MEMORANDUM

Date: June 10, 2020

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Resolution Relating to Rocking K South Community Facility District Feasibility Report and Debt Issuance for June 23, 2020, Board Meeting**

The Board of Supervisors June 23, 2020, Agenda includes the following resolution relating to the Rocking K South Community Facility District Feasibility Report and debt issuance:

- $150,000 of General Obligation Bonds for the Rocking K South Community Facility District.

Community Facility District Feasibility Report and General Obligation Bonds

On January 17, 2017, Pima County formed the Rocking K South Community Facilities District (District) and approved the District's General Plan. The District consists of approximately 2,047 acres south of Old Spanish Trail and east of where Valencia Road ends. Rocking K Development Company requested formation of the District so that the District could issue $46.5 million of District General Obligation debt to purchase completed roads, sewer systems, parks and other public infrastructure from the developer as identified in the District's General Plan. The District would tax property owners within the District to repay the debt, operate the District, and operate and maintain the purchased infrastructure. Both the debt and the tax would be the District's and not the County's.

On July 11, 2017, the Rocking K South Community Facilities District Development and Intergovernmental Agreement was approved by the Board of Supervisors. The agreement authorized the District's Board to issue debt to finance public infrastructure within the District. It also identified the eligible infrastructure, how the infrastructure could be purchased, the debt that may be issued, the tax that may be levied and the operational support that may be provided to the District by the County.

On May 29, 2020, the developer submitted the first public infrastructure project, Phase 1 Spine Public Sewer System, to be purchased and financed through the District. The project is to provide wastewater services to the development and is described within the Feasibility Report. The project is to be partially funded through the initial debt issue, which is not to exceed $150,000 and will be repaid over 15 years. Prior to any bond funds being spent on the project, the project must be accepted into the Regional Wastewater Reclamation System.

The Feasibility Report has been reviewed by the Finance and Risk Management Department, the District Engineer (Pima County Transportation Department Director) and the Regional Wastewater Reclamation Department. The debt is being purchased by the developer and will be paid by an ad valorem property tax assessed on the property owners within the boundaries of the District.

Recommendation

I recommend the Board of Supervisors hold a public hearing on the Feasibility Report prior to its consideration for approval in accordance with A.R.S. §48-715 and approve the attached Resolution and Feasibility Report authorizing the issuance of Rocking K South Community Facility District General Obligation Bonds.

CHH/lab

Attachment

c: Jan Lesher, Chief Deputy County Administrator

BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: June 23, 2020

Title: A RESOLUTION OF THE DISTRICT BOARD OF ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO A FEASIBILITY REPORT FOR PUBLIC INFRASTRUCTURE TO BE FINANCED BY THE DISTRICT; APPROVING SUCH REPORT; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED $150,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, TAXABLE SERIES 2020A, OF THE DISTRICT; PRESCRIBING CERTAIN TERMS, CONDITIONS AND PROVISIONS FOR SUCH BONDS; APPOINTING A BOND REGISTRAR AND PAYING AGENT AGREEMENT; APPROVING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS RELATING TO SUCH BONDS; AWARDING SUCH BONDS TO THE PURCHASER THEREOF; AND AUTHORIZING THE LEVY OF AN AD VALOREM PROPERTY TAX WITH RESPECT TO SUCH BONDS.

Introduction/Background:

On January 17, 2017, Pima County formed the Rocking K South Community Facilities District (District) and approved the District's General Plan. On July 11, 2017, the District's Development and Intergovernmental Agreement was approved by the Board of Supervisors, which authorized the District's Board (Pima County Board of Supervisors) to issue debt to finance public infrastructure within the District. The Agreement also identified the eligible infrastructure, how the infrastructure could be purchased, the debt that may be issued, the tax that may be levied and the operational support that may be provided to the District by the County. The developer has submitted the first public infrastructure project to be purchased and financed through the District. The project is described within the Feasibility Report and it is to be partially funded through the initial debt issue. The Feasibility Report has been reviewed by the Finance and Risk Management Department, the District Engineer (Pima County Transportation Department Director), and the Regional Wastewater Reclamation Department. The initial debt issue is not to exceed $150,000 and will be repaid over 15 years. The debt is being purchased by the developer and will be paid by an ad valorem property tax assessed on the property owners within the boundaries of the District.

Discussion:

The Rocking K South Community Facility District Feasibility Report describes the public infrastructure project, Phase 1 Spine Public Sewer System, and the associated bond issue. The proceeds of the bond issue will fund a portion of the Phase 1 Spine Public Sewer System to provide wastewater services to the development. The project must be accepted into the Regional Wastewater Reclamation System prior to any bond funds being used on the project.

Conclusion:

Pursuant to A.R.S. §48-715, a Public Hearing on the Feasibility Report needs to be conducted by the District Board prior to its consideration for approval. Approval of the Feasibility Report and authorization to sell up to $150,000 of Rocking K South Community Facility District Bonds to fund a portion of the Phase 1 Spine Public Sewer System is needed to move forward.

Recommendation:

Staff recommends that the Board of Supervisors, acting as the District Board for Rocking K South Community Facilities District, hold the public hearing on the Feasibility Report and approve this Resolution accepting the Feasibility Report and authorizing the sale of up to $150,000 in bonds for the Phase 1 Spine Public Sewer System.

Fiscal Impact:

The fiscal impact to the County should be zero. The County's costs to administer the District and issue the debt will be paid by the District. The funding will be made available for the Phase 1 Spine Public Sewer System. The bonds will be purchased by the developer and repaid over a 15 year period. The debt will be paid through an ad valorem property tax assessed on the property owners within the boundaries of the District.

Board of Supervisor District:

☐ 1 ☐ 2 ☐ 3 ☒ 4 ☐ 5 ☐ All

Department: Finance & Risk Managment Telephone: 724-8410

Contact: Michelle Campagne Telephone: 724-8410

Department Director Signature/Date: Michelle Campagne 6/9/2020

Deputy County Administrator Signature/Date: [signature] 6/10/2020

County Administrator Signature/Date: C. Richelberg 6/10/20

RESOLUTION NO. 2020-RK__

(ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT)

A RESOLUTION OF THE DISTRICT BOARD OF ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO A FEASIBILITY REPORT FOR PUBLIC INFRASTRUCTURE TO BE FINANCED BY THE DISTRICT; APPROVING SUCH REPORT; AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED $150,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS, TAXABLE SERIES 2020A, OF THE DISTRICT; PRESCRIBING CERTAIN TERMS, CONDITIONS AND PROVISIONS FOR SUCH BONDS; APPOINTING A BOND REGISTRAR AND PAYING AGENT AGREEMENT; APPROVING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS RELATING TO SUCH BONDS; AWARDING SUCH BONDS TO THE PURCHASER THEREOF; AND AUTHORIZING THE LEVY OF AN *AD VALOREM* PROPERTY TAX WITH RESPECT TO SUCH BONDS

BE IT RESOLVED BY THE DISTRICT BOARD OF ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT as follows:

Section 1. Findings.

