

MYSTIC AT LAKE PLEASANT HEIGHTS
COMMUNITY FACILITIES DISTRICT

RESOLUTION NO. MCFD 2023-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF MYSTIC AT LAKE PLEASANT HEIGHTS COMMUNITY FACILITIES DISTRICT RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING, AND APPROVING A FEASIBILITY REPORT; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$____,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, SERIES 2023; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS RELATING TO THE BONDS; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF THE BONDS AND MATTERS RELATED THERETO TO THE DISTRICT CHIEF FINANCIAL OFFICER; AUTHORIZING THE LEVYING OF AN AD VALOREM PROPERTY TAX WITH RESPECT TO THE BONDS; ADOPTING POST-ISSUANCE TAX COMPLIANCE AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE DISTRICT; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MYSTIC AT LAKE PLEASANT HEIGHTS COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the “Act”), and Section 9-500.05, Arizona Revised Statutes, the City of Peoria, Arizona (hereinafter called the “Municipality”), Mystic at Lake Pleasant Heights Community Facilities District (hereinafter called the “District”), Avanti Strategic Land Investors VIII, L.L.L.P. (hereinafter called “Avanti”), and Lake Pleasant (Phoenix) ASLI VIII, LLC (hereinafter called “Mystic”), entered into a District Development, Financing Participation and Intergovernmental Agreement (Mystic at Lake Pleasant Heights Community Facilities District), dated as of August 1, 2020 (hereinafter referred to as the “Development Agreement”), to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

b. With regard to the property which makes up the real property included within the District, the Municipality, the District, Avanti and Mystic specified some of

such matters in the Development Agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance by the Municipality or other appropriate political subdivisions, the reimbursement or repayment of certain entities with respect thereto, the advance of moneys for public infrastructure purposes and the repayment of such advances and the obtaining of credit enhancement for, and processing of disbursement and investment of proceeds of, certain bonds, all pursuant to the Act.

c. The District is authorized (1) by Section 48-719, Arizona Revised Statutes to sell and issue general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with The General Plan for the Proposed Mystic at Lake Pleasant Heights Community Facilities District (hereinafter referred to as the “General Plan”); and (2) by Section 48-709(G), Arizona Revised Statutes to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Municipality, pursuant to Section 48-709(A)(10), Arizona Revised Statutes.

d. Such bonds may not be issued unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who will be qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes [being, if no person has registered to vote within the area to be included within the boundaries of the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who will be qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes (hereinafter referred to as the “qualified electors”)] the question of authorizing the Board of Directors of the District (hereinafter called the “District Board”) to issue such bonds (hereinafter referred to as the “Bonds”).

e. The District Board deemed it necessary and advisable to order and call such an election and to establish the procedures whereby such election should be held and did so pursuant to Resolution No. MCFD 2020-01 adopted on August 18, 2020 (hereinafter referred to as the “Election Resolution”), which provided that a special election be held on October 13, 2020 (hereinafter referred to as the “Election”), at which time there was submitted to the qualified electors of the District the question set forth in the official ballot described in the Election Resolution.

f. The election board for the Election filed with the District Board its returns of election and the ballots cast at the polling place, and the District Board canvassed the returns of the Election and determined (1) that a total of one (1) ballot(s) had been cast in response to the question submitted with respect to issuance of the Bonds, that in answer to such question, such ballot was marked “Bonds, Yes” and no ballots were marked “Bonds, No” with respect to the issuance of the Bonds; (2) that the Election had been conducted and the returns thereof made as required by law; and (3) that only qualified electors were permitted to vote at the Election.

g. After careful examination of the official returns of the Election and pursuant to Resolution No. MCFD 2020-02 adopted by the District Board on October 20, 2020, the District Board found and determined that a majority of the votes cast by the qualified electors

voting at the Election voted “Bonds, Yes” and that up to and including \$65,000,000 aggregate principal amount of the Bonds were therefore authorized to be sold and issued.

h. The District Board has caused \$56,571.49 aggregate principal amount of the Bonds, designated General Obligation Bonds, Taxable Series 2021 and dated September 9, 2021, to be sold and issued, no amount of which remains outstanding and unpaid.

