

PVCFD#3 RES 16-049

A RESOLUTION OF THE BOARD OF DIRECTORS OF PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3 (CITY OF GOODYEAR, ARIZONA) AUTHORIZING THE ISSUANCE AND SALE OF ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$7,500,000; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A REGISTRAR, TRANSFER AGENT AND PAYING AGENT, A DEPOSITORY TRUSTEE AND A DISSEMINATION AGENT; APPROVING THE FORM OF THE BONDS AND CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; DELEGATING THE AUTHORITY TO APPROVE AND DEEM FINAL A FORM OF OFFICIAL STATEMENT; APPROVING THE SALE OF THE BONDS TO THE PURCHASER THEREOF; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.

BE IT RESOLVED by the Board of Directors (the "*Board*") of Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona) (the "*District*") as follows:

Section 1. Findings.

(a) Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*") and a resolution adopted by the Board, an election was ordered and called to submit to the qualified electors of the District or to those persons who are otherwise qualified to vote (the "*Election*") the question of authorizing the Board to issue the general obligation bonds of the District to provide moneys for certain public infrastructure purposes consistent with the General Plan of the District.

(b) The Board canvassed the Election and resolved that such bonds were authorized to be issued.

(c) Pursuant to (1) the Enabling Act, (2) PVCFD#3 RES 06-012 adopted June 19, 2006, (3) an Indenture of Trust and Security Agreement, dated as of August 1, 2006, by and between the District and Wells Fargo Bank, N.A., as trustee, (4) PVCFD#3 RES 07-017 adopted on June 25, 2007, and (5) an Indenture of Trust and Security Agreement, dated as of October 1, 2007, by and between the District and Wells Fargo Bank, N.A., as trustee, the District previously issued its District General Obligation Bonds, Series 2006 (the "*2006 Bonds*") and District General Obligation Bonds, Series 2007 (the "*2007 Bonds*" and, together with the 2006 Bonds, the "*Prior Bonds*"). The Prior Bonds were issued to provide funds for a portion of certain public infrastructure purposes authorized in the Election and described in a feasibility study.

(d) The Board has determined that it is expedient to refund all or a portion of the outstanding Prior Bonds (the "*Bonds Being Refunded*") and that the issuance by the District of certain District General Obligation Refunding Bonds, Series 2016 (the "*Bonds*") and the

application of the net proceeds of the Bonds to pay at maturity or earlier redemption the Bonds Being Refunded are necessary and advisable and in the best interests of the District.

(e) Pursuant to the Enabling Act, the District may refinance the Bonds Being Refunded with the proceeds of the Bonds without an election on the issuance of the Bonds; provided, however, that pursuant to Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended (the "*Refunding Act*"), the total aggregate of taxes levied to pay principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded.

(f) Upon issuance of the Bonds the Board (1) shall enter in its minutes a record of the Bonds sold and their numbers and dates and (2) shall levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is defined in the Enabling Act) when due.

(g) Pursuant to the Enabling Act, the Board has determined to enter into a Depository Trust Agreement, to be dated as of October 1, 2016 (the "*Depository Trust Agreement*"), or such other date as set forth in the Purchase Contract (as defined herein), by and between the District and U.S. Bank National Association, as depository trustee (the "*Depository Trustee*"), with respect to the safekeeping and handling of money and obligations, if any, to be held in trust for the payment of the Bonds Being Refunded.

(h) The Board shall receive a proposal for the purchase of the Bonds from RBC Capital Markets, LLC (the "*Underwriter*") in the form of the Purchase Contract, and the District desires that the Bonds be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the District Manager or District Treasurer.

(i) There have been placed on file with the District Clerk and presented in connection herewith (1) the proposed form of the Depository Trust Agreement, (2) the proposed form of the Purchase Contract relating to the Bonds, to be dated even date with their sale (the "*Purchase Contract*"), by and between the District and the Underwriter, (3) the proposed form of Bond Registrar, Transfer Agent and Paying Agent Contract (the "*Registrar Contract*"), (4) the proposed form of continuing disclosure undertaking, (5) the proposed form of the Preliminary Official Statement relating to the Bonds, to be dated the date determined by the District Manager (the "*Preliminary Official Statement*") and (6) the proposed form of the Dissemination Agency Agreement by and between the District and RBC Capital Markets, LLC (the "*Agency Agreement*").