(a) Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act"), and Section 11-1101, Arizona Revised Statutes, Pima County, Arizona (the "County"), Rocking K South Community Facilities District (the "District"), and Rocking K Development Co. (the "Developer") entered into a Development and Intergovernmental Agreement for Rocking K South Community Facilities District, dated as of July 11, 2017 ("Development Agreement") to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

(b) With regard to the property which makes up the real property included within the District, the District and the Developer 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 of such public infrastructure by the County, the reimbursement or repayment of the Developer with respect thereto, the advance of moneys for public infrastructure purposes and the repayment of such advances, 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 of Rocking K South Community

Facilities District (the "General Plan") and (2) by Section 48-709(F), 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 landowners for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the County, 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 (the "qualified electors"), the question of authorizing the board of directors of the District (the "District Board") to issue such bonds (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. 2007-RK1 adopted on July 11, 2017 (the "Organizational Resolution"), which provided that a special election be held on August 15, 2017 (the "Election"), at which time there was submitted to the qualified electors of the District the questions set forth in the official ballot described in the Organizational 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 had been cast in response to the questions submitted, that in answer to the questions submitted, such ballot was marked "Bonds, Yes" and no ballots were marked "Bonds, No" with respect to the issuance of the Bonds; (2) that the Election had been conducted and the returns thereof made as required by law and (3) that only qualified electors were permitted to vote at the Election.

(g) Upon receipt of the official results for the Election, the District Board on August 21, 2017, canvassed such results and found and determined that a majority of the votes cast by the qualified electors voting at the Election voted "Bonds, Yes" and that Bonds in not exceeding $46,500,000 aggregate principal amount are therefore authorized to be sold and issued.

(h) Pursuant to Section 48-715, Arizona Revised Statutes, and the Organizational Resolution, the District Board has caused a report of the feasibility and benefits of certain projects relating to public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of the first series of Bonds (the "2020A 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 to be acquired with the proceeds of the sale of the 2020A Bonds, a map showing, in general, the location of such projects, an estimate of the cost to construct, acquire, operate and maintain such projects, an estimated schedule for completion of such projects, a map or description of the area to be benefitted by such projects and a plan for financing such projects (the "Report"). A public hearing on the Report was held preceding the adoption of this Resolution (the "Report Hearing"), after provision for publication of notice thereof as provided by law.

(i) It has been requested that the District Board cause the District to acquire certain of the public infrastructure described in the General Plan which was the subject of the Report (the "Projects") described in the Development Agreement, and the District Board hereby determines that the District should acquire the Projects as described in the Development Agreement.

(j) Pursuant to Section 48-719, Arizona Revised Statutes, the District Board (1) hereby determines to authorize the sale and issuance of the 2020A Bonds to provide funds to acquire the Projects, and (2) shall enter in its minutes a record of the 2020A 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 with respect to the 2020A Bonds when due.

(k) The District Board has received a proposal from the Developer to purchase the 2020A Bonds from the District on terms contained in the Certificate and Receipt of the Developer (the "Purchase Contract") at a rate and on a basis under which interest on the 2020A Bonds will not be excludable from gross income for federal income tax purposes; and

(l) In order to provide for authentication and delivery of the 2020A Bonds and subsequent matters with respect thereto, the District Board hereby determines to authorize the execution and delivery of a Bond Registrar and Paying Agent Agreement (the "Paying Agent Agreement"), by and between the District and bond registrar and paying agent identified as provided herein (the "Bond Registrar and Paying Agent").

(m) There have been placed on file with the District Clerk of the District and presented to the District Board, in connection with the issuance and sale of the Bonds (i) the proposed form of the Paying Agent Agreement and (ii) the proposed form of the Purchase Contract (together, the Bond Documents").

(n) The District Board hereby further determines that (1) the proposed amount of indebtedness evidenced by the 2020A 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 2020A Bonds and (2) the total aggregate outstanding amount of the 2020A 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 2020A Bonds (based upon information received from the Assessor of Pima County, Arizona, hereby found and determined to be not less than $719,616) all as provided in Section 48-708, Arizona Revised Statutes.

Section 2. Authorization and Ratification of Notice of Hearing on Report.

(a) *Notice of Public Hearing.* The Notice of the public hearing on the Report provided by the District Director of Finance and attached as the Exhibit A (the "Notice") is hereby authorized and ratified in all respects as well as the mailing of the Report and the Notice to the

Board of Supervisors of the County. The providing of the Notice as provided by law and as caused by the District Director of Finance is hereby authorized and ratified.

(b) *Preparation of Report.* The preparation of the Report is hereby ratified and confirmed.

(c) *Approval of Report and Resolution of Intent.* After review of the Report and based on the Report Hearing, the Report is hereby approved in the form submitted to the District Board, and the District Board hereby declares its intent as required by Section 48-715, Arizona Revised Statutes, and, subject to the provisions set forth in the Report, to take such reasonable actions 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 or other means to maintain, the Projects, all as provided in the Report. The Projects will result in a beneficial use to land within the geographical limits of the District.

Section 3. Approval of Sale and Issuance of 2020A Bonds.

(a) *Authorization of 2020A Bonds.* The 2020A Bonds are hereby authorized to be issued as a series of general obligation bonds of the District to be designated "General Obligation Bonds, Taxable Series 2020A." The District Director of Finance is hereby authorized and directed to determine on behalf of the District: (1) the dated date and aggregate principal amount (but not to exceed $150,000) of the 2020A Bonds; (2) the principal and maturity schedule of the 2020A Bonds (which final maturity shall not be more than fifteen (15) years from their date of issuance); (3) the interest rate on the 2020A Bonds and the dates for payment of such interest ("interest payment dates"); (4) the provisions for mandatory redemption of the 2020A Bonds; and (5) the sale date, sale price and other terms of sale of the 2020A Bonds; provided, however, that the foregoing determinations must result in a true interest cost with respect to the 2020A Bonds of not to exceed six and one-half percent (6.50%). The 2020A Bonds shall be sold to the Developer in accordance with the terms of the Purchase Contract and at a price specified therein, as determined by the District Director of Finance who is hereby authorized and directed to so determine such matters.

(b) *Terms and Provisions, Redemption and Defeasance of 2020A Bonds.*

1. The 2020A Bonds shall be in physical certificated fully registered form in the form of a single bond in the denomination equal to the outstanding principal amount of the Bonds and shall bear interest from its date to the maturity or prior redemption of such bond of the 2020A Bonds, payable on the interest payment dates.