i. Pursuant to Section 48-715, Arizona Revised Statutes and the Election Resolution, the District Board has caused a report of the feasibility and benefits of projects relating to certain public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of a second series of the Bonds (hereinafter referred to as the “Second Series of Bonds”) to be prepared, such report having included a description of certain public infrastructure to be acquired 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 adoption of this Resolution, but prior thereto (hereinafter referred to as the “Report Hearing”), after provision for publication of notice thereof as provided by law (hereinafter referred to as the “Notice”).

j. It has been requested that the District Board undertake any and all of the public infrastructure purposes described in the General Plan as such purposes relate to the public infrastructure (hereinafter referred to as the “Projects”) described in the Development Agreement, and the District Board desires to undertake such public infrastructure purposes as described in the Development Agreement, including consideration of the acquisition or construction of the Projects which are designated in the General Plan.

k. The District Board has determined to authorize the issuance of the Second Series of Bonds to provide funds for any and all of the public infrastructure purposes provided for by the Act to the extent authorized in the Election.

l. The District Board shall enter in its minutes a record of the Second Series of Bonds sold and their numbers and dates and levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay Debt Service (as such term is defined in the hereinafter defined Indenture) when due.

m. Pursuant to the Act, the District Board has determined to enter into a Series 2023 Standby Contribution Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds determined as provided herein (hereinafter referred to as the “Standby Contribution Agreement”), by and among the District, Mystic and U.S. Bank Trust Company, National Association (hereinafter referred to as the “Trustee”), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Second Series of Bonds.

n. Pursuant to the Act, the District Board has also determined to enter into a Series 2023 Letter of Credit Depository Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds determined as provided herein (hereinafter referred to as the “Depository Agreement”), by and between the District and U.S. Bank Trust Company, National Association, as depository (hereinafter referred to as the “Depository”), to provide for certain public infrastructure purposes for the District, including for credit enhancement for the Second Series of Bonds.

o. Pursuant to the Act, the District Board has further also determined to enter into a Series 2023 Indenture of Trust and Security Agreement, to be dated as of the first day of the month of the dated date of the Second Series of Bonds as provided herein (hereinafter referred to as the “Indenture”), from the District to the Trustee to secure (including with, if any, amounts to be available pursuant to the Standby Contribution Agreement and the Depository Agreement), and process the issuance, registration, transfer and payment and the disbursement and investment of proceeds of, the Second Series of Bonds. (Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.) The District Board has determined by this Resolution to authorize the sale and issuance of the Second Series of Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the Second Series of Bonds by the Trustee, to authorize the execution and delivery of the Indenture.

p. Pursuant to the Act, the District Board has further also determined to enter into a Continuing Disclosure Undertaking, to be dated even date with the delivery of the Second Series of Bonds (hereinafter referred to as the “Undertaking”), to provide for purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended (hereinafter referred to as the “Rule”) applicable to the Second Series of Bonds.

q. There have been placed on file with the District Clerk of the District and presented to the District Board, in connection with the purposes described in paragraphs 1.m. through p. (1) the proposed form of the Standby Contribution Agreement; (2) the proposed form of the Depository Agreement; (3) the proposed form of the Indenture; (4) the proposed form of the Bond Purchase Agreement relating to the Second Series of Bonds, to be dated even date with their sale (hereinafter referred to as the “Purchase Contract”), by and between the District and Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the “Underwriter”); (5) the proposed form of the Undertaking; and (6) the proposed form of the Preliminary Official Statement relating to the Second Series of Bonds, dated the date of the mailing thereof (hereinafter referred to as the “Preliminary Official Statement”). (The documents described in Clauses (1) through (5), both inclusive, are hereinafter referred to, collectively, as the “Bond Documents.”)

r. The District Board hereby finds and determines that (1) the proposed amount of indebtedness evidenced by the Second Series of Bonds will not exceed the estimated cost of the public infrastructure improvements to be financed with the proceeds of the sale thereof plus all costs connected with the public infrastructure purposes related thereto and sale and issuance of the Second Series of Bonds; and (2) the total aggregate outstanding amount of the Second Series of Bonds will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure to be acquired by the District

with proceeds of the Second Series of Bonds (based on information to be submitted to the District by Avanti and Mystic), all as provided in the Act.

s. Pursuant to the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”), and the regulations promulgated thereunder (hereinafter referred to as the “Regulations”), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes (hereinafter referred to as “Tax-Exempt Obligations”), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations, and the District Board has determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the District comply with the provisions of the Code and the Regulations (hereinafter referred to as the “Tax Compliance Procedures”).

