

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER \_\_, 2019**

**NEW ISSUE - BOOK-ENTRY-ONLY**

**RATING:** See “RATING” herein

**INSURANCE:** See “BOND INSURANCE” and “RISK FACTORS RELATED TO BOND INSURANCE” herein

*In the opinion of Sherman & Howard L.L.C., Phoenix, Arizona, Bond Counsel, assuming continuous compliance by the District (as defined herein) with certain covenants described herein, interest on the Bonds (as defined herein) is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See “TAX MATTERS” herein.*

**\$13,095,000\***  
**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1**  
**(CITY OF MESA, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2019**

**DRAFT**  
**8-22-2019**

*Dated:* Date of Initial Delivery

*Due:* As shown on the inside front cover page

The \$13,095,000\* principal amount of Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, Series 2019 (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 initially to ultimate purchasers through the book-entry-only system maintained by DTC in amounts of \$5,000 of principal and integral multiples in excess thereof due on specified maturity dates. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on January 15 and July 15 of each year, commencing July 15, 2020\*. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants which will remit such payments to the beneficial owners of the Bonds. See APPENDIX C – “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, as amended, and an election held on May 17, 2012 in and for Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “District”), a community facilities district formed within the boundaries of the City of Mesa, Arizona and will be issued pursuant to a resolution of the Board of Directors of the District adopted on September 5, 2019\*. The Bonds will be payable as to both principal and interest from *ad valorem* property taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.”

The Bonds will be subject to redemption by the District prior to maturity as described herein.\*

Proceeds of the sale of the Bonds will be used to finance the acquisition of certain public infrastructure (including road and related appurtenances improvements within the District) by the District and to pay costs of issuance of the Bonds. See “SOURCES AND APPLICATIONS OF FUNDS.”

**Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “RISK FACTORS” herein.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_.

[BOND INSURER LOGO]

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF MESA, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY OF MESA, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

The Bonds are offered when, as and if issued and subject to the approval of Sherman & Howard L.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its special counsel, Sherman & Howard L.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 delivery of the Bonds will be made through the facilities of DTC on or about October 17, 2019\*.

*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.

**\$13,095,000\***  
**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1**  
**(CITY OF MESA, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2019**

**MATURITY SCHEDULE\***

Year (July 15)	Principal Amount	Rate	Yield	CUSIP®(a) No. (Base 277482)
2021	\$330,000	%	%	
2022	350,000			
2023	360,000			
2024	380,000			
2025	390,000			
2026	405,000			
2027	425,000			
2028	445,000			
2029	460,000			
2030	475,000			
2031	495,000			
2032	515,000			
2033	535,000			
2034	555,000			
2035	580,000			
2036	600,000			
2037	630,000			
2038	650,000			
2039	680,000			
2040	710,000			
2041	735,000			
2042	765,000			
2043	795,000			
2044	830,000			

\$ \_\_\_\_\_ Term Bonds @ \_\_\_\_\_% Due July 15, 20\_\_ - Yield \_\_\_\_\_% - \_\_\_\_\_

\$ \_\_\_\_\_ Term Bonds @ \_\_\_\_\_% Due July 15, 20\_\_ - Yield \_\_\_\_\_% - \_\_\_\_\_

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\* Preliminary, subject to change.

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

**DISTRICT BOARD**

John Giles, *Chairman*  
Mark Freeman, *Vice Chairman*  
David Luna, *Board Member*  
Jen Duff, *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*  
Sherman & Howard L.L.C., *Special District Counsel*

**BOND COUNSEL**

Sherman & Howard L.L.C.  
*Phoenix, Arizona*

**DISTRICT FINANCIAL ADVISOR**

Hilltop Securities Inc.  
*Phoenix, Arizona*

**BOND REGISTRAR AND PAYING AGENT**

UMB Bank, n.a.  
*Phoenix, Arizona*

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 District, the Developer (as such terms are defined herein), the security of the Bonds 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 (the “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 or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the 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 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.

\_\_\_\_ (“\_\_\_”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, \_\_\_ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding \_\_, supplied by \_\_ and presented under the heading “Bond Insurance” and APPENDIX F – “Specimen Municipal Bond Insurance Policy.”



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# SOUTHEAST VALLEY SUBMARKET

CULTURAL, RETAIL, EDUCATIONAL AND HEALTHCARE LOCATIONS

Chandler Fashion Center, Fiesta Mall, Mesa Grande Shopping Center, Village Square at Dana Park, Superstition Springs Center, Gilbert Gateway Towne Center, Main Street Commons, San Tan Village, Crossroads Towne Center, Plaza at Power MarketPlace, Queen Creek MarketPlace, Eastmark, and various schools and hospitals are marked on the map.

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





**\$13,095,000\***  
**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1**  
**(CITY OF MESA, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2019**

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 \$13,095,000\* principal amount of Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) General Obligation Bonds, Series 2019 (the “Bonds”). 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.

**THE DISTRICT**

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 Arizona State Route 202 and is 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.

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.

The District has provided, pursuant to the terms of certain development agreements among the City, the Developer and the District, financing for the acquisition from the Developer of certain public infrastructure necessary for development of the land within the boundaries of the District. See “LAND DEVELOPMENT” and “THE PUBLIC INFRASTRUCTURE.” The District has the authority to issue general obligation bonds payable from *ad valorem* property taxes levied on all taxable property within the boundaries of the District, without limitation as to rate or amount, to finance, among other things, the acquisition costs of such public infrastructure, including incidental costs and the costs of issuing bonds. The District also levies a \$0.30 *ad valorem* property tax per \$100 of Net Assessed Limited Property Value (as defined herein), the proceeds of which are used to pay a portion of the operation and maintenance expenses of the District and the public infrastructure financed by the District (the “Operation and Maintenance Tax.”)

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\* Preliminary, subject to change.

## THE BONDS

### Authorization and Purpose

The Bonds are authorized pursuant to the Act and an election held on May 17, 2012 (the “Election”), and will be issued pursuant to a resolution adopted by the Board on September 5, 2019\* (the “Bond Resolution”). The Bonds will be the fifth series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, \$392,820,000\* principal amount of such general obligation bonds will remain authorized but unissued. In addition, certain amounts of net premium on general obligation bonds of the District reduce the principal amount of authorized but unissued general obligation debt of the District. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District” and “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES - Additional General Obligation Bonded Indebtedness of the District.” The Bonds are being issued in order to acquire certain road and related appurtenances improvements within the District and to pay costs of issuance of the Bonds. See “THE PUBLIC INFRASTRUCTURE.”