2. The principal of and interest on, the 2020A Bonds shall be payable in lawful money of the United States of America. The principal of the 2020A Bonds shall be payable at final maturity or upon redemption in full upon presentation and surrender thereof at the designated corporate trust office of the Bond Registrar and Paying Agent. Interest and redemption of principal amounts in part on the 2020A Bonds shall be payable by check, dated as of the interest payment date, mailed to the registered owners thereof, as shown on the registration books

maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the first (1st) day of the month next preceding that interest payment date (the "regular record date") or by wire transfer upon two days' prior written request delivered to the Bond Registrar and Paying Agent specifying a wire transfer address in the continental United States. Any such interest on a bond of the 2020A Bonds which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor 2020A Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor 2020A Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of 2020A Bonds not less than ten (10) days prior thereto.

3. The 2020A Bonds are subject to optional redemption prior to maturity at the option of the District, in whole or in part in $1,000 increments, on any date in inverse order of principal amount due at maturity or prior mandatory redemption, by the payment of a redemption price equal to the principal amount of such 2020A Bonds to be redeemed plus interest accrued to the date fixed for redemption, but without premium. Upon each such optional redemption, the Bond Registrar and Paying Agent shall make such partial payment and note such redemption in its records.

4. Notice of optional redemption of any bond of the 2020A Bonds shall be mailed by first class mail, postage prepaid, not less than ten (10) days prior to the date set for redemption to the registered owners of the 2020A Bonds being redeemed at the address shown on the registration books for the 2020A Bonds maintained by the Bond Registrar and Paying Agent. On the date designated for optional redemption by notice given as herein provided, the 2020A Bonds or portions thereof to be redeemed shall become and be due and payable at the redemption price for such 2020A Bonds or such portions thereof on such date, and, if moneys for payment of the redemption price are held in a separate account by the District or the Bond Registrar and Paying Agent, interest on such 2020A Bonds or such portions thereof shall cease to accrue, such 2020A Bonds or such portions thereof shall cease to be entitled to any benefit or security hereunder, the registered owner of such 2020A Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon and such 2020A Bonds or such portions thereof shall be deemed paid and no longer outstanding.

5. Any unpaid principal amount of the 2020A Bonds or portion thereof in $1,000 increments shall be deemed paid and defeased and thereafter shall have no claim on ad valorem taxes levied on taxable property in the District (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, in the case of Defeasance Obligations 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 of the 2020A Bonds or portion thereof is to be

redeemed and as to the giving of notice of such redemption. Principal amounts of the 2020A 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.

Section 4. Form and Execution of 2020A Bonds.

(a) *Form of Bonds.* The bonds of the 2020A Bonds (including the form of certificate of authentication and form of assignment therefor) shall be in substantially the form set forth in Exhibit B attached hereto. There may be such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the bonds of the 2020A Bonds in such form. Execution thereof by such officers shall constitute conclusive evidence of such approval.

The bonds of the 2020A Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. The 2020A Bonds shall show both the date of the issue and the date of authentication and registration of each Bond.

(b) *Execution of Bonds; Authentication.* The bonds of the 2020A Bonds shall be executed for and on behalf of the District by the Chairman or Vice Chairman of the District Board and attested by the District Clerk. Such signature may be by facsimile or mechanical reproduction; however, such officer shall manually sign a certificate adopting as and for such signature on the bonds of the 2020A Bonds the respective facsimile or mechanically reproduced signature affixed to such bonds.

If an officer whose signature is on a bond of the 2020A Bonds no longer holds that office at the time such bond is authenticated and registered, such bond shall nevertheless be valid and binding so long as such bond would otherwise be valid and binding.

A bond of the 2020A Bonds shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Bond Registrar and Paying Agent. The signature of the authorized representative of the Bond Registrar and Paying Agent shall be conclusive evidence that such bond has been authenticated and issued pursuant to this Resolution.

Section 5. Replacement of Stolen, Lost or Mutilated Bonds. In case any bond of the 2020A Bonds becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new bond, of like type, date, maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated bond or in lieu of and in substitution for such bond destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the District in connection therewith and, in the case of a bond destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such bond was destroyed or lost, and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 6. Transfer of Bonds; Tax Levy; Bond Documents; Other Actions.

(a) *Transfer of 2020A Bonds.* A bond of the 2020A Bonds may be transferred in whole only on the registration books for the 2020A Bonds upon delivery and surrender of the bond to the Bond Registrar and Paying Agent at its designated corporate trust office, accompanied by (i) a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the transferor registered owner of such bond, or the attorney-in-fact or legal representative of such owner, containing written instructions as to the details of the transfer of such bond, and (ii) a certificate signed by the transferee registered owner of such bond in the form set forth as Exhibit B attached hereto, certifying that such transferee is an entity whose ownership is controlled by the Purchaser. No transfer of any bond of the 2020A Bonds shall be effective until entered on the registration books for the 2020A Bonds.

In the event of the transfer of a bond of the 2020A Bonds, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books for the 2020A Bonds and shall authenticate and deliver in the name of the transferee a new fully registered bond of the same maturity and in the denomination of the aggregate principal amount remaining which the registered owner is entitled to receive. All costs and expenses of initial registration and payment of the 2020A Bonds shall be borne by the District, but the District and the Bond Registrar and Paying Agent shall charge the registered owner of such bond for every subsequent 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 other charge be paid before any such bond shall be delivered.

The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer any bond of the 2020A Bonds during a period beginning with the opening of business on any regular record date described in the form of such Bond and ending with the close of business on the corresponding interest payment date.

(b) *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 Bond Documents, which approval will be conclusively demonstrated by the execution thereof, and the District Director of Finance or any of such officers are hereby authorized to execute and attest and deliver, respectively, the Bond Documents.

(c) *Authorization to Execute and Deliver Bond Documents and Deliver Orders to the Bond Registrar and Paying Agent*. Any of the Chairman or other member of the District Board, the District Administrator or the District Director of Finance are each hereby authorized to execute and deliver the Bond Documents and to provide a written order of the District to the Registrar and Paying Agent for the authentication and delivery of the 2020A Bonds by the Bond Registrar and Paying Agent.

(d) *Other Actions Necessary*. The District Director of Finance, the District Clerk and the other officers of the District shall retain consultants and counsel necessary to carry

out the purposes of this Resolution and shall take all other actions 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 2020A Bonds.

(e) *Tax Levy*. For each year while any bond of the 2020A 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 moneys from the sources described herein, to pay debt service with respect to the 2020A Bonds when due. Moneys derived from the levy of the tax provided for in this Section with respect to the 2020A Bonds when collected constitute funds to pay debt service with respect to the 2020A Bonds and shall be kept separately from other funds of the District in a "2020A Tax Account."

