Assessment Installments constitutes interest and which portion of such Assessment Installments constitutes principal.

The Assessment Installment for each parcel of the Property payable on each Payment Date shall be equal to the product of (a) a fraction, the numerator of which is equal to the unpaid and non-delinquent Assessment on such parcel and the denominator of which is equal to the unpaid and non-delinquent Assessments on all parcels of the Property, times (b) the aggregate of the Assessment Installments for all Parcels of the Property payable on such Payment Date.

Section 4.5. Prepayment of Assessments. Assessments with respect to which no delinquencies exist may be prepaid, in whole or in part on any date, by the owner of the parcel of the Property on which they are levied, by such owner's delivering to the City Treasurer a written notice of election to prepay Assessments, together with a prepayment price equal to the sum of the following amounts:

(a) the portion of the unpaid principal of the Assessment being prepaid; plus

(b) interest on the such portion of the unpaid principal of such Assessment to the Payment Date next succeeding the date of such prepayment; provided, however, that if the prepayment date is on a Payment Date, or after a Payment Date and at least 61 days prior to the Bond Payment Date next succeeding such Payment Date, no interest shall be included; plus

(c) a premium (expressed as a percentage of the portion of the principal of the Assessment being prepaid) determined as follows:

<u>Prepayment Date</u>	<u>Prepayment Premium</u>
Any date through July 1, 2012	3%
July 2, 2012 through July 1, 2013	2
July 2, 2013 through July 1, 2014	1
July 2, 2014 and thereafter	0

The City Treasurer shall, within eight business days after the end of each calendar month in which the prepayment price of any portion of any Assessment was received, transfer the amounts so received to the Trustee and shall certify to the Trustee the date on which such amounts were received by the City. Such prepayment price shall be applied to the redemption of Bonds as provided in the Indenture. The prepayment price of any portion of any Assessments received at least 61 days prior to the next succeeding Bond Payment Date shall be applied to the redemption of Bonds on such Bond Payment Date; the prepayment price of any portion of any Assessments received less than 61 days prior to the next succeeding Bond Payment Date shall be applied to the redemption of Bonds on the Bond Payment Date following such next succeeding Bond Payment Date.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 10

Section 4.6. Collection Procedures. (a) The City Council hereby directs the City Treasurer to collect the Assessments as and when payable, as provided herein. The City Treasurer shall, no later than May 1 and November 1 of each calendar year, commencing May 1, 2008, mail, by United States mail, postage prepaid as first class mail, an assessment bill to each owner of a parcel of the Property with respect to which Assessment Installments are payable on the following June 1 or December 1, respectively. The names and addresses of such property owners shall be obtained from the records of the Clark County Assessor or from such other source or sources as the City Treasurer deems reliable. The assessment bill shall specify the amount of the Assessment Installment payable by such owner on the following June 1 or December 1, as applicable, and shall state that each such day is the last day for payment of such amount. Each assessment bill shall specify what portion of the amount payable constitutes interest and what portion constitutes principal.

(b) On or before March 15, 2008, the City Treasurer shall calculate, or cause to be calculated, the Initial Semiannual Credit Amount. An amount equal to the Initial Semiannual Credit Amount shall be credited against the aggregate Assessment Installments payable on June 1, 2008. The amount of the Assessment Installment payable with respect to each parcel of the Property on June 1, 2008 shall be reduced by a proportionate share of the Initial Semiannual Credit Amount, such share to be in the same proportion to the whole of the Initial Semiannual Credit Amount as the unpaid principal of the Assessment levied on such parcel is to the whole of the unpaid principal of the Assessment levied on the Property. The assessment bills shall reflect such reduction in the amount of the Assessment Installment payable on June 1, 2008. Any Assessment Installment, the amount payable with respect to which on June 1, 2008 is reduced pursuant to this Section, shall for all purposes be deemed to have been paid on such date in an amount equal to such reduction.