### 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 15 and July 15 of each year, commencing July 15, 2020\* (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 principal of, redemption price for and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The District has chosen the close of business on the last 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”)) next preceding the applicable Interest Payment Date, or, if such day is not a Business Day, the previous Business Day (the “Record Date.”) DTC will act as the securities depository of the Bonds for a book-entry-only system (the “Book-Entry-Only System.”) The Bonds will be available in amounts of \$5,000 of principal and integral multiples in excess thereof due on specified maturity dates. See APPENDIX C – “Book-Entry-Only System.”

### Bond Registrar and Paying Agent

UMB Bank, n.a., 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\*

*Optional Redemption.* The Bonds will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 20\_\_, in whole or in part on any date, at the redemption price of the principal amount of the Bonds or portion thereof being redeemed plus accrued interest to the redemption date, but without premium.

*Mandatory Sinking Fund Redemption.* The Bonds maturing on July 15 of the following years will be redeemed from funds of the District prior to maturity on the following redemption dates and in the following amounts, upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, but without premium:

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\* Preliminary, subject to change.

Redemption Date (July 15)	Principal Amount
Bonds Maturing 20__	
20__	\$ __,000
20__	__,000
20__	__,000
20__ (maturity)	__,000
Bonds Maturing 20__	
20__	\$ __,000
20__	__,000
20__	__,000
20__	__,000
20__ (maturity)	__,000

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rata basis, to the extent practicable; provided, however, that each remaining mandatory redemption payment shall be in an amount of at least \$5,000 of principal.

*Notice of Redemption.* So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC, in the manner required by DTC. 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 Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly 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 moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District or by a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on or prior to the date set for redemption and if not so held by such date the redemption shall be cancelled and be of no force and effect. The notice of redemption shall describe the conditional nature of the redemption.

*Effect of Redemption.* Notice of redemption having been given in the manner described above, the Bonds or portions thereof called for redemption will become due and payable on the redemption date and if an amount of money sufficient to redeem all the Bonds or portions thereof called for redemption is held in separate accounts by the District or by a paying agent, then the Bonds or portions thereof called for redemption will cease to bear interest from and after such redemption date.

*Redemption of Less than All of a Bond.* The District may redeem an amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. In that event, if the Book-Entry-Only System is discontinued, the registered owner shall submit the Bond for partial redemption and the Bond Registrar and Paying Agent shall make such partial payment and shall cause a new Bond in a principal amount which reflects the redemption so made to be authenticated, issued and delivered to the registered owner thereof.

## SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

### General

The Board will annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the Act and available pursuant to the Bond Resolution, to pay debt service with respect to the Bonds (whether at maturity or prior redemption) when due. The Bonds will be payable from such taxes on the same basis as issues of general obligation bonds of the District currently outstanding and those which may be issued in the

future. The Board also levies the Operation and Maintenance Tax. See “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES – Additional General Obligation Bonded Indebtedness of the District.”

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO THE PAYMENT OF DEBT SERVICE FOR THE BONDS.**

#### **Defeasance**

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

#### **Ad Valorem Property Taxation in the District**

*General.* Primary *ad valorem* property taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary *ad valorem* property taxes are levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts as described below (including the District). The District levies only secondary *ad valorem* property taxes.

Both primary *ad valorem* property taxes and secondary *ad valorem* property taxes are levied based upon limited property value (the “Limited Property Value”), which (i) for locally assessed property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the full cash value (“Full Cash Value”) of the property or (b) an amount 5% greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property is equal to the Full Cash Value. (Property that is subject to an equalization order that the State Legislature exempts from the above property tax limitation (as described below) is also valued at Full Cash Value.) There is no limit on the growth of Full Cash Value of such exempted or centrally assessed property. The property tax assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at “Net Assessed Limited Property Value.” The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

For tax purposes in Arizona, real property is either valued by the Assessor of the county in which the District is located (Maricopa County, Arizona (the “County”)) or by the Arizona Department of Revenue. 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. Property valued by the Arizona Department of Revenue is referred to as “centrally valued” property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile homes.

*Primary Taxes.* Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy *ad valorem* property taxes but the State currently requires a county (including the County) to levy a “State equalization assistance property tax” to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit amount plus

any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). Each taxing entity's maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts. In the case of the County, a primary tax of \$0.4566 per \$100 of Net Assessed Limited Property Value is levied for this purpose to provide equalization assistance funds to local school districts in the County.

Primary taxes on residential property only are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional state aid.

*Secondary Taxes.* Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as the District, sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments, including those of the District, are also unlimited. Debt service on the Bonds is payable solely from secondary property taxes. 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.

*Determination of Full Cash Value.* The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. (The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.) 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." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under "Ad Valorem Property Taxation in the District – General" above.

*Assessment Ratios.* All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The appropriate property classification ratio is applied to the applicable Limited Property Value of each property parcel to determine the assessed valuation for such parcel. The current assessment ratios for each class of property are set forth in the following table.

**TABLE 1**  
**PROPERTY TAX ASSESSMENT RATIOS**

Property Classification (a)	2015	2016	2017	2018	2019
Mining, Utility, Commercial and Industrial	18.5%	18.0%	18.0%	18.0%	18.0%
Agriculture and Vacant Land	16.0	15.0	15.0	15.0	15.0
Owner Occupied Residential	10.0	10.0	10.0	10.0	10.0
Lease or Rented Residential	10.0	10.0	10.0	10.0	10.0
Railroad, Private Car Company and Airline Flight Property (b)	15.0	14.0	15.0	14.0	15.0

(a) Additional classes of property exist, but seldom amount to a significant portion of a taxing jurisdiction's total valuation.

(b) This percentage is determined annually pursuant to Section 42-15005 Arizona Revised Statutes.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

*Tax Procedures.* On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15 of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County (the "Treasurer"). With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of each fiscal year (the year beginning July 1 and ending June 30 ("Fiscal Year")), the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

The State Legislature, from time to time, may change the manner in which taxes are levied, including changing the assessment ratios and property classifications. The District cannot determine whether any future litigation will become law or how it might affect property tax collections for the District. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

*Delinquent Tax Procedures.* The property taxes due the District are billed, along with State, County, and other taxes, in September of each year and are payable in two installments on the subsequent October 1 and March 1. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year's taxes are paid by December 31. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) At the close of the tax collection period, the Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer to deliver a treasurer's deed to the certificate holder as prescribed by law.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* property taxes on a property of a bankrupt taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Financial Advisor (as defined below), Stifel, Nicolaus & Company, Incorporated (the "Underwriter") nor their respective attorneys, agents or consultants have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.



