

NEW ISSUE – BOOK-ENTRY-ONLY FORM

NOT RATED

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under “TAX EXEMPTION” herein, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income may need to be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations with tax years beginning before January 1, 2018. See “TAX EXEMPTION,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM” herein.

\$969,000*
EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)
ASSESSMENT DISTRICT NO. 11
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

DRAFT
9-14-2018

Dated: Date of Initial Delivery

Due: July 1, as shown on inside front cover page

The Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 11 Special Assessment Revenue Bonds, Series 2018 (the “Bonds”), will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers under the book-entry-only system maintained by DTC in minimum denominations of \$5,000 of principal amount due on a specified maturity date or \$1,000 integral multiples in excess thereof. Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2019*. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX E – “Book-Entry-Only System.”

See Inside Front Cover Page for Maturity Schedule

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, and will be issued pursuant to a resolution of the Board of Directors of Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “District”). The Bonds will be payable solely from and secured by a special, separate fund maintained by the District which fund will contain installments due with respect to certain special assessments levied and assessed by the District on certain single family housing lots within the District in accordance with a method of apportionment based on the benefit received by such lots from public infrastructure acquired with the proceeds of the sale of the Bonds and agreed to by the owners of such lots, each of which assessments constitute a first lien on the lot against which it is assessed and levied, subject only to general property taxes and prior special assessments. **(THERE ARE SUCH GENERAL PROPERTY TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES” HEREIN.)** The lien for such assessments will not be extinguished as a result of enforcement of the lien for general property taxes. Any such lot will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such lot and, if sold, the proceeds thereof deposited in such special fund. The rights and obligations of the District relating to collection and payment of assessments and the enforcement of remedies against delinquent assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors’ rights and may be subject to judicial discretion in accordance with general principles of equity. **SEE “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” AND “RISK FACTORS” HEREIN.**

THE BONDS WILL BE SUBJECT TO SPECIAL OPTIONAL, OPTIONAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN UNDER THE HEADING “THE BONDS - REDEMPTION PROVISIONS.” PLEASE NOTE SPECIFICALLY THAT, PURSUANT TO SUCH SPECIAL OPTIONAL REDEMPTION UNDER CERTAIN CIRCUMSTANCES, THE BONDS WILL BE SUBJECT TO REDEMPTION IN WHOLE OR IN PART ON ANY INTEREST PAYMENT DATE.

Proceeds of the sale of the Bonds will be used (i) to pay a portion of the costs of acquisition of certain public infrastructure, (ii) to pay costs of issuance relating to the Bonds, (iii) to provide for capitalized interest on the Bonds through July 1, 2019*, and (iv) to fund a debt service reserve fund for the Bonds. See “THE PUBLIC INFRASTRUCTURE” and “SOURCES AND APPLICATIONS OF FUNDS” herein.

PLEASE BE ADVISED THAT AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER “RISK FACTORS” AND UNDER OTHER SECTIONS IN THIS OFFICIAL STATEMENT. THIS ISSUE IS NON-RATED AND SHOULD NOT BE DEEMED TO BE INVESTMENT GRADE. THE “RISK FACTORS” SECTION OF THIS OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING ANY INVESTMENT DECISION IN THE BONDS.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY OF MESA, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE-DESCRIBED SPECIAL ASSESSMENTS.

The Bonds are offered when, as and if issued by the District and received by the underwriter identified below (the “Underwriter”), subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for DMB Mesa Proving Grounds, LLC by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November __, 2018*.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

STIFEL

* Preliminary, subject to change.

\$969,000*
EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)
ASSESSMENT DISTRICT NO. 11
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® (a) (Base No. 277484)
2020	\$ 22,000			
2021	23,000			
2022	24,000			
2023	25,000			
2024	26,000			
2025	28,000			
2026	29,000			
2027	31,000			
2028	32,000			
2029	34,000			
2030	35,000			
2031	37,000			
2032	39,000			
2033	41,000			
2034	43,000			
2035	45,000			
2036	48,000			
2037	50,000			
2038	52,000			
2039	55,000			
2040	58,000			
2041	61,000			
2042	64,000			
2043	67,000			

\$_____ Term Bonds @ _____% Due July 1, 20__ - Price _____% CUSIP _____
 \$_____ Term Bonds @ _____% Due July 1, 20__ - Price _____% CUSIP _____

(a) *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Capital Global Market Intelligence. Copyright© 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such matters.*

* Preliminary, subject to change.

**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)**

DISTRICT BOARD

John Giles, Chairman
David Luna, Vice Chairman
Mark Freeman, Board Member
Chris Glover*, Board Member
Francisco Heredia, Board Member
Kevin Thompson, Board Member
Jeremy Whittaker, Board Member

DISTRICT STAFF

Christopher Brady, District Manager
Michael Kennington, District Treasurer
Dee Ann Mickelsen, District Clerk
Gust Rosenfeld P.L.C., District Counsel

APPRAISER

Schnepf Ellsworth Appraisal Group LLC
Mesa, Arizona

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

DISTRICT FINANCIAL ADVISOR

Hilltop Securities Inc.
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

* Board Member Glover's term runs through January of 2019.

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of the Bonds, the Bond Resolution, the security for the Bonds, the District, the Developer and the Public Infrastructure (as such terms are defined herein) and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution and any documents are qualified in their entirety by reference to such documents, copies which may be obtained from Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), at 2325 East Camelback Road, Suite 750, Phoenix, AZ 85016.

No dealer, broker, salesperson or other person has been authorized by the District, the Underwriter or Hilltop Securities Inc. (the “Financial Advisor”), to give information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Underwriter or the Financial Advisor.

The information set forth herein has been obtained from the District, the Developer and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District, the Financial Advisor or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District, the Financial Advisor or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District, the Financial Advisor or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information nor links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the caption “CONTINUING DISCLOSURE” and in APPENDIX D – “Form of Continuing Disclosure Undertaking,” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE OBLIGATIONS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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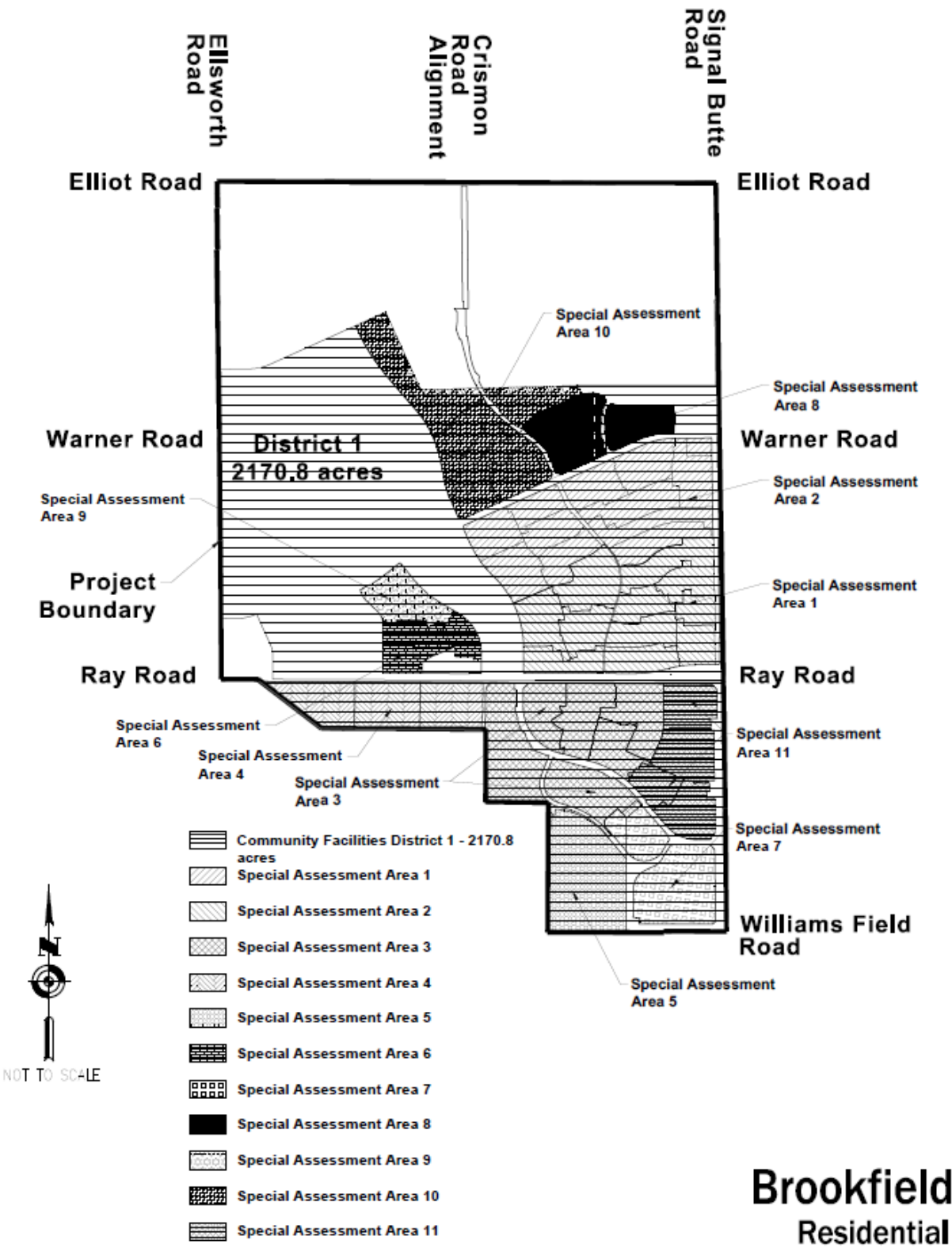
MAP SHOWING LOCATION OF EASTMARK
WITHIN METROPOLITAN PHOENIX AREA



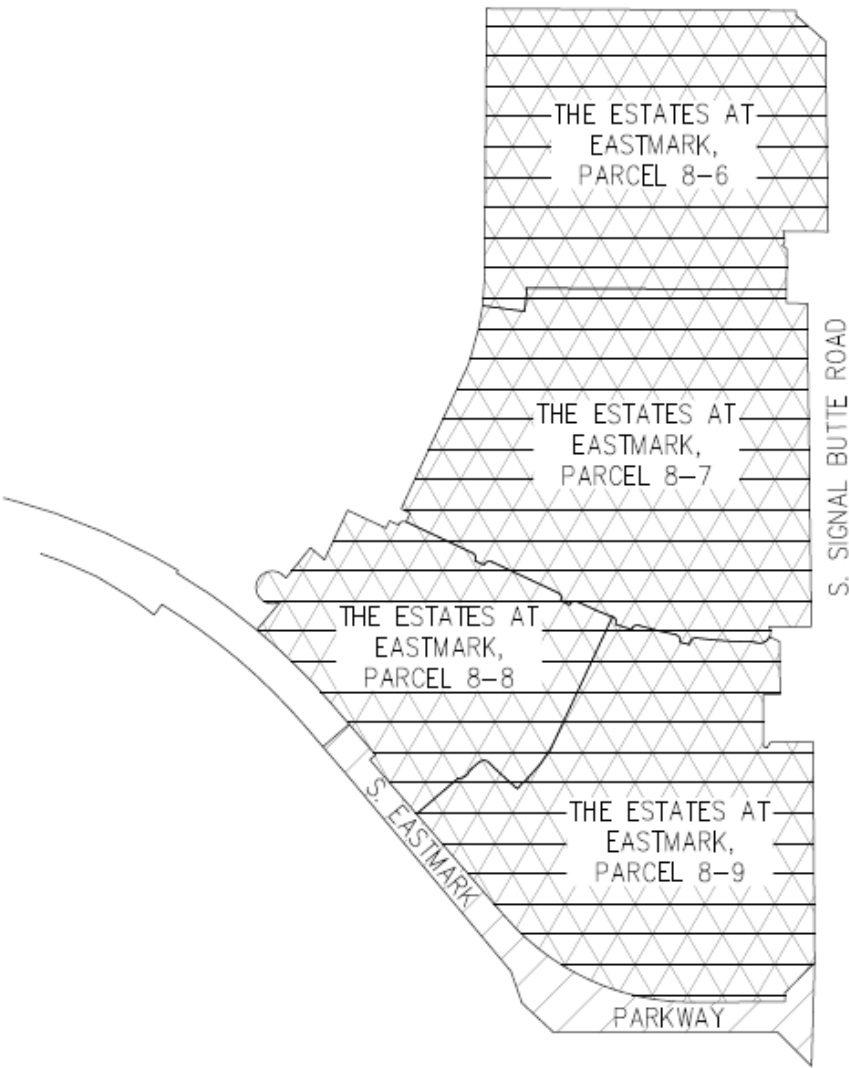
**MAP SHOWING LOCATION OF THE DISTRICT AND EASTMARK
IN THE CONTEXT OF THE SURROUNDING AREA**



