

RESOLUTION EMCFD 2015-04

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; APPROVING THE FORM OF THE BONDS AND CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.

WHEREAS, Eagle Mountain Community Facilities District (the "*District*") has issued its General Obligation Refunding Bonds, Series 2005 (the "*Prior Bonds*"), and the Board of Directors of the District (the "*Board*") has decided to provide for the refunding and redemption of some or all of the outstanding Prior Bonds prior to their respective maturity dates pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "*Enabling Act*"); and

WHEREAS, the Board has determined that it is expedient to refund some or all of the Prior Bonds (the "*Bonds Being Refunded*") and that the issuance of refunding bonds and the application of the net proceeds thereof together with a cash contribution from the District to pay at maturity or call for redemption the Bonds Being Refunded are necessary and advisable and are in the best interests of the District because the proposed refunding bonds can be sold to effect a lower tax burden for the District's taxpayers; and

WHEREAS, the District intends to issue general obligation refunding bonds in the aggregate principal amount of not to exceed \$2,500,000 (the "*Bonds*") for the purpose of refunding the Bonds Being Refunded and paying the costs of issuance of the Bonds; and

WHEREAS, in accordance with applicable law, the total aggregate of taxes levied to pay principal of and interest on the Bonds shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded, calculated from the date of issuance of such Bonds to the final maturity date of the Bonds Being Refunded; and

WHEREAS, the Board intends to sell the Bonds through a direct purchase and will receive a proposal for the purchase of the Bonds from one or more financial institutions and the District Treasurer may award the Bonds for purchase to one or more financial institutions (the "*Purchaser*") on such terms as may hereafter be approved by the Chair, any member of the Board, District Manager or District Treasurer and recommended by Wedbush Securities Inc., the District's financial consultant (the "*Financial Consultant*"); and

WHEREAS, by this resolution the Board will approve a Direct Purchase Agreement in substantially the form now on file and order the Direct Purchase Agreement to be completed with the final terms of the Bonds and entered into between the District and the

Purchaser when the final terms have been determined for the sale of the Bonds to the Purchaser (as completed, the "*Direct Purchase Agreement*"); and

WHEREAS, the Purchaser will execute an investor letter in the form and substance satisfactory to the District Manager and the District Treasurer; and

WHEREAS, within and by the parameters set forth in this resolution, the Board will authorize the execution, issuance and sale of the Bonds and their delivery to the Purchaser in accordance with the Direct Purchase Agreement and at such prices, interest rates, maturities and redemption features as may be hereafter determined;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT, AS FOLLOWS:

Section 1. Authorization. The Board hereby authorizes the Bonds to be issued and sold in the aggregate principal amount of not to exceed \$2,500,000. The Bonds shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Purchaser. The Bonds so authorized shall be designated "*Eagle Mountain Community Facilities District General Obligation Refunding Bonds, Series 2015*". The Bonds shall be issued for the purpose of providing funds to be used to refund the Bonds Being Refunded together with a District cash contribution and to pay the costs of issuance of the Bonds. The Board finds and determines that it is expedient, necessary and advisable that the District refund some or all of its outstanding bonded debt to lower the aggregate tax burden for the District's taxpayers. The Board hereby requires that the present value of the debt service savings, net of all costs associated with the Bonds shall be not less than 3.00% of the principal amount of the callable Bonds Being Refunded.

Section 2. Terms.

A. **Bonds.** The Bonds will be dated such date as set forth in the Direct Purchase Agreement, will mature on July 1 in some or all of the years 2016 to 2021, inclusive, and will bear interest from their date to the maturity or earlier redemption date of each of the Bonds provided that the bond yield, calculated in the manner bond yield is determined for arbitrage rebate purposes pursuant to United States Treasury Regulations, shall not exceed 2.10%.