The District Board shall make annual statements and estimates of the amount to be raised to pay debt service with respect to the 2020A Bonds. The District Board shall file the annual statements and estimates with the Clerk of the District Board 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 County, 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 the County, 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.

Any other general obligation bonds of the District hereafter issued will be secured on a parity basis as to the collection and application of property tax revenues of the District with the bonds of the 2020A Bonds, and such property taxes will be allocated to each such series of general obligation bonds in accordance with any debt service then due, taking into account other funds held by the District for such payment. Property tax revenues allocated for any such series of bonds shall be set aside separately for such series.

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

(g) *Appointment of Bond Registrar and Paying Agent*. U.S. Bank National Association is hereby appointed to serve as the Bond Registrar and Paying Agent for the purposes of the Paying Agent Agreement as indicated in Section 3(a) hereof.

(h) *Use of Proceeds*. The proceeds from the sale of the 2020A Bonds shall be set aside and deposited by the District Treasurer in a separate fund. The proceeds of the sale of the 2020A Bonds shall be expended only for the purposes set forth in the ballot used at the Election and in the Report and as provided in the Development Agreement.

Section 7. Repeal of this Resolution; Severability; Effect; Inconsistencies; Effective Date; Ratification.

(a) After any of the bonds of the 2020A Bonds are delivered upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the bonds of the 2020A Bonds and the interest thereon shall have been fully paid, canceled and discharged.

(b) 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.

(c) This Resolution shall constitute a contract between the District and the registered owner of the 2020A Bonds and shall not be amended in any manner which would impair, impede or lessen the rights of the registered owners of the 2020A Bonds then outstanding.

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

(e) This Resolution shall be effective immediately.

(f) All actions of the officers and agents of the District including the District Board which conform to the purposes and intent of this Resolution and which further the issuance and sale of the 2020A 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.

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PASSED by the District Board of Rocking K South Community Facilities District this 23rd day of June, 2020.

_____
Chairman, District Board,
Rocking K South Community Facilities District

ATTEST:

_____
Clerk, Rocking K South Community Facilities District

APPROVED AS TO FORM:

_____
District Counsel, Rocking K South Community Facilities District

ATTACHMENT:

EXHIBIT "A" -- Form of Notice of Hearing on Report
EXHIBIT "B" -- Form of 2020A Bond

EXHIBIT "A"

NOTICE OF PUBLIC HEARING

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 ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT

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 Rocking K South Community Facilities District shall be held by the District Board on June 23, 2020, beginning at approximately 9:00 a.m. (Arizona time) in the Board of Supervisors Meeting Room, First Floor, located at 130 West Congress, Tucson, Arizona 85701. Such feasibility report and further information relating thereto are on file with the Clerk of the Board of Supervisors of Pima County/District Clerk of Rocking K South Community Facilities District, 130 West Congress, First Floor, 85701, telephone number: (520) 724-8449.

Dated this __ day of June, 2020.

Julie Castañeda
District Clerk

EXHIBIT "B"
FORM OF BOND

REGISTERED NO. REGISTERED: $

THIS BOND IS ONLY TRANSFERABLE UPON RECEIPT OF THE HEREIN-DESCRIBED BOND REGISTRAR OF A CERTIFICATE FROM THE TRANSFEREE INCLUDED IN THIS FORM.

UNITED STATES OF AMERICA

STATE OF ARIZONA, COUNTY OF PIMA

ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT
(PIMA COUNTY, ARIZONA)
GENERAL OBLIGATION BOND,
TAXABLE SERIES 2020A

Interest Rate	Maturity Date	Dated Date
%	July 15, 20__	July __, 2020

Registered Owner:

Principal Amount:

Rocking K South Community Facilities District (the "District"), a community facilities district duly formed pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act"), for value received, hereby promises to pay to the aforesaid registered owner, or registered assigns, the aforesaid principal amount on the aforesaid maturity date unless earlier redeemed, and to pay interest on the principal amount from the date as of which this Bond is dated as indicated hereinabove at the aforesaid interest rate on January 15, 2021, and on each July 15 and January 15 thereafter (each an "interest payment date") to the maturity or redemption prior to maturity of this Bond.

The principal of this Bond shall be payable at final maturity or upon redemption in full upon presentation and surrender thereof at the designated corporate trust office of U.S. Bank National Association (the "Bond Registrar and Paying Agent"), as the Bond Registrar and Paying Agent. Interest and redemption of principal amounts in part on this Bond shall be payable by check, dated as of the interest payment date or redemption date, as applicable, mailed to the registered owners thereof, as shown on the registration books maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the first (1st) day of the month next preceding that interest payment date (the "regular record date") or by wire transfer upon two days' prior written request delivered to the Bond Registrar and Paying Agent specifying a wire transfer address in the continental United States. Any such interest on this Bond which is not

timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owner of this Bond not less than ten (10) days prior thereto.

The principal of, and interest and premium, if any, 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 represents a series of bonds indicated above (the "Bonds") in the aggregate principal amount of $_____ issued by the District pursuant to a resolution of the Board of the District, duly adopted prior to the issuance hereof, all of the terms of which are hereby incorporated herein (the "Resolution"), and pursuant to the Constitution and laws of the State of Arizona relative to the sale and issuance of general obligation bonds of community facilities districts, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

The Bonds are issuable as a single fully registered bond only in the denominations equal to the outstanding principal amount of the Bonds.

The Bonds are payable, equally and ratably with such other general obligation bonds of the District from the proceeds of 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 within the boundaries of the District, sufficient, together with moneys from the other sources available pursuant to the Act, to pay debt service on the Bonds when due.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF PIMA COUNTY, ARIZONA, OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER) IS PLEDGED TO THE PAYMENT OF THE BONDS.

The Bonds are subject to optional redemption prior to maturity at the option of the District, in whole or in part in $1,000 increments, on any date in inverse order of principal amount due at maturity or prior mandatory redemption, by the payment of a redemption price equal to the principal amount of such Bond to be redeemed plus interest accrued to the date fixed for redemption, but without premium.

The Bonds shall be redeemed prior to maturity on July 15, in the years and amounts set forth below, by payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without a premium:

Year	Amount
*	

*Maturity

Notice of redemption of such Bond will be mailed by first class mail, postage prepaid, not less than ten (10) days prior to the date set for redemption to the registered owner of such Bond being redeemed at the address shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent.

The Bond Registrar and Paying Agent shall maintain the registration books of the District for the registration of ownership of each Bond as provided in the Resolution. (The Bond Registrar and Paying Agent may be changed without notice or consent.)