MAP SHOWING LOCATION OF ASSESSMENT DISTRICT NO. 11
IN THE CONTEXT OF THE DISTRICT



MAP SHOWING LOCATION OF ASSESSMENT DISTRICT NO. 11



1"=500'

EASTMARK
SPECIAL ASSESSMENT AREA 11-DETAIL

Brookfield
Residential

\$969,000*
EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)
ASSESSMENT DISTRICT NO. 11
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this “Official Statement”), provides certain information concerning the issuance of Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 11 Special Assessment Revenue Bonds, Series 2018 (the “Bonds”), in the aggregate principal amount of \$969,000*. Copies of any of the documents referenced herein are available upon request to the Underwriter (as defined herein) at: Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016.

INTRODUCTION

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “Act”), and in response to a petition by DMB Mesa Proving Grounds, LLC, a limited liability company organized and existing pursuant to the laws of the State of Delaware (the “Developer”), the manager of which, at the time, was DMB Associates, Inc., a corporation incorporated and existing pursuant to the laws of the State of Arizona (“DMB”), the Mayor and Council (the “City Council”) of the City of Mesa, Arizona (the “City”), adopted a resolution on April 2, 2012, which formed Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “District”). See APPENDIX A – “Information Regarding the City of Mesa, Arizona” hereto for certain information about the City.

The District consists of approximately 2,170 acres of a larger 3,164-acre project within the City formerly known as the General Motors Proving Grounds and now being developed as the mixed use, master planned community known as Eastmark (the “Project” or “Eastmark”). The Project is located east of the Arizona State Route 202 generally bounded by Elliot Road to the north, Williams Field Road to the south, Ellsworth Road to the west, and Signal Butte Road to the east. (The Developer acquired fee title interest under certain purchase agreements in 2006.) Construction on the Project commenced in August 2012, and the first home closings occurred in September 2013. Single family residential units represent approximately 2,040 acres within the Project. Brookfield Arizona Management LLC (“Brookfield Arizona”) is the Project Manager for the Project. See the maps at pages (ii) and (iii) with respect to the location of the District. See “LAND DEVELOPMENT.”

On April 1, 2013, a venture was formed between affiliates of Brookfield Residential Properties Inc. (“Brookfield Residential”) and DMB whereby each member has a vested equity interest in the Developer, pursuant to which DMB was the designated Project Manager and representatives of the members serve on an executive committee to approve the business plans for Eastmark as amended from time to time. Effective January 2, 2018, Brookfield Arizona assumed the role of Project Manager. Members of the venture and the composition of the executive committee remain the same, the day-to-day management team is unchanged and the Project is being managed similarly to the way it was managed by DMB.

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of Arizona and a municipal corporation for certain purposes of the laws of the State of Arizona (the “State” or “Arizona”). Except as otherwise provided in the Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the City. The City Council serves, ex officio, as the Board of Directors of the District (the “Board”) and the City Manager of the City currently serves as the District Manager.

On September 27, 2018*, the Board adopted a resolution approving a feasibility report relating to the financing of a portion of the costs of certain public infrastructure necessary for development of certain land within the boundaries of the District which is to be acquired by the District and thereafter transferred to the City (collectively, the “Public Infrastructure”). See “THE PUBLIC INFRASTRUCTURE.” On September 27, 2018*, the Board adopted a resolution levying special assessments (the “Special Assessments” and, individually, as the Special Assessments relate to a particular lot, a “Special Assessment”) on certain single family housing lots within the District (collectively, the “Assessed Lots” and, individually, each an “Assessed Lot”) based on the benefit to be received by the Assessed Lots. **The Assessed Lots**

* Preliminary, subject to change.

make up only a portion of the District and together make up “Assessment District No. 11.” See “LAND DEVELOPMENT – Assessed Lots.”

THE BONDS

Authorization and Purpose

The Bonds are authorized pursuant to the Act and will be issued, sold and delivered pursuant to a resolution adopted by the Board on October 4, 2018* (the “Bond Resolution”). The Bonds will be issued to provide funds (i) to pay a portion of the costs of the Public Infrastructure, (ii) to pay costs of issuance relating to the Bonds, (iii) to provide for capitalized interest on the Bonds through July 1, 2019* and (iv) to fund a debt service reserve fund for the Bonds (the “Reserve Fund”). See “SOURCES AND APPLICATIONS OF FUNDS.”

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest as set forth on the inside front cover page of this Official Statement.

Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2019* (each such date being referred to herein as an “Interest Payment Date”). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months. The District has chosen the fifteenth (15th) day of the calendar month (other than a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the place of payment or in the city where the principal corporate trust office of the Bond Registrar and Paying Agent (as defined herein) is located (a “Business Day”)) in the month preceding an Interest Payment Date, or if such day is not a Business Day, the previous Business Day, as the “Record Date” for the Bonds.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York (“DTC”), in the book-entry-only form described herein in minimum denominations of \$5,000 of principal amount due on a specified maturity date or \$1,000 integral multiples in excess thereof. See APPENDIX E – “Book-Entry-Only System.”

Bond Registrar and Paying Agent

U.S. Bank National Association will serve as the initial bond registrar, transfer agent and paying agent (the “Bond Registrar and Paying Agent”) for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

Redemption Provisions*

Special Optional Redemption. The Bonds will be redeemed at the option of the District in whole or in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days’ prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed, plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure, but in no event later than October 1, 2021*, amounts are transferred from the Acquisition Fund (as defined in the Bond Resolution) for such purpose, (ii) from the prepayment of any Special Assessment by the owner of any Assessed Lot, and (iii) from the proceeds from the sale of any delinquent Special Assessments, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement (as defined herein).

Optional Redemption. The Bonds will also be redeemable, on or after July 1, 20__, at the option of the District in whole or on any date or, from time to time, in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days’ prior notice, upon payment of the applicable redemption price which will consist of the principal amount of

* Preliminary, subject to change.

the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

Mandatory (Sinking Fund) Redemption. The Bonds maturing in the following years will be redeemed on the following redemption dates and in the following (sinking fund) amounts upon not more than sixty (60) nor less than thirty (30) days' prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium:

Redemption Date (July 1)	Principal Amount
Bonds Maturing in 20__	
20__	\$ __,000
20__	__,000
20__	__,000
20__ (maturity)	__,000
Bonds Maturing in 20__	
20__	\$ __,000
20__	__,000
20__	__,000
20__	__,000
20__ (maturity)	__,000

Whenever Bonds of such maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the District to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of such maturity.

Notice of Redemption. So long as the Bonds are held under the book-entry-only system maintained by DTC described in APPENDIX E – “Book-Entry-Only System” (the “Book-Entry-Only System”), notices of redemption will be sent to DTC, in the manner required by DTC not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository.

Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the “MSRB”), currently through the MSRB’s Electronic Municipal Market Access system (“EMMA”), in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If the money necessary for such redemption is not held by the Bond Registrar and Paying Agent at the time of mailing the notice of redemption, the notice will further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption will be cancelled and the notice shall be of no force or effect.

Effect of Redemption. Pursuant to the Bond Resolution, if on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held by the Bond Registrar and Paying Agent, interest on the portion of the Bonds to be redeemed will cease to accrue and such portion of the Bonds will cease to be entitled to any benefit or security under the Bond Resolution except the right to receive payment from the moneys held for such portion of the Bonds by the Bond Registrar and Paying Agent.

Redemption of Less Than All of a Bond. The District may redeem an amount which is included in a Bond in integral multiples of \$1,000. In that event, the registered bondholder shall submit the Bond for partial redemption and the Bond

Registrar and Paying Agent shall make such partial payment and the Bond Registrar and Paying Agent shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered bondholder thereof.

ESTIMATED DEBT SERVICE FOR THE BONDS (a)*

Set forth below are the estimated debt service requirements for the Bonds.

Period Ending (July 1)	Principal	Interest (b) (c)	Estimated Annual Debt Service Requirements
2019		\$ 31,358	\$ 31,358
2020	\$ 22,000	48,450	70,450
2021	23,000	47,350	70,350
2022	24,000	46,200	70,200
2023	25,000	45,000	70,000
2024	26,000	43,750	69,750
2025	28,000	42,450	70,450
2026	29,000	41,050	70,050
2027	31,000	39,600	70,600
2028	32,000	38,050	70,050
2029	34,000	36,450	70,450
2030	35,000	34,750	69,750
2031	37,000	33,000	70,000
2032	39,000	31,150	70,150
2033	41,000	29,200	70,200
2034	43,000	27,150	70,150
2035	45,000	25,000	70,000
2036	48,000	22,750	70,750
2037	50,000	20,350	70,350
2038	52,000	17,850	69,850
2039	55,000	15,250	70,250
2040	58,000	12,500	70,500
2041	61,000	9,600	70,600
2042	64,000	6,550	70,550
2043	67,000	3,350	70,350
Total	\$969,000	\$748,158	\$1,717,158

(a) Prepared by the Financial Advisor.

(b) Interest is estimated at 5.00% per annum.

(c) The first interest payment on the Bonds will be due on July 1, 2019*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until maturity or prior redemption.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

Bond Fund and Special Assessments

The Bonds will be payable solely from and secured by a special, separate fund established pursuant to the Bond Resolution and maintained by the District (the "Bond Fund") which will contain the installments collected with respect to the Special Assessments and, initially, a portion of the proceeds of the Bonds representing capitalized interest. (The remaining land in the District does not represent security for the Bonds.) The Bonds will, under certain circumstances, also be payable from amounts available from time to time in the Reserve Fund. The Board has levied the Special Assessments based on the benefit determined by the Board to be received by the corresponding Assessed Lot from the Public Infrastructure. **Pursuant to an agreement entered into between the District and the Treasurer of Maricopa County, Arizona (the**

* Preliminary, subject to change.

“Treasurer”), the District may, in each year, determine to have some or all of that year’s installment payments collected with respect to the Special Assessments collected by the Treasurer as part of, and pursuant to the procedures for collection of, general property taxes. (See “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES – Introduction.”) In the event of nonpayment of a current year installment that is collected by the Treasurer, such installment will no longer be collected under the Foreclosure Process (as defined and described below) but will instead be collected in the same manner as general property taxes. However, it is the intent of the District to collect the remaining installments of that Special Assessment pursuant to the Foreclosure Process. Collection of a delinquent installment by the Treasurer with other delinquent general property taxes may result in a delay in the ultimate collection of such installment.

