



BOARD MEETING

HASSAYAMPA COMMUNITY FACILITIES DISTRICT #2 MEETING AGENDA

**TUESDAY, MAY 9, 2017, 3:00 PM
FOLLOWING THE HCFD MEETING**

Council Chambers, 201 South Cortez Street
Prescott AZ 86303
(928) 777-1100

Chairperson Harry Oberg

Member Jim Lamerson

Member Billie Orr

Member Steve Blair

Member Steve Sischka

Member Greg Lazzell

Member Jean Wilcox

The following Agenda will be considered by the Prescott **City Council** at its **Council HCFD#2 Meeting** pursuant to the Prescott City Charter, Article II, Section 13. Notice of the meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending the meeting through the use of a technological device

1. CALL TO ORDER

2. ROLL CALL

3. REGULAR AGENDA

- A. Approval of minutes for the Hassayampa Community Facilities District #2 Board Meeting held on July 12, 2016

Recommended Action: MOVE to approve the Hassayampa Community Facilities District #2 Board meeting minutes as presented.

- B. Public Hearing and Adoption of Resolution No. 20 for the Hassayampa Community Facilities District #2 approving an Amended Feasibility Report

Recommended Action (separate motions): (1) MOVE to close the public hearing; and (2) MOVE to adopt Resolution No. 20.

- C. Consideration and Possible Adoption of Resolution No. 21 for the Hassayampa Community Facilities District #2 authorizing the sale and issuance of Special Assessment Lien Refunding Bonds, Series 2017

Recommended Action: MOVE to adopt Resolution No. 21.

4. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- i. Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
 - (i) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
 - (ii) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
 - (iii) Discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));
 - (iv) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
 - (v) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));
 - (vi) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

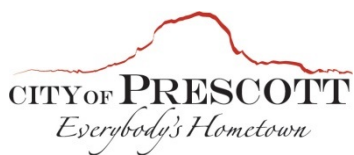
Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____ m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Dana R. DeLong, CMC, City Clerk

**COUNCIL AGENDA MEMO**

MEETING DATE/TYPE: **COUNCIL HCFD2 MEETING** **5-9-17**

DEPARTMENT: **City Clerk**

AGENDA ITEM: Approval of minutes for the Hassayampa Community Facilities District #2 Board Meeting held on July 12, 2016

Approved By: Michael Lamar, City Manager

Item Summary

Attached for approval are the minutes of the Hassayampa Community Facilities District #2 Board Meeting held on July 12, 2016.

Attachments

1. July 12, 2016, Hassayampa Community Facilities District #2 Board Meeting Minutes

Recommended Action: **MOVE** to approve the Hassayampa Community Facilities District #2 Board meeting minutes as presented.

PRESCOTT, ARIZONA
HASSAYAMPA COMMUNITY
FACILITIES DISTRICT #2
BOARD OF DIRECTORS MEETING
JULY 12, 2016

A BOARD OF DIRECTORS MEETING OF THE HASSAYAMPA COMMUNITY FACILITIES DISTRICT #2 WAS HELD ON TUESDAY, JULY 12, 2016, in the Prescott COUNCIL CHAMBERS, 201 South Cortez Street, Prescott, Arizona.

◆ Call to Order

Chairman Oberg opened the meeting at 3:04 p.m.

◆ Roll Call

PRESENT:

ABSENT:

- Chair Oberg
- Member Lamerson
- Member Blair
- Member Lazzell
- Member Orr
- Member Sischka
- Member Wilcox

None

I. REGULAR AGENDA

A. Approval of Minutes of the Hassayampa Community Facilities District #2 Board Meeting held July 28, 2015.

MEMBER SISCHKA MOVED TO APPROVE THE HASSAYAMPA COMMUNITY FACILITIES DISTRICT #2 BOARD MEETING MINUTES AS PRESENTED; SECONDED BY MEMBER LAZZELL; PASSED UNANIMOUSLY.

B. Public hearing and adoption of budget for Hassayampa Community Facilities District #2 for Fiscal Year 2017.

Mark Woodfill, Finance Director, presented noting that Hassayampa #2 was a facilities district adjacent to the other Hassayampa Community Facilities District. He said this one was smaller and did not include any construction and was just the repayment of the debt. He said there are no capital funds remaining in the budget.

MEMBER LAZZELL MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY MEMBER SISCHKA; PASSED UNANIMOUSLY.

Attachment: July 12, 2016, Hassayampa Community Facilities District #2 Board Meeting Minutes (1466 : Approval of Minutes HCFD2)

**MEMBER LAZZELL MOVED TO ADOPT RESOLUTION NO. 19 SETTING THE
FY17 BUDGET FOR HASSAYAMPA COMMUNITY FACILITIES DISTRICT #2;
SECONDED BY MEMBER SISCHKA; PASSED UNANIMOUSLY.**

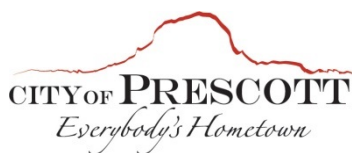
II. ADJOURNMENT

There being no further business to discuss, Chairman Oberg adjourned the meeting at 3:05 p.m.

HARRY B. OBERG, Chairman

ATTEST:

DANA R. DeLONG, District Clerk



COUNCIL AGENDA MEMO

MEETING DATE/TYPE: COUNCIL HCFD2 MEETING 5-9-17

DEPARTMENT: Finance

AGENDA ITEM: Public Hearing and Adoption of Resolution No. 20 for the Hassayampa Community Facilities District #2 approving an Amended Feasibility Report

Approved By: Michael Lamar, City Manager

Item Summary

This item is the public hearing and consideration of an amended feasibility report for the use of the approximately \$190,000 of remaining balance in unspent bond proceeds. The \$190,000 will be used for reconstruction of the intersection of Hassayampa Village Lane and Thumb Butte Road.

Background

The Hassayampa Community Facilities District #2 was formed in 2000 to finance the public infrastructure needed for the development of the subdivision. Review of the history of the district shows that there is approximately \$190,000 remaining of the original bonds issued.

The amended feasibility report will allow for the remaining funds to be used to reconstruct the intersection of Hassayampa Village Lane and Thumb Butte Road.

Financial Impact

The remaining bond proceeds will be used to construct the improvements.

Attachments

1. Hassayampa CFD #2 Amended Feasibility Report
2. Resolution No. 20

Recommended Action (separate motions): (1) MOVE to close the public hearing; and **(2) MOVE** to adopt Resolution No. 20.

**FEASIBILITY REPORT
AMENDING AND RESTATING
IN APPLICABLE PARTS
FEASIBILITY REPORT**

For The Issuance of

**\$1,240,000
HASSAYAMPA
COMMUNITY FACILITIES DISTRICT NO. 2
(CITY OF PRESCOTT, ARIZONA)

SPECIAL ASSESSMENT LIEN BONDS
SERIES 2000**

**Submitted
January 2000**

**Amended
May 9, 2017**

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Attachment: Hassayampa CFD #2 Amended Feasibility Report (1452 : Hearing and Adoption of Amended Feasibility Report)

SECTION ONE

**INTRODUCTION; PURPOSE OF FEASIBILITY
REPORT; GENERAL DESCRIPTION OF DISTRICT**

INTRODUCTION

This Feasibility Report (this “Report”) prepared by engineers and other qualified persons amends and restates in applicable parts the feasibility report originally presented to the Board of Directors of the Hassayampa Community Facilities District No. 2 (City of Prescott, Arizona) (the “District”) in January 2000 (the “Prior Feasibility Report”) in connection with the issuance by the District of its Special Assessment Lien Bonds, Series 2000 (the “Bonds”), pursuant to the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the “Act”), with respect to the feasibility and benefits of certain "public infrastructure" described therein and the plan for financing the costs thereof (the "Studied Infrastructure") and with respect to the feasibility and benefits of certain different public infrastructure described herein and the costs of construction of which will be paid for with remaining unspent proceeds of the sale of the Bonds (the "New Infrastructure"). To the extent this Report contradicts the Prior Feasibility Report, this Report supercedes the Prior Feasibility Report in all respects.