This Bond may be transferred only in whole on the registration books upon delivery and surrender hereof to the Bond Registrar and Paying Agent at its designated corporate trust office, accompanied by (i) a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the transferring registered owner of this Bond or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer and (ii) a certificate signed by the transferee registered owner of this Bond in the form attached hereto, certifying that the transferee is an entity whose ownership is controlled by the Rocking K Development Co., an Arizona corporation, the original purchaser of this Bonds. No transfer of this Bond shall be effective until entered on the registration books.

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

The District and the Bond Registrar and Paying Agent shall not be required to issue or transfer any Bonds during a period beginning with the opening of business on a regular record date and ending with the close of business on the corresponding interest payment date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Bond and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law; (ii) that the obligation evidenced by the series of Bonds of which this is one, together with all other existing indebtedness of the District, does not exceed any applicable constitutional or statutory limitation and (iii) that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon taxable property within the District, over and above all other taxes authorized or limited by law, sufficient to pay the principal hereof and the interest hereon as each becomes due.

IN WITNESS WHEREOF, ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT, has caused this Bond to be executed in the name of the District by the signature of the Chairman of the District Board and attested by the signature of the Clerk of District Board.

ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT

By_____
Chairman, Board of Directors

ATTEST:

By_____
District Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Rocking K South Community Facilities District (Pima County, Arizona) General Obligation Bonds, Taxable Series 2020A, described in the within mentioned Resolution.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION
as Bond Registrar and Paying Agent

_____

By Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto (Name and Address of Transferee) 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 Guaranteed: Signature

_____

[Insert proper legend] Signature

_____

Note: The signature(s) on this assignment must correspond with the name(s) as it appears upon the face of the within Bond in every particular, without alteration or any change whatsoever.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, 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 _____ (Cust) (Minor
TEN ENT	- as tenants by the entireties	Under Uniform Gifts/Transfers to
JT TEN	- as joint tenants with right of survivorship and not as tenants in common	Minors Act _____ (State)

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

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

* * *

"BOND TRANSFEREE CERTIFICATE"

_____, 20__

ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT

U.S. BANK NATIONAL ASSOCIATION, as Bond Registrar and Paying Agent

Re: Rocking K South Community Facilities District (Pima County, Arizona) General Obligation Bonds, Taxable Series 2020A

Please be advised that the undersigned is purchasing the captioned bond in the form of a single, physically certificated bond (the "Bond") in the aggregate principal amount of $..... The undersigned hereby certifies that the undersigned is an entity whose ownership is controlled by Rocking K Development Co.

_____

By: _____

Printed Name:_____

Title:_____

FEASIBILITY REPORT
For the

Proposed Spine Sewer Project

and the

Issuance of

Not to Exceed $150,000 Principal Amount

OF

GENERAL OBLIGATION BONDS,
SERIES 2020A

For the

ROCKING K SOUTH

COMMUNITY FACILITIES DISTRICT

Submitted

May 29, 2020

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SECTION ONE

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

INTRODUCTION

This Feasibility Report (the "Report") is being submitted to the Rocking K South Community Facilities District (the "District") in connection with the Proposed Project (as defined herein) and the proposed issuance by the District of its General Obligation Bonds, Series 2020A (the "2020A Bonds") in an aggregate principal amount of not to exceed $150,000. The Report was prepared by PSOMAS (the "Rocking K Engineer") and other qualified persons on behalf of the Rocking K Development Co. (the "Developer") pursuant to the Development and Intergovernmental Agreement, dated July 11, 2017, (the CFD Development Agreement"), among the District, Pima County, Arizona (the "County") and the Developer and in accordance with the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes, and specifically in accordance with the provisions of Section 48-715, Arizona Revised Statutes ("A.R.S."). All terms not specifically defined herein are as defined in the CFD Development Agreement. The Report is being submitted with respect to the feasibility and benefits of certain "public infrastructure" (as defined in A.R.S. 48-701) described herein (the "Proposed Project") and the plan for financing the costs of the Proposed Project with proceeds from the 2020A Bonds.

Pursuant to an election held August 15, 2017, the District is authorized to issue not to exceed $46,500,000 in principal amount of general obligation bonds. None of such bonds have been issued to date pursuant to the CFD Development Agreement. The bonds authorized to be issued provide for the financing of the costs of certain portions of the public infrastructure that constitutes Eligible Infrastructure under the CFD Development Agreement necessary for the District. The District generally consists of the development of an approximately 2,047-acre master-planned development comprised of residential, commercial and recreational uses, which is located entirely within the District and in unincorporated Pima County (the "Development"), being developed by the Developer.

PURPOSE OF FEASIBILITY REPORT

Pursuant to the CFD Development Agreement, this Report includes the following required information as prepared by the Rocking K Engineer:

1. A detailed description of the Proposed Project, and any preliminary designs or concept plans.

2. A map showing the location of the Proposed Project and the area it benefits or will benefit.

3. An itemized estimate of the cost to design and construct the Proposed Project.

4. An estimate of future maintenance costs for the Proposed Project.

5. A proposed design and construction schedule, together with an explanation of any factors that might reasonably be expected to cause a delay in either commencement or completion.

6. Title, environmental, and any other appropriate reports showing the legal and physical condition of the real property on which the Proposed Project will be located.

7. A financing plan, including a proposed schedule for the sale of the proposed bonds, to include calculations showing the estimated impact of the bond issuance on the Debt Service Tax rate, taking into account the estimated interest rate and any reasonably anticipated increases or decreases in NAV. Per the CFD Development Agreement, the bonds may not have a final maturity of more than 15 years from their date of issuance.

Pursuant to the CFD Development Agreement, the Developer agrees to fully cooperate with County or District staff or outside consultants in their review of this Report, including providing any additional information or clarification requested.

This Report has been prepared for the consideration of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the 2020A Bonds. This Report does not attempt to address the quality of the 2020A Bonds as investments or the likelihood of repayment of the 2020A Bonds.

GENERAL DESCRIPTION OF DEVELOPMENT AND DISTRICT

The District is located in the eastern portion of the metropolitan Tucson area, approximately16 miles southeast of downtown Tucson and approximately 13 miles east of Tucson International Airport. The District is located in an unincorporated area of Pima County and is roughly bounded by the community of Vail (unincorporated Pima County) to the south, the City of Tucson to the west, Saguaro National Park to the north, and unincorporated/undeveloped land to the east.

The District has been entitled for the development of residential single family homes, multi-family homes, commercial and mixed use development. Upon build out, it is anticipated that the District will include over 3,653 single family units over approximately 1,263 acres and approximately 30,000 square feet of commercial property (retail and other mixed use) constructed over approximately 3.5 acres. The balance of acreage in the District (780.5 acres) will be roadways, rights-of-way, open space, and parks. The Developer has sold 558 lots within the District to three home builders as of May 15, 2020; however no home sales have closed as of May 15, 2020.