The principal amount maturing in each year, the interest rates applicable to each maturity, the optional and mandatory redemption provisions and any other final terms of the Bonds shall be as set forth in the Direct Purchase Agreement and approved by the Chair, any member of the Board, or the District Manager, and such approval shall be evidenced by the execution and delivery of the Direct Purchase Agreement. The Bonds shall be issued initially in fully registered form in authorized denominations of \$100,000 and integral multiples of \$5,000 in excess thereof in the case of Bonds owned by SMMPs or Qualified Investors, each as defined below; provided, however, that "Authorized Denominations" shall mean \$5,000 and integral multiples thereof: (i) if the Bonds have been redeemed pursuant to the terms of this resolution, (ii) in conjunction with any mandatory sinking fund redemption of the Bonds pursuant to the

Direct Purchase Agreement, or (iii) if any maturity is in an amount less than \$100,000. If the book-entry system is discontinued, the Bonds will continue to be in Authorized Denominations. Interest on the Bonds shall be payable semiannually on each January 1 and July 1 (each an "Interest Payment Date") during the term of the Bonds, commencing January 1, 2016 (or on a later date as set forth in the Direct Purchase Agreement). The Bonds shall have such additional terms and provisions as are set forth in (a) the Request for Bids for the purchase of the Bonds (the "RFB"), substantially in the form attached hereto as Exhibit A, (b) the form of Bond attached hereto as Exhibit B, each of which Exhibits are incorporated herein by reference and (c) the Direct Purchase Agreement, and the Bonds shall be sold under the terms and conditions set forth therein, respectively.

B. Book-Entry System. The Bonds may be administered under the book-entry system, and so long as the Bonds are administered under the book-entry system described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by The Depository Trust Company ("DTC") on each interest or principal payment date (or in accordance with then-existing arrangements between the District and DTC). The District is hereby authorized to enter into an agreement (the "Letter of Representations") with DTC in connection with the issuance of the Bonds, and while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

C. Registration. The Bonds may be registered in the name of the Purchaser or in the book-entry system described herein. If the book-entry system is discontinued, the Registrar's registration books shall show the registered owners of the Bonds (collectively, the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "Owner" or "Owners"). While the Bonds are subject to the book-entry system, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. If the book-entry system is discontinued, the Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

D. Payment. If the Bonds are registered in the name of the Purchaser, or if the book-entry system is discontinued, interest on the Bonds will be payable on each Interest Payment Date by the Paying Agent by check mailed to the Owner thereof at such Owner's address as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date (as such term is defined in Section 10 of this resolution).

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

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

E. Restrictions on Transfer. The Bonds may not be transferred unless (i) in Authorized Denominations, (ii) any transferee is a Sophisticated Municipal or Qualified Investor Market Professional, and (iii) any transferee that provides the Registrar, as defined below, with a completed Certificate of Sophisticated Municipal Market Professional or Certificate of Qualified Investor, as the case may be, each in the form attached hereto as Exhibit C and Exhibit D, respectively, and each of which is incorporated herein by reference. For the purposes of the Bonds, "*Sophisticated Municipal Market Professional*" or "*SMMP*" as defined by the Municipal Securities Rulemaking Board (the "*MSRB*") and without limiting the definition used by the MSRB, generally means a corporation, partnership, trust or other institution, other than a natural person, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management and whom the broker dealer who is involved in the sale of the Bonds or beneficial interest therein has reasonable grounds to believe: (i) has timely access to publicly available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, (iii) is making independent decisions about its ownership of the Bonds and (iv) and who executes the Certificate of Sophisticated Municipal Market Professional set forth in Exhibit C attached hereto. For the purposes of the Bonds, "*Qualified Investor*" means a qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor (excluding natural persons) as defined in Rule 501 of Regulation D of the United States Securities Exchange Commission, who executes the Certificate of Qualified Investor set forth in Exhibit D attached hereto.

Section 3. Prior Redemption.

