

FEASIBILITY REPORT

For The Issuance of

**Not to Exceed
\$707,000 Principal Amount**

OF

**EASTMARK
COMMUNITY FACILITIES DISTRICT NO. 2
(CITY OF MESA, ARIZONA)**

**ASSESSMENT DISTRICT A
SPECIAL ASSESSMENT REVENUE BONDS,
SERIES 2020**

Public Hearing Date: January 9, 2020

TABLE OF CONTENTS

	<u>SECTION</u>
Introduction; Purpose of Feasibility Report; General Description of District	ONE
Description of Public Infrastructure	TWO
Maps of the District and Assessment District A	THREE
Estimate of Cost and Timetable for Acquisition of Public Infrastructure	FOUR
Plan of Finance	FIVE

APPENDIX

Legal Description for Assessment District A	1
Summary of Appraisal for Assessment District A (Complete copy of appraisal report is available upon request)	2

SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (this “Report”) has been prepared for presentation to the Board of Directors of the Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) (the “District”) in connection with the proposed issuance by the District of its Assessment District A Special Assessment Revenue Bonds, Series 2020 (the “Bonds”) in a principal amount of not to exceed \$707,000, pursuant to the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (“A.R.S.”).

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure and Public Infrastructure Purposes (each as defined in A.R.S. Section 48-701) to be financed by the Bonds (together the “Public Infrastructure”) and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. Section 48-715. Pursuant to A.R.S. Section 48-715, this Report includes (i) a description of the Public Infrastructure to be financed - Section Two; (ii) maps showing the District and, in general, the location of the Public Infrastructure and the area to be benefitted by the Public Infrastructure - Section Three; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure - Section Four; and (iv) a plan for financing the Public Infrastructure - Section Five.

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Report, financial advisors, appraisers, counsel, engineers, District staff, City (as defined herein) staff and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF THE DISTRICT

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended, upon the petition of DMB Mesa Proving Grounds LLC, a Delaware limited liability company (the “Developer”), acting for itself and on behalf of the then owners of all land in the District, the City Council of the City of Mesa, Arizona (the “City”), adopted a resolution on December 10, 2018, which formed the District.

The real property included in the District consists of approximately 227.43 acres. The District is part of a master planned community known as “Eastmark” which consists of approximately 3,164 acres (the “Project” or “Eastmark”). The Project is being developed by the Developer. The Project is located east of the 202 freeway 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. Construction on the Project commenced in August, 2012. As of December 1, 2019, approximately 465 single family residential lots have been sold to homebuilders in the District. Currently, single family residential development represents approximately 1,973 acres within the Project. Non-residential development comprises approximately 130 acres within the Project and includes (i) churches, (ii) government services such as police stations, fire departments, schools, Salt River Project facilities, and parks and open space, and (iii) a variety of commercial developments such as office, retail and multifamily.

The real property comprising Assessment District A consists of approximately 202 lots (the “Assessed Lots”) on approximately 37.69 acres. The following chart characterizes the approximate acreage within Assessment District A, which is fully within the boundaries of the District including associated common area tracts and right-of-way within the subdivision.

<u>Total Project</u>	<u>Approximate Assessment District A Acres</u>
Single Family Residential	37.69
Non-Residential	-
Total	<u>37.69</u>

The District was created to assist with financing the acquisition of public infrastructure, including the Public Infrastructure, within the District. See Section Two for a description of the Public Infrastructure to be financed with a portion of the proceeds of the Bonds. A legal description of Assessment District A is included in Appendix 1. Maps of the District and Assessment District A, including the location, in general, of the Public Infrastructure, is included in Section Three. The proposed acquisition of the Public Infrastructure as defined in this Report is consistent with the City’s and the District’s approved General Plan for the Project.

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure subject to this Report has been publicly bid pursuant to State statutes and District guidelines and will be financed by the Bonds and/or subsequent bond issues and other sources, if necessary. It is expected that the Public Infrastructure listed below will be acquired from the Developer with estimated cost and construction timing as noted.