Table One in Section Five provides the Developer's current estimated absorption schedule for the District. A map of the Proposed Project and the Area to be Benefitted is included in Section Three and a legal description depicting the boundaries of the District is included in Appendix A.

SECTION TWO

DETAILED DESCRIPTION OF THE PROPOSED PROJECT

Detailed Description of the Proposed Project.

Phase 1 Spine Public Sewer: The Proposed Project consists of public sewer improvements and related work including design, construction, surveying, materials testing and jurisdictional fees necessary to provide sewer service to the portion of the District as shown on the Project Area Map. Eligible sewer improvements include but are not limited to, sewer improvements and related work located within Rocking K Ranch Loop, Monument View Way and the offsite connection to the existing sewer facilities and other sewer improvements not located within a subdivision development parcel as shown on the Public Sewer Improvement Plan for Rocking K South, Phase 1 (Rocking K Ranch Loop & Monument View Way), Plan Number G-2015-080. The sewer improvement plan consists of approximately 4800 LF of 15", 1300 LF of 12", 2300 LF of 10" and 340 LF of 8" spine sewer along with 4 FT and 5 FT diameter manholes to serve the portion of the District within the Project Area.

Proposed Design and Construction Schedule.

The design of the Phase 1 Spine Public Sewer was completed and permitted through Pima County in May 2019. Construction of the Phase 1 Spine Public Sewer began in October 2019 and was completed in March 2020. As-built sewer plan preparation is scheduled for June 2020 and discharge authorization from ADEQ is anticipated to be obtained by August 2020.

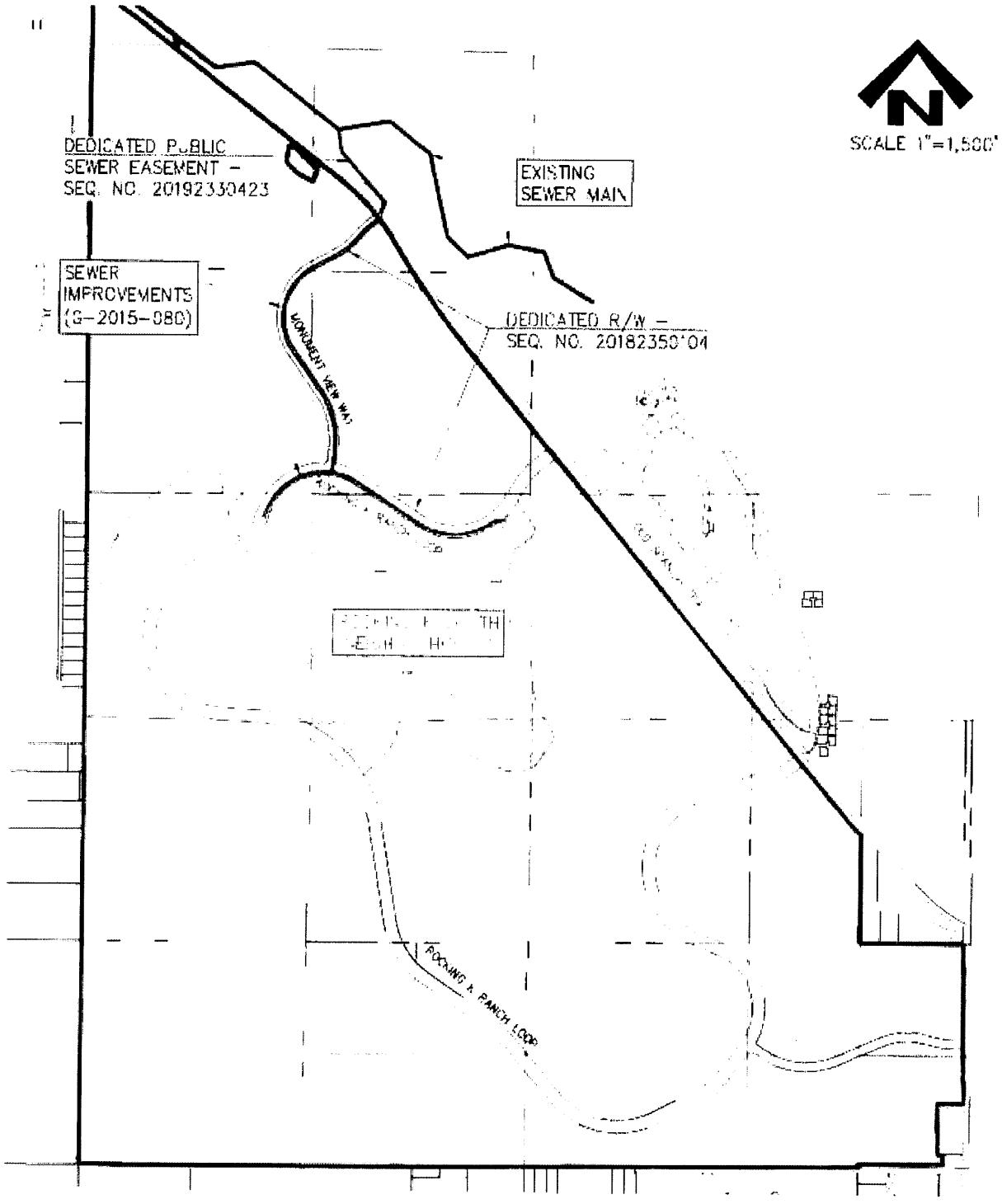
Legal and Physical Condition of Property.

The majority of the Phase 1 Spine Public Sewer is located on land owned by the County within the right-of-way for Rocking K Ranch Loop and Monument View Way that has been dedicated to Pima County with the Blocks 1 through 7 Amended Final Plat for Rocking K South, Sequence No. 20182350104. The offsite portion of the Phase 1 Spine Public Sewer north of Old Spanish Trail is located within a dedicated 30 FT Public Sewer Easement, Sequence No. 20192330423.