(c) Pursuant to the Indenture, the Trustee is required to notify the City Treasurer, no later than September 10 of each year, commencing September 10, 2008, of the amount on deposit in the Assessment Revenue Fund as of September 3 of such year. On or before September 15 of each year, commencing September 15, 2008, the City Treasurer shall calculate, or cause to be calculated, the Credit Amount for the then current Assessment Year. An amount equal to the Semiannual Credit Amount for such Assessment Year shall be credited against the aggregate Assessment Installments payable on each Payment Date in such Assessment Year. The amount of the Assessment Installment payable with respect to each parcel of the Property on each such Payment Date shall be reduced by a proportionate share of the Semiannual Credit Amount, such share to be in the same proportion to the whole of the Semiannual Credit Amount as the unpaid and non-delinquent principal of the Assessment levied on such parcel is to the whole of the unpaid and non-delinquent principal of the Assessment levied on the Property. The assessment bills shall reflect such reduction in the amount of the Assessment Installment payable on each Payment Date. Any Assessment Installment, the amount payable with respect to which on any date is reduced pursuant to this Section, shall for all purposes be deemed to have been paid on such date in an amount equal to such reduction.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 11

(d) The City Treasurer shall, within eight business days after the end of each calendar month in which Assessment Installments are received, transfer such Assessment Installments to the Trustee for deposit in the Assessment Revenue Fund; provided, however, that any Assessment Installments received during the period from February 1 to February 15 shall be transferred by the City Treasurer to the Trustee no later than the last day of February and any Assessment Installments received during the period from August 1 to August 15 shall be transferred by the City Treasurer to the Trustee no later than August 31.

Section 4.7. Enforcement. The City Treasurer shall enforce Assessments in the manner provided in the Act and in accordance with the provisions of the Indenture.

Section 4.8. Apportionment of Assessments. If any parcel of the Property is divided (through subdivision, sale, split or otherwise) the City Treasurer shall apportion, or cause a Qualified Engineer to apportion, the uncollected amounts of the Assessment levied on such parcel, and the Assessment Installments payable with respect to such Assessment, upon the several parts of land so divided. Apportionments of Assessments shall be made in accordance with the method specified in the Engineer's Report.

In accordance with NRS 271.425, the City Treasurer shall prepare, or cause a Qualified Engineer to prepare, a report of such apportionment which, when approved by the City Council, shall be recorded in the office of the Clark County Recorder, together with a statement that the current payment status of any of the Assessments may be obtained from the City Treasurer. The owner of the parcel of the Property being divided shall pay to the City Treasurer an amount sufficient to cover the expenses incurred in determining such apportionment and preparing and recording such report.

Section 4.9. Limitations on Combination and Reapportionment of Assessments. Any combination or reapportionment of Assessments pursuant to subsection 2 or subsection 3 of NRS 271.425 shall be subject to the restrictions contained in this Section. The City Council shall not make a finding that a proposed combination or reapportionment of Assessments pursuant to subsection 2 or subsection 3 of NRS 271.425 will not materially or adversely impair the obligation of the City with respect to Outstanding Bonds unless the City Council first obtains a written report of a Qualified Engineer certifying that, based on a Qualified Appraisal Report, the Value to Lien Ratio (including in the calculation thereof any increase in the Assessment on any parcel as a result of such combination or reapportionment) for each parcel of the Property, if any, on which Assessments are combined and each parcel of the Property, if any, on which Assessments are increased as a result of such reapportionment is at least 3 to 1. The City Council shall be entitled to rely on such written report of a Qualified Engineer in making such finding, and such written report of a Qualified Engineer shall be conclusive evidence that such proposed combination or reapportionment of Assessments pursuant to subsection 2 or subsection 3 of NRS 271.425 will not materially or adversely impair the obligation of the City with respect to Outstanding Bonds. The City Council shall not make the finding described in subsection 4(b) of NRS 271.425 unless the City Council first obtains a written report of a Qualified Engineer stating that the proposed combination or reapportionment of Assessments pursuant to subsection

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 12

2 or subsection 3 of NRS 271.425 will not increase the principal balance of any Assessment to an amount such that the aggregate amount which is assessed against a tract exceeds the minimum benefit to the tract that is estimated to result from the project which is financed by the Assessment. The City Council shall be entitled to rely on such written report of a Qualified Engineer in making such finding, and such written report of a Qualified Engineer shall be conclusive evidence that such proposed combination or reapportionment of Assessments pursuant to subsection 2 or subsection 3 of NRS 271.425 will not increase the principal balance of any Assessment to an amount such that the aggregate amount which is assessed against a tract exceeds the minimum benefit to the tract that is estimated to result from the project which is financed by the Assessment. Notwithstanding the foregoing, no combination or reapportionment of Assessments pursuant to subsection 2 or subsection 3 of NRS 271.425 shall be made unless, as of the effective date of such combination or reapportionment, there are no delinquencies in the payment of Assessment Installments on any parcel of property on which Assessments will be increased as a result of such combination or reapportionment.