In the event the Treasurer is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

See "RISK FACTORS – Bankruptcy and Foreclosure Delays" herein.

*Property Valuations.* The following tables list the various property valuations for the District and other entities for the Fiscal Years indicated based on the years for which such information is available with respect to the District.

#### Net Assessed Valuation, Comparisons and Trends

**TABLE 2**  
**DISTRICT NET ASSESSED LIMITED PROPERTY VALUES AND**  
**ESTIMATED NET FULL CASH VALUE COMPARISON**

	2019/20	2018/19	2017/18	2016/17	2015/16
Net Assessed Value					
	\$75,501,437	\$52,059,735	\$36,342,061	\$21,328,284	\$18,853,879
Estimated Net Full Cash Value (a)					
	\$ 1,007,280,384	\$692,764,909	\$470,559,352	\$270,676,986	\$198,657,908

(a) Estimated Net Full Cash Value is the total market value of the property, or Full Cash Value, within the District less the estimated value of exempt property within the District.

Source: *Abstract by Tax Authority*, the Assessor of the County.

**TABLE 3**  
**COMPARATIVE NET ASSESSED LIMITED PROPERTY VALUES AND TRENDS**

Fiscal Year	The District	Maricopa County	State of Arizona
2019/20 (a)	\$75,501,437	\$42,997,577,641	\$66,154,632,834
2018/19	52,059,735	40,423,232,423	62,328,357,186
2017/18	36,342,061	38,251,891,249	59,404,007,785
2016/17	21,328,284	36,135,494,474	56,573,588,295
2015/16	18,853,879	34,623,670,323	54,838,548,829

Source: *Abstract by Tax Authority*, the Assessor of the County, and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

**TABLE 4**  
**DISTRICT'S NET ASSESSED LIMITED PROPERTY VALUES BY PROPERTY CLASSIFICATION**

Legal Class	Description	2019/20 Net Assessed Limited Property Value	2019/20 Percent of Total
1	Commercial, Industrial, Utilities & Mines	\$ 703,242	0.93%
2	Agricultural & Vacant	12,592,488	16.68
3	Residential (Owner Occupied)	55,872,947	74.00
4	Residential (Rental Occupied)	6,332,760	8.39
Total		<u>\$75,501,437</u>	<u>100.00%</u>

Source: *Abstract by Tax Authority*, the Assessor of the County.

See also in this respect the discussion under the subheading "LAND DEVELOPMENT."

Set forth below are the major property taxpayers located within the District and their Net Assessed Limited Property Value and their relative proportion of the total Net Assessed Limited Property Value for the District.

**TABLE 5**  
**NET ASSESSED LIMITED PROPERTY VALUE OF CERTAIN TAXPAYERS**

Taxpayer (a)	2019/20 Net Assessed Limited Property Valuation	As Percent of District's 2019/20 Net Assessed Limited Property Valuation
DMB MESA PROVING GROUNDS LLC	\$2,402,305	3.18%
AVH EM LLC (b)	1,794,827	2.38
WOODSIDE HOMES SALES AZ LLC	1,418,960	1.88
BASIS SCHOOLS INC	999,638	1.32
MERITAGE HOMES OF ARIZONA INC	583,456	0.77
JEN ARIZONA 31 LLC	564,729	0.75
TAYLOR MORRISON/ARIZONA INC (b)	435,763	0.58
SOUTHWEST GAS CORPORATION (T&D)	388,306	0.51
CALATLANTIC HOMES OF ARIZONA INC (b)	332,642	0.44
MARACAY 91 LLC	330,162	0.44
	\$9,250,788	12.25%

- (a) Some of the major taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file 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 database at <http://www.sec.gov>. None of the District, Bond Counsel, the Financial Advisor, the Underwriter or counsel to any of the foregoing has examined the information set forth in the Filings for accuracy or completeness, nor have they assumed responsibility for the same.
- (b) In June 2018, the parent entity of Taylor Morrison/Arizona Inc. announced its intent to acquire all of the outstanding shares of the parent entity of AVH EM LLC. The acquisition closed October 2, 2018. In February 2018, Lennar Corporation announced the closing of its acquisition of CalAtlantic Group Inc., which includes the acquisition of CalAtlantic Homes of Arizona, Inc. CalAtlantic Group Inc. and its subsidiaries are now wholly-owned by Lennar Corporation.

Source: The Assessor of the County.

**See "RISK FACTORS – General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences" and "RISK FACTORS – Concentration Of Ownership; Subsequent Transfer."**

#### **Record of Taxes Levied and Collected in the District**

Under Arizona law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to satisfy debt service requirements of each special district with general obligation debt located in the County. Property taxes are levied

and collected on property within the District and certified to by the Treasurer on behalf of the District. The following table sets forth the tax collection record of the District for the indicated tax years.

**TABLE 6**

Fiscal Year	Real and Secured Personal Property Tax Levy (b)	Collected to June 30 End of Fiscal Year (a)		Total Collections through June 30, 2019	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy (c)
2019/20	\$3,133,310			(d)	
2018/19	2,160,481	\$2,130,578	98.62%	\$2,130,578	98.62%
2017/18	1,508,198	1,506,663	99.90	1,508,037	99.99
2016/17	885,120	883,443	99.81	884,963	99.98
2015/16	819,405	727,817	88.82	729,074	88.98
2014/15	275,090	251,945	91.59	237,057	86.17

- (a) Reflects collections made through the end of the Fiscal Year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1; the second installment is due on March 1 and becomes delinquent on May 1. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.333%. Interest and penalty collections for delinquent taxes are not included in the collection figures above but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.
- (b) Tax levy is as reported by the Treasurer as of August of each tax year. Amount does not include adjustments made to levy amounts after the August report. The District's tax rate includes the amount necessary for debt service as well as the Operation and Maintenance Tax.
- (c) Total collections as percent of tax levy shown are based on the original levy set by the County and do not reflect adjustments.
- (d) In the process of collection.

