

**QUAIL CREEK COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 31**

A RESOLUTION OF THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT AUTHORIZING THE SALE AND ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT), A SERIES 2016 STANDBY CONTRIBUTION AGREEMENT, A SERIES 2016 DEPOSITORY AGREEMENT, A SERIES 2016 INDENTURE OF TRUST AND SECURITY AGREEMENT, A BOND PURCHASE AGREEMENT, A SERIES 2016 CONTINUING DISCLOSURE UNDERTAKING AND CERTAIN OTHER DOCUMENTS RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF THE BONDS AND MATTERS RELATED THERETO TO THE DISTRICT MANAGER; APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; AUTHORIZING THE PREPARATION OF A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS AND AUTHORIZING THE SUBSEQUENT LEVYING OF AN AD VALOREM PROPERTY TAX WITH RESPECT TO THE BONDS; ADOPTING POST-ISSUANCE TAX COMPLIANCE AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE DISTRICT AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION

BE IT RESOLVED BY THE DISTRICT BOARD OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

- a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter called the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Sahuarita, Arizona (hereinafter called the "Municipality"), Quail Creek Community Facilities District (hereinafter called the "District") and Robson Ranch Quail Creek, LLC (hereinafter called the "Owner") entered into a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005 (hereinafter called the "Development Agreement") to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.
- b. With regard to the property which makes up the real property included within the District, the District and the Owner specified some of such matters in the Development Agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance by the Municipality or other

appropriate political subdivisions, the reimbursement or repayment of the Owner with respect thereto, the advance of moneys for public infrastructure purposes and the repayment of such advances and the obtaining of credit enhancement for, and processing of disbursement and investment of proceeds of, certain bonds, all pursuant to the Act.

- c. This district board of the District (hereinafter called the "District Board") has determined to enter into a First Amendment to the Development Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Second Series of the Bonds (hereinafter called the "Development Agreement Amendment"), with the Owner to provide for certain amendments to the Development Agreement.
- d. The District is authorized (1) by Section 48-719, Arizona Revised Statutes to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with The General Plan of Quail Creek Community Facilities District (hereinafter called the "General Plan") and (2) by Section 48-709(G), Arizona Revised Statutes to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Municipality, pursuant to Section 48-709(A)(10), Arizona Revised Statutes.
- e. Such bonds may not be issued unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who will be qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes [being, if no person has registered to vote within the area to be included within the boundaries of the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who will be qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes (hereinafter called the "qualified electors"),] the question of authorizing the District Board to issue such bonds (hereinafter called the "Bonds").
- f. The District Board deemed it necessary and advisable to order and call such an election and to establish the procedures whereby such election should be held and did so pursuant to Resolution No. 1 adopted by us on September 12, 2005 (hereinafter called the "Election Resolution"), which provided that a special election be held on November 8, 2005 (hereinafter called the "Election"), at which time there was submitted to the qualified electors of the

District the question set forth in the official ballot described in the Election Resolution.

- g. The election board for the Election filed with the District Board its returns of election and the ballots cast at the polling place, and the District Board canvassed the returns of the Election and determined (1) that a total of one (1) ballot(s) had been cast in response to the questions submitted, that in answer to the questions submitted, such ballot was marked "Bonds, Yes" and no ballots were marked "Bonds, No" with respect to the issuance of the Bonds; (2) that the Election had been conducted and the returns thereof made as required by law and (3) that only qualified electors were permitted to vote at the Election.
- h. Pursuant to Resolution No. 2 adopted by us on November 14, 2005, the District Board found and determined that a majority of the votes cast by the qualified electors voting at the Election voted "Bonds, Yes" and that up to and including \$30,000,000 aggregate principal amount of general obligation bonds are therefore authorized to be sold and issued.
- i. The District Board has caused \$12,660,000 aggregate principal amount of the Bonds, designated General Obligation Bonds, Series 2006 and dated June 21, 2006 (hereinafter called the "First Series of Bonds"), to be sold and issued to construct or acquire certain projects relating to certain public infrastructure provided for in the General Plan.
- j. The District is authorized by Sections 35-473.01 and 48-719, Arizona Revised Statutes to issue and sell refunding bonds to refund any general obligation bonds of the District.
- k. The District Board (1) has determined and found that it is expedient to refund all of the remaining, outstanding of the First Series of Bonds (hereinafter referred to as the "Bonds Being Refunded") and that the issuance of certain general obligation refunding bonds by the District (hereinafter called the "Second Series of Bonds") and the application of the net proceeds thereof to pay at maturity or earlier redemption the Bonds Being Refunded are necessary and advisable and in the best interests of the District and shall result in a present value debt service savings, net of costs associated with the Bonds, of not less than three percent (3%) and (2) shall enter in its minutes a record of the Second Series of Bonds sold and their numbers and dates and 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 hereinafter defined) when due; provided, however, that the total aggregate of taxes levied to pay principal of and interest on the Second Series of 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 Second Series of Bonds to the final date of maturity of the Bonds Being Refunded; the owners of the Second Series of Bonds shall rely upon the sufficiency of the funds deposited as described in the hereinafter described Indenture for the payment of the Bonds Being Refunded and the issuance of the Second Series of Bonds shall in no way infringe upon the rights of the owners of the Bonds Being Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds Being Refunded if such funds prove insufficient.