t. Pursuant to the Rule, Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule and the District Board has determined that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of the obligations of the District and to assist the Participating Underwriters in complying with the Rule and such written undertakings (hereinafter, together with the Tax Compliance Procedures, referred to as the “Procedures”).

u. There has also been placed on file with the District Clerk of the District and presented to the District Board the Procedures.

v. All formal actions concerning and relating to the passage of this Resolution were taken in an open meeting, in compliance with all legal requirements, and all things required to be done preliminary to the authorization, sale and issuance of the Second Series of Bonds have been duly done and performed in the manner required by law, and the District Board is now empowered to proceed with the sale and issuance of the Second Series of Bonds.

2. a. Approval of Notice of Hearing on Report. The form of the Notice attached hereto and marked as the Exhibit is hereby ratified in all respects as well as the publication of the Notice and mailing of the Report to the governing body of the Municipality.

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

c. Approval of Report. After review of the Report and based on the Hearing and the mailing of the Report to the governing body of the Municipality, the Report is hereby approved in the form submitted to the District Board, as required by Section 48-715, Arizona Revised Statutes, and subject to the provisions set forth in the Report and the Development Agreement, all reasonable actions shall be taken as may be necessary to cause the results contemplated by and set forth in the Report, including particularly the acquisition of the Projects for the benefit of the areas described in the Report and the consummation of the expected method

of financing, and an appropriate system of providing revenues in the Report. The Projects will result in a beneficial use to land within the geographical limits of the District. Such use is principally to such land and, in any case, at a minimum, is proportional. (Based on review of the Report and the Report Hearing, the District hereby conclusively establishes that the Projects will result in such use.)

3. a. Approval of Sale and Issuance of Second Series of Bonds. The Second Series of Bonds is hereby authorized to be issued as a series of general obligation bonds of the District to be designated "General Obligation Bonds, Series 2023." The Second Series of Bonds shall be issued in the aggregate principal amount, be in fully registered form only and denominations, bear interest from their date, be numbered and mature and be subject to redemption prior to maturity, in each case as provided in the Indenture as determined by the District Chief Financial Officer as hereinafter provided. The District Chief Financial Officer is hereby authorized and directed to determine on behalf of the District: (1) the dated date and total principal amount (but not to exceed \$____,000) of the Second Series of Bonds; (2) the final principal and maturity schedule of the Second Series of Bonds (but none of the Second Series of Bonds to mature later than July 15, 20__); (3) the interest rate on each maturity of the Second Series of Bonds and the dates for payment of such interest; (4) the provisions for redemption in advance of maturity of the Second Series of Bonds; (5) the sales date, sales price and other terms of sale of the Second Series of Bonds; and (6) the provisions for credit enhancement, if any, for the Second Series of Bonds upon the advice of the Underwriter, including pursuant to the Standby Contribution Agreement and the Depository Agreement, particularly the instruments and the amounts thereof to be deposited pursuant to the latter; provided, however, that the foregoing determinations must result in a yield with respect to the Second Series of Bonds, calculated for federal income tax purposes, of not to exceed ____ percent (__%). The Second Series of Bonds shall be sold to the Underwriter in accordance with the terms of the Purchase Contract and at a price specified therein with original issue discount, original issue premium and underwriter's compensation in each case as determined by the District Chief Financial Officer who is hereby authorized and directed to so determine such matters.

b. Forms, Terms and Provisions, and Execution and Delivery, of Second Series of Bonds. The forms, terms and provisions of the Second Series of Bonds provided for in the Indenture are hereby approved, with only such changes therein as are not inconsistent herewith and as are approved by the officers authorized in the Indenture to execute the Second Series of Bonds, and each is hereby authorized to execute and deliver them. (The persons who shall so execute and deliver the Second Series of Bonds shall be the persons holding such offices at the time of the initial issuance and delivery of the Second Series of Bonds.)

c. Forms, Terms and Provisions, and Execution and Delivery of Bond Documents. The forms, terms and provisions of the Bond Documents in substantially the forms of such documents (including the exhibits thereto) presented at the meeting at which this Resolution is adopted, are hereby approved, with such insertions, deletions and changes as are not inconsistent herewith and as are approved by the officers authorized to execute the documents, which approval will be conclusively demonstrated by the execution thereof, and any member of the District Board, the District Manager or the District Chief Financial Officer and the District Clerk or any of such officers are hereby authorized to execute the Bond Documents.