Source: The Treasurer.

The tax rates provided below reflect the tax rate per \$100 Net Assessed Limited Property Value levied within the District for the current and prior four Fiscal Years.

**TABLE 7  
TAX RATE DATA**

Fiscal Year	Tax Rate (a)
2019/20	\$4.1500
2018/19	4.1500
2017/18	4.1500
2016/17	4.1500
2015/16	4.3461

- (a) Includes the Operation and Maintenance Tax.

Source: *Maricopa County Tax Levy*, Maricopa County – Finance Department.

### ESTIMATED DEBT SERVICE REQUIREMENTS (a)

The District will have the following estimated annual debt service requirements after the issuance of the Bonds:

Fiscal Year	General Obligation Bonds Outstanding		Bonds *		Estimated Debt Service *
	Principal	Interest	Principal	Interest (b)	
2019/20	\$ 740,000	\$ 1,160,050		\$ 389,940	\$ 2,289,990
2020/21	770,000	1,133,900	\$ 330,000	523,800	2,757,700
2021/22	795,000	1,106,700	350,000	510,600	2,762,300
2022/23	825,000	1,076,200	360,000	496,600	2,757,800
2023/24	855,000	1,044,550	380,000	482,200	2,761,750
2024/25	890,000	1,011,650	390,000	467,000	2,758,650
2025/26	925,000	977,350	405,000	451,400	2,758,750
2026/27	965,000	936,750	425,000	435,200	2,761,950
2027/28	1,005,000	894,350	445,000	418,200	2,762,550
2028/29	1,050,000	850,200	460,000	400,400	2,760,600
2029/30	1,100,000	804,050	475,000	382,000	2,761,050
2030/31	1,145,000	755,650	495,000	363,000	2,758,650
2031/32	1,195,000	706,175	515,000	343,200	2,759,375
2032/33	1,250,000	653,525	535,000	322,600	2,761,125
2033/34	1,305,000	598,475	555,000	301,200	2,759,675
2034/35	1,365,000	536,825	580,000	279,000	2,760,825
2035/36	1,430,000	472,275	600,000	255,800	2,758,075
2036/37	1,495,000	404,625	630,000	231,800	2,761,425
2037/38	1,570,000	333,875	650,000	206,600	2,760,475
2038/39	1,645,000	255,375	680,000	180,600	2,760,975
2039/40	1,015,000	176,438	710,000	153,400	2,054,838
2040/41	1,065,000	129,156	735,000	125,000	2,054,156
2041/42	1,115,000	79,531	765,000	95,600	2,055,131
2042/43	630,000	27,563	795,000	65,000	1,517,563
2043/44			830,000	33,200	863,200
	<u>\$26,145,000</u>	<u>\$16,125,238</u>	<u>\$13,095,000</u>	<u>\$7,918,849</u>	<u>\$63,469,087</u>

(a) Schedule prepared by the Financial Advisor (as defined herein).

(b) The first interest payment on the Bonds will be due on July 15, 2020\*. Thereafter, interest payments will be made semiannually on January 15 and July 15 until maturity or prior redemption. Interest is estimated at 4.0%.

\* Preliminary, subject to change.

**OVERLAPPING, ADDITIONAL OVERLAPPING AND  
OTHER DEBT AND OTHER TAXES**

**TABLE 8  
GENERAL OBLIGATION BONDED INDEBTEDNESS TO BE OUTSTANDING**

Issue Series	Purpose	Original Amount	Final Maturity Date	Balance Outstanding
2014	Various Purpose	\$3,250,000	7-1-2038	\$ 2,845,000
2015	Various Purpose	6,800,000	7-1-2039	6,075,000
2017	Various Purpose	8,160,000	7-1-2042	7,635,000
2018	Various Purpose	8,160,000	7-1-2042	9,590,000
Total Direct General Obligation Bonded Debt Outstanding				\$26,145,000
Plus: The Bonds				13,095,000 *
Total Direct General Obligation Bonded Debt to be Outstanding				<u>\$39,240,000 *</u>

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's Net Assessed Limited Property Value which lies within the District's boundaries was derived from information obtained from the County Assessor. See **"RISK FACTORS - Direct and Overlapping Indebtedness and Taxes."**

**TABLE 9  
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	0.114%	None
Maricopa County	None	0.176	None
Maricopa County Community College District	\$312,450,000	0.176	\$ 548,645
Maricopa County Special Health Care District	459,125,000	0.176	806,199
East Valley Institute of Technology District No. 401	None	0.394	None
Queen Creek Unified School District No. 95	109,955,000	14.481	15,922,440
Gilbert Unified School District No. 41	117,425,000	3.675	4,315,854
City of Mesa	370,670,000	2.173	8,053,170
The District (c)	39,240,000 *	100.000	<u>39,240,000 *</u>
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			<u>68,886,308 *</u>

- (a) Proportion applicable to the District is computed on the ratio of Net Assessed Limited Property Value as calculated for Fiscal Year 2019/20 for the overlapping jurisdiction to the amount of such valuation which lies within the District. 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.

\* Preliminary, subject to change.

Authorized but unissued amounts in the following table may be subject to additional reductions based on net premium amounts but such reductions are not reflected in the table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
Maricopa County Special Health Care District	\$304,000,000
Queen Creek Unified School District No. 95	40,540,000
Gilbert Unified School District No. 41	8,000,000
City of Mesa	240,666,000
The District	392,820,000 *

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.

Does not include the obligation of the Maricopa County Flood Control District to contribute \$70 to \$80 million to the CAP. The Maricopa County Flood Control District’s sole source of revenue to pay the contribution will be *ad valorem* property taxes on real property and improvements.

- (c) Includes the Bonds. Does not include special assessment revenue bonds of the District. See “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES – Other Debt of the District” herein.

Source: The various entities.

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\* Preliminary, subject to change.