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the New Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Studied Infrastructure and the New Infrastructure - Section Two; (ii) a map showing, in general, the location of, and the area to be benefitted by, the New Infrastructure - Section Three; and (iii) an estimate of the cost to construct, operate and maintain the New Infrastructure and a timetable for the construction of the New Infrastructure - Section Four.

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons. In preparing this Report, financial advisors, appraisers, counsel, engineers, City of Prescott (“City”) staff and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF THE DISTRICT

Formation of the District was approved by the City on October 26, 1999 in response to a petition of Desert Troon Limited, L.L.C., an Arizona limited liability company (the “Applicant”) and then sole owner of land within the area which was the subject of such petition and the execution of such petition by certain lien holders. Third Fifth National Bank consented to the formation of the District as a holder of an equitable interest in such land. The Applicant was, at the time, the owner of all of the land within the District. Desert Troon Investments, Inc., through two limited liability companies, was the manager of the Applicant. Subsequent to the formation of the District, a District Development, Financing Participation, Waiver and Intergovernmental Agreement among the District, the City, the Applicant and the Third Fifth National Bank was authorized. On December 6, 1999 all of the land comprising the District was transferred to Forest Ridge Estates, Inc. (the "Developer"), a wholly owned subsidiary of Desert Troon Investments, Inc., accordingly all rights associated with the land and the District were transferred to the Developer.

Comprised of 114 acres, the purpose of the District is to acquire and improve public infrastructure in specified land areas (the “Property”). As a special purpose district and separate political subdivision under the Arizona law, the District can issue bonds and levy assessments from which such bonds are payable independent of the City. The District had 87 parcels with special assessment liens; today, due to payments of related assessments 31 parcels remain with special assessment liens.

Pursuant to a resolution of the District Board adopted on January 25, 2000, and the Indenture of Trust and Security Agreement dated February 1, 2000, the District issued the Bonds in \$1,240,000 aggregate principal amount on February 8, 2000.

A map of the District is included in Section Three and a legal description of the District is included in Appendix 1.

SECTION TWO

**DESCRIPTION OF NEW INFRASTRUCTURE AND
STUDIED INFRASTRUCTURE**

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Studied Infrastructure, as described in the Prior Feasibility Report, consisted of the construction and/or acquisition of the major trunk and lateral water and sewer lines servicing the Property. Water and sewer lines follow the roadways and were constructed in conjunction with the roadways, both public and private. As a result of actual costs associated with certain of the Studied Infrastructure identified below coming in below the Original Estimated Cost, there remains approximately \$190,000 in unspent proceeds of the Bonds which is available for the New Infrastructure. The New Infrastructure consists of construction of improvements to the intersection of Hassayampa Village Lane and Thumb Butte Road. Below is the original cost estimates for the Studied Infrastructure and amounts to be paid for the New Infrastructure from proceeds of the sale of the Bonds.

<u>Studied Infrastructure</u>	<u>Original Estimated Cost</u>
<u>ENGINEERING</u>	
Design	\$80,000
Other	<u>90,000</u>
Subtotal	170,000
 EARTH WORK	 252,460
<u>WATER</u>	
8" C-900	264,000
8" DIP	9,800
Single Water Service	105,000
6" Gate Valve	8,800
Fire Hydrant Assembly	32,000
Blow Valve	3,040
Air Release Valve	4,950
Water Offsites/Lift station	100,000
PRV	<u>50,250</u>
Subtotal	<u>577,840</u>
<u>SEWER</u>	
Sewer Service Cop — 4-11-1	92,000
8" SDR 35	6,600
Special Taps	6,000
60" Manhole	7,800
48" Manhole	3,210
Manhole Drop	8,775
4" Force Main	37,500
4" Force Main DIP	9,240
4" Force Main PVC	<u>264,000</u>
Subtotal	435,125
<u>ALLOWANCE</u>	
Permits/Fees	\$28,250
Inspection	<u>7,500</u>
Subtotal	35,750
Sales Tax (7.5% on 65%)	72,000
Contingency (5%)	<u>59,200</u>
Subtotal	131,200
 TOTAL PROJECT COST	 \$1,602,375

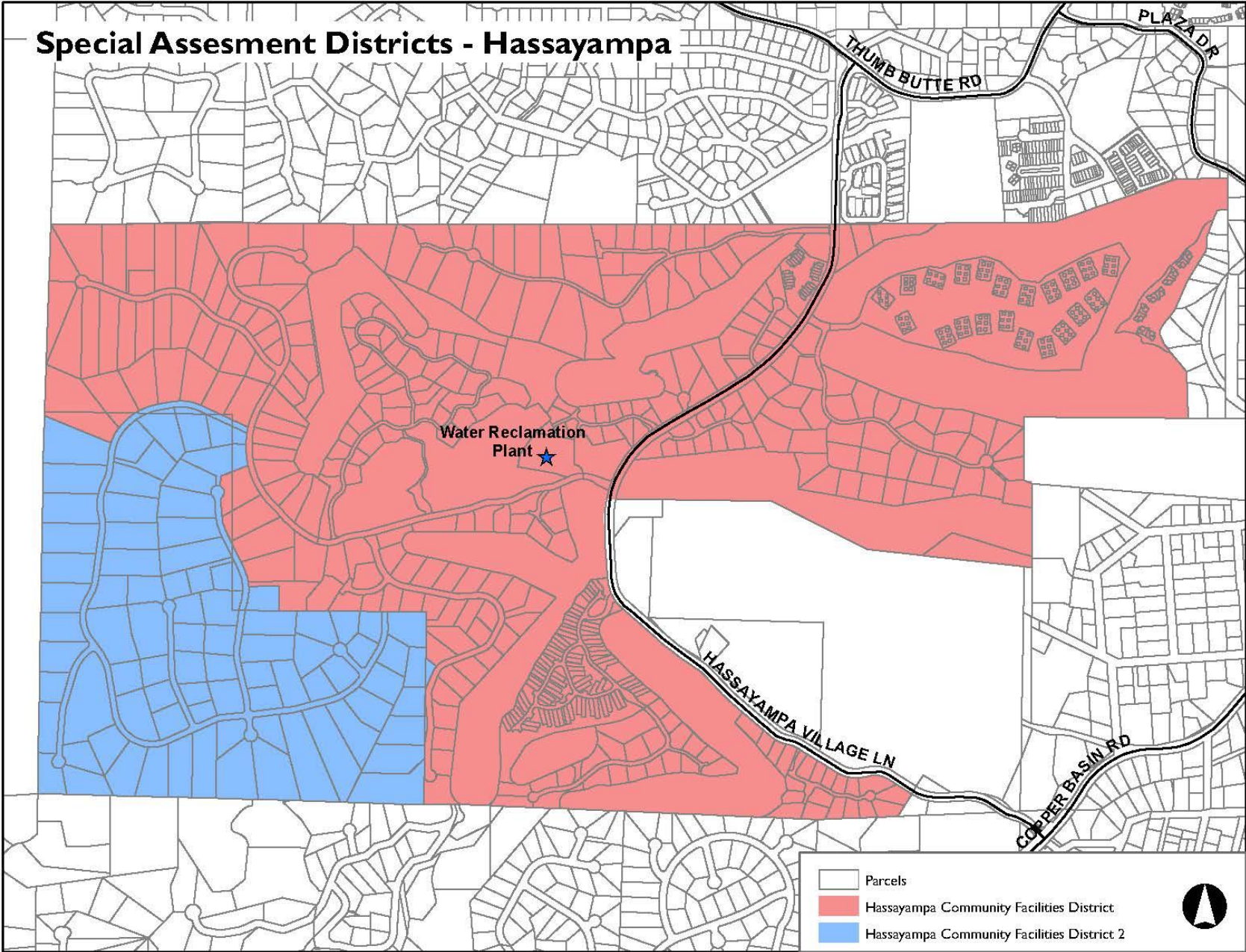
Attachment: Hassayampa CFD #2 Amended Feasibility Report (1452 : Hearing and Adoption of Amended Feasibility Report)

<u>New Infrastructure Project</u>	<u>Estimated Cost</u>	<u>Paid by Remaining Unspent Proceeds of the Bonds</u>
1. Reconstruct the intersection to remove the steep slope at the intersection to reduce the potential for damage to personal and public property	\$190,000	\$190,000
Total	\$190,000	\$190,000

Attachment: Hassayampa CFD #2 Amended Feasibility Report (1452 : Hearing and Adoption of Amended Feasibility Report)

SECTION THREE

MAP



SECTION FOUR

**ESTIMATE OF COST AND TIMETABLE FOR
CONSTRUCTION OF NEW INFRASTRUCTURE**

**ESTIMATE OF COST AND TIMETABLE
FOR CONSTRUCTION OF NEW INFRASTRUCTURE**

The following outlines the cost estimate and completion date for the construction of the New Infrastructure. The remaining unspent proceeds of the sale of the Bonds will be used to finance the construction of the New Infrastructure. There will be no cost to operate and maintain the New Infrastructure as it is part of the roadway system of the City.