(j) Within and by the parameters set forth in this resolution, the Board shall authorize the execution, issuance and sale of the Bonds and their delivery to the Underwriter in accordance with the Purchase Contract and at such prices, interest rates, maturities and redemption features as may be hereafter determined.

Section 2. Authorization. The Board hereby authorizes the Bonds to be issued and sold in the aggregate principal amount of not to exceed \$7,500,000. The Bonds shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter. The Bonds so authorized shall be designated "*Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona) District General Obligation Refunding Bonds, Series 2016*". The Bonds shall be issued for the purpose of providing funds to be used to refund the Bonds Being Refunded and to pay the costs of issuance of the Bonds. The Board finds and determines that it is expedient, necessary and advisable that the District refund some or all of its outstanding bonded debt to lower the aggregate tax burden for the District's taxpayers. The Board hereby requires that the present value of the debt service savings, net of all costs associated with the Bonds, shall be not less than 3.00% of the principal amount of the Bonds Being Refunded.

Section 3. Terms.

A. **Bonds.** The Bonds will be dated such date as set forth in the Purchase Contract, will mature on July 15 in some or all of the years 2017 to 2032, inclusive, and will bear interest from their date to the maturity or earlier redemption date of each of the Bonds provided that the bond yield, calculated in the manner bond yield is determined for arbitrage rebate purposes pursuant to United States Treasury Regulations, shall not exceed 5.00%.

The principal amount maturing in each year, the interest rates applicable to each maturity, the optional and mandatory redemption provisions and any other final terms of the Bonds, including series designation, purchase price and provision for original issue discount and original issue premium, shall be as set forth in the Purchase Contract and approved as set forth in this resolution and such approval shall be evidenced by the execution and delivery of the Purchase Contract. The Bonds are expected to be initially issued in fully-registered book-entry form in denominations equal to the respective year's maturity amount. If the book-entry-only system is discontinued, the Bonds will be in the denominations of \$5,000 of principal each or integral multiples thereof. Interest on the Bonds shall be payable semiannually on each January 15 and July 15 (each an "*Interest Payment Date*") during the term of the Bonds, commencing January 15, 2017 (or on such other date as set forth in the Purchase Contract).

B. **Book-Entry-Only System.** The Bonds may be administered under the book-entry-only system, and so long as the Bonds are administered under the book-entry-only system described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company ("*DTC*") on each interest or principal payment date (or in accordance with then-existing arrangements between the District and DTC).

C. **Registration.** The Bonds may be registered in the book-entry-only system. If the book-entry-only system is discontinued, the Registrar's (as defined herein) registration books shall show the registered owners of the Bonds (collectively, the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "*Owner*" or "*Owners*"). While the Bonds are subject to the book-entry-only system, the Bonds shall be

registered in the name of Cede & Co., or its registered assigns. If the book-entry-only system is discontinued, the Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

D. Payment. If the book-entry-only system is discontinued, interest on the Bonds will be payable on each Interest Payment Date by the Paying Agent (as hereinafter defined) by check mailed to the Owner thereof at such Owner's address as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date (as defined herein).

If the book-entry-only system is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent. Upon written request made twenty (20) days prior to an Interest Payment Date by an Owner of at least \$1,000,000 in principal amount of Bonds outstanding all payments of interest and, if adequate provision for surrender is made, principal and premium, if any, shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Notwithstanding any other provision of this resolution, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a book-entry-only system may be paid by the Paying Agent by wire transfer in "same day funds".

E. Other Terms. The Bonds shall have such other terms and provisions as are set forth in Exhibit A hereto and shall be sold under the terms and conditions set forth in the Purchase Contract.

Section 4. Prior Redemption.