**TABLE 10**  
**DIRECT AND OVERLAPPING NET ASSESSED**  
**LIMITED PROPERTY VALUE AND TOTAL TAX RATES**

Overlapping Jurisdiction	2019/20 Net Assessed Limited Property Value	2019/20 Combined Tax Rate Per \$100 of Net Assessed Limited Property Value (a)	
State of Arizona	\$66,158,541,837	None	
Maricopa County	42,997,577,641	\$1.8575	(b)
Maricopa County Community College District	42,997,577,641	1.3285	
Maricopa County Fire District Annual Levy (c)	42,997,577,641	0.0095	
Maricopa County Flood Control District (d)	39,309,480,554	0.1792	
Maricopa County Special Health Care District	42,997,577,641	0.3333	
Maricopa County Library District	42,997,577,641	0.0556	
Central Arizona Water Conservation District (e)	42,997,577,641	0.1400	
East Valley Institute of Technology District No. 401	19,156,608,247	0.0500	
Queen Creek Unified School District No. 95	521,387,462	7.4535	
Gilbert Unified School District No. 41	2,054,229,841	5.9023	
City of Mesa	3,475,167,985	1.1870	
The District	75,501,437	4.1500	(f)

- (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 2019/20 has been set at \$0.4566 per \$100 of Net Assessed Limited Property Value and is adjusted annually pursuant to Arizona Revised Statutes Section 41-1276.
- (c) The County is mandated to levy a tax annually in support of fire districts in the County.
- (d) Does not include the personal property assessed valuation within the County.
- (e) Includes only the assessed valuation located within the County.
- (f) Includes the Operation and Maintenance Tax.

Source: *Abstract by Tax Authority*, the Assessor of the County, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa County 2019 Tax Levy*, Maricopa County – Finance Department.

#### **Additional General Obligation Bonded Indebtedness of the District**

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Act, additional series of bonds payable from *ad valorem* property taxes. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – General Obligation Bonded Indebtedness Outstanding and to be Outstanding.” See also “**RISK FACTORS – Direct and Overlapping Indebtedness and Taxes.**”

The Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60% of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (Based solely on the Full Cash Value of the District as reported by the County Assessor, the Board has determined that issuance of the Bonds will meet the test set forth above. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Ad Valorem Property Taxation in the District – Determination of Full Cash Value.”)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed \$435,000,000 and will have \$392,820,000\* of such amount remaining after issuance of the Bonds. Such remaining authorized but unissued amount may be subject to further reduction based on the amount of net premium on the general obligation bonds of the District. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

#### **Additional Overlapping General Obligation Bonded Indebtedness**

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the City, the County, Queen Creek Unified School District No. 95, Gilbert Unified School District No. 41, Maricopa County Community College District, Maricopa Special Health Care District, East Valley Institute of Technology District No. 401 or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See **“RISK FACTORS - Direct and Overlapping Indebtedness and Taxes.”**

#### **Other Debt of the District**

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

**TABLE 11  
OTHER DEBT OF THE DISTRICT  
[UPDATES PENDING]**

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
10	2019	Public Infrastructure Acquisition	1,883,000	7-1-20/43	1,883,000
11	2019	Public Infrastructure Acquisition	969,000	7-1-20/43	969,000
Total Other Debt of the District					<u>\$14,624,500</u>

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

Other series of special assessment revenue 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 future. 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 (such as those levied for debt service on the Bonds) and prior special assessments. The lien for the property taxes levied to pay debt service on the Bonds is senior to the lien of any such special assessments; however, the lien for such special assessments are not extinguished by foreclosure with regard to taxes. 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.”**

\* Preliminary, subject to change.

## BOND INSURANCE

[TO COME FROM BOND INSURER, IF ANY]

### RISK FACTORS RELATED TO BOND INSURANCE

In the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from *ad valorem* property taxes as described under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.” In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds. See “RATING” herein.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the City, the District, the Financial Advisor, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

### 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.**

#### In General

The area within the City formerly known as General Motors Proving Grounds (now Eastmark) was purchased by the Developer 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. (See maps at pages (ii) and (iii) for the location of the District.) The major components of the infrastructure necessary for development of the District are described under the heading “THE PUBLIC 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 a recorded third amendment, dated December 21, 2016, and a recorded fourth amendment, dated August 27, 2018.) The Land Development Agreement addresses various issues including,

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 is currently expected to include the following land uses:

**TABLE 12**

Total Project	Approximate District Acres
Single Family Residential	2,040
Non-residential (a)	130
Total	2,170

(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 in the District, 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 the 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 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](http://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**

*Residential Sales.* As of August 26, 2018, there have been 3,831 residential sales and approximately 3,200 residential closings at Eastmark.

*Residential.* Eastmark is zoned for 15,000 residential dwelling units. As of August 16, 2019, in excess of 5,500 single family residential lots have been sold to homebuilders.

Development Unit 7 South, Parcels 1 through 6 and 18 through 21 – 775 single family market rate lots. The lots were sold to Meritage, Maracay, Mattamy, Ryland, Standard Pacific, Taylor Morrison and Woodside.

Development Unit 7 North, Parcels 7 through 17 – 963 single family market rate lots. The lots were sold to Taylor Morrison, Woodside, William Ryan, Maracay, Mattamy, CalAtlantic and Shea.

Development Unit 6 South, Parcels 1, 2, 7 and 8 – 220 single family market rate lots. The lots were sold to David Weekley, Taylor Morrison and Woodside.

Development Unit 8, Parcels 1 through 9 – The Estates at Eastmark. A gated executive enclave being developed by TerraWest with approximately 535 single family market rate lots. The lots were sold to Taylor Morrison, Ashton Woods, Richmond and Shea.

Development Unit 9, Parcels 1 through 7 – Encore at Eastmark. An active adult community being developed by Taylor Morrison with approximately 970 single family lots.

Development Unit 3-4 East, Parcels 1, 2 and 3 – 251 medium density single family residential lots. The lots were sold to CalAtlantic, Ashton Woods and Pinnacle West.

Development Unit 3-4 East, Parcels 5, 6, and 7 – 193 medium density single family lots. The lots were sold to Ashton Woods and Pinnacle West.

Development Unit 3 South, Parcels 1, 2 and 3 – 388 single family market rate lots. The lots were sold to Meritage.

Development Unit 6 South, Parcels 10 through 15 – 332 single family market rate lots. The lots were sold to Woodside, Taylor Morrison, William Ryan and Maracay.

Development Unit 6 South, Parcels 4, 5, 6, 9 and 17 – 266 single family market rate lots. The lots were sold to Ashton Woods.

Development Unit 6 South, Parcels 16 and 18 through 23 15 – 405 single family market rate lots. The lots were sold to Woodside, Taylor Morrison, Lennar and Shea.