<u>New Infrastructure Project</u>	<u>Estimated Construction Price</u>	<u>Completion Date</u>
1. Reconstruct the Hassayampa Village Lane and Thumb Butte Road intersection to remove the steep slope at the intersection to reduce the potential for damage to personal and public property	\$190,000	6/30/2018
Total	\$190,000	

Attachment: Hassayampa CFD #2 Amended Feasibility Report (1452 : Hearing and Adoption of Amended Feasibility Report)

APPENDIX 1

LEGAL DESCRIPTION OF THE DISTRICT

EXHIBIT A

LEGAL DESCRIPTION

G.L.O Lots 12, 13 and 14, Section 6, Township 13 North, Range 2 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described by metes and bounds as follows:

Beginning at the Southwest Corner of Section 6, Township 13 North, Range 2 West of the Gila and Salt River Base and Meridian Yavapai County, Arizona;

Thence North 01 Degrees 00 Minutes 01 Seconds East along the West Line of said Section 6, a distance, of 2533.85 feet to the West Corner of said Section 6;

Thence South 89 Degrees 55 minutes 16 Seconds East along the North line of G.L.O. Lot 12, Section 6, Township 13 North, Range 2 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, a distance of 1287.53 feet to the Northeast Corner of said G.L.O. Lot 12;

Thence South 00 Degrees 49 minutes 12 Seconds West along the East line of said G.L.O. Lot 12, a distance of 1276.16 feet to the Southeast Corner of said G.L.O. Lot 12;

Thence South 89 Degrees 28 Minutes 04 Seconds East along the North line of G.L.O. Lot 14, Township 13 North, Range 2 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, a distance of 1318.95 feet to the Northeast Corner of said G.L.O. Lot 14 and a point on the West line of the Final Plat of Vista Ridge at Hassayampa, recorded in Book 35 of Maps and Plats, Page 36, Records of Yavapai County, Arizona;

Thence South 00 Degrees 42 Minutes 39 Seconds West along the East line of said G.L.O. Lot 14 and the West Boundary of said Final Plat of Vista Ridge, a distance of 1283.60 feet to the Southeast corner of said G.L.O. Lot 14 and the Southwest corner of said Final Plat of Vista Ridge at Hassayampa;

Thence North 89 degrees (07 Minutes 20 Seconds West along the South line of said Section 6, a distance of 2616.78 feet to the POINT OF BEGINNING.

RESOLUTION NO. 20

(HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2)

A RESOLUTION OF THE DISTRICT BOARD OF HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2 RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING, AND APPROVING, A FIRST AMENDED FEASIBILITY REPORT, AMENDING THE FEASIBILITY REPORT ORIGINALLY CONSIDERED ON JANUARY 25, 2000, WHICH INCLUDES ADDITIONS TO INFORMATION IDENTIFYING THE PUBLIC INFRASTRUCTURE OF THE PROJECTS, THE AREAS TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, ALL AS PROVIDED IN SUCH AMENDMENT; RESOLVING THE INTENT THEREFOR AND ORDERING THE WORK WITH RESPECT THERETO; RATIFYING ALL ACTIONS TAKEN TO FURTHER THIS RESOLUTION 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 HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2 as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act"), the district board of Hassayampa Community Facilities District No. 2 (hereinafter referred to as the "District") caused to be prepared a study of the feasibility and benefits of certain projects relating to certain public infrastructure provided for in the General Plan of the District heretofore approved by the City of Prescott,

Resolution No. 20
(HCFD2)

Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "Municipality"), and the District and financed with proceeds of the sale of a portion of certain hereinafter described bonds of the District, such study having included a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A public hearing on the Report was held on the date of, but prior to, the adoption of Resolution No. 2 of the district board of the District (hereinafter referred to as the "District Board") on January 25, 2000 (hereinafter referred to as the "Prior Resolution").

b. Pursuant to Section 48-721, Arizona Revised Statutes, the District Board, by the Prior Resolution, levied an assessment of the costs of the public infrastructure purposes as provided for in the Report and ordered certain work with respect thereto resolved in the Prior Resolution on all the area within the District based on the benefit determined by the District Board to be received by such area (hereinafter referred to as the "Assessment Area").

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(HCFD2)

c. The District Board determined special assessment lien bonds of the District (hereinafter referred to as the "Bonds") should be issued if certain conditions were met to provide moneys for certain "public infrastructure purposes" (as such term is defined in the Enabling Act) described in the Report (hereinafter referred to, collectively, including incidental expenses with respect thereto, as the "Initial Work"). The District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, caused to be levied an assessment of the costs of the Initial Work (hereinafter referred to as the "Assessment") on the Assessment Area.

d. Pursuant to the Prior Resolution, the District Board resolved its intent with respect to and ordered the Initial Work, and declared the Initial Work to be of more than local or ordinary public benefit and that the costs and expenses thereof be assessed upon the Assessment Area and provided that the Initial Work be performed under the provisions of the Enabling Act and the Report, the Assessment Area to be assessed and the Bonds being issued being more fully described in the Report and the Prior Resolution (hereinafter referred to as, collectively, the "Resolution of Intention Documents") to which reference is hereby made for such description.

e. The District Board has caused a First Amended Feasibility Report to be prepared (hereinafter referred to as the "Restated Report") to add in applicable parts to the description of

Resolution No. 20
(HCFD2)

infrastructure acquired or constructed or to be acquired or constructed (hereinafter referred to as the "Added Work"), the map showing the location of the projects, the estimate of the cost to construct the projects, the estimated schedule for completion of the projects and the map or description of the area to be benefitted by the projects, all as shown on the Restated Report, to provide for expenditure of the remaining proceeds of the sale of the Bonds.

f. Pursuant to its power under the Enabling Act (specifically Section 48-721, Arizona Revised Statutes) to levy an assessment of the costs of any public infrastructure purposes through such procedures as the District Board provides, the Added Work shall, for all purposes, be considered part of the Initial Work and to be a subject of the Assessment, retroactive to the date of the Resolution of Intention Documents. This is necessary as there is no other assured, allocable use of such remaining proceeds of the sale of the Bonds. Use of such proceeds in this manner is beneficial to all the land comprising the Assessed Area and is more equitable to the owners of all the parcels into which the Assessment Area is divided than using it as a contribution for the refunding of the Bonds to be considered by the District Board as the Assessment as allocated has been prepaid in some cases.

g. A public hearing on the Restated Report was held on the date of adoption of this Resolution, but prior thereto (hereinafter referred to as the "Hearing"), after provision for

Resolution No. 20
(HCFD2)

publication of notice thereof as provided by law (hereinafter referred to as the "Notice").