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

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

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

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

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

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

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

Section 4. Security. For the purpose of paying the principal and premium (if any) of, interest on and costs of administration of the registration and payment of the Bonds, there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest and administration costs of and on the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. Taxes levied with respect to the payment of principal of and interest on the Bonds shall be limited as follows: the total aggregate of taxes levied to pay principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Bonds Being Refunded, calculated from the date of issuance of the Bonds to the final maturity date of the Bonds Being Refunded; and further, if the trust created to pay principal of, premium, if any, and interest on the Bonds Being Refunded is insufficient to make such payments when due, any taxes levied to pay principal of and interest on the Bonds shall first be applied to the payments of amounts due on the Bonds Being Refunded. The proceeds of the taxes shall be kept in a special fund of the District entitled the "Debt Service Fund" and shall be used only for the payment of principal, interest, premium, if any, or costs as above-stated.

Upon the creation of the trust for payment of the Bonds Being Refunded, all moneys collected thereafter during the current fiscal year which would otherwise have been credited to the Bond Funds, as established pursuant to the proceedings authorizing the issuance of the Bonds Being Refunded, shall be credited to the Debt Service Fund.

Section 5. Use of Proceeds. Upon the delivery of and payment for the Bonds in accordance with the terms of their sale, the net proceeds from the sale of the Bonds, after payment of the costs and expenses of issuance, shall be deposited with the District, and the District shall deposit such funds, together with certain funds of the District required to pay the Bonds Being Refunded, with Wells Fargo Bank, N.A., as bond registrar and paying agent for the Prior Bonds to be held in trust for the benefit of the holders of the Bonds Being Refunded and which shall be used to pay, when due, principal of and interest on the Bonds Being Refunded at maturity or prior redemption as provided herein.

Any balance of the net proceeds of the Bonds remaining after payment of the Bonds Being Refunded shall be transferred to the District's Debt Service Fund.

Section 6. Form of Bonds. The Bonds shall be in substantially the form of *Exhibit B* attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Direct Purchase Agreement and are approved by those officers executing the Bonds; execution thereof by such officers shall constitute conclusive evidence of such approval. If the book-entry system is discontinued, the Bonds shall be reissued in forms and Authorized Denominations that accommodate the requirements of non-book-entry bonds.

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

Section 7. Execution of Bonds.

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

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

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

Section 8. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the Registrar shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of the mutilated

Bond or in lieu of and in substitution for the Bond destroyed or lost, upon the Owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the Registrar and the District Treasurer of evidence satisfactory to the Registrar and the District Treasurer that such Bond was destroyed or lost, and furnishing the Registrar and the District Treasurer with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 9. Acceptance of Proposal; Sale of Bonds; Direct Purchase Agreement Approval. The proposal of the financial institution submitting the bid with the lowest true interest cost for the Bonds in conformance with the RFB will be awarded the Bonds by the District Treasurer. Such proposal as supplemented by final terms that are within the parameters set by this resolution is hereby accepted. The Purchaser and the District will enter into the Direct Purchase Agreement regarding the purchase of the Bonds and incorporating the Purchaser's bid information in substantially the form submitted to this Board at the meeting at which this resolution was adopted and on file with the District, which form is hereby approved. When the final terms of the Bonds are known, the Direct Purchase Agreement shall be finalized. The Chair, any member of the Board, the District Manager or the District Treasurer are authorized and directed to cause the Direct Purchase Agreement to be completed and executed, including the price at which the Bonds are sold and provisions for original issue premium or original issue discount with respect thereto, and with such other necessary and appropriate omissions, insertions and variations as are permitted or required hereby; provided, however, that the parameters of this resolution shall govern the Direct Purchase Agreement and none of the District Treasurer, the District Manager, the Chair or any member of the Board are authorized to insert in the Direct Purchase Agreement any terms or conditions contrary to this resolution. The execution and delivery of the Direct Purchase Agreement by any District officer authorized hereby shall be conclusive evidence of approval of such final terms and provisions. Upon the proper completion, execution and delivery of the Direct Purchase Agreement, the Bonds are ordered sold to the Purchaser pursuant to the Direct Purchase Agreement.

The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the Direct Purchase Agreement. Any other provision of this resolution to the contrary notwithstanding, the Bonds shall not be sold for less than par and no premium on the Bonds shall exceed the net premium permitted by Section 35-473.01, Arizona Revised Statutes.