Development Unit 3-4 North, Parcels 23 through 27 – 217 single family market rate lots. The lots were sold to Taylor Morrison, David Weekley and Ashton Woods.

Development Unit 3-4 East, Parcel 4 – A 134 unit for-rent townhome project being developed by BB Living.

Development Unit 3-4 North – A 216 unit apartment complex being developed by PCS development.

*Amenities.* The Eastmark Great Park® (the “Great Park”) is a public park planned to be approximately 90-acres in size at completion. The Great Park is planned to include both programmed active and passive uses and will be developed in phases. The first approximately 7-acre phase of the Great Park is completed and features public open spaces, a lake, riparian stream, Ramada, splash pad, Palm Plaza and an Event Pavilion. The second approximately 4-acre phase of the Great Park is also completed and includes restroom facilities, a large climbing play structure known as The Orange Monster™ and public open spaces. The third approximately 28-acre phase of the Great Park is under construction and will include lighted baseball fields, a multi-purpose field, lighted basketball and volleyball courts, a dog park, play structures, ramadas and restrooms. Construction of the third phase of the Great Park is scheduled to be completed in fourth quarter 2019.

A disc golf course will be a community park planned to be approximately 30-acres in size at completion. The disc golf course will be owned and operated by the Community Alliance. The disc golf course is planned to include both

programmed active and passive uses and will be developed in phases. Construction of the first phase of the disc golf course is scheduled to begin in second quarter 2020.

Mesa Proving Grounds LLC operates a private community center for the residents of Eastmark located at the north east corner of Ray Road and Inspirian Parkway known as The Mark. A portion of The Mark is currently being utilized for marketing and community home sales.

*Commercial.* Apple Inc. operates a Global Command Center/Data Facility in Eastmark (although this facility is located in Eastmark, the site is outside the boundaries of the District).

Development Unit 7 South – Steadfast Farm operates a 2-acre commercial farm located 1/8-mile north of Ray Road on the east side of Inspirian Parkway.

Development Unit 5-6 – A 15-acre commercial center is being developed by Evergreen Development at the northwest corner of Point Twenty-Two Blvd. and Signal Butte Road. The commercial center will be developed in multiple phases and is anticipated to provide retail, services, amenities, entertainment and office spaces. The first phase of the commercial center will include a Safeway® grocery store that includes plans for a self-service gas station.

Development Unit 7 South – Handlebar Diner is a 1950's-style diner located north of The Mark just east of Inspirian Parkway. The diner serves food along with alcoholic and non-alcoholic beverages.

*Schools.* The District is located in Queen Creek Unified School District No. 95 and Gilbert Unified School District No. 41. Post-secondary education options near to Eastmark include Chandler-Gilbert Community College, Arizona State University's Polytechnic Campus, Communiversity at QC, Mesa Community College, East Valley Institute of Technology, Benedictine University, Wilkes University's Mesa Center for Higher Education and Upper Iowa University's Mesa Education Center.

Development Unit 7 South – BASIS Mesa operates a charter school located approximately 1/4-mile north of Ray Road on Eastmark Parkway. The school currently offers Grades K-12.

Development Unit 7 North – Sequoia Pathfinder Academy operates a charter school located approximately 1/2-mile north of Ray Road on Eastmark Parkway. The school currently offers Grades K-6.

Development Unit 7 North – The Learning Experience Academy operates a pre-school located approximately 1/2-mile north of Ray Road on Eastmark Parkway.

Development Unit 3-4 North – The Queen Creek Unified School District operates a public high school located on Ray Road approximately 1/2 mile east of Ellsworth Road. The high school currently offers grades 7-12. The first phase of the high school opened in July 2019.

*Other Civic.* The City of Mesa plans to build a new fire station that will be located approximately 1/8 mile east of Ellsworth Road on the north side of Point 22 Blvd.

Development Unit 7 North – A Church of Latter-Day Saints is located at the southwest corner of Signal Butte and Point Twenty-Two Blvd.

Development Unit 3-4 North – A Church of Latter-Day Saints is under construction along the south side of Point Twenty-Two Blvd., approximately 1/4 mile east of Ellsworth Road.

*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.



## THE PUBLIC INFRASTRUCTURE\*

The information contained in this section relates to and has been obtained from the Developer, unless otherwise sourced or noted, 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.

**TABLE 13**

Acquisition Project Description	Total Estimated Cost	Certified Engineer's Cost	To Be Paid By the Bonds *	Paid by Prior Bonds	Eligible for Funding From Future Bonds *	Completion Date
Signal Butte Road	\$1,017,997	\$1,017,997	\$1,017,997	None	None	Sep-17
E. Point Twenty-Two Blvd.	2,934,929	2,934,929	2,934,929	None	None	Aug-18
S. Inspirian Parkway	1,334,871	1,334,871	496,573	\$838,298	None	Aug-18
Traffic Signal - Ray and Signal Butte Roads	140,992	140,992	140,992	None	None	Sep-18
Eastmark Parkway, Phase 1	1,570,440	1,570,440	1,570,440	None	None	Nov-18
Traffic Signal - EP and Point 22 Blvd.	210,459	210,459	210,459	None	None	Aug-19
Traffic Signal - Ray and Copernicus	288,290	288,290	288,290	None	None	Aug-19
Traffic Signal - Pt 22 & Ellsworth Road	235,903	235,903	235,903	None	None	Aug-19
Traffic Signal Modification - Ray North	140,839	140,839	140,839	None	None	Aug-19
Ellsworth Road Lane Widening East Side	1,509,353	1,509,353	1,509,353	None	None	Aug-19
Point 22 Blvd - Ellsworth to Copernicus	3,754,891	3,754,891	1,818,183	None	\$1,936,708	Aug-19
Point 22 Blvd - Copernicus to Eastmark Pkwy	921,016	921,016	921,016	None	None	Aug-19
Signal Butte Phase 2 South (6)	1,308,844	1,308,844	1,308,844	None	None	Jul-18
Williams Field 1/2 Street Improvements	2,406,184	2,406,184	2,406,184	None	None	Jul-18
Total		<u>\$17,775,006</u>	<u>\$15,000,000</u>	<u>\$838,298</u>	<u>\$1,936,708</u>	

\* Preliminary, subject to change.