2. Restated Report; Added Work.

a. Notice of the Hearing provided by the District Manager and attached hereto and marked as the Exhibit (hereinafter referred to as the "Notice") is hereby authorized and ratified in all respects as well as the mailing of the Restated Report and the Notice to the governing body of the Municipality. The providing of the Notice by publication thereof as provided by law and as caused by the District Manager is hereby authorized and ratified.

b. The preparation of the Restated Report is hereby ratified and confirmed. (Upon completion of a draft of the Restated Report, the Restated Report, marked in a conspicuous fashion "**DRAFT**," was submitted to the District Board for their review and comment.)

c. After review of the Restated Report and based on the public hearing held by the District Board on even date herewith and the mailing of the Restated Report to the governing body of the Municipality, the Restated Report is hereby approved in the form submitted to the District Board.

d. The District Board hereby declares its intent as required by Section 48-715, Arizona Revised Statutes and for purposes of Section 48-721(A), Arizona Revised Statutes, to take such reasonable actions as may be necessary to cause the results contemplated by and set forth in the Restated Report, including

Resolution No. 20
(HCFD2)

particularly the construction of the Added Work for the benefit of the Assessment Area, all as provided in the Restated Report.

e. The Added Work shall be performed substantially in accordance with the Enabling Act and the Restated Report.

f. The Added Work, in the opinion of the District Board, is of more than local or ordinary public benefit and is of special benefit to the respective lots, pieces and parcels of land within the Assessment Area, and the District Board hereby retroactively makes and orders the cost and expense of the Added Work chargeable upon the Assessment Area, and hereby declares that the Assessment Area, is benefitted by the Added Work and that the same shall replace for all purposes an equal amount for that assessed to pay the costs and expenses of the Initial Work in proportion to the benefits derived therefrom.

3. Miscellaneous.

(a) The District Manager, the District Clerk, the District Treasurer and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the purposes contemplated by this Resolution, including without limitation, the execution and delivery of other documents required to be delivered in connection herewith.

(b) Nothing contained in this Resolution or any other instrument shall be construed as obligating the Municipality, or as incurring a charge upon the general credit of the Municipality nor shall the breach of any agreement contained in this Resolution or any

Resolution No. 20
(HCFD2)

other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Municipality.

(c) 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.

(d) All prior acts of the District Board, of the District Manager and of the District Treasurer with respect to all matters concerning the Restated Report and this Resolution are hereby ratified and confirmed.

(e) This Resolution shall be effective immediately.

Resolution No. 20
(HCFD2)

PASSED by the District Board of Hassayampa Community
Facilities District No. 2 this 9th day of May, 2017.

.....
Chairman, District Board,
Hassayampa Community Facilities
District No. 2

ATTEST:

.....
District Clerk, Hassayampa
Community Facilities District No. 2

* * *

ATTACHMENTS:

EXHIBIT - Form of Notice of Hearing on Restated Report Amendment

PHX 332404762v1

Resolution No. _____
(HCFD2)

EXHIBIT

FORM OF NOTICE OF HEARING ON REPORT

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON RESTATED REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN PROJECTS TO BE FINANCED WITH THE REMAINING PROCEEDS OF THE SALE OF BONDS OF HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2

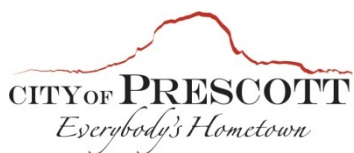
Pursuant to Section 48-715, Arizona Revised Statutes, notice is hereby given that a public hearing on a restated report of the feasibility and benefits of added projects to be financed with the remaining proceeds of the sale of special assessment lien bonds of Hassayampa Community Facilities District No. 2 shall be held by the District Board on May 9, 2017, immediately preceding the regular meeting of the City Council of the City of Prescott, Arizona, in the Council Chambers located at 201 South Cortez, Prescott, Arizona. (The original feasibility report to which the restated feasibility report relates was considered on January 25, 2000.) The restated report is on file with the City Clerk of the City of Prescott, Arizona/District Clerk of Hassayampa Community Facilities District No. 2, 201 South Cortez, Prescott, Arizona 86301, telephone number: (520) 776-6272.

Dated this 27th day of April, 2017.

/s/ Michael Lamar
.....
District Manager, Hassayampa
Community Facilities District No. 2

Resolution No. _____
(HCFD2)

Attachment: Resolution No. 20 (1452 : Hearing and Adoption of Amended Feasibility Report)



COUNCIL AGENDA MEMO

MEETING DATE/TYPE: **COUNCIL HCFD2 MEETING** **5-9-17**

DEPARTMENT: **Finance**

AGENDA ITEM: Consideration and Possible Adoption of Resolution No. 21 for the Hassayampa Community Facilities District #2 authorizing the sale and issuance of Special Assessment Lien Refunding Bonds, Series 2017

Approved By: Michael Lamar, City Manager

Item Summary

This Resolution provides for the refunding of the original assessment bonds and delegates authority to the District Treasurer to complete the transaction.

Background

The Hassayampa Community Facilities District #2 was formed in 2000 to finance the public infrastructure needed for the development of the subdivision. Special assessment bonds were issued with a rate of 7.5% for 25 years to finance these improvements. All of the properties in the subdivision were assessed and make payments twice a year.

The State Legislature changed the law in 2016 allowing for special assessment bonds to be refunded. The district is using this new law to refund these bonds which will reduce the cost to the property owners and simplify the structure of the debt to provide for easier administration of the district. This refunding will only affect the properties that still have an outstanding assessment, many of the properties have paid off their assessment.

Bids were received from five banks for the refunding, with BBVA Compass being the successful bidder. The final rate of the refunding and amount of the debt will be set around June 1st when the deal will be completed. The preliminary bids show an average coupon of 2.86% and the original final maturity of the debt will stay the same at July 1, 2024. The cost of the refunding is estimated at \$20,000 and the amount of the new debt will be approximately \$155,000. The new debt will continue to allow property owners to pay off their outstanding assessment in full at any payment date.

Financial Impact

AGENDA ITEM: Consideration and Possible Adoption of Resolution No. 21 for the Hassayampa Community Facilities District #2 authorizing the sale and issuance of Special Assessment Lien Refunding Bonds, Series 2017

The refunding will reduce the cost to the district, which will reduce the cost to the property owners. The final amount of the savings will depend on the rate when the transaction is completed at the end of the month.

Attachments

1. Resolution No. 21

Recommended Action: MOVE to adopt Resolution No. 21

RESOLUTION NO. 21

(HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2)

A RESOLUTION OF THE DISTRICT BOARD OF HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2 AUTHORIZING THE SALE AND ISSUANCE OF SPECIAL ASSESSMENT LIEN REFUNDING BONDS, SERIES 2017; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF THE BONDS AND CONDITIONS FOR REFUNDING THE BONDS BEING REFUNDED WITH THE PROCEEDS OF THE SALE THEREOF AND DELEGATING TO THE DISTRICT TREASURER AUTHORITY TO DETERMINE OTHER MATTERS WITH RESPECT THERETO; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BANK SOLICITOR AGREEMENT AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF THE BONDS; RATIFYING ALL ACTIONS TAKEN TO FURTHER THIS RESOLUTION 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 HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2 as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Enabling Act"), the District Board of Hassayampa Community Facilities District No. 2 (hereinafter referred to as the "District") caused to be prepared a study of the feasibility and benefits of certain projects relating to certain public infrastructure provided for in the General Plan of the District heretofore approved by the City of Prescott, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to

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Attachment: Resolution No. 21 (1453 : Refunding Bond Resolution)

as the "Municipality"), and the District and financed with proceeds of the sale of a portion of certain hereinafter described bonds of the District (hereinafter referred to as the "Report"). A public hearing on the Report was held on the date of, but prior to, the adoption of Resolution No. 2 of the District Board of the District (hereinafter referred to as the "District Board") on January 25, 2000 (hereinafter referred to as the "Prior Resolution").

b. Pursuant to Section 48-721, Arizona Revised Statutes, the District Board, by the Prior Resolution, approved the levy of an assessment of the costs of "public infrastructure purposes" (as such term is defined in the Enabling Act) described in the Report (hereinafter referred to, collectively, including incidental expenses with respect thereto and the "Added Work" (as such term is defined in the Resolution of the District Board adopted on the same date as this Resolution but immediately preceding the adoption hereof), as the "Work").