- l. Pursuant to the Act, the District Board has determined to enter into a Series 2016 Standby Contribution Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds determined as provided herein (hereinafter called the "Standby Contribution Agreement"), by and among the District, the Owner and U.S. Bank National Association, as trustee (hereinafter called the "Trustee"), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Second Series of Bonds.
- m. Pursuant to the Act, the District Board has also determined to enter into a Series 2016 Depository Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds determined as provided herein (hereinafter called the "Depository Agreement"), by and between the District and U.S. Bank National Association, as depository (hereinafter called the "Depository"), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Second Series of Bonds.
- n. Pursuant to the Act, the District Board has further determined to enter into a Series 2016 Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds as provided herein (hereinafter called the "Indenture"), from the District to the Trustee to secure (including with amounts to be available pursuant to the Standby Contribution Agreement and the Depository Agreement), and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Second Series of 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 sale and issuance of the Second Series of Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Second Series of Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

- o. Pursuant to the Act, the District Board has further also determined to enter into a Series 2016 Continuing Disclosure Undertaking, to be dated even date with the delivery of the Second Series of Bonds (hereinafter called the "Undertaking") to provide for certain securities laws related, on-going, secondary market disclosure matters related to the Second Series of Bonds.
- p. There have been placed on file with the District Clerk of the District and presented to the District Board in connection with the amendment of the Development Agreement, the proposed form of the Development Agreement Amendment, and, the purposes described in paragraphs 1.1. through n. (1) the proposed form of the Standby Contribution Agreement, (2) the proposed form of the Depository Agreement, (3) the proposed form of the Indenture, (4) the proposed form of the Bond Purchase Agreement relating to the Bonds, to be dated even date with their sale (hereinafter called the "Bond Purchase Agreement"), by and between the District and Hilltop Securities, Inc. (hereinafter called the "Underwriter"), (5) the proposed form of the Undertaking and (6) the proposed form of the Preliminary Official Statement relating to the Bonds, to be dated the date of the mailing thereof (the "Preliminary Official Statement"). (The documents described in Clauses (1) through (5), both inclusive, are hereinafter referred to, collectively, as the "Bond Documents.")
- q. The District Board hereby finds and determines that (1) the amount of indebtedness evidenced by the Bonds Being Refunded does not exceed the estimated cost of the public infrastructure improvements financed with the proceeds of the sale thereof plus all costs connected with the public infrastructure purposes related thereto and sale and issuance of the Second Series of Bonds and (2) the total aggregate outstanding amount of the Second Series of Bonds will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District, all as provided in the Act.
- r. The District Board hereby further finds and determines that, in order to have the Second Series of Bonds insured by Assured Guaranty Municipal Corp. (hereinafter called "AGM"), to the extent not otherwise prohibited by applicable law from resolving to do so, while any of the Second Series of Bonds remains outstanding and AGM is not in default with respect to its policy for the Second Series

of Bonds, additional amounts of the Bonds shall not be issued unless, at the time of issuance thereof, the principal amount of the Bonds and of any bonds issued to refund the Bonds then outstanding and to be outstanding is not more than fifty percent (50%) of the Net Assessed Property Value for Secondary Tax Purposes (as such term is defined in the Preliminary Official Statement) of the property within the boundaries of the District as of the last preceding tax levy.

- s. Pursuant to the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), and the regulations promulgated thereunder (hereinafter called the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes (hereinafter called "Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations, and the District Board has determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the District comply with the provisions of the Code and the Regulations (hereinafter called the "Tax Compliance Procedures").
- t. Pursuant to Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Rule"), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule and the District Board has determined that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the obligations of the District and to assist the Participating Underwriters in complying with the Rule and such written undertakings (hereinafter, together with the Tax Compliance Procedures, referred to as the "Procedures").
- u. There has also been placed on file with the District Clerk of the District and presented to the District Board the Procedures.
- v. All formal actions concerning and relating to the passage of this Resolution were taken in an open meeting, in compliance with all legal requirements, and all things required to be done preliminary to the authorization, sale and issuance of the Second Series of Bonds have been duly done and performed in the manner required by law, and the

District Board is now empowered to proceed with the sale and issuance of the Second Series of Bonds.

