

EMRCFD RES 17-105

A RESOLUTION OF THE BOARD OF DIRECTORS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND SECURITY AGREEMENT, A PURCHASE CONTRACT RELATING TO THE BONDS, A STANDBY CONTRIBUTION AGREEMENT, A DEPOSITORY TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; RATIFYING AND APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; AUTHORIZING THE PREPARATION OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AND AUTHORIZING THE LEVYING OF AN AD VALOREM TAX ON TAXABLE PROPERTY IN THE DISTRICT FOR THE PAYMENT OF THE BONDS; AND AUTHORIZING THE TAKING OF OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS; DECLARING AN EMERGENCY.

BE IT RESOLVED by the Board of Directors ("*District Board*") of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the "*District*") as follows:

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 District 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 District 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 District Board canvassed the Election and resolved that such bonds were authorized to be issued.

(c) Pursuant to (1) the Enabling Act and (2) EMRCFD RES 05-036 adopted June 13, 2005, (3) an Indenture of Trust and Security Agreement, dated as of September 1, 2005, by and between the District and Wells Fargo Bank, N.A., as trustee, (4) EMRCFD RES 07-066 adopted October 15, 2007, (5) an Indenture of Trust and Security Agreement, dated as of December 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 2005 (the "*2005 Bonds*"), and its District General Obligation Bonds, Series 2007 (the "*2007 Bonds*" and together with the 2005 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 District 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 its certain District General Obligation Refunding Bonds, Series 2017 (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 all or 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 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 District 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 District has also determined to enter into an Indenture of Trust and Security Agreement, to be dated as of February 1, 2017 (the "*Indenture*"), or such other date as set forth in the hereinafter defined Purchase Contract for the sale of the Bonds, from the District to U.S. Bank National Association, as trustee (the "*Trustee*"), to secure, and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the issuance and sale of the Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

(h) The District Board has determined to enter into a Standby Contribution Agreement, to be dated as of February 1, 2017 (the "*Standby Contribution Agreement*"), or such other date as set forth in the Purchase Contract, by and between the District and NNP III - Estrella Mountain Ranch, LLC, a Delaware limited liability company, to pay debt service for the Bonds not paid from the revenues of the District's tax levy for such purposes.

(i) Pursuant to the Enabling Act, the District Board has determined to enter into a Depository Trust Agreement, to be dated as of February 1, 2017 (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.

(j) The District Board shall receive a proposal for the purchase of the Bonds from Stifel, Nicolaus & Company, Incorporated (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.

(k) There have been placed on file with the District Clerk (1) the proposed form of the Standby Contribution Agreement, (2) the proposed form of the Indenture, (3) 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 Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*"), (4) the proposed form of a Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") relating to the Bonds, to be dated the date of delivery thereof, (5) the proposed form of the Depository Trust Agreement, and (6) 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 which, with such completions and changes as may be necessary will constitute the form of the Final Official Statement (the "*Final Official Statement*"). (The documents described in clauses (1) through (6), inclusive, of this paragraph are referred to, collectively, as the "*Bond Documents*").

(l) Within and by the parameters set forth in this resolution, the District 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.

2. Approval of Issuance and Sale of Bonds.

(a) The Bonds are hereby authorized to be issued in one series of general obligation refunding bonds of the District in a principal amount not to exceed \$15,000,000 to be designated "*Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) District General Obligation Refunding Bonds, Series 2017*". The Bonds shall be issued in accordance with the Enabling Act and the Refunding Act. The District Manager or District Treasurer is each hereby authorized and directed to determine on behalf of the District: (1) the dated date and total principal amount of Bonds, (2) the final principal and maturity schedule of the Bonds, (3) the interest rate on each maturity of the Bonds and the dates for payment of such interest, (4) the provisions for redemption in advance of maturity of the Bonds, (5) the sales price and terms of the Bonds (including for original issue premium and/or discount), and (6) the provision for credit enhancement, if any, for the Bonds upon the advice of the Underwriter and the District's Financial Advisor; provided, however, if the net premium associated with the Bonds is used to refund the Bonds Being Refunded and the principal amount of the Refunding Bonds is less than the principal amount of the Bonds Being Refunded, the difference between such principal amounts reduces the available aggregate indebtedness capacity of the District and does not cause any increase or decrease in the amount of bonds authorized at the Election. The Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract.

(b) 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 District 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 District 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.