c. Duplicate diagrams of the land (hereinafter referred to as the "Diagram") contained within the Hassayampa Community Facilities District No. 2 Assessment Area (hereinafter referred to as the "Assessment Area") and the method by which the assessments which were the subject of the Diagram were to be allocated (hereinafter referred to as the "Method of Assessment") were also approved by the Prior Resolution.

d. The District Board determined special assessment lien bonds of the District (hereinafter referred to as the "Bonds

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Being Refunded") should be issued if certain conditions were met to provide moneys for the Work.

e. The District Board, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as nearly as practicable, ordered to be levied such assessment of the costs of the Work upon the lots, tracts, pieces and parcels of land included within the Assessment Area, in not to exceed twenty-five (25) annual installments from the assessment of twenty-five dollars (\$25.00) or over remaining unpaid as of the date of the Bonds Being Refunded (hereinafter referred to as the "Assessment") on the Assessment Area.

f. The District Manager levied and recorded the Assessment for the District and executed a warrant to the District Treasurer to collect the amounts with respect to the Assessment (hereinafter referred to as the "Warrant"). Thereafter, the Warrant and the Assessment were returned by the District Manager and the District Treasurer as prescribed by law. The certified list of unpaid amounts with respect to the Assessment was filed with the District Clerk by the District Treasurer. The District Board determined by the Prior Resolution to authorize the issuance of the Bonds Being Refunded and the Bonds Being Refunded were sold and issued.

g. The Work was done in accordance with the "Plans and Specifications" described in the Assessment, and the costs of the Work as assessed and apportioned in the Assessment was in proportion to the benefits received by the Assessment Area.

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h. Pursuant to the Enabling Act, the District entered into an Indenture of Trust and Security Agreement, dated as of February 1, 2000 (hereinafter referred to as the "Indenture"), from the District to secure, and process the issuance, registration, transfer and payment, and the disbursement and investment of proceeds of, the Bonds Being Refunded.

i. Pursuant to Section 6.02 of the Indenture, any Bond Being Refunded shall be deemed to be no longer outstanding when payment of the principal of and premium, if any, on such bond, plus interest thereon to the maturity thereof (whether such maturity be by reason of the stated maturity thereof or giving of notice redemption therefor, if notice of such redemption has been given or waived or irrevocable arrangement therefor have been made) shall have been provided for by depositing for such payment from funds of the District under the terms provided in such Section money sufficient to make such payment.

j. As provided by Section 48-721(D), Arizona Revised Statutes, pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes (hereinafter referred to as the "Refunding Act"), bonds may be issued for the purpose of refunding any special assessment bonds issued pursuant to the Enabling Act as long as the total amount of principal of and interest on the refunding bonds does not exceed the total amount of remaining principal of and interest on the bonds to be refunded.

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k. The District Manager will file a modified assessment reflecting the reduction in the Assessment if such circumstances can be met and the Bonds (as such term is hereinafter defined) are issued and showing the remaining unpaid installments of the Assessment recalculated and modified so that the amounts to be collected equal the amounts needed to repay the Bonds (hereinafter referred to as the "Modified Assessment").

l. The District Board has determined to sell and issue bonds, payable from the Modified Assessment if the circumstances described above can be met to refund all of the Bonds Being Refunded on their earliest maturity and redemption dates (the "Bonds").

m. Except as otherwise provided herein with respect to the amounts to pay costs incurred in connection with the authorization and issuance of the Bonds and to be deposited in the hereinafter described Reserve Fund and Interest Account, the proceeds of the sale of the Bonds together with all or a portion of the amounts held in the debt service and debt service reserve funds for payment of principal of and interest on the Bonds Being Refunded and other amounts lawfully available will be invested provided such investments and any reinvestment thereof will mature with interest so as to provide funds to pay the Bonds Being Refunded when due, or called for redemption, together with interest thereon and redemption premiums, if any, at maturity or on an available redemption date, and, for such purpose, such amounts and investments shall be deposited in trust with a national banking corporation or association that is authorized to do

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trust business in this state and that is a member of the Federal Deposit Insurance Corporation pursuant to a trust agreement with banking corporations or associations for the handling, safekeeping and administration of the amounts and investments that are derived from or contributed to, the refunding.

n. The District Board desires to (i) authorize the sale and issuance of the Bonds; (ii) delegate to the District Treasurer the authority to determine certain of the terms and conditions of the Bonds and conditions for refunding the Bonds Being Refunded and various other matters; (iii) prescribe the form of the Bonds and (iv) ratify and confirm certain prior acts of the District Board, the District Clerk, the District Manager, and the District Treasurer with respect to the Assessment.

o. All things required to be done preliminary to the authorization and issuance of the Bonds have been duly done and performed in the manner required by law, and the District Board is now empowered to proceed with the authorization of the sale and issuance of the Bonds.

p. There has been placed on file with the District Treasurer the proposed form of the Bank Solicitor Agreement relating to the Bonds, to be dated the date of the placement of the Bonds (hereinafter referred to as the "Bank Solicitor Agreement"), by and between the District and RBC Capital Markets LLC (hereinafter referred to as the "Placement Agent").

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2. Authorization for and Terms of the Bonds.

a. The District Board hereby finds that the public convenience requires that if the total amount of the principal of and interest on the Bonds will not exceed the total amount of remaining principal of and interest on the Bonds Being Refunded, the Bonds, to be designated "Hassayampa Community Facilities District Special Assessment Lien Refunding Bonds, Series 2017," are authorized to be offered and sold and issued by the District as special assessment revenue refunding bonds pursuant to, and in accordance with, the provisions of the Refunding Act and this Resolution to provide funds for the purposes set forth herein, in the name of the District, but payable only out of a special fund hereby created by the District (hereinafter referred to as the "Bond Fund") collected by the District from remaining, unpaid amounts of the Modified Assessment.

b. The District Treasurer is hereby authorized and directed to determine on behalf of the District: (1) the dated date, final maturity and total principal amount of the Bonds (but not to exceed the principal amount of the Bonds Being Refunded); (2) the interest rate of the Bonds and the dates for payment of such interest (the "interest payment dates"); (3) the provisions for redemption in advance of maturity of the Bonds; (4) the sales date, sales price and sales terms of the Bonds (including for original issue discount) and (5) the amounts of the proceeds of the sale of the Bonds to pay costs incurred in connection with the authorization and issuance of the Bonds and to be deposited in the Reserve Fund and the Interest

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Account; provided, however, that such determinations must result in a net present value savings, net of all costs of issuance, in an amount of not less than three percent (3%) of the principal amount of the Bonds Being Refunded.

c. The Bonds shall bear interest at the per annum rate determined as described hereinabove from their date to the maturity or prior redemption of the Bonds, payable on the interest payment dates. The Bonds shall be issued in the denominations of the remaining unpaid principal amount due on the maturity date from time to time and only in physically certificated, fully registered form and be numbered from "1" consecutively upwards.

d. The District Treasurer will act as a "Bond Registrar and Paying Agent" with respect to the Bonds. The Bond Registrar and Paying Agent shall maintain the books of the District for the registration of ownership of each Bond. A Bond may be transferred on the registration books upon delivery of the Bond to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of the Bond to be transferred or the attorney-in-fact or legal representative thereof, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

e. The final payment of principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender

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thereof to the Bond Registrar and Paying Agent. Principal of and premium, if any, and interest on the Bonds shall otherwise be payable by wire transfer to the registered owner thereof, as shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent to the account appearing therein at the close of business on the 15th day of the calendar month next preceding that payment date or the date principal of the Bonds is due because of redemption, as the case may be. The principal of and premium, if any, or interest on the Bonds shall be payable in lawful money of the United States of America.

f. In all cases upon the transfer of a Bond, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee a new fully registered Bond for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. The District or the Bond Registrar and Paying Agent shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or governmental charge required to be paid with respect to such transfer and may require that such transfer fee, tax or governmental charge be paid before any such new Bond shall be delivered.

g. The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer the Bonds during a

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period beginning with the opening of business on the 15th business day next preceding any interest payment date and ending with the close of business on the interest payment date.

h. (1) The Bonds shall be subject to redemption prior to maturity, in whole or in part, on any date on or after a date determined by the District Treasurer by the payment of the principal amount to be redeemed plus interest accrued to the date fixed for redemption and plus a premium, the premium to be calculated as a percentage of the principal amount of such Bond to be redeemed, as determined by the District Treasurer.