The Special Assessments are a first lien on the Assessed Lots subject only to, notwithstanding any such agreement with the Treasurer, general property taxes and prior special assessments. **(THERE ARE SUCH GENERAL PROPERTY TAXES IN THE CASE OF THE BONDS; HOWEVER, THERE ARE NO PRIOR SPECIAL ASSESSMENTS. SEE “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES.”)** *Failure to pay such general property taxes and subsequent foreclosure of the related lien does not extinguish a Special Assessment. Neither the current owners nor any subsequent owners of any Assessed Lot are obligated to pay the Special Assessments or the Bonds, and the assets of the current owners or any subsequent owners, other than the Assessed Lots, do not secure such payment. The Special Assessments and the Bonds will be secured only by the Assessed Lots. The Special Assessments are not cross-defaulted. Any owner, current or subsequent, could choose to pay one Special Assessment and not another for Assessed Lots it owns.*

In the event of nonpayment of amounts due with respect to a Special Assessment, the procedures for collection of delinquent assessments and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes (the “Foreclosure Process”), apply, as nearly as practicable, **except that neither the District nor the City is required to purchase the Assessed Lots subject to delinquency at the sale even if there is no other purchaser. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Foreclosure Process” and “RISK FACTORS – Non-Payment of Assessments.”** Any Assessed Lot will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such Assessed Lot and, if sold, the proceeds thereof will be deposited in the Bond Fund or will be used to replenish the Reserve Fund. The rights and obligations of the District relating to collection and payment of the Special Assessments and the enforcement of remedies against delinquent Special Assessments (including the Foreclosure Process) may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors’ rights and may be subject to judicial discretion in accordance with general principles of equity.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT BUT WILL BE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE RESERVE FUND.

Reserve Fund

As indicated in “SOURCES AND APPLICATIONS OF FUNDS,” \$ _____ * of the proceeds of the sale of the Bonds will be deposited in the Reserve Fund. The amount of the Reserve Fund is equal to the lesser of: (i) ten percent (10%) of the outstanding principal amount of the Bonds to be outstanding after redemption from such account; (ii) an amount equal to, at the time of computation, the greatest annual payment of principal and interest of the Bonds to be outstanding after redemption from such account occurring in the then-current, or any subsequent, fiscal year; or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds outstanding, or such amount as required by the Internal Revenue Code of 1986, as amended (the “Code”), to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, pursuant to an opinion of Bond Counsel (the “Reserve Fund Requirement”). To the extent income from investments of the Reserve Fund causes the Reserve Fund to exceed the Reserve Fund Requirement, such investment income will be transferred to the Bond Fund and used to pay semiannual interest on the Bonds.

* Preliminary, subject to change.

If at any time it appears that the collection of installments of the Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, any or all investments in the Reserve Fund may be liquidated and such amounts transferred to the Bond Fund as are necessary to make timely payments of principal of and interest on the Bonds, as applicable. The Reserve Fund will be reimbursed from either: (i) the proceeds from the sale of delinquent Special Assessments pursuant to the Foreclosure Process or (ii) excess amounts from installments on the Special Assessments, if any, provided, however, only to the extent that such excess portion of such installments is not required for the payment of principal of and interest on the Bonds.

If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all the Bonds outstanding on a redemption date, together with the interest accrued on such Bonds as of such redemption date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds on such redemption date.

Foreclosure Process

The Foreclosure Process is provided by the Bond Resolution (by reference to a waiver agreement applicable to the Assessed Lots) which states that certain sections of the “General Public Improvements and Improvement Bonds Law” of the Arizona Revised Statutes are applicable. APPENDIX F – “Certain Statutory Provisions Applicable to the Foreclosure Process” includes portions of certain sections of such law. Generally, a representative of the District is required, within twenty (20) days from the date any installment is due on the Special Assessments, to begin publication of the list of the Special Assessments on which any installment is delinquent. Such representative also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the Special Assessment will be declared due, and the corresponding Assessed Lot upon which the Special Assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Special Assessments is required to be published and circulated in the District for a period of ten (10) days in a daily newspaper, or for two (2) weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the representative is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, the Assessed Lots on which an installment of the Special Assessment is delinquent. At least ten (10) days before the sale date or the date to which the sale has been postponed, the representative is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the representative has mailed such notice. The time of sale shall not be less than five (5) days after the last publication, and the place of sale shall be in or in front of the office of such representative, or in front of the usual place of meeting of the Board. The sale may be postponed.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District shall, at 10:00 a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the Assessed Lots advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. The sale may be postponed or continued from day to day until all the property is sold. Each Assessed Lot shall be offered for sale separately. The sale shall be for the entire Special Assessment including the delinquent installments, and the person who will take the Assessed Lot and then and there pay the amount of the Special Assessment, penalty and costs due, including fifty cents (\$0.50) to the representative of the District for a certificate of sale, shall become the purchaser.

None of the District, the City or owners of land in the District are required to purchase delinquent land at any sale, even if there is no other purchaser.

Special Assessment Amounts and Land Values

Special Assessment Amounts. The Special Assessments have been levied based on the benefit to be received by the Assessed Lots from the Public Infrastructure. See TABLE 7. The amounts of the Special Assessments have been agreed to pursuant to a waiver agreement which is applicable to all of the Assessed Lots and is recorded in the real property records against the Assessed Lots.

Appraisal Values. An appraisal, dated August 20, 2018 (the “Appraisal”), was performed by Schnepf Ellsworth Appraisal Group LLC, Mesa, Arizona (the “Appraiser”), at the request of the District for the purpose of determining, subject to the limitations, terms and conditions thereof, the “market value” of the Assessed Lots as security for the Special Assessments as of the valuation date of August 20, 2018. In determining the “market value” of the Assessed Lots, the “sale comparison

approach” was applied, through which the Appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparable properties. The Executive Summary of Appraisal is included as APPENDIX C – “Executive Summary of Appraisal.” **THE FULL TEXT OF THE APPRAISAL IS AVAILABLE FROM THE UNDERWRITER AND SHOULD BE REVIEWED IN ITS ENTIRETY.**

“Market value” is defined in the Appraisal as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market (“exposure time”);
- (4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time depends on several factors including market conditions and factors of supply and demand. Pricing and competent professional marketing are two very important factors. The estimate of value in the Appraisal assumed that the subject property has been exposed to the market for 9 to 12 months or less at a price not more than ten percent (10%) above the appraised value.

The Appraisal provides the “market value” of the Assessed Lots in the form of an “as is” value and an “as if complete” value.

“As is” value is the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal, and relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

“As if complete” value is the prospective value upon completion of the parcel site improvements. The Appraisal provides that because the completion of such improvements with respect to the Assessed Lots is 100% complete, the “as is” value and the “as if complete” value are the same.

As indicated in TABLE 7 herein, each of the Assessed Lots has an overall “as is” lot value to assessment lien ratio of not less than 12 to 1 as of the valuation date of the Appraisal. **See “RISK FACTORS – Failure or Inability to Complete Proposed Development” and “– Completion of the Public Infrastructure and the Other Infrastructure.”**

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. See “RISK FACTORS – Appraised Value.”

Full Cash Values. It is estimated that the “full cash value” for tax year 2018 as determined by the County Assessor of Maricopa County, Arizona (the “Assessor”), for all of the Assessed Lots much less than the total of the values shown in the Appraisal. (Estimated “full cash value” is statutorily defined to mean “that value determined as prescribed by statute” or if no statutory method is prescribed it is “synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques. The Assessor generally uses a market approach to value residential property such as the Assessed Lots. In determining full cash value of the Assessed Lots, the property generally was valued as “agricultural and vacant land” by the Assessor.)

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES

Introduction

The District has no control over the amount of additional indebtedness or other amounts payable from taxes or assessments on all or a portion of the property within Assessment District No. 11 or the area that encompasses the Assessed Lots which may be issued or levied in the future by other governmental entities or political subdivisions, including but not limited to the City, Maricopa County, Arizona (the “County”), school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District or such area. To the extent such indebtedness is payable from property taxes, such taxes will have a lien on the property within Assessment District No. 11 paramount and superior to the lien of the Special Assessments. Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity within Assessment District No. 11 would be subordinate and subject to the lien of the Special Assessments. See “Other Debt of the District” in this section. Currently, there are no prior special assessment liens in Assessment District No. 11. **SEE ALSO, “RISK FACTORS – Direct and Overlapping Indebtedness and Taxes” FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

For tax purposes in Arizona, real property is either valued by the assessor of the County (in the case of Assessment District No. 11, the Assessor), or the Arizona Department of Revenue. Property valued by the Arizona Department of Revenue is referred to as “centrally valued” property and is generally owned by large mine and utility entities. Property valued by the assessor of the county is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, “limited property value” and “full cash value,” only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. The limited property value of real property and improvements, including mobile homes, used for all *ad valorem* property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent (5%) greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

All property both real and personal is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the limited property value or full cash value of the property, as applicable, to obtain the limited assessed property value and the full cash assessed value, respectively. The assessment ratio for agricultural and vacant land is currently 15%; the assessment ratio for owner occupied residential property is currently 10%. Net assessed limited property value is determined by excluding the value of property exempt from taxation from limited assessed property value and from full cash assessed value of centrally valued property and combining the resulting two amounts.

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the assessed valuation of the property (taxable value multiplied by the appropriate assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of two percent (2%) over the prior year’s levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The two percent (2%) limitation does not apply to primary taxes levied on behalf of school districts. Primary taxes on residential property only are constitutionally limited to one percent (1%) of the limited value of such property.

Taxes levied for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the assessed valuation of the property as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness or special district assessments. Pursuant to a statutory change effective in 2018, school districts subject to desegregation orders levy secondary property taxes in addition to secondary property taxes levied for debt service or budget overrides.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year. Generally, a tax lien is not satisfied or removed until the taxes are paid or the

property is finally vested in a purchaser under a tax lien sale as hereinafter described. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept sixteen percent (16%) per annum or less, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered within fifteen (15) months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale.

Existing, Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes

Overlapping, general obligation bonded indebtedness and tax levies for other purposes with respect to land which encompasses the District, the lien for which is paramount and superior to that of the Bonds, is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net assessed limited property valuation thereof and combined tax rate per \$100 of net assessed limited property value. (While such indebtedness and tax levies also encompass Assessment District No. 11, comparable information for Assessment District No. 11 based on the net assessed limited property valuation thereof is not yet available. See footnote (a) to TABLE 1.) The applicable percentage of each jurisdiction's assessed valuation which lies within such area was derived from information obtained from the Assessor.

The District has authorized the issuance of up to \$435,000,000 principal amount of general obligation bonds at an election held on May 17, 2012 (the "Election"), of which \$18,210,000 has been sold and issued and \$17,040,000 is outstanding, not including the planned issuance of the Series 2018 GO Bonds. See "Overlapping, Superior, General Obligation Bonded Indebtedness and Maintenance and Operations Tax of the District" in this section.