A. Optional Redemption. The Bonds may be subject to redemption as set forth in the Purchase Contract.

B. Mandatory Redemption. The Bonds may be subject to mandatory redemption as set forth in the Purchase Contract.

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

C. Notice of Redemption. So long as the Bonds are held under the book-entry-only system, notices of redemption will be sent only to DTC by the method required by DTC. If the book-entry-only system is discontinued, notice of redemption of any Bond will be mailed by first class mail, postage prepaid, to the Owner thereof at the address shown on the books of the Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be given to any securities depository by mail,

facsimile, wire or other generally accepted electronic means of transmission of such notices. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given. The Registrar shall also send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), by the method required by the MSRB, currently through the Electronic Municipal Market Access System, but no defect in said further notice or record nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

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

E. Redemption of Less Than All of a Bond. Except as otherwise provided under the book-entry-only system, any Bond which is to be redeemed only in part shall be surrendered at the designated corporate trust office of the Paying Agent, and the District shall execute and the Paying Agent shall authenticate and deliver to the holder of such Bond, without service charge, a new Bond or Bonds of the same stated maturity and of any authorized denomination or denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 5. Security. For the purpose of paying the principal and premium (if any) of, interest on and costs of administration of the registration and payment of the Bonds, there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest and administration costs of and on the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. Taxes levied with respect to the payment of principal of and interest on the Bonds shall be limited as follows: the total aggregate of taxes levied to pay principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded, calculated from the date of issuance of the Bonds to the final maturity date of the Bonds Being Refunded; and further, if the trust accounts held or created to pay principal of, premium, if any, and interest on the Bonds Being Refunded is insufficient to make such payments when due, any taxes levied to pay principal of and interest on the Bonds shall first be applied to the payments of amounts due on the Bonds Being Refunded. The proceeds of the taxes shall be kept in a special fund of the District entitled the "*Bond Fund*" and shall be used only for the payment of principal, interest, premium, if any, or administration costs as above-stated.

Upon creation of any trust accounts for payment of the Bonds Being Refunded, all moneys collected during the current fiscal year which would otherwise have been credited to the

respective debt service fund for each series of the Bonds Being Refunded shall be credited to the Interest and Redemption Accounts of the Bond Fund created to service the Bonds.

Section 6. Use of Proceeds. Upon the delivery of and payment for the Bonds in accordance with the terms of their sale, the net proceeds from the sale of the Bonds, after payment of the costs and expenses of issuance, shall be immediately transferred to the Depository Trustee, and those proceeds shall be set aside, together with certain funds of the District, if any, required to pay the Bonds Being Refunded, in special trust funds maintained by the Depository Trustee and shall be used to pay the principal of and interest on all or a portion of each series of the Bonds Being Refunded, all as more fully described in the Depository Trust Agreement. The Depository Trustee shall hold the moneys so deposited, all investments made with such moneys and all earnings from investment and reinvestment of such moneys and all other moneys received and the moneys so held shall be secured as deposits of public moneys in an irrevocable, segregated and separate account apart from all other funds and investments of the District and shall be held for the sole and exclusive benefit of the holders of each series of the Bonds Being Refunded until final payment thereof.

Any balance of the net proceeds of the Bonds remaining after creation of the trusts for the Bonds Being Refunded shall be transferred to the Bond Fund for the Bonds.

Section 7. Form of Bonds. The Bonds shall be in substantially the form of *Exhibit A* attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the Bonds; execution thereof by such officers shall constitute conclusive evidence of such approval. If the book-entry-only system is discontinued, the Bonds registered in the book-entry-only system shall be reissued in forms that accommodate the requirements of non-book-entry bonds.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall show both the date of the issue and the date of such Bond's authentication and registration.

The Bonds are prohibited from being converted to coupon or bearer bonds without the consent of the Board and approval of bond counsel. If the book-entry-only system is discontinued, the Bonds shall be reissued and transferred in the form of the Bond to be prepared at that time.

Section 8. Execution of Bonds and Other Documents.

A. **Bonds.** The Bonds shall be executed for and on behalf of the District by the Chair and attested by the Clerk of the Board and countersigned by the District Treasurer by their manual or facsimile signatures. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, such Bond shall nevertheless be valid.