- w. All actions to refund the Bonds Being Refunded, whether taken before or after adoption of this Resolution, are ratified and confirmed and approved, respectively.
2. a. Approval of Sale and Issuance of Second Series of Bonds. The Second Series of Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated "General Obligation Refunding Bonds, Series 2016." The Second Series of Bonds shall be issued in the aggregate principal amount, be in fully registered form only and denominations, bear interest from their date, be numbered and mature and be subject to redemption prior to maturity, in each case as provided in the Indenture as determined by the District Manager as hereinafter provided. (The Bonds Being Refunded shall be paid at maturity or redeemed on the earliest redemption date.) The District Manager is hereby authorized and directed to determine on behalf of the District: (1) the dated date (but not later than December 31, 2016) and total principal amount of the Second Series of Bonds and whether the Second Series of Bonds shall be designated as "bank qualified" for purposes of Section 265(b)(3) of the Code; (2) the final principal and maturity schedule of the Second Series of Bonds; (3) the interest rate on each maturity of the Second Series of Bonds and the dates for payment of such interest; (4) the provisions for redemption in advance of maturity of the Second Series of Bonds; (5) the sales date, sales price and other terms of sale of the Second Series of Bonds and (6) the provisions for credit enhancement, if any, for the Second Series of Bonds upon the advice of the Underwriter including pursuant to the Standby Contribution Agreement and the Depository Agreement and purchasing bond insurance for the Bonds; provided, however, that the foregoing determinations must result in at least the savings indicated in the recitals hereto. The Second Series of Bonds shall be sold to the Underwriter in accordance with the terms of the Bond Purchase Agreement and at a price specified therein with original issue discount and underwriter's compensation in an amount approximately equal to the amount in each case as determined by the District Manager who is hereby authorized and directed to so determine such matters. (If the Second Series of Bonds is insured by AGM, it is further hereby resolved that the condition described in paragraph (r) of the Findings hereto is made effective with the limitations described therein.)
- b. Forms, Terms and Provisions, and Execution and Delivery, of Second Series of Bonds. The forms, terms and provisions of the Second Series of 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 Second Series of Bonds, and each is hereby authorized to execute and deliver them. (The persons who shall so execute and deliver the Second Series of Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Second Series of Bonds.)

- c. Forms, Terms and Provisions, and Execution and Delivery, of Development Agreement Amendment and Bond Documents. The forms, terms and provisions of the Development Agreement Amendment and the Bond Documents in substantially the forms of such documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, 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 documents, which approval will be conclusively demonstrated by the execution thereof, and the District Manager and the District Clerk are hereby authorized to execute and attest, respectively, the Development Agreement Amendment and the Bond Documents.
- d. Authorization to Execute and Deliver Order to Trustee. The District Manager is hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Second Series of Bonds by the Trustee.
- e. Other Actions Necessary. The District Manager, the District Clerk and the other 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 closing and other documents required to be delivered in connection with the sale and delivery of the Second Series of 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 Second Series of Bonds.)
- f. Distribution of Disclosure Documents.
 - 1. The distribution by the Underwriter of the Preliminary Official Statement is hereby authorized and directed, and the District Manager is hereby authorized and directed to prepare, or cause the preparation of, and to execute the Final Official Statement for the Second Series of Bonds, to be dated even date with their sale, and the distribution of the Final Official Statement by the Underwriter is hereby approved.

2. The District Manager is hereby authorized to deem the Preliminary Official Statement "final" as of its date for purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended. In that respect, the District Manager is further authorized to modify, or authorize the modification of, the Preliminary Official Statement.

g. Tax Levy.

1. For each year while any of the Second Series of Bonds are outstanding, the District Board shall, with the limitations described in the Recitals hereto, annually levy and cause to be collected 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 in the Enabling Act and under the Indenture, to pay Debt Service when due.

2. Moneys derived from the levy of the tax provided for in this Section with respect to the Second Series of Bonds when collected constitute funds to pay Debt Service and shall be kept in the Series 2016 Tax Account and separately from other funds of the District.

3. The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Bonds. The District Board shall file the annual statements and estimates with the Clerk of the Municipality 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 Municipality, 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 Pima County, Arizona, and to the Department of Revenue of 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.

h. No Obligation of Municipality. Neither the full faith and credit nor the general taxing power of the Municipality is pledged to the payment of the Bonds. Nothing contained in this Resolution, the Bond Documents or any other instrument related to the Bonds shall be construed as obligating the Municipality, or as incurring a charge upon the general credit or any other credit or revenues of the Municipality nor shall the breach of any agreement contained in this

Resolution, 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 Municipality.

- i. Appointment of Trustee and Depository. U.S. Bank National Association, Phoenix, Arizona, is hereby confirmed as Trustee, Registrar and Paying Agent and as Depository for the purposes of the Indenture and the Depository Agreement, respectively.
 - j. Implementation of Procedures. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.
3. Repeal of Resolution. After any of the Second Series of Bonds are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.
4. Severability; Amendment; Effective Date.
- a. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.
 - b. This Resolution may only be amended as provided by the terms of the Indenture.
 - c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.
 - d. This Resolution shall be effective immediately.

PASSED by the District Board of Quail Creek Community Facilities District this 24th day of October, 2016.


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Duane Blumberg
Chairman, District Board, Quail Creek
Community Facilities District

ATTEST:


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Lisa Cole, MMC
District Clerk, Quail Creek
Community Facilities District

APPROVED AS TO FORM:


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Daniel J. Hochuli
District Counsel, Quail Creek
Community Facilities District

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