**TABLE 1
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS**

Overlapping Jurisdiction	General Obligation Bonded Debt Outstanding (b)	Portion Applicable to The District (a)	
		Approximate Percentage	Net Debt Amount
State of Arizona	None	0.084%	None
Maricopa County	None	0.129	None
Maricopa County Community College District	\$380,740,000	0.129	\$ 490,342
Maricopa County Special Health Care District	75,000,000	0.129	96,590
East Valley Institute of Technology District No. 401	None	0.289	None
Queen Creek Unified School District No. 95	94,925,000	11.500	10,916,287
Gilbert Unified School District No. 41	110,560,000	2.739	3,027,768
City of Mesa	365,755,000	1.588	5,808,820
The District	17,040,000	100.000	17,040,000 (c)
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$37,379,808</u>

-
- (a) Proportion applicable to Assessment District No. 11 is not available. Proportion applicable to the District was used instead. Proportion applicable to the District is computed on the ratio of net assessed limited property value as calculated for Fiscal Year 2018/19 for the overlapping jurisdiction to the amount of such valuation which lies within the District. Because the area that encompasses Assessment District No. 11 only encompasses the area shown on the map on page (v) which is a smaller area than the area of the District, these amounts are greater than what actually overlaps such area. If the assessed value within the District increases at a faster rate than the overlapping jurisdictions, the amount of overlapping debt allocated for payment within the District will increase.
- (b) Includes total general obligation bonds outstanding less redemption funds on hand. Does not include authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future.

Also does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States Department of the Interior (the “Department of the Interior”), for repayment of certain capital costs for construction of the Central Arizona Project (“CAP”), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD’s obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages have been fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona’s Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD’s boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of net assessed limited property value, of which 14 cents is currently being levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

This table also does not include the obligation of the Flood Control District of Maricopa County (the “County Flood Control District”) to contribute \$80 million to the CAP. The County Flood Control District’s sole source of revenue to pay the contribution will be raised from the levy of ad valorem taxes on real property and improvements.

- (c) Does not include the District’s anticipated issuance of approximately \$10,270,000 General Obligation Bonds, Series 2018 in the fourth quarter of 2018 (the “Series 2018 GO Bonds”). Does not include special assessment revenue bonds outstanding in the aggregate principal amount of \$11,772,500, the Bonds or other special assessment revenue bonds expected to be issued by the District in the future. See “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES – Other Debt of the District” herein.

Source: The various entities.

TABLE 2
DIRECT AND OVERLAPPING NET ASSESSED
LIMITED PROPERTY VALUE AND TOTAL TAX RATES

Overlapping Jurisdiction	2018/19 Net Assessed Limited Property Value	2018/19 Combined Tax Rate Per \$100 of Net Assessed Limited Property Value (a)	
State of Arizona	\$62,328,357,186	None	
Maricopa County	40,423,232,423	\$1.8750	(b)
Maricopa County Community College District	40,423,232,423	1.3754	
Maricopa County Fire District Annual Levy (c)	40,423,232,423	0.0107	
Maricopa County Flood Control District (c)	37,003,666,851	0.1792	
Maricopa County Special Health Care District (c)	40,423,232,423	0.2941	
Maricopa County Library District (c)	40,423,232,423	0.0556	
Central Arizona Water Conservation District (c)	40,423,232,423	0.1400	
East Valley Institute of Technology District No. 401 (c)	18,011,211,783	0.0500	
Queen Creek Unified School District No. 95	452,696,977	7.6135	
Gilbert Unified School District No. 41	1,900,979,361	6.1051	
City of Mesa	3,277,965,031	1.0201	
The District	52,059,735	4.1500	(d)

- (a) The combined tax rate includes the tax rate for debt service payments and the tax rate for all other purposes such as maintenance and operation and capital outlay.
- (b) Includes the “State Equalization Assistance Property Tax” which in Fiscal Year 2018/19 has been set at \$0.4741 per \$100 of Net Assessed Limited Property Value and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276.
- (c) The Net Assessed Limited Property Value of the County Flood Control District does not include the personal property assessed valuation within the County. The Net Assessed Limited Property Value for the CAWCD reflects the assessed valuation located within the County only. The County is mandated to levy a tax annually in support of fire districts in the County. All levies for library districts, hospital districts, fire districts, career technical education districts, water conservation districts and flood control districts are levied on the Net Full Cash Assessed Value.
- (d) Includes the Operation and Maintenance Tax.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa County 2018 Tax Levy*, Maricopa County – Finance Department.

Overlapping, Superior, General Obligation Bonded Indebtedness and Maintenance and Operations Tax of the District

As noted above, pursuant to the Election, the District is authorized to incur general obligation bonded indebtedness in an amount not to exceed \$435,000,000 in principal amount, of which \$416,790,000 amount (not reduced by the anticipated Series 2018 GO Bonds) remains authorized but unissued, payable from *ad valorem* taxes levied on all taxable property within the District without limit as to rate or amount. Such bonds will be issued over time in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. (Additional bonds payable from such source could be authorized by elections in the future.) At the Election, the District also authorized the levy and collection of an *ad valorem* property tax of \$0.30 per \$100 of Net Assessed Limited Property Value for administrative, operational and maintenance costs of the District which has been and will be levied each year (the “Operation and Maintenance Tax.”) The lien for taxes for both purposes would be superior and paramount to that for the Special Assessments with respect to the Bonds. **See “RISK FACTORS – Direct and Overlapping Indebtedness and Taxes.”**

Other Additional, Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes

As noted above, the District has no control over the amount of additional debt payable from taxes or tax levies for other purposes on all or a portion of the property within the District that may be issued or levied in the future by other political

subdivisions, including but not limited to the City, the County, school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District. To the extent such obligations are payable from general property taxes, such taxes will have a lien on the taxable property within the District superior and paramount to that for the Special Assessments with respect to the Bonds. Additional indebtedness or tax levies for other purposes could be authorized for such overlapping jurisdictions in the future. **See “RISK FACTORS – Direct and Overlapping Indebtedness and Taxes.”**

The following jurisdictions which overlap Assessment District No. 11 have the indicated authorized but unissued general obligation bonded debt available for future issuance:

TABLE 3
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Maricopa County Special Health Care District	\$754,000,000
Gilbert Unified School District No. 41	35,660,000
Queen Creek Unified School District No. 95	63,555,000
City of Mesa	77,731,000
The District	416,790,000 (a)

(a) Not reduced by the planned issuance of the Series 2018 GO Bonds.

Source: Individual jurisdictions.

Other Debt of the District

The District sold and issued the aggregate principal amount of special assessment revenue bonds related to Assessment District in the District, of which the aggregate principal amounts remain outstanding as listed in the following table.

TABLE 4
OTHER DEBT OF THE DISTRICT

Special Assessment District No.	Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
1	2013	Public Infrastructure Acquisition	\$2,712,000	7-1-14/38	\$ 2,248,000 (a)
2	2015	Public Infrastructure Acquisition	3,367,000	7-1-15/39	2,947,000
3	2015	Public Infrastructure Acquisition	1,942,000	7-1-17/39	1,819,000
4	2015	Public Infrastructure Acquisition	970,000	7-1-18/40	816,000
5	2016	Public Infrastructure Acquisition	1,060,000	7-1-17/40	987,000
6	2017	Public Infrastructure Acquisition	502,000	7-1-18/41	494,000
7	2017	Public Infrastructure Acquisition	1,326,500	7-1-19/42	1,326,500
8	2018	Public Infrastructure Acquisition	770,000	7-1-19/42	767,000
9	2018	Public Infrastructure Acquisition	368,000	7-1-19/42	368,000
Total Other Debt of the District Outstanding					\$11,772,500
Plus the Bonds					969,000 *
Total Other Debt of the District to be Outstanding					<u>\$12,741,500 *</u>

(a) Referred to herein as the “Series 2013 Assessment Bonds”.

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the

* Preliminary, subject to change.

future such as the anticipated Assessment District No. 10 Special Assessment Revenue Bonds. The term “special assessments” as used hereinabove refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes and prior special assessments. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. See **“RISK FACTORS – Direct and Overlapping Indebtedness and Taxes.”**

SOURCES AND APPLICATIONS OF FUNDS

The sources and applications of funds with respect to the Bonds are as follows:

TABLE 5

SOURCES OF FUNDS	
Par Amount of Bonds	\$ 969,000*
[Net] Original Issue [Premium/Discount]	_____
TOTAL SOURCES	\$ _____
 USES OF FUNDS	
Payment of Costs of Issuance (including Underwriter’s Discount)	\$
Deposit to Debt Service Reserve Fund	
Deposit to Debt Service Fund (representing capitalized interest)	
Deposit to Acquisition Fund	_____
TOTAL USES	\$ _____

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer and none of the District, the Underwriter or the Financial Advisor assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

The Public Infrastructure is comprised of the continuation of Eastmark Parkway, south of Ray Road for one-third of a mile which cost \$996,141. Work included sewer, non-potable waterlines, waterlines, vertical concrete curb and gutter, concrete sidewalk, paving, striping, signage, streetlights, street sleeves, landscaping and irrigation. Construction of such infrastructure was substantially completed in August of 2016 and acceptance of the Public Infrastructure by the City occurred on August 1, 2016. See “LAND DEVELOPMENT.”

The Public Infrastructure was publicly bid in compliance with the process required by State law and the District; completion bonds have been obtained for all the Public Infrastructure. Construction of the Public Infrastructure is complete. The Public Infrastructure was constructed and completed by the Developer and then acquired by the District and transferred to the City upon completion. Proceeds of the sale of the Bonds will be used by the District to pay for acquiring the Public Infrastructure.

* Preliminary, subject to change.

THE OTHER INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer, and none of the District, the Underwriter or the Financial Advisor assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Certain other infrastructure (collectively, the “Other Infrastructure”) is being constructed in connection with the development of the Assessed Lots and the Project and the construction of homes therein as described below. To date, the contract amounts for the Other Infrastructure listed below are in excess of \$20 million, all of which is being paid by the Developer. The completion of the Other Infrastructure contributes to the values described in the Appraisal. Completion bonds for all of the Other Infrastructure are in place. None of the Other Infrastructure is being financed with proceeds of the sale of the Bonds; some may, however, be acquired with the proceeds of special assessment bonds to be issued by the District in the future and/or be the subject of general obligation bonds to be issued by the District in the future.

The Other Infrastructure is more particularly described as follows:

Ray Road – The roadway consists of approximately two miles of full street improvements (three lanes each direction with landscaped median) and five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches, together with vertical curb, storm drain, storm drain manholes, catch basins, water fire hydrants, water valves, sewer, sewer manholes, concrete sidewalks, concrete ramps, pavement, pavement striping, traffic signage, dry utilities, gas, street lighting and landscaping. The public improvements for the first phase of Ray Road, which consisted of three lanes and a raised median, were completed in June 2013 and conveyed to the City on June 23, 2013. The public improvements for the second phase of Ray Road, which consist of three lanes, were completed in February 2015 and were conveyed to the City on May 12, 2015.

Signal Butte Road – The roadway consists of approximately one mile of half street improvements (two lanes one direction with a turning lane in lieu of a median) and five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches, and channel improvements approximately one mile long, together with water, fire hydrants, water valves, storm drain, gabion walls, concrete sidewalks, decomposed granite walkways, view fences and landscaping. The first half mile of these public improvements were completed in June 2013 and conveyed to the City on June 23, 2013. The second half mile of these public improvements was completed in December 2014 and conveyed to the City on March 23, 2015.

Signal Butte Road and Point Twenty-Two Boulevard Traffic Signal – Construction of a four way traffic signal at the intersection of Signal Butte Road and Point Twenty-Two Boulevard. This improvement was completed in March 2015 and conveyed to the City on April 16, 2015.

Ellsworth Road – The roadway consists of approximately 550 feet of half street improvements (two lanes one direction with a median for traffic signal stacking) and five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches, together with vertical curb, storm drains, storm drain manholes, catch basins, water lines, fire hydrants, water valves, sewer, sewer manholes, concrete sidewalks, concrete ramps, pavement, pavement striping, traffic signage, street lighting, traffic signals, irrigation and landscaping. These public improvements were completed in June 2013 and conveyed to the City on June 23, 2013.