Section 4.10. Limitation on Parity Assessments. The City shall not levy Parity Assessments against the Property, or any portion thereof, unless the Value to Lien Ratio of each parcel of the Property, or the portion thereof against which such Parity Assessment is proposed to be levied, will be, immediately after such levy, no less than 3 to 1.

Section 4.11. Endorsement and Recordation of Assessment Roll. The City Clerk shall endorse the Assessment Roll as the roll designated in this Ordinance. The City Clerk shall cause the Assessment Roll, so endorsed, to be recorded in the office of the Clark County Recorder, together with a statement that the current payment status of any of the Assessments may be obtained from the City Treasurer.

Section 4.12. Report to County Assessor. The City Clerk shall report to the Clark County Assessor a description of such tracts as are contained in the Assessment Roll, with the amount of the Assessment levied upon each and the name of the owner or occupant against whom the Assessment was made.

Section 4.13. Notice of Levy. The City Clerk, or any deputy thereof, shall give written notice of the levy of the Assessments, by United States mail, postage prepaid as first-class mail, promptly after the effective date of this Ordinance, to the Property Owners at their addresses specified in the Alternative Procedure Agreement. Said notice shall be in substantially the form attached hereto as Exhibit B and shall be accompanied by a copy of the Engineer's Report, the Assessment Roll and this Ordinance. The mailing of said notice shall be verified by the affidavit or certificate of the City Clerk, or other person mailing the notice, which verification shall be retained in the records of the City at least until all Assessments and Bonds are paid in full, or any claim is barred by a statute of limitations.

Section 4.14. Reduction or Waiver of Penalties. The City Council may authorize the City Treasurer to reduce or waive for good cause the collection of any penalties assessed pursuant to subsection 4 of NRS 271.415 and any interest incurred pursuant to NRS 271.585;

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 13

provided, however, that no such collection shall be reduced or waived if and to the extent that such reduction or waiver would materially adversely affect the ability of the City to pay the principal of and interest on the Bonds as and when due and payable.

ARTICLE V

BONDS

Section 5.1. Bonds. Subject to the provisions of Section 5.2 hereof, the issuance of the Bonds in the aggregate principal amount of not to exceed \$102,000,000 on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Bonds shall be dated, shall bear interest at the rates, shall mature in the denominations and on the dates, shall be issued in the form, shall have such sinking fund installments, shall be subject to redemption and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Ordinance. The proceeds of the sale of the Bonds shall be applied as provided in the Indenture. A portion of the proceeds of the Bonds shall be deposited in the Acquisition Fund and shall, as provided in the Indenture, be applied to the payment of the costs of acquiring, constructing and improving the Project.

The City Treasurer shall, in consultation with a financial advisor or the Underwriter, fix the rate of interest on the Bonds at a rate of interest such that the principal and interest due on the Bonds in each Bond Year, net of any interest capitalized from the proceeds of the Bonds, will not exceed the amount of principal and interest to be collected on the Assessments during the Assessment Year ending in such Bond Year, as required by subsection 4 of NRS 271.485; provided, however, that the highest rate of interest on the Bonds shall not exceed 6.50% per annum.

Section 5.2. Indenture. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Mayor of the City (the "Mayor"), the City Manager of the City and the City Treasurer, and such other officers of the City as the Mayor may designate (the "Authorized Officers"), is hereby authorized, and any one of the Authorized Officers is hereby directed, for and on behalf of the City, to execute and deliver the Indenture in the form presented to this meeting, with such changes, insertions and omissions as may be approved by the Authorized Officer executing the same on behalf of the City, said execution being conclusive evidence of such approval; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Bonds in excess of \$102,000,000 and shall not result in a stated interest rate on the Bonds in excess of the rate fixed by the City Treasurer pursuant to Section 5.1 hereof. The City Clerk is hereby authorized and directed to affix the seal of the City to the Indenture, and to attest the same.

Section 5.3. Purchase Agreement. The Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 14

the Authorized Officers is hereby directed, for and on behalf of the City, to execute and deliver the Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as may be approved by the Authorized Officer executing the same on behalf of the City, said execution being conclusive evidence of such approval; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount from the principal amount of the Bonds in excess of 1.75% of the aggregate principal amount of the Bonds. The City Clerk is hereby authorized and directed to affix the seal of the City to the Purchase Agreement, and to attest the same.