Section 10. Registrar and Paying Agent. The District will maintain an office or agency where the Owners of the Bonds will be recorded in the registration books and the Bonds may be presented for registration or transfer (such entity performing such function shall be the "*Registrar*") and an office or agency where Bonds may be presented for payment (such entity performing such function shall be the "*Paying Agent*"). Bonds shall be paid by the Paying Agent in accordance with Section 2(D) of this resolution. The District may appoint one or more co-Registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the Owners of the Bonds.

Initially, the District Treasurer is appointed to act as Registrar and Paying Agent with respect to the Bonds. The District may change the Registrar or Paying Agent without notice to or consent of Owners of the Bonds and the District may act in any such capacity.

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

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

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

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

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

The Registrar shall authenticate Bonds for original issue in the aggregate principal amount of not to exceed \$2,500,000. The aggregate principal amount of Bonds outstanding at any time may not exceed those amounts except for replacement Bonds as to which the requirements of the Registrar and the District are met.

Section 11. Other Actions Necessary. The Chair (or any other member of the District Board in the event the Chair is absent or unable to take the desired action), the District Manager, the District Clerk, the District Treasurer and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by this resolution and the other documents described herein, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

Section 12. Tax Levy.

A. For each year while any Bond is outstanding, and subject to the limitations set forth in Section 4 above, the Board shall annually levy and thereafter forward to Maricopa County for collection an ad valorem tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources authorized pursuant to the Enabling Act and pursuant to this resolution, to pay Debt Service, as defined below, when due.

B. Moneys derived from the levy of the tax provided for in this Section when collected and allocated to the Bonds constitute funds to pay principal, premium, if any, and interest due on the Bonds (collectively, "*Debt Service*") and shall be deposited in a special fund for the Bonds and shall be kept separately from other funds of the District as set forth in Section 4 hereof.

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

Section 13. No Obligation of Town. Nothing contained in this resolution, the documents authorized pursuant to Sections 7 and 9 hereof or any other instrument shall be construed as obligating the Town or as incurring a charge upon the general credit of the Town nor shall the breach of any agreement contained herein, in the documents authorized pursuant to Sections 7 and 9 hereof or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the Town.

Section 14. Resolution a Contract. This resolution shall constitute a contract between the District and the Owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the Owners of the Bonds then outstanding. The performance by the Board of the obligations in this resolution, the Bonds and

the Direct Purchase Agreement is hereby authorized, approved and it is ordered and directed to execute, deliver and perform such agreements.

Section 15. Ratification of Actions. All actions of the officers and agents of the District which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

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

Section 16. Tax Covenants. In consideration of the purchase and acceptance of the Bonds by the Owners thereof and, as authorized by Arizona Revised Statutes, Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the District covenants with the Owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest income on the Bonds becoming subject to inclusion as gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

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

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

The District agrees that it will comply with such requirements and will take any such actions as in the opinion of Bond Counsel are necessary to prevent interest income on the Bonds from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared

by Bond Counsel; to pay to the United States of America any required amounts representing yield reduction payments or rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

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

Section 17. Qualified Tax-Exempt Obligations. In the event the Chair, any member of the Board, the District Manager or the District Treasurer determines that the District reasonably expects to issue less than \$10,000,000 in principal amount of tax-exempt obligations in this current calendar year, the District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The Chair, any member of the Board, the District Manager or the District Treasurer shall certify in the closing certificates that it is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which shall be issued for or by the District in the current calendar year shall not exceed \$10,000,000.

Section 18. Other Moneys. The District Treasurer is authorized and directed to transfer such amounts of money from the District's Bond Funds as are or may be necessary to complete the refunding of the Bonds Being Refunded.

Section 19. Bond Insurance or Credit Enhancement. The District Manager or the District Treasurer is hereby authorized to expend or cause to be expended Bond proceeds to purchase bond insurance or other credit enhancements for the Bonds if it is determined by either of them to be in the District's best interest.

Section 20. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Board hereby declares that it would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

PASSED, ADOPTED AND APPROVED by the Governing Board of Eagle Mountain Community Facilities District on May 7, 2015.