Eastmark Parkway – The roadway consists of roughly one and one-quarter mile of full street improvements (four travel lanes (two in each direction) with a raised/landscaped median) consisting of five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches, together with vertical curb and gutter, median vertical curb, storm drains, storm drain manholes, catch basins, water lines, fire hydrants, non-potable water lines, water valves, sewer, sewer manholes, concrete sidewalks, concrete ramps, pavement, pavement striping, traffic signage, street lighting, landscaping, irrigation and hardscape. The first phase of these public improvements, consisting of the first 1,545 linear feet of road, was completed in May 2013 and conveyed to the City on June 23, 2013. The second phase of these improvements, consisting of roughly one-half mile, was completed in July of 2014 and conveyed to the City on September 10, 2014. The third phase of these improvements, consisting of roughly three-quarters of a mile, was completed in January of 2015 and conveyed to the City on March 18, 2015.

Everton Terrace – The roadway consists of roughly one mile of full street improvements (two travel lanes (one in each direction)) consisting of two and three-quarter inches of asphaltic concrete over an asphalt base course subgrade of six inches, together with ribbon curb, storm drains, storm drain manholes, catch basins, water lines, fire hydrants, water valves, sewer, sewer manholes, concrete sidewalks, concrete ramps, pavement, traffic signage, street lighting, landscaping, irrigation and hardscape. The first phase of these public improvements, consisting of the first 2,877 linear feet of road, was completed in May 2013 and conveyed to the City on June 23, 2013. The second phase of these improvements, consisting of roughly one-half mile of road, was completed in August of 2014 and conveyed to the City on September 10, 2014.

Point Twenty-Two Boulevard – This roadway consists of approximately one mile of half street improvements (two travel lanes and a raised/landscaped median) of five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches together with sewer, sewer manholes, water lines, water valves, fire hydrants, vertical curb and gutter, median vertical curb, storm drains, storm drain manholes, concrete sidewalk and ramps, pavement, pavement striping, traffic signage, street lighting, hardscape, landscaping and irrigation. These public improvements were completed in February of 2015 and conveyed to the City on March 23, 2015.

The Eastmark Great Park – The Eastmark Great Park is a public park that will eventually consist of 90 acres in total. To date, the park consists of approximately 13 acres, together with a lake, lake streams, stream crossing, wet lands, park ramada, Event Pavilion with large lawn area, large play structure called the “Orange Monster,” other play structures, exercise equipment, public restrooms, lake pump equipment enclosure, splash pad, water lines, water valves, storm drains, concrete sidewalks, concrete ramps, paved parking lot, traffic control gate, pedestrian metal fencing and rails, stabilized trails, basketball courts, signage, park lights, scored concrete walkways, large boulders, irrigation and landscaping. The first 8 acres of these public improvements were completed in June of 2013 and conveyed to the City on June 23, 2013. The second 5 acres of these public improvements were completed in August of 2014 and conveyed to the City in February of 2015.

Eastmark Parkway South – This roadway consists of approximately three-quarter mile of full street improvements (two travel lanes and a raised/landscaped median) of five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches together with sewer, sewer manholes, water lines, water valves, fire hydrants, vertical curb and gutter, median vertical curb, storm drains, storm drain manholes, concrete sidewalk and ramps, pavement, pavement striping, traffic signage, street lighting, hardscape, landscaping and irrigation. These public improvements were completed in December 2014 and conveyed to the City on March 18, 2015.

Crismon Road – This roadway consists of approximately 1,000 linear feet of full street improvements (two travel lanes and a raised/landscaped median) of five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches together with sewer, sewer manholes, water lines, water valves, fire hydrants, vertical curb and gutter, median vertical curb, storm drains, storm drain manholes, concrete sidewalk and ramps, pavement, pavement striping, traffic signage, street lighting, hardscape, landscaping and irrigation. These public improvements were completed in December 2014 and conveyed to the City on March 18, 2015.

Ray Road and Eastmark Parkway South Traffic Signal – Construction of a four way traffic signal at the intersection of Eastmark Parkway and Ray Road. These public improvements were completed in December 2014 and conveyed to the City on March 18, 2015.

Inspirian Parkway – This roadway consists of approximately one-quarter mile of full street improvements (two travel lanes and a raised/landscaped median) of five and one-half inches of asphaltic concrete over an asphalt base course subgrade of 10 inches together with sewer, sewer manholes, water lines, non-potable water lines, water valves, fire hydrants, vertical curb and gutter, median vertical curb, storm drains, storm drain manholes, concrete sidewalk and ramps, pavement, pavement striping, traffic signage, street lighting, hardscape, landscaping and irrigation. These public improvements were completed in July 2016 and conveyed to the City on September 7, 2016.

Inspirian Parkway and Ray Road Traffic Signal – Construction of a four way traffic signal at the intersection of Inspirian Parkway and Ray Road. This improvement was completed in July 2016 and conveyed to the City on September 7, 2016.

Boundary Sewer – This infrastructure project consists of approximately 6,000 linear feet of sewer main installation to tie the Ray Road sewer into the Crismon Road sewer systems. These improvements were completed in December 2014 and conveyed to the City on March 18, 2015.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Developer, and none of the District, the Underwriter or the Financial Advisor assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

The area within the City formerly known as Mesa Proving Grounds (now Eastmark) was purchased by DMB in December 2006, and the property was rezoned to include flexible mixed-uses for both residential and commercial.

Eastmark is planned to include ultimately, among other uses, approximately 2,040 acres of single-family residential units and approximately 130 acres of commercial and other use. (Only the Assessed Lots, and not the remaining area in the District, represent security for the Bonds.) (See maps at pages (ii), (iii) and (iv) for the location of the District and the Assessed Lots.) The major components of the infrastructure necessary for development of the Assessed Lots are described under the headings “THE PUBLIC INFRASTRUCTURE” and “THE OTHER INFRASTRUCTURE.”

Eastmark is subject to a Community Plan adopted by the City in October of 2008 and a Pre-Annexation and Development Agreement, by and between the City and the Developer dated November 3, 2008, recorded on November 13, 2008, in the official records of the County as Instrument No. 2008-0974930 (the “Land Development Agreement”), which addresses the rights of the Developer to develop the property as provided in and subject to the conditions of such agreement. (The Land Development Agreement has been modified by way of a recorded first amendment, dated May 16, 2011, a recorded second amendment, dated November 21, 2013, and a recorded third amendment, dated December 21, 2016.) The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things, City services, reimbursements to the Developer for certain public infrastructure, the City’s processing of plans and permits, and public bidding. The Land Development Agreement, as amended, also addresses the legal right to obtain and legal obligation to provide potable water and the required capital and operations contributions to the City for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the City. The Developer is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection within the District.

Although the number of acres devoted to each particular land use may ultimately vary from those presented, the development of the District and the Assessed Lots is currently expected to include the following land uses:

TABLE 6

Total Project	Approximate District Acres	Approximate Assessment District No. 11 Acres
Single Family Residential	2,040	70.33
Non-residential (a)	130	29.30
Total	<u>2,170</u>	<u>99.63</u>

(a) Includes churches, police and fire stations, schools, civic and commercial uses and common area and neighborhood open space.

Development of the property within the District and construction of homes and infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes built on the Assessed Lots, homebuilders will be required to obtain building and any additional permits required for the construction and completion of all such homes and certain other infrastructure.

The Developer is responsible for the construction of all offsite infrastructure and neighborhood parks and entry improvements. Either the Developer or homebuilders are responsible for subdivision improvements necessary to deliver fully finished lots. Single family and multi-family residences will be constructed by the homebuilders.

The original Project Manager for the Developer was DMB. DMB is a privately held, diversified real estate investment and development firm with real estate holdings through affiliated ventures that include residential communities, commercial developments and golf course properties located in Arizona, California, Hawaii, and Utah. Formed in 1984, DMB's early activities focused on commercial development, including the 1.2 million square-foot Centerpoint project in Tempe, Arizona. In the early 1990s, DMB broadened its focus to include forming joint ventures to develop master planned communities. In most cases, a DMB managed entity partners with a landowner and/or investors to develop these projects. DMB affiliated entities have developed or are currently developing 11 different master planned communities besides Eastmark. DMB has transitioned Project Manager responsibilities to Brookfield Arizona.

As of January 2, 2018, the Project Manager for the Project is Brookfield Arizona. Brookfield Arizona is wholly owned by Brookfield Residential Arizona, LLC ("BRA"), a community development firm with investment/ownership interests in five communities in Arizona, including Eastmark. BRA is a subsidiary of Brookfield Residential which does community development and homebuilding in 12 markets across North America. Brookfield Residential is a subsidiary of Brookfield Asset Management ("BAM"), an asset management firm specializing in real estate, infrastructure, renewable energy and private equity with more than \$265 billion of assets under management in over 30 countries. BAM is a public company listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol BAM. BAM is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at www.sec.gov. No representative of the District, Bond Counsel, the Financial Advisor, the Underwriter or counsel to the Underwriter (each as defined herein), have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

The District

Eastmark is entitled for 15,000 homes and, to date, in excess of 4,000 residential lots have been sold to homebuilders (including landbanking entities) and one developer. The first phase of residential sales commenced in June 2013, consisting of 775 single family detached lots and 14 neighborhood parks, the first 10 acres of the Great Park (90 acres at build out) and the "Mark" which serves as both a welcome center for prospective home buyers and community amenity for residents which includes a recreation center and pool. All of the first phase residential lots were sold to seven homebuilders (Meritage, Maracay, Mattamy, Ryland, Standard Pacific, Taylor Morrison and Woodside). The second phase of residential development consists of 963 lots which have been sold to seven different homebuilders (Taylor Morrison, Woodside, William Ryan, Maracay, Mattamy, CalAtlantic and Shea). The third phase is located north of Ray Road and is approximately a 40-acre parcel with 251 lots being developed by CalAtlantic Homes of Arizona, Ashton Woods Arizona LLC and Flying V Land Partners LLC, for higher density single family detached homes. Sales to home buyers began in February 2017 for the higher density homes. As of August 26, 2018, there have been 3,030 sales and approximately 2,100 closings at Eastmark. On February 12, 2018, a merger between Lennar Corporation and CalAtlantic was announced.

Another 530-acre parcel south of Ray Road which includes 1,440 residential lots, is being developed by JEN Arizona 4, LLC and AVH EM, LLC, respectively, as the Estates at Eastmark and Encore at Eastmark. The Estates at Eastmark, a portion of which includes the Assessed Lots, is targeted to move-up and executive home buyers, with 544 home sites and sales to home buyers expected to commence in 2018. Encore at Eastmark, an age-restricted active adult community, includes 896 home sites. To date, all phases (Phase I, Phase II and Phase III) of the Encore at Eastmark development are under active development with home building occurring. Sales within Encore at Eastmark to home buyers began in March 2015 and 542 homes have been sold as of August 26, 2018.

South of Ray Road, an approximately 93-acre parcel with 388 lots is being developed by Meritage Homes, for conventional single family detached homes. The Meritage parcel is under active development and sales to home buyers began in August 2015. As of August 26, 2018 Meritage has sold 225 homes.

Also north of Ray Road is a 134 unit multi-family development which was sold to BB Living. Horizontal development is underway as this community will feature Eastmark's first for-rent product. These units have the ability to convert into for sale condos in the future. Grand opening to the public is targeted for 2018.