(2) The Bonds shall be redeemed only so that approximately equal debt service shall be paid each year thereafter.

(3) Not more than forty-five (45) nor less than thirty (30) days before any redemption date, the Bond Registrar and Paying Agent shall cause a notice of any redemption described in subsection (1) to be mailed by first-class mail, postage prepaid, to the registered owner of the Bonds at the address shown on the registration books maintained by the Bond Registrar and Paying Agent.

i. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairperson or Vice Chairperson of the District Board and attested by the manual or facsimile signature of the District Clerk, and such officials are hereby authorized and directed to execute the Bonds as aforesaid. Bonds bearing the manual or facsimile signatures of individuals who were at the time the proper officers of the District shall bind the

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District, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the certification or authentication and delivery of such Bonds or shall not have held such offices at the date of such Bonds.

(j) Any Bond or portion thereof in authorized denominations shall be deemed paid and defeased and thereafter shall have no claim on the Bond Fund (i) if there is deposited with a bank or comparable financial institution, in trust, moneys or obligations issued by or guaranteed by the United States government ("Defeasance Obligations") or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay the principal of and interest and any premium on such Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption and (ii) if such defeased Bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions hereof or the District has submitted to the Bond Registrar and Paying Agent instructions expressed to be irrevocable as to the date upon which such Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed payable or outstanding hereunder and thereafter such Bonds shall be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such Bonds.

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k. The Bonds shall be in substantially the following form, allowing those executing the Bonds to make insertions and deletions necessary to conform the Bonds as provided by the delegations allowed by this Resolution:

Attachment: Resolution No. 21 (1453 : Refunding Bond Resolution)

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REGISTERED
NO.

REGISTERED
\$.

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF YAVAPAI

HASSAYAMPA COMMUNITY FACILITIES DISTRICT NO. 2
SPECIAL ASSESSMENT LIEN REFUNDING BONDS, SERIES 2017

<u>Interest Rate:</u>	<u>Maturity Date:</u>	<u>Original Issue Date:</u>
.....%	July 1, 2024, 2017

REGISTERED OWNER:

PRINCIPAL AMOUNT DOLLARS

Hassayampa Community Facilities District No. 2, a community facilities district formed by the City of Prescott, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (herein referred to as the "Issuer" or "District"), for value received, hereby promises to pay to the "Registered Owner" specified above or registered assigns (herein referred to as the "Owner"), solely from the sources hereinafter specified, on the "Maturity Date" specified above, the "Principal Amount" specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the "Original Issue Date" specified above, or from the most recent "Interest Payment Date" (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at maturity, semiannually on each January 1 and July 1 commencing

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January 1, 2018 (each an "Interest Payment Date"), at the per annum "Interest Rate" specified above. (Instead of the foregoing described interest, the Issuer shall pay to the Owner, solely from the sources hereinafter specified, interest on the Principal Amount on the Interest Payment Dates at% per annum from any Interest Payment Date that this Bond is in default to the date it is no longer in default and at% from the date as a result of any action or inaction by the Issuer, interest on this Bond becomes includable in gross income of the Owner for federal income tax purposes to the date interest is no longer includable; provided, however, that in neither case nor both cases combined may such increase or increases result in the total amount of principal of and interest on the bonds of the series of the issue of which this is none (herein referred to as the "Bonds") which is being paid as of the Original Issue Date exceeding the total amount of remaining principal of and interest on the bonds issued to finance the hereinafter described Work as of the Original Issue Date.)

The final payment of principal of and premium, if any, on this Bond are payable to the Owner upon presentation and surrender hereof at the office of the District Treasurer of the Town, as "Bond Registrar and Paying Agent." Principal of and premium, if any, and interest on this Bond are otherwise payable by wire transfer to the Owner at the account shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent at the close of business on the 15th day of the calendar month next preceding that

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payment date or the date principal of the Bonds is due because of redemption, as applicable. The principal of and any premium, if any, and interest on this Bond are payable in lawful money of the United States of America on the respective dates when principal and interest become due.

This Bond is one of an issue of Dollars (\$.....,000) in aggregate principal amount issued pursuant to law and Resolution No. adopted on May 9, 2017 (the "Resolution"), by the District Board of the District, to refinance the work described in Resolution No. 2, adopted on January 25, 2000, by the District Board of the District (herein referred to as, collectively, the "Work") and is payable only out of a special fund to be held by the District, collected from installments of special assessments levied against certain land (but not all of the land) within the boundaries of the Issuer which is benefited by the Work on the lots, pieces and parcels of land benefited by the Work (herein referred to as the "Bond Fund"). The Bond Fund is set apart by law for the payment of the Bonds and can be used for no other purpose.

The Bonds are subject to redemption prior to maturity, in whole or in part, on any date by the payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption and plus a premium, the premium to be calculated as a percentage of the principal amount of such Bond to be redeemed as follows:

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<u>Redemption Dates</u>	<u>Premium</u>
July 1, , through and including June 30, %
July 1, , through and including June 30,
July 1, , and thereafter	. . .

The Bonds will be redeemed on July 1 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
. . . .	\$. . . , 000
. , 000

The Bonds will be redeemed only so that approximately equal principal and interest shall be paid each year thereafter. Not more than 45 nor less than 30 days before any optional redemption date, the Bond Registrar and Paying Agent shall cause a notice of any optional redemption to be mailed by first-class mail, postage prepaid, to the registered owner of the Bonds at the address shown on the registration books maintained by the Bond Registrar and Paying Agent.

The Bond Registrar and Paying Agent will maintain the registration books of the District for the registration of ownership of each Bond as provided in the Resolution. This Bond may be transferred on the registration books upon delivery hereof to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Bond or the attorney-in-fact or legal representative thereof, containing written instructions as to the details of the transfer. No

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Attachment: Resolution No. 21 (1453 : Refunding Bond Resolution)

transfer of this Bond shall be effective until entered on the registration books. The District and the Bond Registrar and Paying Agent will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding any interest payment date and ending with the close of business on the interest payment date.

In all cases upon the transfer of a Bond, the Bond Registrar and Paying Agent will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee a new fully registered Bond for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District or the Bond Registrar and Paying Agent will charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or governmental charge be paid before any such new Bond shall be delivered.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE ISSUER, THE CITY OF PRESCOTT, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE ONLY FROM THE AMOUNTS DESCRIBED HEREIN.

Pursuant to the Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of

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moneys or obligations issued or guaranteed by the United States of America ("Defeasance Obligations") or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from ad valorem taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the amounts and Defeasance Obligations deposited in trust.

It is hereby certified, covenanted and represented that all acts, conditions and things required to be performed, exist and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid and binding special, limited obligation of the Issuer have been performed, exist and have been done, in regular and due time, form and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona and the federal laws of the United States of America.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose

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until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

HASSAYAMPA COMMUNITY FACILITIES
DISTRICT NO. 2

By.....
.....

ATTEST:

.....
.....

Attachment: Resolution No. 21 (1453 : Refunding Bond Resolution)

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CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution.