## SOURCES AND APPLICATIONS OF FUNDS

### Sources

Par Amount of Bonds	\$13,095,000.00 *
[Net] Original Issue Premium (a)	
Total	\$

### Applications

Deposit to Acquisition Fund	\$
Deposit to Issuance and Expenses Fund (b)	
Total	\$

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- (a) [Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.]
- (b) For payment of costs of issuance of the Bonds, including Underwriter's compensation.

## RISK FACTORS

*Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by ad valorem property taxes to be levied on all taxable property within the boundaries of the District. Anyone considering investing in the Bonds should carefully examine this Official Statement, including the Appendices hereto. 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 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,*

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\* Preliminary, subject to change.

*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 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.*

*An inability to develop the remaining land within the District will likely reduce the diversity of ownership of land within the District, making the holders of the Bonds more dependent upon timely payment of the ad valorem property taxes levied on the vacant lots.*

*Development 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 results.*

#### **Concentration of Ownership; Subsequent Transfer**

*There can be no assurance that the Developer has the financial capability to complete development within the Project. There can be no assurance that the members of the limited liability company 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, the Developer may have to depend on revenues from sales of lots and parcels to generate cash flow and otherwise make funds available to pay all costs associated with the ownership, operation and development of the Project. If the Developer has 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, property taxes (including those relating to property then owned by the Developer to be applied to pay the Bonds), as such obligations and liabilities become due and payable.*

*See TABLE 5 with regard to the concentration of ownership of property in, and obligation for payment of property taxes of, the District in certain entities.*

*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 will be staged so that a particular phase will not be developed at one time. The funding for each phase of 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 all phases of 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 on the land within the District 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 assessed valuation of the taxable property in the District may increase if and as the development of the Project continues. However, less than expected increases or decreases in the future assessed valuation of the taxable property in the District may reduce the willingness of landowners to pay the ad valorem property taxes securing the Bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See also “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District.”*

*The construction of infrastructure for development of the land in the District 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 hereinabove. 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. 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.*

## **Effect of Valuation of Property**

*Information is provided herein with respect to the valuation of land within the District. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District.” Such valuation, and particularly decreases therein, may reduce the willingness of landowners to pay the ad valorem property taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes.*

## **Direct and Overlapping Indebtedness and Taxes**

*The ability of an owner of land within the District to pay the ad valorem property taxes of the District 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 property 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 property taxes would be on a parity with the ad valorem property taxes securing the Bonds. The imposition of additional parity 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 ad valorem property taxes securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Property Taxation in the District.”*

## **Bankruptcy and Foreclosure Delays**

*It should be noted that in the event of bankruptcy of a taxpayer pursuant to the Bankruptcy Code, the law is currently unsettled as to whether a lien can be attached against the taxpayer’s property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem property taxes on a property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.*

*When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.*

*In the event the District is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.*

*It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.*

*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.*

#### **Amendment of Documents Referenced**

*The reports, inspections and other documents described in this Official Statement may be modified, updated or amended (as new reports and/or inspections may be obtained), and such modifications may materially and adversely affect the development of the property (e.g., updating of environmental reports).*

*The development of the property within the District is approximately \_\_% complete. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Developer anticipates that there may be significant changes to the agreements and contracts summarized in this Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, the Developer does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.*

#### **Environmental Matters**

*Property in the District 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; and a determination of the waterways of the United States against dredging or fill. 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. In addition, development may require approvals and actions under the Clean Water Act and the National Environmental Protection Act may limit, delay or change materially the number and type of development on the site.*

#### **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 Internal Revenue Code of 1986, as amended (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.*

#### **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 “THE DISTRICT” and footnote (a) to TABLE 5, 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.*

#### **Risk of Internal Revenue Service Audit**

*The Internal Revenue Service (the “Service”) has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (a) with the determination of bond counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (b) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Bond Resolution does not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Owners of the Bonds should note that, if the Service audits the Bonds, under current audit procedures the Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including the District, the Financial Advisor, Bond Counsel, counsel to the Underwriter, or the Underwriter is obligated to pay or reimburse the owner of any of the Bonds for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.*

*There can be no assurance that an audit by the Service of the Bonds will not be commenced. However, the District has no reason to believe that any such audit will be commenced, or that if commenced, an audit would result in a conclusion of noncompliance with any applicable Service position, regulation or ruling. No rulings have been or will be sought from the Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of the Bonds. See also “TAX MATTERS” herein.*

#### **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 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 MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Code, and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein. The opinion of Bond Counsel will be dated the date of delivery of the Bonds. A form of such opinion is included herein in APPENDIX B – “Form of Approving Legal Opinion of Bond Counsel.”

The Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The District covenanted and represented in the Bond Resolution and will covenant and represent in a federal tax exemption certificate of the District that: it will not take any action or omit to take any action with respect to the Bonds, any funds of the District, or any facilities financed with the proceeds of the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. Bond Counsel’s opinion as to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

With respect to the Bonds that were sold in the initial offering at a discount (the “Discount Bonds”), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds 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 15 and July 15 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner’s basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Code contains numerous provisions which may affect an investor’s decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Code, backup withholding may be imposed on payments

on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Code. Certain of the Bonds were sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinion expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedures. The District has covenanted in the Bond Resolution, and will covenant in the federal tax exemption certificate of the District, not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, the Underwriter, Bond Counsel or counsel to the Underwriter is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Bonds.

## **RATING**

S&P is expected to assign the rating of “\_\_” (stable outlook) to the Bonds with the understanding that the Policy will be delivered by the Bond Insurer simultaneously with the issuance of the Bonds. S&P has not assigned an underlying rating to the Bonds. Such rating reflects only the view of S&P. An explanation of the significance of any rating assigned by S&P may be obtained at 55 Water Street, 38th Floor, New York, New York 10041-0003. Such rating may be revised downward or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the Bonds. See “CONTINUING DISCLOSURE” and APPENDIX D – “Form of Continuing Disclosure Undertaking” hereto.

## **FINANCIAL STATEMENTS**

The financial statements of the District as of June 30, 2018, and for its fiscal year then ended, which are included as APPENDIX E to this Official Statement, have been audited by Clifton Larson Allen LLP as stated in their opinion which appears in APPENDIX E – “Audited Financial Statements for Fiscal Year Ended June 30, 2018.” 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 Sherman & Howard L.L.C., Phoenix, Arizona, Bond Counsel. (See “TAX MATTERS”).

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 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, 2020 (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 the EMMA system. 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.