No Bond shall be valid or binding until authenticated by the manual signature of an authorized representative of the Registrar. The signature of the authorized representative of the Registrar shall be conclusive evidence that such Bond has been authenticated and issued pursuant to this resolution.

B. Purchase Contract. The Purchase Contract, in substantially the form presented to the Board at the meeting at which this resolution was adopted and on file with the District Clerk, is hereby approved and shall be finalized and executed as provided in Section 10 hereof.

C. Registrar Contract. The Registrar Contract, in substantially the form presented to the Board at the meeting at which this resolution was adopted and on file with the District Clerk, is hereby approved and the Chair, any member of this Board, the District Manager or the District Treasurer is hereby directed to execute such contract on behalf of the District with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents and cause such respective contract to be delivered. Execution by any District officer authorized hereby shall constitute conclusive evidence of such approval.

D. Depository Trust Agreement. The Depository Trust Agreement, in substantially the form as presented to this Board at the meeting at which this resolution was adopted and on file with the District Clerk, is hereby approved. The Chair, any member of this Board, the District Manager or the District Treasurer is hereby directed to execute and deliver on behalf of the District, such contract with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents. Execution by such officers shall constitute conclusive evidence of such approval and cause such respective contract to be delivered.

E. Continuing Disclosure Undertaking. A continuing disclosure undertaking, in substantially the form as presented to this Board at the meeting at which this resolution was adopted and on file with the District Clerk, is hereby approved. The Chair, any member of this Board, the District Manager or the District Treasurer is hereby directed to execute and deliver on behalf of the District, such undertaking for the benefit of the Owners (including beneficial owners) of the Bonds.

F. Official Statement. The preparation of a preliminary official statement in a form that is deemed "final", as hereafter described, is hereby authorized and approved and the distribution of such preliminary official statement is hereby authorized and approved. The form of preliminary official statement has been submitted to and is on file with the District Clerk. Such preliminary official statement shall be in a form that is approved and deemed "final" for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the "*Rule*"), by the Chair, any member of the Board, the District Manager or the District Treasurer. The District will cause a final official statement (the "*Official Statement*") in substantially the form of the Preliminary Official Statement to be prepared and distributed with the Bonds upon initial issuance. The Chair, any member of the Board, the District Manager or the District Treasurer is authorized to approve, execute and deliver the Official Statement on

behalf of the District and the execution by such officer shall be deemed conclusive evidence of such approval.

G. Agency Agreement. The Agency Agreement, in substantially the form as presented to this Board as the meeting at which this resolution was adopted and on file with the District Clerk, is hereby approved. The Chair, any member of this Board, the District Manager or the District Treasurer is hereby directed to execute and deliver on behalf of the District, such contract with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the documents. Execution by such officers shall constitute conclusive evidence of such approval and cause such respective contract to be delivered.

H. In the event any officer of the Board or of the District is unavailable or unable to discharge any obligation or duty with respect hereto, including the approval, execution or attestation of the Bonds or other documents, then any member of the Board may act in the capacity of such officer for the purpose of discharging such obligation or duty.

Section 9. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the Registrar shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of the mutilated Bond or in lieu of and in substitution for the Bond destroyed or lost, upon the Owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the Registrar of evidence satisfactory to the Registrar that such Bond was destroyed or lost, and furnishing the Registrar with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 10. Acceptance of Offer; Sale of Bonds; Purchase Contract Approval. The Underwriter proposes to purchase the Bonds pursuant to the form of Purchase Contract submitted to and on file with the District and such proposal as supplemented by the final terms as contemplated by this resolution is hereby authorized and approved. When the final terms of the Bonds are known, the Purchase Contract shall be finalized. The Chair, any member of the Board, the District Manager or the District Treasurer is authorized and directed to cause the Purchase Contract to be completed and executed and to finalize the terms thereof, including, but not limited to, establishing the principal amount of Bonds sold, the maturity amounts and dates and interest rates; provided, however, that the parameters of this resolution shall govern the Purchase Contract as finalized; and provided further, that neither the Chair, any member of the Board, the District Manager and the District Treasurer are authorized to insert in the Purchase Contract any terms or conditions which would be contrary to this resolution. Upon the completion, execution and delivery of the Purchase Contract, the Bonds are ordered sold to the Underwriter pursuant to the Purchase Contract. The execution and delivery of the Purchase Contract as completed shall be conclusive evidence of such approval of the final terms and provisions.