In addition to residential development, a neighborhood retail center is in the early planning stages with development targeted for 2018 subject to obtaining binding tenant commitments.

In November 2013, an affiliate of Apple Inc. acquired the former First Solar manufacturing facility, and Apple Inc. announced its intention to repurpose the facility to produce high-tech glass products. While the conversion of the facility is complete, in February of 2015, Apple Inc. announced plans to further repurpose and expand the facility to be used by Apple Inc. as a Global Command Center/Data Facility. The expansion is complete and operations have commenced (although this facility is located in Eastmark, the site is outside the boundaries of the District).

Utility Services. Wastewater collection and treatment and potable water production and distribution are provided by the City. Electrical service for the District is provided by Salt River Project. Telephone service is provided by CenturyLink. Cable service is provided by Cox Communications.

Schools. The District is located in Queen Creek Unified School District No. 95 and Gilbert Unified School District No. 41. The Queen Creek Unified School District No. 95 opened Gateway Polytechnic Academy in July 2015, at the northeast corner of Signal Butte and Ray Roads, serving grades Kindergarten through 6th. Additionally, the charter school operator BASIS opened a 4th through 12th grade school within the District called BASIS Mesa at Eastmark in August 2013, and the charter school operator Edkey opened a Kindergarten through 6th grade school within the District called Sequoia Pathfinder Academy in August 2014. Edkey opened a second school serving 7th and 8th grades in August 2015.

Assessed Lots

The location of the parcels containing the Assessed Lots is shown on the map at page (v). Final zoning with respect to the Assessed Lots has been obtained and is consistent with the Developer's current development plans for such lots; all such lots are also subject to final plats. While the lot sizes vary, there is typically one size/type of lot: 70 feet x 140 feet, 60 feet x 135 feet, 80 feet x 140 feet, 90 feet x 142 feet and 70 feet x 142 feet with homes ranging in size from 2,000 to 5,200 square feet and with an average home price of approximately \$447,000.

Neither the current owners nor any subsequent owners of any Assessed Lot are obligated to pay the Special Assessments, and the assets of the current owners or any subsequent owners, other than the Assessed Lots, do not secure such payment. The Special Assessments are secured only by the Assessed Lots. The Special Assessments are not cross-defaulted. Any owner, current or subsequent, could choose to pay one Special Assessment and not another for Assessed Lots it owns.

TABLE 7

Owner of Assessed Lots (a)(b)(c)	Location of Assessed Lots (d)	Number of Assessed Lots	Typical Lot Size (square feet)	Assessment Per Assessed Lot	Estimated Appraised Value Per Assessed Lot – As If Completed	Estimated Appraised Value Per Assessed Lot – As Is	Per Lot Value to Assessment Lien – As If Completed	Per Lot Value to Assessment Lien – As Is
JEN Arizona 4 LLC	Parcel EM 8-3	9	9,800	\$3,500	\$ 91,000	\$ 49,500	26-1	14-1
JEN Arizona 4 LLC	Parcel EM 8-6	91	8,100	3,500	80,000	43,300	22-1	12-1
JEN Arizona 4 LLC	Parcel EM 8-7	73	11,200	3,500	101,000	55,400	28-1	15-1
JEN Arizona 4 LLC	Parcel EM 8-8	39	12,780	3,500	108,000	60,000	30-1	17-1
JEN Arizona 4 LLC	Parcel EM 8-9	65	9,940	3,500	91,000	50,300	26-1	14-1
TOTAL		<u>277</u>						

- (a) Some of these entities or their parent companies are subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file the Filings with the Commission. The Filings may be inspected, copied and obtained at prescribed rates at the Commission’s public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR data base at www.sec.gov. **None of the District, the Underwriter, the Financial Advisor, Bond Counsel or counsel to the Underwriter or their agents or counsel have examined the information set forth in the Filings for accuracy or completeness, or examined similar information for entities or the parent company that are not subject to same or similar informational reporting requirements.** See “RISK FACTORS – No Review of Filings.”
- (b) The location of these parcels is depicted on the maps at pages (iv) and (v).
- (c) Certain of the Assessed Lots are in escrow and subject to purchase and sale agreements with homebuilders. The homebuilders' respective acquisitions of the Assessed Lots are scheduled to close at various times during the fourth quarter of 2018. Title to the Assessed Lots may transfer from the above-named parties to homebuilders after the date of pricing the Bonds but prior to the closing of the Bonds. After pricing of the Bonds, the District will not update Table 7 to reflect any transfer of title to a homebuilder pursuant to a purchase and sale agreement. See “RISK FACTORS – Concentration of Ownership; Subsequent Transfer.”
- (d) See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Special Assessment Amounts and Land Values” and, particularly, APPENDIX C – “Executive Summary of Appraisal.”

The following table reflects the Developer's projection for sale of the Assessed Lots.

TABLE 8

Calendar Year	Estimated Single-Family Lot Closings
2018	-
2019	-
2020	90

There can be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Moreover, as the ownership of the Assessed Lots is subject to change, the development plans may not be continued by the subsequent owner if the Assessed Lots are sold; however development by any subsequent owner will be subject to the policies and requirements of the City. The projections above are also subject to the timely completion of the Public Infrastructure and the Other Infrastructure. The amounts due with respect to the Special Assessments are not personal obligations of the owners of the Assessed Lots; the Bonds will be secured solely by the Special Assessments. See "RISK FACTORS – General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences," "- Concentration of Ownership; Subsequent Transfer," "- Failure or Inability to Complete Proposed Development" and "- Completion of the Public Infrastructure and the Other Infrastructure."

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) are intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN +ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION.

This discussion of risk factors is not, and is not intended to be, exhaustive, and such risk factors are not necessarily presented in the order of their magnitude.

General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences

Investments in developing real estate such as undeveloped areas in the District like Assessment District No. 11 are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described herein.

Construction of houses on the lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in Eastmark, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the City, over which the District has no control.)

The residential development business, particularly with respect to communities such as Eastmark, is highly competitive in the Phoenix metropolitan area. The business of merchant builders building in the District will face competition from a number of competitors in the City and other developments throughout the Phoenix metropolitan area, many of which offer or intend to offer lots and parcels in similar communities to a similar target market.

Decreased absorption rates associated with future slowdown could adversely affect land values and reduce the ability or desire of the property owners to pay ad valorem property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF OWNERS OF THE ASSESSED LOTS AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. AS NOTED IN TABLE 7, OWNERSHIP OF THE ASSESSED LOTS IS CURRENTLY CONCENTRATED IN [TWO] ENTITIES. ANY OR ALL OF THE FOREGOING FACTORS COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH ENTITIES TO PAY THE SPECIAL ASSESSMENTS ON ANY ONE OR ALL OF THE ASSESSED LOTS THEY OWN AND COULD GREATLY REDUCE THE VALUE OF THE ASSESSED LOTS IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. IN THAT EVENT, THERE COULD BE A DEFAULT IN THE PAYMENT OF THE BONDS.

The land encompassing the Assessed Lots is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Special Assessments. An inability to develop the remaining land within such area will likely reduce the potential future diversity of ownership of the Assessed Lots.

Development, including the phase of the development plan for the Assessed Lots, requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all or any of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial consequences to the present owners of the Assessed Lots.

Concentration of Ownership; Subsequent Transfer

There can be no assurance that the Developer or, to the extent they are required to do so, the owners of the Assessed Lots, have the financial capability to complete development within the Project. There can be no assurance that the members of the limited liability limited partnership that form the Developer will provide additional funds to the Developer, nor that bank loans will be available to the Developer sufficient to pay all costs attributable to the Project. There are similar risks with regard to the owners of the Assessed Lots. If the owners of the Assessed Lots have to depend on sales of lots and parcels to generate cash flow, there can be no assurance that sufficient funds will be available to the Developer to pay all of its obligations and liabilities, including, without limitation, Special Assessments, as such obligations and liabilities become due and payable.

See TABLE 7 with regard to the current concentration of ownership of property in, and obligation for payment of Special Assessments of, the District in certain entities. Some or all of the property owners listed in Table 7 have entered into purchase and sale agreements to sell the Assessed Lots to homebuilders. The homebuilders' respective acquisitions of the Assessed Lots are scheduled to close at various times during the fourth quarter of 2018. Title to the Assessed Lots may transfer from the property owners listed in Table 7 to homebuilders after the date of pricing the Bonds but prior to the closing of the Bonds, and thereby potentially reduce the concentrated ownership presented in Table 7. There are no guaranties that such homebuilders' acquisitions will close on time or at all. After pricing of the Bonds, Table 7 will not be updated to reflect any transfer of title to the Assessed Lots to any homebuilder or other party.

In addition, the Developer has transferred and intends to continue to transfer ownership of parcels (or portions thereof) designated for residential development within the District to homebuilders (and landbanking entities) prior to completion of development therein. There are no restrictions on the ability of the Developer to sell parcels (or portions thereof). There can be no assurance that any homebuilder will ultimately acquire and develop all of the lots, nor any assurance that any homebuilder will be able to obtain the projected sales prices for any houses to be constructed on the lots.

Failure or Inability to Complete Proposed Development

The development of each phase of Eastmark (including that encompassing the Assessed Lots) will be staged so that a particular phase will not be developed at one time. The funding for development of Eastmark will be provided by the Developer and other sources. The availability of funding for the completion of Eastmark will depend upon the demand for residential lots or units within Eastmark and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of Eastmark, or, if obtained, will be in an amount sufficient to complete development of Eastmark. If satisfactory funding is unavailable, completion of the development of the balance of Eastmark may be delayed or suspended.

Public and private on-site and off-site improvements may increase the public and private debt for which the land within the District including the Assessed Lots is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See “RISK FACTORS – Direct and Overlapping Indebtedness and Taxes.”

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District (including in the Assessed Lots) is not yet complete. See “LAND DEVELOPMENT.” The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described herein. If cost overruns result in delay of construction, or if other delays are experienced, the sale of lots and construction of homes may be delayed. Failure or inability to complete proposed development, including development of necessary utilities, could affect adversely development of the land in the District.

Availability of Utilities

Water and sewer service to the District will be provided by the City as described under the heading “LAND DEVELOPMENT.” Failure or inability to complete proposed development, including development of necessary utilities, could affect adversely development of the land in the District, including the Assessed Lots. See “RISK FACTORS – Failure or Inability to Complete Proposed Development.” Certain utilities are to be developed by the City pursuant to certain development agreements including as described above. There can be no assurances that such utilities will be financed and developed.

Direct and Overlapping Indebtedness and Taxes

The ability of an owner of an Assessed Lot to pay the Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES”). The lien created on the property within the District through the levy of ad valorem taxes would be superior and paramount to that for the Special Assessments securing the Bonds. The imposition of additional superior and paramount liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the Special Assessments. In that event, there could be a default in the payment of the Bonds.

Appraised Value

The Appraisal was prepared for the purpose of providing the opinion of the Appraiser of “market value” of the Assessed Lots. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Special Assessment Amounts and Land Values – Appraisal Values” and APPENDIX C – “Executive Summary of Appraisal.”

Subject to the limitations, terms and conditions thereof, the Appraisal provides the opinion of the Appraiser of “market value” assuming, among other things, a cash transaction or one involving financing at market terms after a reasonable exposure time and satisfactory completion of master-plan infrastructure pertaining to the subject properties as described therein and summarized in the Executive Summary of Appraisal. Each of the Assessed Lots has an overall “as is” lot value to assessment lien ratio of not less than 12 to 1 as of the valuation date described in the Appraisal. The “as is” lot value to assessment lien ratio of each individual lot is different though. See “RISK FACTORS - Failure

or Inability to Complete Proposed Development” and “- Completion of the Public Infrastructure and the Other Infrastructure.”

