

CTTNFLWRCFD RES 17-057

A RESOLUTION OF THE BOARD OF DIRECTORS OF COTTONFLOWER COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) AUTHORIZING THE ISSUANCE AND SALE OF ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,300,000; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; APPROVING THE FORM OF THE BONDS AND CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; 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 Cottonflower Community Facilities District (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) CFCFD RES 03-011 adopted May 27, 2003, (3) an Indenture of Trust and Security Agreement, dated as of July 1, 2003, by and between the District and Wells Fargo Bank, N.A., as trustee, (4) CTTNFLWRCFD RES 04-016 adopted on April 26, 2004, (5) an Indenture of Trust and Security Agreement, dated as of June 1, 2004, by and between the District and Wells Fargo Bank, N.A., as trustee, the District previously issued its District General Obligation Bonds, Series 2003 (the "*2003 Bonds*"), and its District General Obligation Bonds, Series 2004 (the "*2004 Bonds*" and, together with the 2003 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 certain feasibility studies.

(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 2017 (Bank Qualified) (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 a portion of 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 issued to refinance the Bonds Being Refunded 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) The Board shall receive a proposal for the purchase of the Bonds from one or more financial institutions and the District Manager, District Treasurer or other authorized District officer may award the Bonds for purchase to one or more financial institutions (the "*Purchaser*") in the form of a Purchase Contract (the "*Purchase Contract*") executed by and between the District and the Purchaser, and on such terms as may hereafter be approved by the District Manager or District Treasurer.

(h) The Purchaser will execute a Certificate of Qualified Investor in form and substance satisfactory to the District Manager and District Treasurer.

(i) The proposed form of the Purchase Contract relating to the Bonds, by and between the District and the Purchaser, has been placed on file with the District Clerk.

(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 Purchaser in accordance with the Purchase Contract and at such prices, interest rates, maturities and redemption features as may be hereafter determined.

(k) The Board hereby finds and determines that the Bonds are not being sold in a public offering for purposes of the Enabling Act and all other purposes.

Section 2. Authorization. The Board hereby authorizes the Bonds to be issued and sold in one or more series of general obligation refunding bonds of the District in an aggregate principal amount not to exceed \$2,300,000. The series shall be designated "*Cottonflower Community Facilities District (City of Goodyear, Arizona) District General Obligation Refunding Bonds, Series 2017 (Bank Qualified)*" and shall be issued in an aggregate principal amount not to exceed \$2,300,000. The Bonds shall be issued in accordance with the Enabling Act and the Refunding Act. The Bonds shall be issued for the purpose of providing funds to be used to (i) refund the Bonds Being Refunded and (ii) 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 2028, 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 final form of the Purchase Contract, as approved by the District officials in accordance herewith, may include provisions for a default interest rate or taxable interest rate on the Bonds. Any such default interest rate or taxable interest rate on the Bonds shall not exceed 7.00%.

The principal amount maturing in each year, the denominations, 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. 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 July 15, 2017 (or on such other date as set forth in the Purchase Contract).

B. Registration and Transfer. The Bonds may be registered in the name of the Purchaser. The Bonds may not be transferred unless (i) to a transferee that is a Qualified Investor (as defined herein) and provides the District with a completed Certificate of Qualified Investor and (ii) the Qualified Investor agrees to comply with all applicable federal and state securities laws. For the purposes of the Bonds, "*Qualified Investor*" means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor (excluding natural persons) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who executes the Certificate of Qualified Investor. The District and the Purchaser may provide other terms for the signatures, authentication, registration, transfer and exchange in the Purchase Contract. If necessary, the Bonds will be administered by the District in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the District in the manner set forth in the Bonds.

C. Payment. Interest on the Bonds will be payable on each Interest Payment Date by the District by check mailed to the Purchaser, or subsequent transferee (the Purchaser and any subsequent transferee of the Bonds are referred to herein as the "*Owner*"), at the Owner's address on file with the District.

Principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated offices of the District. 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.

The District and the Purchaser may provide other terms for the payment or redemption of the Bonds in the Purchase Contract.

D. 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 to the District 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. Notice of redemption of any Bond will be mailed by first class mail, postage prepaid, to the Owner thereof, at the address on file with the District, not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

If at the time of mailing of the notice of redemption there has not been deposited with the District, or on behalf of the District, moneys or eligible securities sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the redemption and satisfaction of such conditions.