The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the

Purchase Contract. Any other provision of this resolution to the contrary notwithstanding, the Bonds shall not be sold for less than par any net premium on the Bonds shall be in accordance with Section 35-473.01, Arizona Revised Statutes.

Section 11. Funds and Accounts. The District Treasurer shall create the following fund and accounts which shall be held separate and apart and used only as provided herein:

(a) Bond Fund, which shall include:

- (i) Principal Account;
- (ii) Interest Account; and
- (iii) Redemption Account.

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

Section 12. Deposits to and Application of Bond Fund. The District shall deposit or shall cause, at the applicable times set forth below, to be immediately deposited from the tax levy described in Section 15 to the Bond Fund to the credit of the applicable accounts: (i) to the Principal and Interest Accounts, as applicable, on each December 14 and January 14 or, if either such date is not a Business Day, then the first Business Day immediately preceding such date, all amounts collected by or remitted to the District from the collections of taxes levied pursuant to this resolution; (ii) to the Redemption Account, amounts transferred from the Principal and Interest Accounts or other funds deposited pursuant to any optional or mandatory redemption of the Bonds; and (iii) such other funds as the District shall, from time to time, at its option deem advisable. The Principal, Interest and Redemption Accounts of the Bond Fund shall be applied solely to pay principal of (including any mandatory redemption amount then due), interest on and the redemption price with respect to the Bonds, respectively.

Section 13. Registrar and Paying Agent. If the book-entry-only system is discontinued, the District will maintain an office or agency where the Owners of the Bonds will be recorded in the registration books and the Bonds may be presented for registration or transfer (such entity performing such function shall be the "*Registrar*") and an office or agency where Bonds may be presented for payment (such entity performing such function shall be the "*Paying Agent*"). Bonds shall be paid by the Paying Agent in accordance with Section 3(D) of this resolution. The District may appoint one or more co-Registrars or one or more additional Paying Agents. The Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the Owners of the Bonds.

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

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

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

The Registrar shall keep a separate register for the Bonds. The register shall show the Owners of the Bonds and any transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer on the proper registration books if its requirements for transfer are met and shall authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity or payment date and rate of interest as the surrendered Bonds. All transfer fees and costs shall be paid by the transferor.

The "*Record Date*" for the Bonds shall be the close of business on the first (1st) day of the calendar month of an Interest Payment Date or principal payment date, as applicable. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent Interest Payment Date will be registered in the name of the transferee but the interest payment will be made payable to and mailed to the Owners shown on the books of the Registrar as of the close of business on the respective Record Date.

The Registrar may, but shall not be required to, transfer or exchange any Bonds during the period commencing on the Record Date to and including the respective Interest Payment Date. The Registrar may but need not register the transfer of a Bond which has been selected for redemption and need not register the transfer of any Bond for a period of fifteen (15) days before a selection of Bonds to be redeemed; if the transfer of any Bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the Bond or Bonds. If the Registrar transfers or exchanges Bonds within the period referred to above, interest on such Bonds shall be paid to the person who was the Owner at the close of business of the Registrar on the Record Date as if such transfer or exchange had not occurred.

The Registrar shall authenticate Bonds for original issue in the aggregate principal amount of not to exceed \$7,500,000 upon the written request of the District. The aggregate principal amount of Bonds outstanding at any time may not exceed those amounts except for replacement Bonds as to which the requirements of the Registrar and the District are met.

Section 14. Other Actions Necessary. The Chair (or any other member of the Board in the event the Chair is absent or unable to take the desired action), the District Manager, the District Clerk, the District Treasurer and the officers of the District shall take all action

necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by this resolution and the other documents described herein, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

Section 15. Tax Levy.