These covenants will be made in order to assist the Underwriter in complying with the Commission Rule 15c2-12 (the “Rule”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Also pursuant to Arizona law, the ability of the District to comply with such covenants is subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should the District not comply with such covenants due to a failure to appropriate for such purposes, the District has covenanted to provide notice of such fact in the same fashion it provides the Notices of Listed Events. Absence of continuing disclosure could adversely affect the Bonds and specifically their market price and transferability.

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**

Sherman & Howard L.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 Sherman & Howard L.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 and affiliated entities with regard to certain matters, including matters relating to the issuance of the Bonds.**

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, Board of Directors

## INFORMATION REGARDING THE CITY OF MESA, ARIZONA

*The following is given as background information concerning the City. THE BONDS WILL NOT BE AN OBLIGATION OF THE CITY. The Bonds will be secured and payable only as described under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein. The holders of the Bonds will have no right to payment except as described therein.*

### 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 2018 estimated population of 488,925. 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
2018 Estimate (a)	488,925	4,294,460	7,076,199
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

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(a) The July 1, 2018 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 Office of Economic Opportunity – *State, County, Place Level Population Estimates for July 1, 2018*.

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

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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 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, Deputy City Manager and Chief Financial Officer.* Mr. Kennington was hired as the City’s Chief Financial Officer in July 2012 and was promoted to Deputy City Manager and Chief Financial Officer in 2019. He is responsible for the City’s overall financial policies, strategies, planning and forecasts. Mr. Kennington 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)
2019 (b)	3.7%	5.0%	4.2%	4.2%
2018	3.9	4.8	4.1	4.2
2017	4.4	4.9	4.2	4.2
2016	4.9	5.4	4.6	4.6
2015	5.3	6.1	5.1	5.2
2014	6.2	6.8	5.8	5.8

(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 July 2019 for the National Unemployment Rate and through June 2019 for LAUS data. Data accessed August 5, 2019.

Source: U.S. Department of Labor, Bureau of Labor Statistics—*Local Area Unemployment Statistics* and *National Labor Force Statistics*.

## 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
Mesa Public Schools	Public Education	8,469
Banner Health Systems	Hospital Network	8,275
The Boeing Company	Helicopter Manufacturing and Assembly	3,642
City of Mesa	Government	3,582
Drivetime Automotive Group	Automotive Financing	1,276
24-7 Intouch	Communications	1,200
Gilbert Unified School District	Education	1,029
Maricopa County	Government	1,020
State of Arizona	Government	827
Mountain Vista Medical Center	Hospital	820

Source: The City, Office of Economic Development as of June 30, 2018.

### 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 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.

## Construction

The following tables set forth annual records of building permit values and new housing permits issued within the City.

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

Fiscal Year	Residential	Commercial	Other	Total
2019/20 (a)	\$	\$	\$	\$
2018/19				
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

(a) Partial fiscal year data from July 1, 2019 through August \_\_, 2019.

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

Fiscal Year	Total New Housing Units
2019/20 (a)	
2018/19	
2017/18	2,765
2016/17	2,455
2015/16	2,301

(a) Partial fiscal year data from July 1, 2019 through August \_\_, 2019.

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 Year	Retail Sales
2018/19 (a)	\$
2017/18	4,833,976,880
2016/17	4,566,213,555
2015/16	4,331,420,270
2014/15	4,069,591,771

(a) Data reflects collections from July 1, 2018 through \_\_\_\_, 2019.

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**

<b>Hotel Name</b>	<b>Number of Sleeping Rooms</b>
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 spring of 2005 and is located 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.

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[Closing Date]

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

**\$\_\_\_\_,000\***  
**Eastmark Community Facilities District No. 1**  
**(City of Mesa, Arizona)**  
**General Obligation Bonds, Series 2019**

Honorable Board:

We have acted as bond counsel to Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “*District*”), in connection with the issuance of its General Obligation Bonds, Series 2019, in the aggregate principal amount of \$\_\_\_\_,000\* (the “*Bonds*”), pursuant to an authorizing resolution of the Board of Directors of the District adopted on September 5, 2019\* (the “*Bond Resolution*”). The Bonds are dated the date of initial delivery and bear interest payable January 15 and July 15 of each year, commencing July 15, 2020\*. In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State of Arizona and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others 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 such examination, it is our opinion as bond counsel 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 Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.

2. The Bond Resolution has been duly passed and adopted by the Board of Directors of the District 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 and binding general obligation of the District.

4. All of the taxable property of the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the District, an annual tax upon the taxable property in the District sufficient, together with any money from other sources lawfully available therefor, to pay the principal of and interest on the Bonds when due.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “*Tax Code*”), interest on the

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\* Preliminary, subject to change.

Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Bonds is exempt from Arizona taxable income under Arizona income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District incurred pursuant to the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement dated \_\_\_\_\_, 2019, relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

SHERMAN & HOWARD L.L.C.

## BOOK-ENTRY-ONLY SYSTEM

**This information concerning DTC and DTC's book-entry-only 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](http://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.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$13,095,000\*

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1

(CITY OF MESA, ARIZONA)

GENERAL OBLIGATION BONDS, SERIES 2019

(CUSIP BASE NUMBER 277482)

This Undertaking is executed and delivered by Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “Issuer”), in connection with the issuance of the captioned municipal securities (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 Document” shall mean the resolution or 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>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“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) ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2020, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

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\* Preliminary, subject to change.

(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 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 of the type in TABLES 2, 4, 5, 6 and 7 of the Official Statement, dated \_\_\_\_\_, 2019, with respect to the Securities as well as with respect to tax collections and delinquencies in the preceding tax year of the Issuer.

(B) Audited financial statements for the preceding fiscal year, 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 and Exchange Commission. If the document incorporated by reference is a final official statement, 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 with respect to the tax status of the security, or other material events affecting the tax status of the security.
- vii. Modifications to rights of security holders, if material.
- viii. Bond calls, if material, and 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 obligated person, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.
- xiii. The consummation of a merger, consolidation or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, 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 or additional trustee or the change of the name of the trustee, if material.
- xv. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
- xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.
- xvii. Notice of a failure of the obligated person 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) ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, 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. ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, 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 Document 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 Document, 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, Board of Directors

**APPENDIX E**

**AUDITED FINANCIAL STATEMENTS FOR  
FISCAL YEAR ENDED JUNE 30, 2018**

## **APPENDIX F**

### **SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