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 District, 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 Owner 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 office of the District, and the District shall execute and 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 issued to refund the Bonds Being Refunded 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, shall be immediately transferred to Wells Fargo Bank, N.A., as trustee for the Bonds Being Refunded (the "*Refunded Trustee*"), or as otherwise directed by the District Treasurer or District Manager, 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 Refunded 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 applicable Indenture of Trust and Security Agreement pertaining to the Bonds Being Refunded. The Refunded 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.

A portion of the proceeds of the Bonds shall be deposited in a Costs of Issuance Account established within the Bond Fund pursuant hereto, and used by the District to pay costs of issuance of the Bonds and as otherwise as described in this resolution.

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.

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.

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 District Clerk and, as applicable, 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.

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. **Authority.** 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 District 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 District of evidence satisfactory to the District that such

Bond was destroyed or lost, and furnishing the District 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 Purchaser shall purchase the Bonds pursuant to the form of Purchase Contract submitted to and on file with the District Clerk 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 each hereby 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, maturity dates, interest rates and optional and mandatory redemption provisions; provided, however, that the parameters of this resolution shall govern the Purchase Contract as finalized; and provided further, that none of 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 Purchaser 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 Purchaser 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 and 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 funds 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;
 - (iii) Redemption Account; and
 - (iv) Costs of Issuance Account.

The money deposited to the funds 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 14 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.

A portion of the proceeds of the Bonds shall be deposited in the Costs of Issuance Account for the purpose of paying the costs of issuance of the Bonds. Such amounts shall not be invested. The District shall pay the costs of issuance upon receipt of invoices therefor. Any amounts remaining on July 15, 2017, shall be transferred to the Interest Account and used to pay interest on the Bonds.

Section 13. 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 14. 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 15. 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 16. Resolution a Contract. This resolution shall constitute a contract between the District and the Owner of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the Owner 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 17. 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. may represent the Purchaser in matters not involving the District or the Bonds and hereby waives any conflict consents to the representation of the District in the matters set forth in this resolution.

Section 18. Tax Covenant. In consideration of the purchase and acceptance of the Bonds by the Owner 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 each hereby 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 each hereby 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 is each hereby 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 19. 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 20. Other Moneys and Direction to Refunded Trustee. The District Treasurer is hereby 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. Furthermore the District Manager, District Treasurer or other officer of the District is each hereby authorized (i) enter into any necessary agreements with the Refunded Trustee of the Prior Bonds and (ii) direct such Refunded Trustee of the Prior Bonds to take such action or provide such notices to effectuate the transactions contemplated by this resolution.

Section 21. Bond Insurance or Credit Enhancement. The District Manager or the District Treasurer is each 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 22. 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. The weighted average maturity of the Bonds shall be at least 75% of the weighted average maturity of the Bonds Being Refunded.

Section 23. 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 24. 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 Cottonflower Community Facilities District (City of Goodyear, Arizona), Maricopa County, Arizona, on this 9th day of January, 2017.

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, _____, being the duly appointed, qualified District Clerk of Cottonflower Community Facilities District (City of Goodyear, Arizona), Maricopa County, Arizona, certify that the foregoing Resolution No. CTTNFLWRCFD RES 17-057, is a true, correct, and accurate copy of Resolution No. CTTNFLWRCFD RES 17-057 passed and adopted at a Regular Meeting of the Board of Directors of Cottonflower Community Facilities District (City of Goodyear, Arizona), Maricopa County, Arizona held on the 9th day of January, 2017, at which a quorum was present and, by a _____ vote, _____ voted in favor of said Resolution.

Given under my hand and seal this 9th day of January, 2017.

District Clerk

EXHIBIT A

(form of Bond)

Number: R-_____

Denomination: \$_____

RESTRICTIONS ON TRANSFER. THIS BOND MAY BE TRANSFERRED ONLY IN WHOLE AND ONLY TO A "QUALIFIED INVESTOR," AS SUCH TERM IS DEFINED IN RULE 144A OF THE SECURITIES ACT OF 1933, AS AMENDED, OR AN ACCREDITED INVESTOR (EXCLUDING NATURAL PERSONS) AS DEFINED IN RULE 501 OF REGULATION D OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, WHO EXECUTES THE CERTIFICATE OF QUALIFIED INVESTOR.

UNITED STATES OF AMERICA
STATE OF ARIZONA

**COTTONFLOWER COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BOND,
SERIES 2017**

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Dated Date</u>
_____%	July 15, 20__	_____, 2017

Registered Owner: _____.

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

COTTONFLOWER COMMUNITY FACILITIES DISTRICT (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 (or at the Default Rate or Taxable Rate, each as described herein).