A. For each year while any Bond is outstanding, and subject to the limitations set forth in Section 5 above, the Board shall annually levy and thereafter forward to Maricopa County for collection an ad valorem tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources authorized pursuant to the Enabling Act and pursuant to this resolution, to pay Debt Service (as defined in the Enabling Act) when due, and the District's operation and maintenance expenses. In no event shall that portion of the tax rate utilized to pay the operation and maintenance expenses of the District, in any year, exceed \$0.30 per \$100 of assessed valuation.

B. Moneys derived from the levy of the tax provided for in this Section when collected and allocated to the Bonds constitute funds to pay Debt Service on the Bonds and shall be deposited in the Bond Fund and shall be kept separately from other funds of the District as set forth in Section 5 above (after deduction of the property tax revenues levied and utilized for the payment of the District's operation and maintenance expenses).

C. The Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds. The Board shall file the annual statements and estimates with the City Clerk of the City of Goodyear, Arizona and shall publish a notice of the filing of the estimate. The Board, on or before the date set by law for certifying the annual budget of the City of Goodyear, Arizona (the "City"), shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of Maricopa County, Arizona, and to the Department of Revenue of the State of Arizona (the "State"). All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

Section 16. No Obligation of City. Neither the full faith and credit nor the general taxing power of the City, the State nor any political subdivision thereof (other than the District) is pledged to the payment of the Bonds. The Bonds are obligations of the District only. None of the City, the State nor any political subdivision thereof (other than the District) will have any obligation with respect to debt service for the Bonds.

Section 17. Resolution a Contract. This resolution shall constitute a contract between the District and the Owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the Owners of the Bonds then outstanding. The performance by the Board of the obligations in this resolution, the Bonds and the other agreements listed in this resolution is hereby authorized, approved and it is ordered and directed to execute, deliver and perform such agreements.

Section 18. Ratification of Actions. All actions of the officers and agents of the District which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

This Board hereby acknowledges Gust Rosenfeld P.L.C.'s representation of the Underwriter in matters not involving the District or the Bonds and hereby consents to the representation of the District in the matters set forth in this resolution.

Section 19. Tax Covenant. In consideration of the purchase and acceptance of the Bonds by the Owners thereof and, as authorized by A.R.S., Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the District covenants with the Owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest income on the Bonds becoming subject to inclusion as gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

The Chair, any member of the Board, the District Manager or District Treasurer is authorized to execute and deliver all closing documents incorporating the District's representations necessary to exclude the interest on the Bonds from gross income for federal income tax purposes and other matters pertaining to the sale of the Bonds as required by bond counsel. The District Manager, the District Treasurer or a partner of Gust Rosenfeld P.L.C., bond counsel to the District ("*Bond Counsel*"), is authorized to execute and file on behalf of the District information reporting returns and to file or deliver such other information as may be required by Section 149(e) of the Internal Revenue Code of 1986, as amended (the "*Code*").

The Board further authorizes the employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code. The Chair, any member of the Board, the District Manager or District Treasurer are authorized to make any applicable elections necessary to avoid the rebate to the federal government of certain of the investment earnings attributable to the Bonds.

The District agrees that it will comply with such requirements and will take any such actions as in the opinion of Bond Counsel are necessary to prevent interest income on the Bonds from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by Bond Counsel; to pay to the United States of America any required amounts representing yield reduction payments or rebates of arbitrage profits relating to the Bonds; filing forms,

statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

The Board hereby authorizes the District Treasurer, or his or her designee, to represent and act for the District in all matters pertaining to the District's tax-exempt bonds, as may be necessary to comply, on a continuing basis, with the Internal Revenue Service, Securities Exchange Commission and other governmental entities' requests, reporting requirements and post issuance compliance policies and matters.

Section 20. Qualified Tax-Exempt Obligations. In the event the Chair, any member of the Board, the District Manager or the District Treasurer determines that the District reasonably expects to issue less than \$10,000,000 in principal amount of tax-exempt obligations in this current calendar year, the District may designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. If so designated, the Chair, any member of the Board, the District Manager or the District Treasurer shall certify in the closing certificates that it is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which shall be issued for or by the District in the current calendar year shall not exceed \$10,000,000.