Acquisition Project Description	Total Estimated Cost	Certified Engineer's Cost	Paid by Prior Bonds	Eligible for Funding from Bonds and Future Bonds	Completion Date *
1. S878 Everton Terrace	\$1,596,404	\$1,596,404	\$749,623	\$846,781	10/2018

Construction of approximately one-third of a mile of full street improvements. These improvements include sewer, sewer manholes, potable water, water valves, fire hydrants, storm drains, storm drain manholes, concrete catch basins, storm drain bleed lines, concrete ribbon curb, concrete sidewalk, concrete ramps with truncated domes, paving, striping, street lights, public signage, hardscape, landscaping and irrigation. The roadway consists of two paved driving lanes made up of 3 1/2 inches of asphaltic concrete over 6 inches of aggregate base course. All improvements are shown on the plans sealed on January 29, 2018 and approved by the City, which may be amended from time to time to allow for additional property uses adjacent to Everton Terrace that are not yet known.

2. S879 Everton Terrace	\$2,155,038	\$2,155,038	\$ -	\$2,155,038	10/2018
--------------------------------	-------------	-------------	------	-------------	---------

Construction of approximately one-half mile of full street improvements. These improvements include sewer, sewer manholes, potable water, water valves, fire hydrants, storm drains, storm drain manholes, concrete catch basins, storm drain bleed lines, concrete ribbon curb, concrete sidewalk, concrete ramps with truncated domes, paving, striping, street lights, public signage, hardscape, landscaping and