.....
District Treasurer, Hassayampa
Community Facilities District No. 2,
as Bond Registrar and Paying Agent

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto the within Bond and irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:
Signature

Signature Guaranteed:

.....
[Insert proper legend]

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

ALL FEES AND COSTS OF TRANSFER SHALL BE PAID BY THE TRANSFEROR

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:

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TEN COM - as tenants in common
TEN ENT - as tenants by the entirety
JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT/TRANS MIN ACT - Custodian
(Cust) (Minor)

under Uniform Gifts/Transfers to Minors Act
(State)

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

* * *

3. Modified Assessment.

a. The Modified Assessment is hereby approved. The Bonds shall be payable from installments paid or amounts otherwise collected from the Modified Assessment and from amounts available from time to time in the Reserve Fund. The amounts due pursuant to the Modified Assessment and unpaid are and shall be a first lien on the property so assessed in the Assessment Area, subject only to general property taxes and prior special assessments. The validity and priority of the lien of the Assessment remains in full force and effect. Except as modified by the Modified Assessment, the Assessment survives the payment or defeasance of the Bonds Being Refunded and remains in full force and effect, securing the Bonds Being Refunded until the payment in full of the Bonds Being Refunded . (For purposes of the foregoing, the Method of Assessment and the levy of the Assessment, and all actions of the District Board, the District Manager, the District Treasurer and the District Clerk taken with respect to it, are hereby ratified and confirmed.)

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b. The amounts available because of the Modified Assessment shall be collected as provided in Sections 48-600 to 48-607, both inclusive, Arizona Revised Statutes, as nearly as practicable or such other procedures as the District Board may prescribe and not as provided in Section 48-608, Arizona Revised Statutes, and applied, and are hereby pledged, to pay Debt Service (as such term is hereinafter defined) when due and as such shall be deposited in the hereinafter described Principal Account, the Interest Account, the hereinafter described Prepayment Account (unless necessary for the purpose described below to be deposited to the Reserve Fund) and the hereinafter described Expenses Account and applied, along with interest earned on amounts in any such account which shall be retained therein for such purpose, as described in Section 5. The amounts available because of the Modified Assessment shall be calculated after being reduced by any amounts available in the Bond Fund not required for payment of Debt Service in the then current Bond Year (as such term is hereinafter defined) for, and whether in the form of, regularly payable installments with respect thereto, prepayments thereof, proceeds of the sale of land related to delinquent installments thereof or otherwise. ("Debt Service" is (i) the principal (whether due as a result of stated maturity or maturity due to mandatory redemption) of and interest and premium, if any, on the Bonds and (ii) expenses and costs of the District arising from the activities of the District including, particularly, but not by way of limitation, expenses and costs for agents or third parties

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required to administer the Bonds, levy and collect taxes for payment of the Bonds, prepare annual audits and budgets and provide for any purposes otherwise related to such activities of the District.) If any portion of the Modified Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any portion of the Modified Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make any portion of the Modified Assessment when it might have done so, the District shall either take all necessary steps to cause a new assessment to be made pursuant to the Enabling Act for the whole or any part of the Work or, in its sole discretion, make up the amount of such portion of the Modified Assessment from legally available funds of the District, which funds shall be deposited into the applicable account of the Bond Fund. The Modified Assessment shall be enforced pursuant to the provisions of the Enabling Act and the Refunding Act, including but not limited to declaring the entire unpaid balance of any portion of the Modified Assessment to be in default and causing the lien with respect to such portion of the Modified Assessment on the related delinquent land to be foreclosed pursuant to the Enabling Act and the Refunding Act. Notwithstanding the foregoing, neither the District nor the Municipality shall be required under any circumstances to purchase or make payment for the purchase of the delinquent portion of the Modified Assessment or the related land even if there is no other purchaser therefor. The District Board shall

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make and adopt before the date set by law for certifying the annual budget of the Municipality an annual budget for each fiscal year of the District, as required by the Enabling Act, which shall include statements and estimates of the amount to be raised to pay Debt Service, including, particularly, the amounts to be shown in such budget as described in the next section.

4. Proceeds of the Bonds; Funds.

(a)(1) The District Treasurer shall safe keep and administer, or cause to be safe kept and administered, the portion of the proceeds of the sale of the Bonds together with all or a portion of the amounts held in the debt service and debt service reserve funds, if any, for payment of principal of and interest on the Bonds Being Refunded and other amounts lawfully available to provide funds to pay the Bonds Being Refunded when due, or called for redemption, together with interest thereon and redemption premiums, if any, at maturity or on an available redemption date. The Bonds Being Refunded shall thereafter be deemed to have been paid and shall have no further interest in the Assessment.

(2) Amounts of the proceeds of the sale of the Bonds to pay expenses incurred in connection with the authorization and issuance of the Bonds shall be held and paid by the District Treasurer upon his instruction.

(b)(1) The Bond Fund is hereby created by the District and within the Bond Fund a special account designated the "*Principal Account*," a special account designated the "*Interest*

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Account," a special account designated the "Prepayment Account" and a special account designated the "Expenses Account". The amount determined to be deposited in the Interest Account as provided in Section 2(b) shall be deposited therein.

(2) There is hereby created by the District a special fund designated as the "Reserve Fund", and the amounts determined to be deposited therein originally as provide in Section 2(b) shall be deposited therein. Amounts deposited to the Reserve Fund, along with interest earned on amounts in such fund which shall be retained therein for such purpose, shall be applied as provided in Section 6.

5. Flow of Funds - Bond Fund. The District shall, upon receipt, deposit to the credit of

- the Principal Account:
 1. amounts collected from the principal portion of installments with respect to the Modified Assessment to the extent provided in Section 4 and which are allocated in the budget of the District for the applicable fiscal year for the payment of principal (whether due as a result of stated maturity or maturity due to mandatory redemption) of the Bonds with respect to Debt Service;
 2. amounts transferred from the Reserve Fund pursuant to Section 6(b), (c)(1) or (e) and

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3. such other funds as the District shall, at the option of the District Board, deem advisable.

• the Interest Account:

1. amounts collected from the collection of the interest portion of installments with respect to the Modified Assessment to the extent provided in Section 4 and which are allocated in the budget of the District for the applicable fiscal year for payment of the interest on the Bonds with respect to Debt Service;

2. amounts transferred from the Reserve Fund pursuant to Section 6(b), (c)(2) or (e) and

3. such other funds as the District shall, at the option of the District Board, deem advisable including the capitalized interest with respect to the Bonds received pursuant to Section 4(b)(2).

• the Prepayment Account:

1. amounts remitted as prepayments of installments with respect to the Modified Assessment to the extent provided in Section 4 and not necessary to pay principal of or interest on the Bonds (which shall be held in the Principal Account and the

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Interest Account, respectively) prior to the application of such amounts to prepay the Bonds;

2. amounts received as proceeds from any foreclosure sale of any real property which is the subject of the Modified Assessment due to a failure to pay an installment which is the subject of the Modified Assessment to the extent described in Section 4;

3. amounts transferred from the Reserve Fund pursuant to Section 6(c)(1) and

4. amounts paid for purposes of redemption of any Bond.

• the Expenses Account: amounts collected from amounts to be applied for the payment of the expenses described in clause (ii) of the definition of Debt Service as a portion of the interest portion of installments with respect to the Modified Assessment to the extent provided in Section 4 and which are allocated in the budget of the District for the applicable fiscal year for the payment of such expenses.

The amounts in the Principal Account, the Interest Account, the Prepayment Account and the Expenses Account shall be applied solely to pay Debt Service as follows:

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• the amounts in the Principal Account shall be applied to pay principal of the Bonds;

• the amounts in the Interest Account shall be applied to pay interest on the Bonds;

• the amounts in the Prepayment Account shall be applied to pay the redemption price on the redemption date for any of the Bonds and

• the amounts in the Expenses Account shall be applied for payment of the expenses described in clause (ii) of the definition of Debt Service.