Section 21. Other Moneys. The District Treasurer is authorized and directed to transfer such amounts of money from the District's Bond Fund as are or may be necessary to complete the refunding of the Bonds Being Refunded.

Section 22. Bond Insurance or Credit Enhancement. The District Manager or the District Treasurer is hereby authorized to expend or cause to be expended Bond proceeds to purchase bond insurance or other credit enhancements for the Bonds if it is determined by either of them to be in the District's best interest.

Section 23. Redemption of Prior Bonds and Weighted Average Maturity. Some or all of the maturities of the Prior Bonds may be refunded. Those selected for refunding are referred to herein as the Bonds Being Refunded. The Chair and the Board hereby order that the maturities of the Prior Bonds and the times that the Bonds Being Refunded will be redeemed will be determined by the District Treasurer and will be as set forth in the Official Statement. The weighted average maturity of the Bonds shall be at least 75% of the weighted average maturity of the Bonds Being Refunded.

Section 24. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Board hereby declares that it would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

Section 25. **Emergency.** To permit the immediate sale of the Bonds in order to avoid fluctuations in the bond market and to have the necessary funds available to refund the Bonds Being Refunded, the immediate operation of the provisions of this resolution is necessary for the preservation of the public peace, health and safety and an emergency is hereby declared to exist and this resolution will be in full force and effect from and after its passage by the Board and it is hereby excepted from the referendum provisions of the Arizona Constitution, as applicable.

PASSED, ADOPTED AND APPROVED by the Chair and Board of Directors of the Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona), Maricopa County, Arizona, on this 12th day of September, 2016.

District Chair

ATTEST:

District Clerk

APPROVED AS TO FORM:

District Bond Counsel

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA
COUNTY OF MARICOPA

I, the undersigned, Maureen Scott, being the duly appointed, qualified District Clerk of the Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona), Maricopa County, Arizona, certify that the foregoing Resolution No. PVCFD#3 RES 16-049, is a true, correct, and accurate copy of Resolution No. PVCFD#3 RES 16-049 passed and adopted at a Regular Meeting of the Board of Directors of Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona), Maricopa County, Arizona held on the 12th day of September, 2016, at which a quorum was present and, by a _____ vote, _____ voted in favor of said Resolution.

Given under my hand and seal this 12th day of September, 2016.

District Clerk

EXHIBIT A

(Form of Bond)

Number: R-_____

Denomination: _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR (OR ANY SUCCESSOR REGISTRAR) FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF ARIZONA

**PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BOND,
SERIES 2016**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
_____%	July 15, 20__	_____, 2016	696706__

Registered Owner: Cede & Co.

Principal Amount: _____ AND NO/100 DOLLARS (\$_____)

PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3 (CITY OF GOODYEAR, ARIZONA), a community facilities district formed by the City of Goodyear, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*District*"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

[INSERT CALL FEATURE HERE, IF APPLICABLE]

Interest is payable on January 15 and July 15 of each year commencing January 15, 2017, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal of and interest on this bond are payable in lawful money of the United States of America. Interest payments and principal payments that are part of periodic principal and interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date in accordance with existing arrangements between the District and DTC.

The "Record Date" for the Bonds shall be the close of business on the first (1st) day of the calendar month preceding an interest payment date or principal payment date, as applicable.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due, as limited as described herein.

This bond is one of an issue of general obligation refunding bonds in the aggregate principal amount of \$_____ of like tenor except as to amount, maturity date, redemption provisions, interest rate and number, issued by the District to provide funds to refund certain previously issued and outstanding bonds of the District, pursuant to a resolution of the Board of Directors of the District duly adopted prior to the issuance hereof (the "*Resolution*"), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation refunding bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the District sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged; provided, however, that the total aggregate of taxes levied to pay principal and interest on the issue of bonds of which this bond is one, in the aggregate shall not exceed the total aggregate principal and interest to become due on the bonds being refunded from the date of issuance of the issue of bonds of which this bond is a part to the final date of maturity of the bonds being refunded; and subject, further, to the rights vested in the owners of the bonds being refunded by the bonds of this issue to the payment of such bonds being refunded from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America purchased from the proceeds of the sale of the bonds of this issue and placed in trust for the purpose of providing for payment of principal of and interest on the bonds being refunded. The owner of this bond must rely on the sufficiency of the moneys and obligations placed irrevocably in trust for payment of the bonds being refunded.