SECTION THREE

MAPS SHOWING
LOCATION OF PROPOSED PROJECT AND
AREA TO BE BENEFITED*

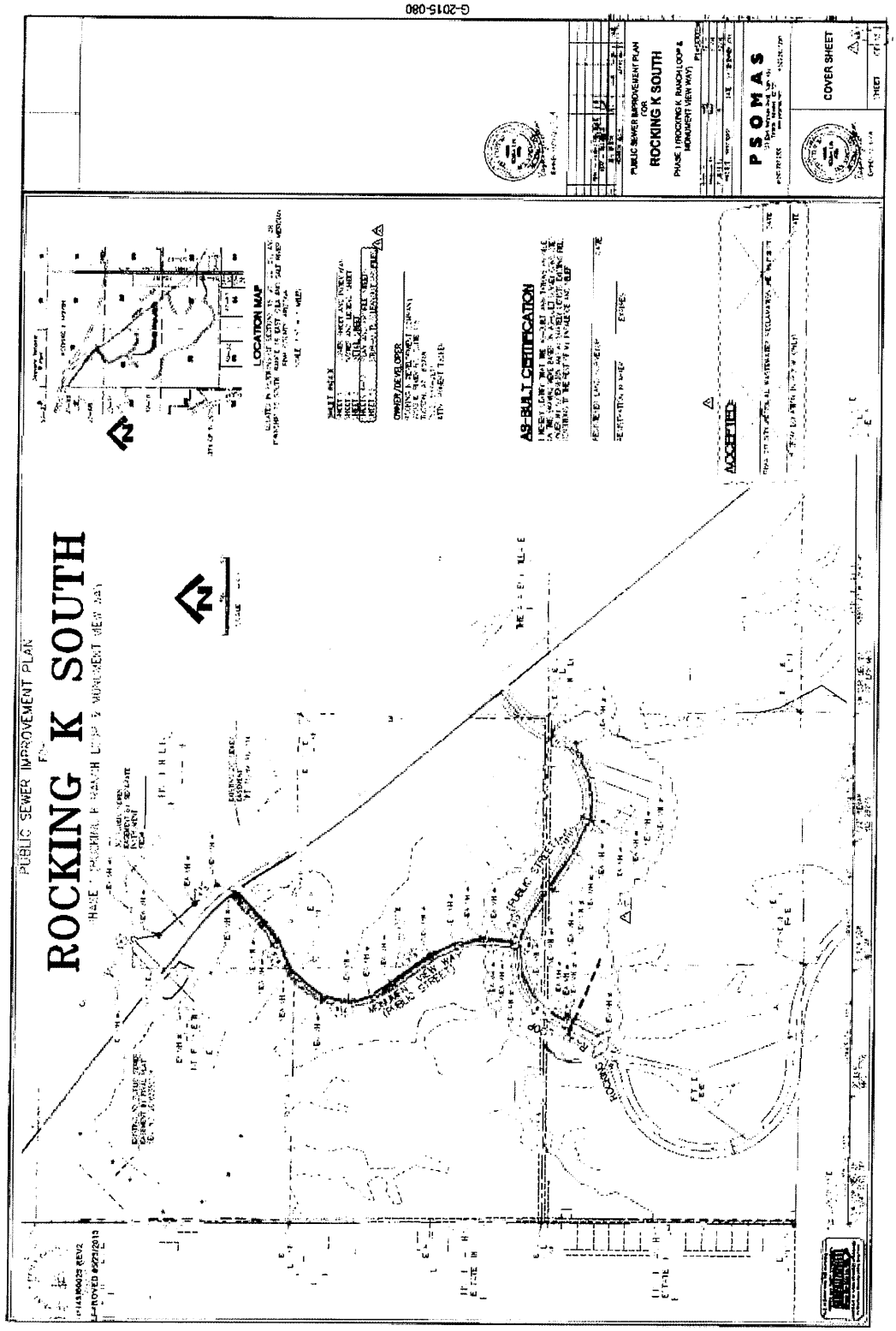
*The area to be benefitted by the Proposed Project consists of all property within the District.



PROJECT AREA MAP

MAY, 2020

District Phase 1 Sewer plan:



SECTION FOUR

ESTIMATED COSTS OF PROPOSED PROJECT

Provided below is an itemized list of the estimated costs to design and construct the Proposed Project:

Design	**Costs**
Engineering Design and Survey Data Collection	$43,800
Construction	
Construction Administration and Sewer ADEQ	$15,200
Construction Staking	$15,110
Spine Sewer (15", 12", 10", 8")	$751,808
Manholes and Cleanouts	$356,992
Connections, Adjustments and Access Road	$129,864
Agency Fees	$31,017
Construction Total	$1,299,991
Total Cost Design and Construction Cost	$1,343,791

The Rocking K Engineer's estimate of the annual cost of maintaining the Proposed Project is $3,800, consisting of the following items: periodic rodding, pressure cleaning, and CCTV inspection once every 10 years.

Upon acquisition by the District, the District will dedicate or otherwise transfer all portions of the Proposed Project to the County for on-going operations and maintenance as outlined in the CFD Development Agreement. The District has levied an operations and maintenance tax of $0.30 per $100 of net limited assessed property valuation to fund the costs of the expenses thereof as outlined in the CFD Development Agreement. The CFD Development Agreement provides that the District may call an election within the District to increase the operation and maintenance tax levy to $0.50 per $100 of net limited assessed property valuation.

SECTION FIVE

PLAN OF FINANCE

The acquisition of the Proposed Project is proposed to be financed by the District as described in the Plan of Finance below.

Existing and Future Debt.

The District is authorized to issue no more than $46,500,000 in principal amount of general obligation bonds. The 2020A Bonds will be the first bonds issued by the District and are being

purchased by the Developer.

The 2020A Bonds.

The 2020A Bonds will be issued in an aggregate principal amount not to exceed $150,000 and will be used to finance a portion of the acquisition of the Proposed Project and pay costs incurred in forming the District and in issuing the bonds. It is proposed that the 2020A Bonds will have a final maturity no later than fifteen (15) years from their date of issuance and will be structured such that the annual debt service will be approximately level. (See Table Two for the Developer's estimated debt service requirements on the 2020A Bonds).

Target Tax Rate .

Any general obligation bonds of the District are, by law, to be paid from a property tax which is unlimited as to rate and amount. The Development Agreement establishes a "target tax rate" of not to exceed $2.30 per $100 of net limited assessed property value computed in the manner described in the CFD Development Agreement.

Homeowner's Obligation and Disclosure of Property Tax Payments.

At the $2.30 maximum target tax rate, assuming an average market value in the opinion of the Developer of $350,000 for a single family, residential property, the initial fiscal year taxes for the 2020A Bonds would equal approximately $54 per month or $644 annually. Subsequent year taxes for each property owner will depend upon the taxable value established by the County Assessor's office (limited to 5% annual growth on existing properties) applied to the rate per $100 of net limited assessed property valuation needed to pay debt service.

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report.

In addition to the foregoing minimum requirement, the Developer proposes a more comprehensive program of homebuyer disclosure for initial homebuyers, and disclosure for purchasers of other land in the District, to include:

- First, all sales contracts between the Developer and homebuilders that purchase from the Developer will include a provision that states that the homebuilder agrees to comply with the disclosure requirements of State law referenced above.
- Second, each homebuyer that purchases a home from a homebuilder described in the first item above will sign a Rocking K South Community Facilities District Disclosure Statement detailing the existence of the District and its financial impact on ownership of the home, as provided in Appendix B. Receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy kept on file with the District Clerk.