(c) This Resolution shall evidence the exercise by the District of its option to redeem the Bonds Being Refunded.

3. Forms, Terms and Provisions and Execution and Delivery of Bonds.

The forms, terms and provisions of the Bonds provided for in the Indenture are hereby approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Bonds and, if appropriate, each is hereby authorized and directed to execute and deliver them. (The persons who shall so execute and deliver the Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Bonds.) The Bonds 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 7.50%.

4. Forms, Terms and Provisions and Execution and Delivery of Bond Documents. The forms, terms and provisions of the Bond Documents in substantially the forms of the Bond Documents (including the exhibits thereto) currently on file with the District Clerk are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the Bond Documents, which approval will be conclusively demonstrated by the execution thereof, and the Chairperson (or any other member of the District Board in the event the Chairperson is absent or such signature cannot be obtained), the District Manager, the District Treasurer and the District Clerk or any of such officers are each hereby authorized and directed to execute the Bond Documents, as may be required.

5. Authorization to Execute and Deliver Order to Trustee; Instruction to Refunded Trustee.

(a) The District Manager and District Treasurer are each hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Bonds by the Trustee.

(b) The District Manager and District Treasurer are each hereby authorized to direct Wells Fargo Bank, N.A., as trustee of the Prior Bonds, as to matters pertaining to the transaction contemplated hereby, including the distribution of redemption notices.

6. Other Actions Necessary. The Chairperson (or any other member of the District Board in the event the Chairperson is absent or unable to take the desired action), the District Manager, the District Treasurer, the District Clerk 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 the Bond Documents, including without limitation, the acquisition of credit enhancement for the Bonds, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the Bonds.) The District Manager or District Treasurer may agree, on behalf of the District, to provide annual continuing disclosure regarding the District to the Underwriter and such parties as the Underwriter may request and to use the services of a dissemination agent to satisfy such request.

7. Distribution of Disclosure Documents. The Preliminary Official Statement is hereby deemed final for all purposes of SEC Rule 15c(2)(12), its distribution by the Underwriter is hereby authorized and approved, and the District Manager or any member of the District Board is hereby authorized and directed to complete, execute and deliver the Final Official Statement in substantially the form presented at the meeting at which this Resolution was adopted, with such completions and changes as may be acceptable to such District Manager or member of the District Board, and the distribution and use of the Final Official Statement by the Underwriter is hereby approved.

8. Tax Levy.

(a) For each year while any Bond is outstanding, the District 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 in the Enabling Act and provided for under the Bond Documents, to pay Debt Service when due, but limited as provided by the Refunding Act.

(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 and shall be deposited in the Bond Fund for the Bonds and shall be kept separately from other funds of the District.

(c) The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds and such other costs of the District as are permitted under the Enabling Act. The District Board shall file the annual statements and estimates with the City Clerk of the City of Goodyear, Arizona (the "City"), and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of 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 State of Arizona Department of Revenue. 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.

9. No Obligation of the City. Nothing contained in this resolution, the Bond Documents or any other instrument shall be construed as obligating the City or as incurring a

charge upon the general credit or any other credit or revenues of the City nor shall the breach of any agreement contained herein, in the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit or any other credit or revenues of the City.

10. Appointment of Trustee, Depository Trustee and District Clerk. U.S. Bank National Association, is hereby confirmed as Trustee, Registrar and Paying Agent for the purpose of the Indenture, and as Depository Trustee for the purpose of the Depository Trust Agreement. The District Clerk shall continue to be the person serving as City Clerk of the City. The District Manager shall continue to be the person serving as City Manager.

11. 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 Chairperson and the District 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.

12. Repeal of Resolution. After any of the Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

13. Severability; Amendment.

(a) 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 District 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.

(b) This Resolution may only be amended as provided by the terms of the Indenture.

14. 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 District Board and it is hereby excepted from the referendum provisions of the Arizona Constitution, as applicable.

PASSED, ADOPTED AND APPROVED by the District Board of Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) on January 9, 2017.

**ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT (CITY
OF GOODYEAR, ARIZONA)**

Chairperson, District Board

ATTEST:

District Clerk

APPROVED AS TO FORM:

Gust Rosenfeld P.L.C.
Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) at a regular meeting held on January 9, 2017, and that a quorum was present thereat and that the vote thereon was _____ ayes and _____ nays; _____ did not vote or were absent.

District Clerk