Chair

ATTEST:


Clerk

APPROVED AS TO FORM:


Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Eagle Mountain Community Facilities District at a regular meeting held on May 7, 2015, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.


Clerk

EXHIBIT A

(RFB)

EXHIBIT B

(Form of Bond)

Number: R- _____

Denomination: _____

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

BENEFICIAL OWNERSHIP INTERESTS IN THE HEREINAFTER DESCRIBED BOND IS ONLY TRANSFERABLE IN AUTHORIZED DENOMINATIONS OF A PRINCIPAL AMOUNT OF \$100,000 OR MORE (1) IN CONNECTION WITH A SALE TO OR THROUGH A BROKER/DEALER PURSUANT TO THE RULES AND REGULATIONS APPLICABLE TO SALES TO "SOPHISTICATED MUNICIPAL MARKET PROFESSIONALS" OR (2) IN CONNECTION WITH A SALE OR TRANSFER TO A QUALIFIED INVESTOR UPON RECEIPT BY THE DISTRICT'S PAYING AGENT OF A "CERTIFICATE OF SOPHISTICATED MUNICIPAL MARKET PROFESSIONAL" OR A "CERTIFICATE OF QUALIFIED INVESTOR" IN THE FORM INCLUDED IN THIS BOND.

**EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT
GENERAL OBLIGATION REFUNDING BOND,
SERIES 2015**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
____%	July 1, 20__	_____, 2015	_____

Registered Owner: [Cede & Co.]

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

EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT, a community facilities district formed by the Town of Fountain Hills, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (the "*District*"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

[INSERT CALL FEATURE HERE, IF APPLICABLE]

Interest is payable on January 1 and July 1 of each year commencing _____ 1, 20__, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal of and interest on this bond are payable in lawful money of the United States of America. Interest payments and principal payments that are part of periodic principal and interest payments shall be received by [Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date in accordance with existing arrangements between the District and DTC.] The "Record Date" for the bonds shall be the first (1st) day of the calendar month of an interest payment date or principal payment date, as applicable.

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

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

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

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

[So long as the book-entry system is in effect, this bond is non-transferable. If the book-entry system is discontinued,] this bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar, which on the original issue date is the [District Treasurer], upon surrender and cancellation of this bond. Bonds of this issue will be issued only in fully registered form in authorized denominations of \$100,000 and integral multiples of \$5,000 in excess thereof; provided, however, that "Authorized Denominations" shall mean \$5,000 and integral multiples thereof: (i) if the Bonds have been redeemed pursuant to the terms of this Resolution, (ii) in conjunction with any mandatory sinking fund redemption of the Bonds pursuant to the Direct Purchase Agreement, or (iii) if any maturity is in an amount less than \$100,000.

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

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

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

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

**EAGLE MOUNTAIN COMMUNITY
FACILITIES DISTRICT**

Chair, Board of Directors

ATTEST:

District Clerk

COUNTERSIGNED:

District Treasurer

DATE OF AUTHENTICATION AND REGISTRATION: _____

AUTHENTICATION CERTIFICATE

This bond is one of the Eagle Mountain Community Facilities District General Obligation Refunding Bonds, Series 2015, described in the Resolution mentioned herein.

[DISTRICT TREASURER OF THE EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT,] as Registrar

Authorized Representative

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

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

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

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

ASSIGNMENT

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

(Print or typewrite Social Security or other identifying number of transferee: _____)
_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (print or typewrite name of attorney:) _____, attorney, to transfer the within Bond on the book kept for registration thereof, with full power of substitution in the premises.