irrigation. The roadway consists of two paved driving lanes made up of 3 1/2 inches of asphaltic concrete over 6 inches of aggregate base course. All improvements are shown on the plans sealed on February 14, 2018 and approved by the City, which may be amended from time to time to allow for additional property uses adjacent to Everton Terrace that are not yet known.

Totals:	\$3,751,442	\$3,751,442	\$749,623	\$3,001,819	
----------------	--------------------	--------------------	------------------	--------------------	--

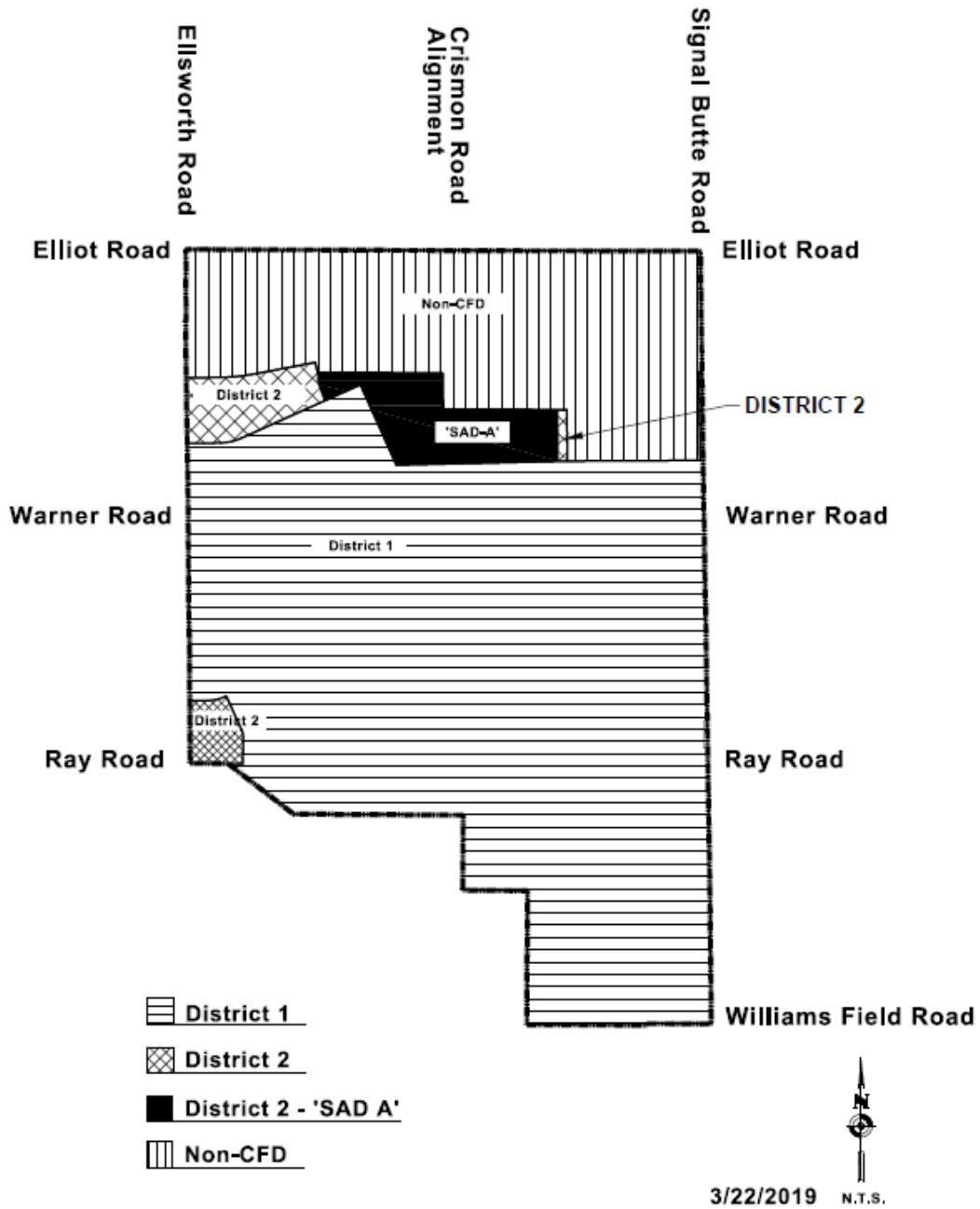
Proceeds of the Bonds are reasonably expected to be used to finance the acquisition of all or a portion of the Public Infrastructure upon acceptance by the District and the City of such Public Infrastructure pursuant to the terms of the Development, Financing Participation, Waiver and Intergovernmental Agreement for Eastmark Community Facilities District No. 2 (City of Mesa, Arizona), recorded on July 24, 2019, in the official records of Maricopa County as Instrument No. 2019-0561520 (the "Development Agreement"), and the terms and provisions of all applicable laws, ordinances, codes and rules. All interests in such Public Infrastructure financed by the District will be dedicated or otherwise transferred to the City after acceptance. Additional portions of public infrastructure, as contemplated by the District's formational documents, may be constructed and will be subject to administrative approval by the District before such additional public infrastructure is eligible for funding from future bonds, if any.