d. Authorization to Execute and Deliver Order to Trustee. The District Manager or the District Chief Financial Officer is hereby authorized to execute and deliver to the Trustee the written order of the District for the authentication and delivery of the Second Series of Bonds by the Trustee.

e. Other Actions Necessary. The District Manager, the District Chief Financial Officer, the District Clerk and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents, including without limitation, the closing and other documents required to be delivered in connection with the sale and delivery of the Second Series of Bonds. (The persons who shall so take such actions shall be the persons holding such offices at the time of the initial issuance and delivery of the Second Series of Bonds.)

f. Distribution of Disclosure Documents.

1. The distribution by the Underwriter of the Preliminary Official Statement is hereby ratified and confirmed, and the District Chief Financial Officer is hereby authorized and directed to prepare, or cause the preparation of, and to execute the Final Official Statement for the Second Series of Bonds, to be dated even date with their sale, and the distribution of such Final Official Statement by the Underwriter is hereby approved.

2. The District Chief Financial Officer is hereby authorized to deem the Preliminary Official Statement “final” as of its date for purposes of the Rule. In that respect, the District Chief Financial Officer is further authorized to modify, or authorize the modification of, the Preliminary Official Statement.

g. Tax Levy.

1. For each year while any of the Second Series of Bonds is outstanding, the District Board shall annually levy and cause to be collected an ad valorem tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from any sources in the Enabling Act and under the Indenture, to pay Debt Service when due.

2. Moneys derived from the levy of the tax provided for in this paragraph 3.g. with respect to the Second Series of Bonds when collected constitute funds to pay Debt Service and shall be kept in the Series 2023 Tax Account and separately from other funds of the District.

3. The District Board shall make annual statements and estimates of the amount to be raised to pay Debt Service on the Second Series of Bonds. The District Board shall file the annual statements and estimates with the Clerk of the Municipality and shall publish a notice of the filing of the estimate. The District Board, on or before the date set by law for certifying the annual budget of the Municipality, shall fix, levy and assess the amounts to be raised by ad valorem taxes of the District and shall cause certified copies of the order to be delivered to the Board of Supervisors of 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 paragraph 3.g.

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

i. Appointment of Trustee and Depository. U.S. Bank Trust Company, National Association is hereby confirmed as Trustee, Registrar and Paying Agent for the purposes of the Indenture and as Depository for the purposes of the Depository Agreement.

j. Implementation of Procedures. The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

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

5. Severability; Amendment; Effective Date.

a. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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

c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

d. This Resolution shall be effective immediately.

PASSED by the Board of Directors of Mystic at Lake Pleasant Heights Community Facilities District this 25th day of April 2023.

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Chairman, Board of Directors, Mystic at Lake Pleasant Heights Community Facilities District

ATTEST:

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District Clerk, Mystic at Lake Pleasant Heights Community Facilities District

APPROVED AS TO FORM:

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District Counsel, Mystic at Lake Pleasant Heights Community Facilities District

ATTACHMENT:

EXHIBIT -- Form of Notice of Hearing on Report

* * *

EXHIBIT

FORM OF NOTICE OF HEARING ON REPORT

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON
REPORT OF THE FEASIBILITY AND BENEFITS OF CERTAIN
PROJECTS TO BE FINANCED WITH THE PROCEEDS OF THE
SALE OF GENERAL OBLIGATION BONDS OF MYSTIC AT
LAKE PLEASANT HEIGHTS COMMUNITY FACILITIES
DISTRICT

Pursuant to Section 48-715, Arizona Revised Statutes, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of general obligation bonds of Mystic at Lake Pleasant Heights Community Facilities District (the "District") shall be held by the Board of Directors of the District on April 25, 2023, at or after 5:00 p.m. (Arizona time), or immediately preceding the meeting of the Mayor and Council of the City of Peoria, Arizona, in the Council Chambers located at 8401 West Monroe Street, Peoria, Arizona 85345. Such feasibility report is on file with the City Clerk of the City of Peoria, Arizona/District Clerk of Mystic at Lake Pleasant Heights Community Facilities District, 8401 West Monroe Street, Peoria, Arizona 85345, telephone number: (623) 773-7000.

Dated this day of 2023

/s/ Kevin Burke

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District Chief Financial Officer, Mystic at Lake
Pleasant Heights Community Facilities District