DATED: _____

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

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

EXHIBIT C

(Form of Certificate of Sophisticated Municipal Market Professional)

EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT
of Fountain Hills, Arizona

_____, as Registrar

Re: Eagle Mountain Community Facilities District
General Obligation Refunding Bonds, Series 2015

1. Please be advised that the undersigned is a Sophisticated Municipal Market Professional (as hereinafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of \$_____, bearing the number _____. Such purchase is solely for the account of the undersigned, for the purpose of investment and not with an intent for or view to distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Resolution of the Eagle Mountain Community Facilities District (the "*District*") authorizing the issuance of the Bonds, adopted on _____, 2015 (the "*Bond Resolution*"). The undersigned understands that, unless the transfer restrictions terminate pursuant to the Bond Resolution, a transferee shall be a Qualified Investor (qualified institutional buyer, as such term is defined in Rule 144A of the Securities Act of 1933, as amended, or an accredited investor (other than a natural person) as defined in Rule 501 of the Regulation D of the United States Securities and Exchange Commission) or a Sophisticated Municipal Market Professional, and must sign a letter in the form of this letter and provide such letter to the Bond Registrar before any transfer of any Bond to such transferee will be registered.

3. The undersigned acknowledges that it is a Sophisticated Municipal Market Professional (as defined by the Municipal Securities Rulemaking Board) in that it is a corporation, partnership, trust or other institution, other than a natural person, with total assets of at least \$100 million invested in municipal securities in the aggregate in its portfolio and/or under management and whom: (i) has timely access to publicly available material facts pertaining to the Bonds, (ii) is capable of independently evaluating the investment risk and market value of the Bonds, and (iii) is making independent decisions about its ownership of the Bonds.

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

5. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the District and the Town of Fountain Hills, Arizona (hereinafter referred to as the "Town"), harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

6. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the District or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

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

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

(PURCHASER)

By _____
Printed Name: _____
Title: _____

EXHIBIT D

(Form of Certificate of Qualified Investor)

EAGLE MOUNTAIN COMMUNITY FACILITIES DISTRICT
of Fountain Hills, Arizona

_____, as Registrar

Re: Eagle Mountain Community Facilities District
General Obligation Refunding Bonds, Series 2015

1. Please be advised that the undersigned is a Qualified Investor (as hereinafter defined) and is purchasing, either directly or as beneficial owner in case the bonds are held by a securities depository, one of the captioned bonds (hereinafter referred to as the "*Bonds*"), such Bond, or beneficial interest therein, being in the original aggregate principal amount of \$_____, bearing the number _____. Such purchase is solely for the account of the undersigned, for the purpose of investment and not with an intent for or view to distribution or resale.

2. In the event that the undersigned transfers such Bond or any part thereof, the undersigned shall comply with all provisions of the Resolution of the Eagle Mountain Community Facilities District (the "*District*") authorizing the issuance of the Bonds, adopted on _____, 2015 (the "*Bond Resolution*"). The undersigned understands that, unless the transfer restrictions terminate pursuant to the Bond Resolution, a transferee shall be a Qualified Investor or Sophisticated Municipal Market Professional (as defined by the Municipal Securities Rulemaking Board), and must sign a letter in the form of this letter and provide such letter to the Bond Registrar before any transfer of any Bond to such transferee will be registered.

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

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

5. The undersigned assumes all responsibility for complying with any applicable federal and state securities laws with respect to any transfer of the Bond or an interest therein, and agrees to hold the District and the Town of Fountain Hills, Arizona (hereinafter referred to as the "*Town*"), harmless for, from and against any and all liabilities claims, damages or losses resulting directly or indirectly from such failure to comply.

6. The undersigned acknowledges that the undersigned has had an opportunity and has obtained all information necessary and has evaluated the factors associated with its investment decision and after such evaluation, the undersigned understood and knew that investment in the Bonds involved certain risks, including but not limited to, limited security and source for payment of the Bonds, the status of development and its impact on taxation for payment of the Bonds, the possible transfer of land by the owners of land in the District, failure or inability of owners to complete proposed development of such land, bankruptcy and foreclosure delays and the probable lack of any secondary market for the Bonds. The undersigned acknowledges that it is experienced in transactions such as those relating to the Bonds and that the undersigned is knowledgeable and fully capable of independent evaluation of the risks involved in investing in the Bonds. The undersigned is not relying on the District or the Town in making its decision to purchase the Bonds and agrees that the Town is not obligated in any manner for the issuance or payment of the Bonds.

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

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

[PURCHASER]

By _____
Printed Name: _____
Title: _____