* Completion represents the date by which the Public Infrastructure was constructed, which may differ from the date that it was accepted by the City.

SECTION THREE

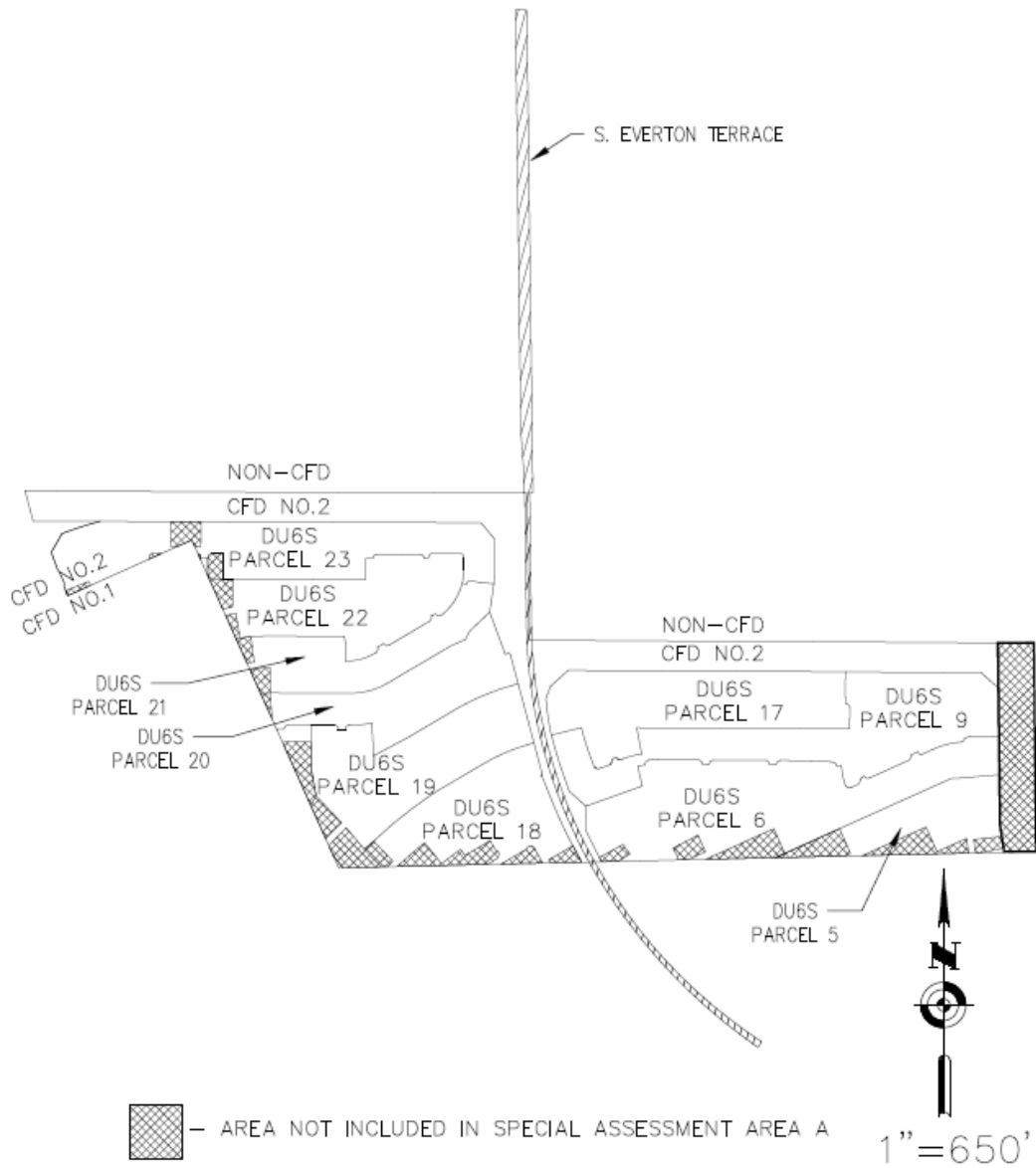
MAPS OF THE DISTRICT AND ASSESSMENT DISTRICT A

The District



Community Facilities Districts 1 and 2

Assessment District A



Brookfield
Residential

EASTMARK
SPECIAL ASSESSMENT AREA A-DETAIL

SECTION FOUR

ESTIMATE OF COST AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

**ESTIMATE OF COST AND TIMETABLE FOR
ACQUISITION OF PUBLIC INFRASTRUCTURE**

The table in Section Two outlines the cost estimate and completion dates for the construction of the Public Infrastructure. Proceeds of the Bonds, after payment of the costs of issuance, will be used to finance the acquisition of all or a portion of the Public Infrastructure projects listed in Section Two.

Listed below is an estimated draw schedule of the proceeds of the Bonds for the acquisition of the Public Infrastructure.

Public Infrastructure Project	Estimated Acquisition Price	Acceptance Date *	Funds Draw Date
S878 Everton Terrace	\$ 846,781	11/2018	02/2020
S879 Everton Terrace	2,155,038	11/2018	02/2020
Total	<u>\$3,001,819</u>		

* Acceptance date represents the date by which the Public Infrastructure constructed was accepted by the District/City.

SECTION FIVE

PLAN OF FINANCE

PLAN OF FINANCE

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within Assessment District A. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Bonds and to the extent necessary to comply with federal and State law.

(i) Formation and Authorization.

In response to a petition from the Developer, the City Council formed the District on December 10, 2018. As contemplated by the Development Agreement, the District has the authority to issue the Bonds.

(ii) Proposed Debt.

The estimated debt service schedule for the Bonds is attached in this section as Table One. It is anticipated that the Bonds will be sold and delivered in February 2020. The Bonds will not be rated by any rating agency.

(iii) Per Lot Assessment Amount.

The per lot assessment amount is expected to be no more than \$3,500.00 at the time of issuance of the Bonds. The Developer currently expects that at the time of sale of a home to the buyer, this amount will be assumed by the homebuyer and the assessment payments made over time. The approximate \$3,500.00 per home assessment results in an annual assessment payment of approximately \$280.00 per home, or approximately \$24.00 per month. The special assessments will be collected on behalf of the District by the Maricopa County Treasurer's Office.