Interest is payable on January 15 and July 15 of each year commencing July 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 shall be computed at the rate set forth above, or at the Taxable Rate (as defined in the Purchase Contract referenced in the Resolution (as defined herein)), if the Taxable Rate is then in effect due to a Determination of Taxability (as defined in the Purchase Contract), or by the Default Rate (as defined in the Purchase Contract) if the Default Rate is then in effect due to a non-payment Event of Default (as defined in the Purchase Contract), or a combination of a non-payment Event of Default and a Determination of Taxability. 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 the registered owner, as shown on the registration books maintained by the District, at the address appearing therein at the close of business on the first day of the calendar month next preceding that interest payment date. [[Annual payments of principal represented by mandatory sinking fund installments shall not require the surrender of this bond.]]

The bonds will be issued, sold and delivered only in fully registered form in principal denominations of [\$100,000] or \$1,000 integral multiples in excess thereof.

INSERT REDEMPTION FEATURES, IF APPLICABLE

Notice of redemption of any bond will be mailed by first class mail, postage prepaid, to the registered owner thereof, at the address on file with the District, not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given.

If at the time of mailing of the notice of redemption there has not been deposited with the District, or on behalf of the District, moneys or eligible securities sufficient to redeem all the bonds called for redemption, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the redemption and satisfaction of such conditions.

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

This Bond may be transferred only in whole and only to a "qualified investor," which means a qualified institutional buyer, as such term is defined in Rule 144A, of the Securities Act of 1933, as amended or an accredited investor (excluding natural persons) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission, who executes a Certificate of Qualified Investor in the form attached hereto as Schedule 1, and who agrees to comply with all applicable federal and state securities laws. As necessary, the District shall act as the registrar for the bonds.

The District 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.

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.

**COTTONFLOWER COMMUNITY
FACILITIES DISTRICT (CITY OF
GOODYEAR, ARIZONA)**

Chair, Board of Directors

ATTEST:

District Clerk

COUNTERSIGNED:

District Treasurer

(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.

SCHEDULE 1

(Form of Certificate of Qualified Investor)

COTTONFLOWER COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA)

Re: \$_____ District General Obligation Refunding Bonds, Series 2017
(Bank Qualified)

1. Please be advised that the undersigned is a Qualified Investor (as hereinafter defined) and is purchasing directly the captioned bonds (hereinafter referred to as the "Bonds"), such Bonds being in the original aggregate principal amount of \$_____, [bearing the number R-1]. Such purchase is solely for the account of the undersigned, for the purpose of investment and not with an intent for or view to distribution or resale.

2. In the event that the undersigned transfers such Bonds or any part thereof, the undersigned shall comply with all provisions of the resolution of Cottonflower Community Facilities District (City of Goodyear, Arizona) (the "District") authorizing the issuance of the Bonds, adopted on January 9, 2017 (the "Resolution"). The undersigned understands that, unless the transfer restrictions terminate pursuant to the Resolution, a transferee shall be a Qualified Investor (as hereinafter defined), and must sign a letter in the form of this letter and provide such letter to the Trustee before any transfer of any Bonds to such transferee will be registered.

3. The undersigned acknowledges that it is a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor (other than a natural person) as defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission) (either of which shall constitute a "Qualified Investor").

4. The undersigned understands that: (i) the Resolution and the Bonds are not being registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions set forth in that act, (ii) the Resolution and the Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of the State of Arizona or any other state, (iii) any transfer of the Bonds must comply with federal and state securities laws, (iv) any sale or transfer of the Bonds, or interests therein, must be to Qualified Investors, (v) the Bonds will not be listed on any stock or other securities exchange, (vi) the Bonds will not carry any bond rating from any rating service and (vii) the Bonds are not likely to be readily marketable.

5. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bonds or an interest therein by the undersigned, and agrees to hold the District harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such undersigned's failure to comply.

6. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including, but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, and the probable lack of any secondary market for the Bonds. The

undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the District in making its decision to purchase the Bonds.

7. The undersigned acknowledges that the District and the respective officers, directors, council members, advisors, employees and agents thereof have not undertaken to furnish, nor has the undersigned requested, any information to ascertain the accuracy or completeness of any information that may have been furnished by any other party.

8. This certificate and all rights and responsibilities described in it shall be governed by, and interpreted in accordance with, the laws of the State of Arizona. The federal and state courts of the State of Arizona shall have sole and exclusive jurisdiction over any dispute arising from the purchase and sale of the Bonds.

[PURCHASER]

By: _____

Printed Name: _____

Title: _____