Sources and Uses of Funds.

The Developer's estimate of the sources and uses of funds of the 2020A Bonds are shown below.

SOURCES OF FUNDS

Par Amount of Bonds	$138,500
TOTAL SOURCES	$138,500

USES OF FUNDS

Costs of Proposed Project*	$38,500
Costs of Issuance	$100,000
TOTAL USES	$138,500

*Reflects a portion of the costs of the Proposed Project.

Developer's Projection of Home Sales

The table below depicts the Developer's projection of units of home sales and average sales price for residential properties in the first phase of the Development within the District.

TABLE ONE

ROCKING K SOUTH PROJECTED HOME CLOSING SCHEDULE[1]

Calendar Year	Units*	Cumulative Units*	Average Sales Price**	Neighborhood
2021	108	108	$ 350,000	Phase 1
2022	144	252	$ 350,000	Phase 1
2023	192	444	$ 350,000	Phase 1
2024	114	558	$ 350,000	Phase 1

*No homes closings are expected to occur until the first calendar quarter of 2021. This is the starting date for the information shown.

**For purposes of this Report, the Developer assumes no change in the average sales price of units for the period shown.

[1] Home Closing Schedule Unit count is based upon the number of units that will be available for sale with street and utility infrastructure in place and reflects a portion of the overall anticipated 3,653 Units to be constructed and sold within the District upon build out. Home sales absorption is estimated at four Units/month per lot size segment per neighborhood.

1

TABLE TWO

Developer's Estimate of Debt Service Requirements and Estimated Impact on the Debt Service Tax Rate

Rocking K South Communities Facilities District
(Pima, Arizona)

Proposed General Obligation Bonds
(May 20, 2020)

Fiscal Year Ending June 30	**Projected** Net Assessed Limited Property Values ("NALPV") [1]	Annual % Change	**ALLOWED** NAVLPV (Defined as 85% of Projected NALPV") [1]	$138,500 General Obligation Bonds Series 2020A Dated: 7/14/2020			Estimated District Revenues at 95% Collection Rate against Allowed NALPV	Actual Tax Rate Levied Against Projected NALPV
				Principal	Interest [2]	Total Debt Service		
2021	$719,616	22615%	$611,674	$6,600	$6,675	$13,275	$13,365	$1.84
2022	719,616	0.00%	611,674	6,700	6,595	13,295	13,365	1.85
2023	719,616	0.00%	611,674	7,100	6,260	13,360	13,365	1.86
2024	719,616	0.00%	611,674	7,400	5,905	13,305	13,365	1.85
2025	719,616	0.00%	611,674	7,800	5,535	13,335	13,365	1.85
2026	719,616	0.00%	611,674	8,200	5,145	13,345	13,365	1.85
2027	719,616	0.00%	611,674	8,600	4,735	13,335	13,365	1.85
2028	719,616	0.00%	611,674	9,000	4,305	13,305	13,365	1.85
2029	719,616	0.00%	611,674	9,500	3,855	13,355	13,365	1.86
2030	719,616	0.00%	611,674	9,900	3,380	13,280	13,365	1.85
2031	719,616	0.00%	611,674	10,400	2,885	13,285	13,365	1.85
2032	719,616	0.00%	611,674	11,000	2,365	13,365	13,365	1.86
2033	719,616	0.00%	611,674	11,500	1,815	13,315	13,365	1.85
2034	719,616	0.00%	611,674	12,100	1,240	13,340	13,365	1.85
2035	719,616	0.00%	611,674	12,700	635	13,335	13,365	1.85
Totals				$138,500	$61,330	$199,830		

(1) FY 2021 NALPV is based on information provided by Pima County. Future years assume no growth.

(2) Interest is assumed at 5.00%.

APPENDIX A

LEGAL DESCRIPTION

Blocks 1 through 7 of the Amended Plat of Rocking K South, a subdivision of Pima County, Arizona, as recorded in Sequence No. 20182350104 in the office of the Pima County Recorder.

APPENDIX B

FORM OF DISCLOSURE PAMPHLET - RESIDENTIAL

FORM OF DISCLOSURE PAMPHLET
RESIDENTIAL
ROCKING K SOUTH
COMMUNITY FACILITIES DISTRICT

ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT

DISCLOSURE STATEMENT

Buyer(s):_____
Parcel: _____
Lot: _____
Homebuilder: _____

BACKGROUND

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

The home you are purchasing is within the Rocking K South Community Facilities District (the "CFD"), which was formed on January 17, 2017, by the Board of Supervisors of Pima County. An election was held on August 15, 2017, at which time the then owners of the property within the CFD voted to authorize up to $46,500,000 of unlimited, *ad valorem* property tax supported bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure. The infrastructure has been or will be dedicated to the County after acquisition or construction of such infrastructure by the CFD. The County will operate and maintain such infrastructure.

AD VALOREM TAXES OF THE CFD

General obligation bonds and the CFD operation and maintenance expenses are paid from ad valorem property taxes. It is currently estimated that the payment of the general obligation bonds and the CFD expenses will add approximately $2.60 to the property tax rate; however, such tax rate increase could vary depending upon factors including the financing amount and terms, and the amount of the assessed valuation of property within the CFD for tax purposes. Payment of general obligation bonds and expenses are included as part of your regular Pima County property tax statement and are in addition to taxes levied by other political subdivisions.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners and other residents within the CFD by providing such infrastructure. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is to be located. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. This added tax is currently deductible for

purpose of calculating federal and state income taxes (please consult with your tax advisor, as that could change).

EXAMPLE OF FINANCINGS' COSTS TO HOMEOWNER

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within the CFD and a $2.60 tax rate:

Home Sales Price	Estimated General Obligation and Expense Payment (1,2)
$200,000	$390.00
$250,000	$487.50
$300,000	$585.00
$350,000	$682.50
$400,000	$780.00

*Assumptions:

1. Home Sales Price is not the same as a property's net limited assessed value which is determined by the County Assessor and used to calculate property taxes. Home Sales Price is also not the same as market value. Net limited assessed value is typically approximately 75% of a property's market value.
2. Assumes residential property assessment ratio will remain at 10% and that market value is equivalent to Home Sales Price.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the County Clerk of the Board's office and/or on the County's website.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property in the CFD and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

.....
Home Buyer(s) Signature/Date

.....
Home Buyer(s) Printed Name(s)

.....
Home Buyer(s) Signature/Date

.....
Home Buyer(s) Printed Name(s)