(iv) Estimated Sources and Uses of Funds.

The proceeds of the Bonds will be applied by the District to finance all or a portion of the Public Infrastructure listed in Section Two of this Report. The estimated sources and uses of funds related to the sale of the Bonds is:

SOURCES:

Principal Amount of Bonds	<u>\$707,000.00</u>
Total	<u>\$707,000.00</u>

USES: *

Cost of Public Infrastructure	\$491,073.89
Bond Fund (Representing Capitalized Interest)	12,176.11
Debt Service Reserve Fund	53,750.00
Underwriter's Discount and Counsel	37,500.00
Costs of Issuance	<u>112,500.00</u>
Total	<u>\$707,000.00</u>

* Preliminary, subject to change.

ESTIMATED COSTS OF ISSUANCE

Underwriter's Discount	\$ 17,500.00
Bond Counsel	66,000.00
Underwriter's Counsel	20,000.00
Financial Advisor	30,000.00
Appraisal Fee	5,000.00
Registrar & Paying Agent	1,500.00
Printing	2,000.00
Miscellaneous	<u>8,000.00</u>
Total	<u>\$150,000.00</u>

(v) Value to Lien Ratio.

Included as Appendix 2 is a summary of the appraisal relating to the parcels to be included in Assesment District A, prepared by Schnepf Ellsworth Appraisal Group, LLC on December 20, 2019. The appraisal demonstrates a value-to-lien ratio of a per lot basis in excess of 24-to-1. A complete copy of the appraisal report is available upon request.

(vi) Disclosure of Assessment Payments.

A.R.S. Section 32-2181 *et seq.* requires the disclosure of all property taxes and assessments to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Each homebuyer must be supplied a Public Report and, prior to any home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, homebuilders within the Project will require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of District financing.

(vii) Operation and Maintenance of the Public Infrastructure.

All infrastructure financed by the District will be dedicated to and accepted by the City. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the City, the District and the Developer and are set forth in the various development agreements among the parties. The administrative costs of the District and those costs associated with the operation and maintenance of the Public Infrastructure which are not the obligation of the City will be provided by several sources of funds: the levy of a \$0.30 per \$100 of net assessed limited property valuation ad valorem tax in the District (the "Operation and Maintenance Tax"), Homeowner's Association fees and Developer contributions, if any.

(viii) Other District Information.

Shown in the following tables are the District's overlapping general obligation bonded indebtedness including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, net assessed valuation and combined tax rate per \$100 assessed valuation.

Overlapping Jurisdiction	General Obligation Bonded Debt Outstanding (a)	Portion Applicable to Assessment District A (b)	
		Approximate Percentage	Net Debt Amount
State of Arizona	None	0.026%	None
Maricopa County	None	0.040	None
Maricopa County Community College District	\$312,450,000	0.040	\$124,201
Maricopa County Special Health Care District	459,125,000	0.040	183,340
East Valley Institute of Technology District No. 401	None	0.090	None
Gilbert Unified School District No. 41	117,425,000	0.836	981,481
Queen Creek Unified School District No. 95	109,955,000	3.300	3,628,229
City of Mesa	370,670,000	0.488	1,809,932
The District (c)	None	N/A	None
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$6,721,370</u>

- (a) Includes total general obligation bonds outstanding less redemption funds on hand. Does not include authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future.

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

levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

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

- (b) Proportion applicable to Assessment District A was computed on the ratio of Net Assessed Limited Property Value as calculated for Fiscal Year 2019/20 for the overlapping jurisdiction to the Appraisal estimated total market value of Assessment District A. The Net Assessed Limited Property Value for 2019/20 as determined by the Assessor is not available for the District or Assessment District A. An initial, preliminary, Net Assessed Limited Property Value for the District is anticipated in February 2020.
- (c) Does not include the Bonds. Does not include special assessment revenue bonds or general obligation bonds expected to be issued by the District in the future.

Source: Except as otherwise indicated, individual jurisdictions. 2019/20 Net Assessed Limited Property Valuations sourced from the Finance Department of the County and State and County 2019 Abstract of the Assessment Roll, Arizona Department of Revenue.