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. No assurance can be given that should any Assessed Lot become delinquent due to unpaid Special Assessments, and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Assessment or would approximate the appraised value.

Non-Payment of Assessments

As discussed below, payments with respect to the Special Assessments could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Special Assessments be paid in a timely manner. Should a Special Assessment not be paid on time, the District has established the Reserve Fund in the amount of the Reserve Fund Requirement to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Special Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Assessment to protect its security interest. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Foreclosure Process” for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of a Special Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in a Special Assessment, the amount received by the District from the corresponding Assessed Lot, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Delays

The payment of the Special Assessments and the ability of the District to foreclose the lien of delinquent, unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of Arizona relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings and could result in the possibility of a delinquent Special Assessment not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

Depletion of Reserve Fund

Failure of the owners of the Assessed Lots to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Environmental Matters

Eastmark, including the phase of the development plan which represents the real estate development encompassing the Assessed Lots, will be subject to risks arising out of environmental, archeological and biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in Eastmark resulting from any contamination on the site or from the proximity of the site to other contaminated areas; discovery of archeological artifacts located on the site or in the

vicinity of the site; or discovery of endangered species of animals, plants or other habitat for endangered species. Liability may arise under a variety of federal, state or local laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act.

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District. However, neither the City nor the District can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the District, the pace at which homes in the District are sold to individual homeowners or the ability or willingness of homeowners to pay property taxes.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections

Included in this Official Statement are various projections for lot closings, completion dates, completion costs and other items. The projections are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Developer believes to be significant and which the Developer cannot control may also exist. There are usually differences between projections and results because events frequently do not occur as expected, and those differences may be material. There can be no assurances that the various projections set forth in this Official Statement can be achieved.

No Review of Filings

As described in footnote (a) to TABLE 7, none of the District, the Underwriter, the Financial Advisor, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, or examined similar information for entities or their parent companies that are not subject to same or similar informational requirements.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds.

A form of such opinion is included as APPENDIX B – “Form of Approving Legal Opinion of Bond Counsel” attached hereto.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions, and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal of the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants, restrictions, conditions and requirements.

The Code also imposes an “alternative minimum tax” (“AMT”) upon certain individuals. A taxpayer’s “alternative minimum taxable income” (“AMTI”) is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals.

Federal legislation passed in December 2017 eliminates the AMT paid by corporations for tax years beginning on or after January 1, 2018. However, interest income on the Bonds may need to be taken into account for federal income tax purposes as an adjustment to AMTI for certain corporations with tax years beginning before January 1, 2018.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder’s federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax advisors as to the applicability of such tax consequences to the respective bondholder. The nature and extent of these other tax consequences will depend upon the bondholder’s particular tax status and the bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such tax consequences.

The Bonds are not “private activity bonds” within the meaning of Section 141 of the Code.

From time to time, there are legislative proposals in Congress which, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 1, 20__, through and including July 1, 20__ (collectively, the “Discount Bonds”), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Bonds was sold (the “OID Issue Price”)) of the Discount Bonds, and the amount payable at maturity, of the Discount Bonds will be treated as “original issue discount.” With respect to a Beneficial Owner (as defined in APPENDIX E – “Book-Entry-Only System”) who purchases a Discount Bond in the initial public offering at the OID Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the OID Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences which may apply.

BOND PREMIUM

The initial public offering prices of the Bonds maturing on July 1, 20__, through and including July 1, 20__ (collectively, the "Premium Bonds"), are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. See "RISK FACTORS – No Credit Rating."

FINANCIAL STATEMENTS

The financial statements of the District as of June 30, 2017, and for its fiscal year then ended, which are included as APPENDIX G to this Official Statement, have been audited by Clifton Larson Allen LLP as stated in their opinion which appears in APPENDIX G – "Audited Financial Statements for the Year Ended June 30, 2017." The District neither requested nor obtained the consent of Clifton Larson Allen LLP to include their report and Clifton Larson Allen LLP had performed no procedures subsequent to rendering their opinion on the financial statements.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. (See "TAX EXEMPTION"). Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of APPENDIX B – "Form of Approving Legal Opinion of Bond Counsel" hereto. Certain legal matters will be passed upon for the District by Bond Counsel, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Developer by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona. See "RELATIONSHIPS AMONG PARTIES."

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction

opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of \$_____, pursuant to a purchase contract (the “Purchase Contract”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$_____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 of each year commencing February 1, 2019 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports and the Notices of Listed Events will be filed by the District with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Reports and in the Notices of Listed Events is set forth in APPENDIX D – “Form of Continuing Disclosure Undertaking,” which includes the form of continuing disclosure undertaking which will be executed by the District with respect to the Bonds (the “Undertaking”).

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”). Should the District not comply with such covenants, it has covenanted to provide notice of such fact in accordance with the Rule; such non-compliance must be considered by any broker or dealer before recommending the purchase or sale of the Bonds in the secondary market. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District entered into a continuing disclosure undertaking with regard to such covenants with respect to the Series 2013 Assessment Bonds which required the filing on or before February 1 of each year of an Annual Report. The District filed the Annual Report with respect to the fiscal year ended June 30, 2013 on April 2, 2014.

The District also entered into a continuing disclosure undertaking with regard to such covenants with respect to general obligation bonds issued by the District in 2014 which required the filing on or before February 1 of each year of an Annual Report. Certain data required to be included in such Annual Report was not filed until December 22, 2015.

FINANCIAL ADVISOR

Hilltop Securities Inc. (the “Financial Advisor”), has been engaged by the District for the purpose of advising the District as to certain debt service structuring matters specific to the Bonds and on certain matters relative to the District’s overall debt financing program. The Financial Advisor has assisted in the assembly and preparation of this Official Statement at the discretion and on behalf of the District. No person is entitled to rely on the Financial Advisor’s participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy and completeness of the information contained herein.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the Underwriter in other transactions underwritten by the Underwriter and by the Financial Advisor and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Advisor. Greenberg Traurig, LLP, counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Advisor. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or counsel to the underwriter with respect to bonds issued by the City and other overlapping political subdivisions.

As noted above, Greenberg Traurig, LLP is acting as counsel to the Underwriter. Greenberg Traurig, LLP also represents the Developer affiliated entities with regard to certain matters, including matters relating to the issuance of the Bonds. The Underwriter and the Developer have agreed that Greenberg Traurig, LLP may

represent each of them simultaneously in connection with the issuance of the Bonds and have consented to and approved such representations.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the City and other overlapping political subdivisions. The Underwriter and the Financial Advisor have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

This Official Statement has been approved, executed and delivered by the District.

EASTMARK COMMUNITY FACILITIES
DISTRICT NO. 1 (CITY OF MESA, ARIZONA)

By
Chairman, District Board

General

The City is the third largest city in the State and the 38th largest city in the United States. Founded in 1878 and incorporated in 1883, the City has a 2017 estimated population of 481,275. The following table illustrates the City's population statistics since 1990, along with the population statistics for the County and the State, respectively.

POPULATION STATISTICS

Year	City of Mesa	Maricopa County	State of Arizona
2017 Estimate (a)	481,275	4,221,684	6,965,897
2010 Census	439,041	3,817,117	6,392,017
2000 Census	396,375	3,072,149	5,130,632
1990 Census	288,091	2,122,101	3,665,228

(a) The July 1, 2017 population estimates include October 2015 special census data for certain jurisdictions and such data also indirectly impacts population estimates for other jurisdictions and the County.

Source: U.S. Census Bureau, Population Division – *Annual Estimates of the Resident Population* and U.S. Census Bureau – *2010 Census, 2000 Census and 1990 Census*. Arizona Department of Administration, Office of Employment and Population Statistics – *State, County, Place Level Population Estimates for July 1, 2017*.

The following table sets forth a record of the City's geographic area since 1970.

SQUARE MILE STATISTICS City of Mesa, Arizona

Year	Square Miles
2010	133.14
2000	125.00
1990	122.11
1980	66.31
1970	20.80

Source: The City.

Municipal Government and Organization

The City operates under a charter form of government with citizens electing a Mayor and six City Councilmembers to set policy for the City. In 1998, a voter initiative was approved changing the way that City Councilmembers are elected from an at-large to a district system. Six districts were created in March 2000 with City Councilmembers serving staggered four-year terms. The Mayor continues to be elected at-large every four years. The Mayor and City Council are elected on a non-partisan basis, and the Vice Mayor is a City Councilmember selected by the City Council.

The City Manager, who has full responsibility for carrying out Mayor and City Council policies and administering City operations, is appointed by the Mayor and City Council. The City Manager is responsible for the appointment of City department heads. Additionally, City employees are hired under merit system procedures as specified in the City Charter. The various functions of City government and operations are undertaken by City employees working in the various City departments.

City Administrative Staff

Christopher Brady, City Manager. Mr. Brady was appointed by the City Council to serve as City Manager effective January 1, 2006. Under the City's council-manager form of government, the City Manager serves as the chief operating officer of the City, one of the fastest-growing cities of the United States. Mr. Brady implements the policies established by the City Council and coordinates all City departments and other affairs assigned by the City Charter. Prior to joining the City, Mr. Brady served as Assistant City Manager for the City of San Antonio, Texas. Mr. Brady has a Bachelor of Fine Arts degree in Political Science and a Master of Public Administration degree from Brigham Young University.

Kari Kent, Assistant City Manager. Ms. Kent has been with the City since 1993. She was promoted to Solid Waste Management Director in 1999, Assistant Development Services Director in July 2001, and Neighborhood Services Director in June 2006, and was appointed Assistant City Manager in June 2007. Ms. Kent received a Bachelor of Science degree from Northern Arizona University and a Master of Public Administration degree from Arizona State University.

John Pombier, Assistant City Manager. Mr. Pombier was hired as the City Prosecutor in 2003 and was promoted to Assistant City Manager in 2011. Mr. Pombier has a law degree from Arizona State University and a Bachelor of Business Administration degree from University of Michigan School of Business.

Michael Kennington, Chief Financial Officer. Mr. Kennington was hired as the City's Chief Financial Officer in July 2012 and is responsible for the City's overall financial policies, strategies, planning and forecasts. He has a Master of Accountancy degree and Master of Business Administration degree from Brigham Young University and is a Certified Public Accountant.

Economy

The City's major economic sectors are comprised of manufacturing, non-manufacturing, government and commercial activities (including construction and commerce), and tourism.

The following table sets forth unemployment rate averages for the United States, the State, the County and the City for the current year and most recent five years for which such information is available.

UNEMPLOYMENT RATE AVERAGES

Year	United States	State of Arizona(a)	Maricopa County(a)	City of Mesa(a)
2018 (b)	4.1%	4.8%	4.0%	4.0%
2017	4.4	4.9	4.2	4.2
2016	4.9	5.3	4.5	4.5
2015	5.3	6.0	5.1	5.2
2014	6.2	6.8	5.8	5.8
2013	7.4	7.7	6.6	6.7

(a) This table includes restated data: Local Area Unemployment Statistics ("LAUS") program data is intermittently revised to incorporate new population controls, updated inputs, re-estimation of models, and adjustment to new census division and national control totals.

(b) Data is not seasonally adjusted, is preliminary and is an average through June 2018 for the National Unemployment Rate and through May 2018 for LAUS data.

Source: U.S. Department of Labor, Bureau of Labor Statistics— *Local Area Unemployment Statistics* and *National Labor Force Statistics*. Data accessed June 25, 2018.