Section 5.4. Preliminary Official Statement. The Preliminary Official Statement, in substantially the form submitted to this meeting and made a part hereof, with such changes, insertions and omissions as may be approved by an Authorized Officer, be and the same, is hereby approved. The use of the Preliminary Official Statement in connection with the offering of the Bonds is hereby authorized and approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and on behalf of the City, to certify to the Underwriter that the Preliminary Official Statement has been "deemed final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Section 5.5. Official Statement. The preparation and delivery of an Official Statement, and its use by the Underwriter in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Order of Adoption. For purposes of the Act, the various articles of this Ordinance and the Companion Resolution shall be deemed to have been adopted in the following order:

- (a) Articles I, II, III and IV of the Companion Resolution;
- (b) Articles I, II and III of this Ordinance;
- (c) Articles V and VI of the Companion Resolution; and
- (d) Articles IV, V and VI of this Ordinance.

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 15

Section 6.2. Further Actions. The members of the City Council and the officers of the City be, and they hereby are, authorized and directed to execute and deliver any and all documents and instruments and to do or cause to be done all acts and things necessary or appropriate to effectuate the provisions of this Ordinance.

Section 6.3. Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Ordinance) by the City Council and the officers of the City in furtherance of the financing of the acquisition, construction and improvement of the Project and the issuance of the Bonds be, and the same hereby are, ratified, approved and confirmed.

Section 6.4. Inconsistencies. All ordinances, or parts of ordinances, sections, subsections, phrases, sentences, clauses or paragraphs contained in the Municipal Code of the City of Henderson, Nevada, in conflict herewith are repealed.

Section 6.5. Effective Date. The City Council hereby declares that this Ordinance is an ordinance pertaining to the sale or issuance of bonds or other securities, including without limitation securities issued under section 6.020 of the City Charter; therefore, in accordance with section 7.040 of the City Charter, this Ordinance may be adopted in the same manner as is provided for in cases of emergency.

A copy of this Ordinance shall be filed with the office of the City Clerk. Pursuant to section 2.100(3) of the City Charter, this Ordinance was adopted as an emergency and publication was not required at least one week prior to adoption. Following approval hereof, this Ordinance shall be published by title (or in full if the City Council by majority vote so orders) together with the names of the Councilmen voting for or against passage, for at least one publication in the *Henderson Home News*, a newspaper having general circulation in the City of Henderson. This Ordinance shall take effect upon the later to occur of (a) such publication in the *Henderson Home News*, and (b) the recordation of the Alternative Procedure Agreement in the office of the Clark County Recorder.

Section 6.6. Amendments. (a) This Ordinance may be amended at any time by an amendment hereto adopted by the City which shall become effective as provided in the City Charter and the Act and when the written consents of (i) Property Owners owning a portion of the Property upon which is levied more than 50% of the principal amount of unpaid Assessments, and (ii) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.03 of the Indenture, shall have been filed with the Trustee. No such amendment shall (i) extend or have the effect of extending, or shorten or have the effect of shortening, the due dates of the installments of principal of Assessments that have been previously levied or reducing or increasing the interest rate with respect thereto or extending or shortening the time of payment of interest or reducing or increasing the amount of principal thereof or reducing or increasing any premium payable upon the prepayment thereof, without the express consent of the Owner of each Bond and each Property Owner affected thereby, or (ii) reduce or have the effect of reducing the percentage of

Ordinance No. 2457
Creation of LID T-18, Inspirada

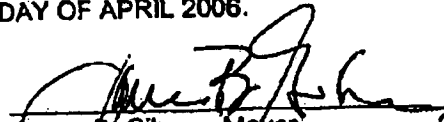
Page 16

Bonds or Property Owners required for the written consent to an amendment or modification hereof.

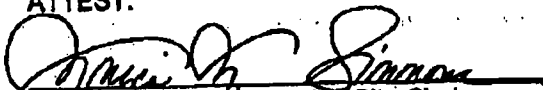
(b) This Ordinance may be amended at any time by an amendment hereto adopted by the City, without the consent of any such Owners or any such Property Owners, but only to the extent permitted by law and only (i) to cure, correct or supplement any ambiguous or defective provision contained herein, (ii) to provide, pursuant to NRS 271.488, for the issuance of refunding bonds to refund Outstanding Bonds, or (iii) to make any change that does not materially adversely affect the rights or interests of any Owner or any Property Owner. Any such amendment shall become effective as provided in the City Charter and the Act.