Notwithstanding the above description of payment for the bonds being refunded with the in the event of an escrow deficiency, should this bond be refunded in advance of its maturity with proceeds of refunding bonds in the future, the holders of such bond so refunded shall rely on the sufficiency of the funds or securities held in trust for the payment of such bond so refunded. Payment of the bond being refunded at that time in the future shall in no way infringe on the rights of the holders of the subsequent refunding bonds to rely on a tax levy for the payment of principal of and interest on such subsequent refunding bonds if the funds or securities held in trust for payment of the bond so refunded prove insufficient.

Pursuant to Arizona law in effect at the time of issuance of this bond, this bond is not

secured by a statutory lien upon the property tax revenues of the District. Certain of the District's other outstanding bonds and future general obligation bonds are secured by such statutory lien. This means that in the event of the District's bankruptcy, a bankruptcy judge may consider this bond as subordinate to other general obligation bonds issued by the District and secured by ad valorem taxes levied of the District. The exact outcome if the District declared bankruptcy and any bankruptcy judge's potential preferential treatment of investors in certain of the District general obligation bonds to the detriment of investors in this bond cannot be predicted at this time.

Neither the full faith and credit nor the general taxing power of the City of Goodyear, Arizona, or the State of Arizona, or any political subdivision thereof (other than the District) is pledged to the payment of the bonds

So long as the book-entry-only system is in effect, this bond is non-transferable. If the book-entry-only system is discontinued, this bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar, which on the original issue date is the corporate trust office of U.S. Bank National Association, Phoenix, Arizona, upon surrender and cancellation of this bond. Bonds of this issue will be issued only in fully-registered form in the denomination of \$5,000 of principal or integral multiples thereof.

The registrar or the paying agent may be changed by the District without notice.

The District, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes and none of them shall be affected by any notice to the contrary.

Notwithstanding any other provision of this Bond to the contrary, this Bond is nontransferable unless the transferee or transferees provide the registrar and paying agent a completed certificate of sophisticated municipal market investor or certificate of qualified investor, as the case may be, in the form included in this Bond.

The District has caused this bond to be executed by the Chair of the Board of Directors of the District, attested by the District Clerk, and countersigned by the District Treasurer which signatures may be facsimile signatures. This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the registrar. This bond is prohibited from being issued in coupon or bearer form without the consent of the District and the occurrence of certain other conditions.

**PALM VALLEY COMMUNITY FACILITIES
DISTRICT NO. 3 (CITY OF GOODYEAR,
ARIZONA)**

Chair, Board of Directors

ATTEST:

District Clerk

COUNTERSIGNED:

District Treasurer

DATE OF AUTHENTICATION AND REGISTRATION: _____

AUTHENTICATION CERTIFICATE

This bond is one of the Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona) District General Obligation Refunding Bonds, Series 2016, described in the Resolution mentioned herein.

_____, as Registrar

Authorized Representative

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-as tenants in common	UNIF GIFT/TRANS MIN ACT-_____Custodian_____
TEN ENT-as tenants by the entireties	(Cust) (Minor)
JT TEN-as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts/Transfers to Minors Act_____ (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received the undersigned, subject to the transfer restrictions described in the within Bond, hereby sells, assigns, and transfers unto (print or typewrite name, address, and zip code of transferee):

(Print or typewrite Social Security or other identifying number of transferee:

_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (print or typewrite name of attorney) _____, attorney, to transfer the within Bond on the book kept for

registration thereof, with full power of substitution in the premises.

DATED: _____

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

NOTICE: The signature(s) on this assignment must
correspond with the name(s) of the registered owner(s)
appearing on the face of the within Bond in every particular.
program acceptable to the Registrar.