6. Flow of Funds - Reserve Fund.

a. If required, the District shall deposit to the credit of the Reserve Fund the amount received from the proceeds of the sale of the Bonds indicated in Section 4(b)(2).

b. On, or, if either day is not a business day, before June 15 and December 15 of each year, to the extent there are sufficient amounts in the Reserve Fund, the District Treasurer shall transfer from the Reserve Fund to the Principal Account and the Interest Account, as applicable, the difference between the amount in the Principal Account and the Interest Account, as applicable, on such date and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

c.(1) With respect to maturity or redemption of the Bonds, the District Treasurer shall examine the Reserve Fund in

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relation to the Reserve Fund Requirement (as such term is hereinafter defined) to determine if such maturity or the redemption of Bonds allows the Reserve Fund Requirement to be reduced and shall transfer the amount of any such permitted reduction to the level equal to the Reserve Fund Requirement as reduced after such examination from the Reserve Fund to the Principal Account with respect to such maturity and to the Prepayment Account to be applied to such redemption. ("Reserve Fund Requirement" is, at any applicable time, the least of ten percent (10%) of the outstanding principal amount of the Bonds, the maximum annual principal and interest requirements with respect to the outstanding Bonds and one hundred twenty-five percent (125%) of the average annual principal and interest requirements with respect to the outstanding Bonds, or such lesser amount as required by the Internal Revenue Code of 1986, as amended, to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, as approved by a Bond Counsel's Opinion (as such term is hereinafter defined.)

(2) On July 15 of each year, the District Treasurer shall examine the Reserve Fund in relation to the Reserve Fund Requirement to determine if any amounts which constitute investment earnings on the amounts in the Reserve Fund allow the amount on deposit in the Reserve Fund to be reduced to a level equal to the Reserve Fund Requirement and shall transfer the excess over the Reserve Fund Requirement from the Reserve Fund to the Interest Account to be applied to pay interest on the Bonds.

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d. If, after a withdrawal from the Reserve Fund for any reason, the Reserve Fund is less than the Reserve Fund Requirement, the Reserve Fund shall be reimbursed to the extent of proceeds from any delinquent amount due with respect to the Modified Assessment including any foreclosure sale of any real property which is the subject of the Modified Assessment due to a failure to pay an installment which is the subject of the Modified Assessment as described in Section 4.

e. On the June 15 of the year before the final payment of principal on the Bonds is due, any amounts that remain on deposit in the Reserve Fund shall be transferred to the Principal Account and the Interest Account, as applicable, to pay Debt Service.

7. Placement of the Bonds.

a. The Bonds shall be placed by the Placement Agent in accordance with the terms of the Bank Solicitor Agreement, and the District is hereby authorized to accept a proposal for the purchase of the Bonds, and the Bonds are hereby ordered to be placed accordingly. The officers of the District are hereby authorized and directed to cause the Bonds to be delivered upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the proposal accepted by the District Treasurer.

b. The form, terms and provisions of the Bank Solicitor Agreement in substantially the form of such document presented at the meeting at which this Resolution is adopted, is

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hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the document, which approval will be conclusively demonstrated by the execution thereof, and the District Treasurer and the District Clerk or either of such officers are hereby authorized to execute the Bank Solicitor Agreement.

8. General Federal Income Tax Matters.

a.(1) As to be provided in further detail in the Certificate Regarding Federal Tax Matters to be delivered by the District in connection with the original issuance of the Bonds (the "Tax Certificate"), no investment or other use of the proceeds of any Bonds shall be made or directed to be made which would cause such Bonds to be "arbitrage bonds" as that term is defined in section 148 (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended, or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of such Code, and the requirements of such Code sections and related regulations shall be complied with throughout the term of the Bonds.

(2) The District shall be the owner of the facilities refinanced with the proceeds of the sale of the Bonds (hereinafter referred to as the "Facilities") for federal income tax purposes. Except as otherwise advised in an opinion of nationally recognized bond counsel, the District shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities unless the management

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or service contract complies with the requirements of such authority as may control at the time, or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities.) Also, the payment of principal and interest with respect to the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, may be so used in making investments of a bona fide debt service fund or may be invested in obligations issued by the United States Treasury.

(3) (i) The District has general taxing powers, (ii) the Bonds are not private activity bonds within the meaning of such Code, (iii) 95 percent or more of the net proceeds of the Bonds shall be used for local governmental activities of the District and (iv) the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds within the meaning of such Code) issued by the District during the 2017 calendar year is not reasonably expected to exceed \$5,000,000 and, as such, the District has an exception to the payment of rebate available to it with respect to the Bonds.

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(b) In consideration of the purchase and acceptance of the Bonds by the holders from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the District Board covenants, and the appropriate officials of the District are hereby directed, to take all action required to preserve such exclusion or to refrain from taking any action prohibited by such Code which would adversely affect in any respect such exclusion.

c.(1) All necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under such Code shall be taken; provided, however, compliance with any such requirement shall not be required in the event the District receives a Bond Counsel's Opinion that either compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or compliance with some other requirement will meet the requirements of such Code. In the event the District receives such a Bond Counsel's Opinion, this Resolution shall be amended to conform to the requirements set forth in such opinion.

(2) If for any reason any requirement hereunder is not complied with, all necessary and desirable steps to correct such noncompliance shall be taken within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence, and the District shall pay

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any required interest or penalty under Regulations section 1.148-3(h) hereinafter described.

d. Written procedures in the form to be attached as an exhibit to the Tax Certificate are hereby established for the District to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage; such procedures shall be complied with.

e. The District designates the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b)(3) of such Code. In that connection, the District, together with all its subordinate entities or entities that issue obligations on its behalf, or on behalf of which it issues obligations, during the current calendar year have not issued and will not issue tax-exempt obligations designated as qualified tax-exempt obligations in an aggregate amount, including the Bonds, exceeding \$10,000,000.

9. Miscellaneous.

a. The District Manager, the District Clerk, the District Treasurer 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 this Resolution, 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.

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b. Nothing contained in this Resolution, the Bank Solicitor Agreement or any other instrument shall be construed as obligating the Municipality, or as incurring a charge upon the general credit of the Municipality nor shall the breach of any agreement contained in this Resolution, the Bank Solicitor Agreement or any other instrument or documents executed in connection herewith or therewith impose any charge upon the general credit of the Municipality.

c. While the Bonds are outstanding and only BBVA Compass d/b/a Compass Bank (hereinafter referred to as "Compass") is the registered owner thereof, the District shall supply to Compass, at the address provided by Compass, (1) the annual audited financial statements, if any, for the District for the preceding fiscal year of the District with 210 days of the end of such fiscal year; (2) within the same number of days and for the same period, the status of the amount of the Assessment remaining to be collect if materially different from the prior fiscal year; (3) within 30 days of the occurrence thereof, notices of any Material Litigation or event causing a Material Adverse Effect, or any material investigation, inquiry or similar proceeding by any Governmental Authority and (4) with reasonable promptness, such other information respecting the District, and the operations, affairs and financial condition of the District as Compass may from time to time reasonably request. ("Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau,

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agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law. "Material Adverse Effect" means an event or occurrence which adversely affects in a material manner the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, the ability of the District to carry out its business in the manner conducted as of the date hereof or to meet or perform its obligations hereunder on a timely basis, the validity or enforceability of this Resolution, or the exclusion of interest on the Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes. "Material Litigation" means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority, that if determined adversely to the District, may have a Material Adverse Effect, seeks to restrain or enjoin any of the transactions contemplated by this Resolution in a material manner, or may materially adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes the ability of the District to perform its obligations hereunder.)

d. After any of the Bonds are delivered upon receipt of payment therefor, this Resolution shall be and remain

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irrepealable until the Bonds and the interest thereon shall have been fully paid, canceled and discharged.

e. 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.

f. All prior acts of the District Board, of the District Manager and of the District Treasurer with respect to all matters concerning the Restated Report, the Bank Solicitor Agreement, the Assessment, the Warrant and this Resolution are hereby ratified and confirmed.

g. This Resolution shall be effective immediately.

* * *

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Attachment: Resolution No. 21 (1453 : Refunding Bond Resolution)

PASSED by the District Board of Hassayampa Community Facilities District No. 2 this 9th day of May, 2017.

.....
Chairman, District Board,
Hassayampa Community Facilities
District No. 2

ATTEST:

.....
District Clerk, Hassayampa
Community Facilities District No. 2

* * *

Attachment: Resolution No. 21 (1453 : Refunding Bond Resolution)