Section 6.7. Invalid Provisions. If any section, subsection, paragraph, clause or provision of this Ordinance shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section or subsection, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

PASSED, ADOPTED, AND APPROVED THIS 4TH DAY OF APRIL 2006.


James B. Gibson, Mayor

ATTEST:


Monica M. Simmons, CMC, City Clerk

||
||
||
||
||
||
||
||
||
||

Ordinance No. 2457
Creation of LID T-18, Inspirada

Page 17

The above and foregoing Ordinance was first proposed and read in title to the City Council on April 4, 2006, which was a Regular Meeting, where, by the following roll-call vote, the Rules were suspended and the Ordinance was adopted as if an emergency exists:

Those voting aye

James B. Gibson, Mayor

Councilmembers:

Jack Clark

Amanda Cyphers

Steven D. Kirk

Arthur "Andy" Hafen

Those voting nay: None

Those abstaining: None

Those absent: None


James B. Gibson, Mayor

ATTEST:


Monica M. Simmons, CMC, City Clerk

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF

I am employed in the County of , State of California. I am over the age of eighteen years and not a party to the within action; my business address is: McGuireWoods LLP, 1800 Century Park East, 8th Floor, Los Angeles, California 90067.

On June 27, 2011, I served the following document(s) described as **PROOF OF CLAIM** (re Creditor The Bank of New York Mellon Trust Company National Association, as Indenture Trustee) on the interested parties in this action by placing true copies thereof enclosed in sealed envelopes addressed as follows:

Counsel for Chapter 11 Trustee
Robert J. Moore, Esq.
David B. Zolkin, Esq.
Milbank, Tweed, Hadley & McCloy LLP
601 South Figueroa Street, 30th Floor
Los Angeles, CA 90017
Tel: 213-892-4000
Fax: 213-629-5063

*Proposed Local Counsel for
Chapter 11 Trustee*
Lenard E. Schwartz, Esq.
Jeanette E. McPherson, Esq.
Schwartz & McPherson Law Firm
2850 South Jones Blvd., Suite 1
Las Vegas, Nevada 89146-5308
Tel: 702-228-7590
Fax: 702-892-0122

☒ **BY MAIL:** I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing with the United States Postal Service. Under that practice, it would be deposited with the United States Postal Service that same day in the ordinary course of business. Such envelope(s) were placed for collection and mailing with postage thereon fully prepaid at , on that same day following ordinary business practices. (C.C.P. § 1013 (a) and 1013a(3))

☐ **BY FACSIMILE:** At approximately _____, I caused said document(s) to be transmitted by facsimile pursuant to Rule 2008 of the California Rules of Court. The telephone number of the sending facsimile machine was . The name(s) and facsimile machine telephone number(s) of the person(s) served are set forth in the service list. The document was transmitted by facsimile transmission, and the sending facsimile machine properly issued a transmission report confirming that the transmission was complete and without error.

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on June 27, 2011, at Los Angeles, California.


Dorothea Kiker

District of Nevada Claims Register

10-32968-bam SOUTH EDGE, LLC

Judge: BRUCE A. MARKELL **Chapter:** 11

Office: Las Vegas

Last Date to file claims: 06/29/2011

Trustee: CYNTHIA NELSON

Last Date to file (Govt):

Creditor: (7126815) THE BANK OF NEW YORK MELLON TRUST CO., NA J. CHRIS MATTHEWS DEFAULT MANAGEMENT GROUP 601 TRAVIS ST., 16TH FL HOUSTON, TX 77002	Claim No: 17 <i>Original Filed</i> Date: 06/28/2011 <i>Original Entered</i> Date: 06/29/2011	Status: Filed by: CR Entered by: Cooper, AN Modified:
Secured claimed: \$97645000.00 Total claimed: \$97645000.00		

History: <u>Details</u> <u>17-1</u> 06/28/2011 Claim #17 filed by THE BANK OF NEW YORK MELLON TRUST CO., NA, total amount claimed: \$97645000 (Cooper, AN)	
Description:	
Remarks:	

Claims Register Summary

Case Name: SOUTH EDGE, LLC

Case Number: 10-32968-bam

Chapter: 11

Date Filed: 12/09/2010

Total Number Of Claims: 1

	Total Amount Claimed	Total Amount Allowed
Unsecured		
Secured	\$97645000.00	
Priority		
Unknown		
Administrative		
Total	\$97645000.00	\$0.00