Manufacturing and Non-Manufacturing Employment

A list of significant employers located within the City is set forth in the following table.

MAJOR EMPLOYERS City of Mesa, Arizona

Employer	Description	Approximate Employment
Banner Health System	Hospital Network	8,741
Mesa Public Schools	Public Education	8,439
The Boeing Company	Helicopter Manufacturing and Assembly	4,200
City of Mesa	Government	3,526
DriveTime Automotive Group	Automotive Financing	1,280
Maricopa County Government	Government	986
Gilbert Unified School District	Education	983
Maricopa County Community College District	Government	896
Special Devices Inc.	Technology Manufacturing	722
Santander Consumer USA Holdings	Finance	720
Empire Southwest Machinery	Construction Equipment Dealership	702

Source: The City, Office of Economic Development as of June 30, 2017.

Phoenix-Mesa Gateway Airport and the Airport/Campus District

Phoenix-Mesa Gateway Airport (formerly known as Williams Gateway Airport) has three runways (10,401 feet, 10,201 feet, and 9,301 feet) and a passenger terminal. Phoenix-Mesa Gateway Airport is a small-hub commercial airport serving the Phoenix-Mesa metropolitan area with direct service to over 40 cities currently provided by Allegiant Air and 2 Canadian cities through WestJet.

Phoenix-Mesa Gateway Airport is also developing as an international aerospace center with aircraft maintenance, modification, testing, and pilot training. Currently more than 40 companies operate on the airport, including manufacturer service centers for Cessna and Embraer. In Fiscal Year 2012/13, the airport commissioned Arizona State University to conduct an economic impact study. According to that study, the total economic benefit (including all multiplier effects) totaled \$1.3 billion, supporting 10,470 jobs in the area. On-airport economic activity produced \$373 million of output, creating employment for 2,042 on-airport workers.

Phoenix-Mesa Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority whose members include the City, City of Phoenix, Town of Gilbert, Town of Queen Creek, the City of Apache Junction and the Gila River Indian Community.

Adjacent to Phoenix-Mesa Gateway Airport, the Airport/Campus District serves approximately 8,700 students. The campus includes five higher education partners - Arizona State University ("ASU") Polytechnic campus, Chandler-Gilbert Community College, Embry-Riddle Aeronautical University, Mesa Community College and UND Aerospace (University of North Dakota, John D. Odegard School of Aerospace Sciences – Phoenix Flight Training Center). The ASU Polytechnic campus has expanded and added new academic buildings that doubled the instructional lab and classroom space, and added faculty offices and a 500-seat auditorium.

State Route 24, a one-mile freeway segment extending access from the existing State Route 202 freeway eastward, was completed in May 2014. This freeway segment lies immediately north of Phoenix-Mesa Gateway Airport, and provides freeway access to the east side of the airport property. Such access is beneficial for the economic development of properties located on, and adjacent to, Phoenix-Mesa Gateway Airport, as well as future terminal development on the east side. State Route 24 is planned to eventually extend between State Route 202 and Ironwood Road. Plans for an interim roadway that would help serve the transportation needs of the region until funding is available for the ultimate build-out of the freeway are underway. Plans for the freeway extension and interim roadway are preliminary and subject to final design modifications.

Construction

The following tables set forth annual records of building permit values and new housing permits issued within the City for the period 2013/14-2017/18.

VALUE OF BUILDING PERMITS City of Mesa, Arizona (\$000's omitted)

Year	Residential	Commercial	Other	Total
2017/18	\$872,078	\$510,733	\$ 3,237	\$1,386,048
2016/17	811,424	646,159	37,761	1,495,344
2015/16	708,158	487,914	25,752	1,221,824
2014/15	489,961	417,428	27,523	934,642
2013/14	395,286	382,959	11,872	790,118

Source: The City. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

NEW HOUSING PERMITS City of Mesa, Arizona

Year	Total New Housing Units
2017/18 (a)	1,820
2016/17	2,455
2015/16	2,301
2014/15	1,446
2013/14	1,073

(a) Partial fiscal year data from July 1, 2017 through February 28, 2018.

Source: The City. The date on which the permit is issued is not to be construed as the date of construction.

Retail

The following table sets forth a record of retail sales activity within the City.

TAXABLE RETAIL SALES City of Mesa, Arizona

Fiscal	Retail Sales
2017/18 (a)	\$4,012,351,052
2016/17	4,566,213,555
2015/16	4,331,420,270
2014/15	4,069,591,771
2013/14	3,944,036,123
2012/13	3,771,601,899

(a) Data reflects collections from July 1, 2017 through April 30, 2018.

Source: The City.

Tourism

The tourism sector is a significant contributor to the City's economy. The City's hotels, motels, golf courses, parks and playgrounds, restaurants and retail shops provide tourists with accommodations and recreational facilities. There are more than 60 hotels in the City, with all of the major hotel brands represented. The table below contains a listing of certain hotels located within the City.

HOTELS
City of Mesa, Arizona

Hotel Name	Number of Sleeping Rooms
Phoenix Marriott Mesa	275
Hilton Phoenix East-Mesa	260
Holiday Inn Mesa	246
Dobson Ranch Inn & Suites	213
Arizona Golf Resort	187
Sheraton Mesa at Wrigleyville West	180
Westgate Painted Mountain	152
Hyatt Place Phoenix-Mesa	152
Marriott Courtyard	149
Best Western Mezona Inn	132
Country Inn and Suites	126
La Quinta (West)	125
Days Hotel Mesa-Gilbert	120
Quality Inn/Suites	119

Source: Mesa Convention and Visitors Bureau.

The City owns and operates the Mesa Convention Center (the “Convention Center”) which offers convention facilities. The Convention Center is situated on a 22-acre site adjacent to the Phoenix Marriott Mesa. The Convention Center includes Centennial Hall, which is a multipurpose facility of approximately 15,000 square feet, and the Centennial Conference Center and the Rendezvous Center, which offer an additional 18,500 square feet of meeting space. The City operates and maintains 58 parks, including 11 sports complexes and 133 basins covering more than 2,000 acres. In addition, the City manages 9 aquatic facilities, 2 Major League Baseball Spring Training stadiums and a par 72, 18 hole championship golf course. The award-winning Mesa Arts Center facility opened in the spring of 2005 in the downtown area of the City. The Mesa Arts Center is a 212,775 square-foot performing arts, visual arts and arts education facility, the largest and most comprehensive arts center in the State.

Agriculture

Although still a contributor to the economic base, the agricultural sector is no longer a significant factor of the City’s economy due to the industrial, commercial and residential development which has occurred over the past 30 years. The principal products of the City’s remaining agricultural sector are dairy and citrus.

APPENDIX B

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

District Board
Eastmark Community Facilities District No. 1
(City of Mesa, Arizona)

Re: Eastmark Community Facilities District No. 1
(City of Mesa, Arizona) Assessment District No. 11
Special Assessment Revenue Bonds, Series 2018

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$969,000* aggregate principal amount of Assessment District No. 11 Special Assessment Revenue Bonds, Series 2018 (the “*Bonds*”), dated the date hereof, issued by Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “*District*”) initiated under Resolution No. CFD EM1 RES __, passed and adopted by the District Board on _____, 2018.

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. CFD EM1 RES __, passed and adopted by the District Board on _____, 2018 (the “*Resolution*”). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.

3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid obligation payable by the District from the Bond Fund (as defined in the Resolution) provided for that purpose.

4. The Bonds are payable solely from the funds pledged pursuant to the Resolution and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvements which have been validly levied.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income may need to be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations whose income is subject to federal alternative minimum tax for taxable years beginning before January 1, 2018. The Bonds

* Preliminary, subject to change.

are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of assessments may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and to the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

EXECUTIVE SUMMARY OF APPRAISAL

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$969,000*

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1

(CITY OF MESA, ARIZONA)

ASSESSMENT DISTRICT NO. 11

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

(CUSIP BASE NUMBER 277484)

This Undertaking is executed and delivered by Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (hereinafter referred to as the “Issuer”), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

“Authorizing Documents” shall mean, collectively, the resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Listed Events” shall mean any of the events listed in Section 3(a).

“Notice of Listed Event” shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Contents and Provision of Annual Reports.

(a) (i) **THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2019, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.**

(ii) **IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION**

* Preliminary, subject to change.

AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information with respect to status of amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the “Special Assessments” which are the subject of TABLE 7 of the Official Statement, dated _____, 2018, with respect to the Securities; provided, however, if there are no such delinquencies nothing need be included in the Annual Report.

(B) Current balances in the funds held pursuant to the “Reserve Fund” described in the Official Statement.

(C) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final offering documents of debt issues of the Issuer or related public entities which have been submitted to the Municipal Securities Rulemaking Board. If the document incorporated by reference is a final offering document, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Listed Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the “Listed Events”) with respect to the Securities:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities.
- (vii) Modifications to rights of holders, if material.
- (viii) Bond calls, if material, or tender offers.
- (ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the Securities, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(xiii) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor trustee or an additional trustee or the change of the name of the trustee, if material.

(xv) Notice of a failure of the Issuer to provide required annual financial information on or before the date specified in Section 2 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

(c) ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS THEREAFTER, FILE A NOTICE OF LISTED EVENT OF SUCH OCCURRENCE THROUGH EMMA.***

Section 4. Termination of Reporting Obligation. The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of

the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)

By.....
Chairman, District Board

BOOK-ENTRY-ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S., securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the

nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar and Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Bond Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

**CERTAIN STATUTORY PROVISIONS APPLICABLE
TO THE FORECLOSURE PROCESS**

The following constitutes a summary of the “Foreclosure Process,” specifically portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended (the “Act”), deemed applicable to the Bonds pursuant to the Bond Resolution. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution.

Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property

The representative of the District (the “Superintendent”) shall, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent shall obtain a record search that shows the names and addresses of record of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent.

At least 10 days before the sale date or the date to which the sale has been postponed, the Superintendent shall serve by first-class mail a notice of the date and place of the sale or postponed sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has provided notice by mail to all lien claimants discovered in the search of records.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the Superintendent, or in front of the usual place of meeting of the City Council. The sale may be postponed.

Section 48-602. Payment after delinquency and before sale

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

Section 48-603. Sale procedure

On the day fixed for the sale, the Superintendent shall, at 10 o’clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. The Superintendent may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least quantity of

land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The Superintendent shall record the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment or principal or interest, and the property is sold for the full amount of the assessment, the Superintendent shall refund to the owner all money received by him from the owner by way of partial payments.

Section 48-604. Certificate of sale; lien

After making the sale, the Superintendent shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The Superintendent shall file one copy of the certificate in his office, and deliver the other to the purchaser.

On filing the copy of the certificate in the office of the Superintendent, the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Act.

The Superintendent shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

Section 48-605. Redemption

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefor by paying to the Superintendent the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the Superintendent shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with the District Treasurer, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed

After the expiration of 12 months from the date of sale, the Superintendent shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Act, a deed to the property sold in which shall be recited substantially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, \$1.00 for making the deed.

The purchaser shall, at least 30 days before he applies for a deed, serve by first-class mail to the owner, all lien claimants of records, all persons of record with an interest in the property and, if occupied, the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the notice shall be posted in a

conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, \$3.00 for the service of notice and the making of the affidavit.

The deed of the Superintendent shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of all interests, liens, claims and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

The Superintendent shall promptly pay to the District Treasurer all moneys collected by him from sales. The District Treasurer, on receipt thereof, shall place the moneys in the special fund hereby created for the payments of the bonds issued for the improvement.

APPENDIX G

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017