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	\$66,157,223,639	None
Maricopa County	43,194,326,395	\$1.8575
Maricopa County Community College District	43,194,326,395	1.3285
Maricopa County Fire District Annual Levy (c)	43,194,326,395	0.0095
Maricopa County Flood Control District (c)	39,558,003,840	0.1792
Maricopa County Special Health Care District (c)	42,997,577,641	0.3333
Maricopa County Library District (c)	43,194,326,395	0.0556
Central Arizona Water Conservation District (c)	42,997,577,641	0.1400
East Valley Institute of Technology District No. 401 (c)	19,235,656,399	0.0500
Gilbert Unified School District No. 41	2,066,469,120	5.9023
Queen Creek Unified School District No. 95	520,344,028	7.4535
City of Mesa	3,516,377,352	1.1870
The District	(d)	(e)

- (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 Net Assessed Limited Property Value of the County Flood Control District does not include the personal property assessed valuation within the County. The Net Assessed Limited Property Value for the CAWCD reflects the assessed valuation located within the County only. The County is mandated to levy a tax annually in support of fire districts in the County. All levies for library districts, hospital districts, fire districts, career technical education districts, water conservation districts and flood control districts are levied on the Net Full Cash Assessed Value.
- (d) The Net Assessed Limited Property Value for 2019/20 is not available. An initial, estimated valuation for Fiscal Year 2020/21 is anticipated February 2020. Valuations for Fiscal Year 2020/21 will not be official until approved by the Board of Supervisors of the County on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors of the County.
- (e) Does not include the District's first issuance of general obligation bonds expected to be issued in October 2020. Does not include special assessment revenue bonds expected to be issued by the District, including the Bonds. Does not include the Operation and Maintenance Tax, which is anticipated to be collected starting in property tax year 2020.

The combined tax rate per \$100 Assessed Valuation is anticipated to be \$4.15 after debt planned to be issued by the District in Fiscal Year 2020/21 and the collection of the Operation and Maintenance Tax.

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

Fiscal Year 2020/21 will be the first year the estimated net full cash value and the net assessed limited property value of taxable property within the boundaries of the District will be available. Valuations for Fiscal Year 2020/21 are expected to be approved by the Board of Supervisors of the County on Monday August 17, 2020.

TABLE ONE

ESTIMATED DEBT SERVICE SCHEDULE*

Maturity (July 1)	Principal	Interest (a)	Estimated Annual Debt Service Requirements
2020	\$ -	\$ 12,176	\$ 12,176
2021	17,000	35,350	52,350
2022	15,000	34,500	49,500
2023	20,000	33,750	53,750
2024	20,000	32,750	52,750
2025	20,000	31,750	51,750
2026	20,000	30,750	50,750
2027	20,000	29,750	49,750
2028	20,000	28,750	48,750
2029	25,000	27,750	52,750
2030	25,000	26,500	51,500
2031	25,000	25,250	50,250
2032	25,000	24,000	49,000
2033	30,000	22,750	52,750
2034	30,000	21,250	51,250
2035	30,000	19,750	49,750
2036	35,000	18,250	53,250
2037	35,000	16,500	51,500
2038	35,000	14,750	49,750
2039	40,000	13,000	53,000
2040	40,000	11,000	51,000
2041	40,000	9,000	49,000
2042	45,000	7,000	52,000
2043	45,000	4,750	49,750
2044	50,000	2,500	52,500
Total	<u>\$707,000</u>	<u>\$533,526</u>	<u>\$1,240,526</u>

-
- (a) Interest column reflects total interest payments for each fiscal year; interest will be paid semi-annually on January 1 and July 1 commencing on July 1, 2020. Interest estimated at 5.00%

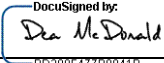
* Preliminary, subject to change.

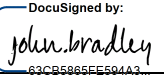
Reviewed and accepted by:

DMB MESA PROVING GROUNDS LLC, a
Delaware limited liability company

By: DMB/Brookfield Eastmark LLC, a Delaware limited liability company
Its: Manager

By: Brookfield Eastmark, LLC, a Delaware limited liability company
Its: Administrative Member

By: 
Name: Dea McDonald
Its: Vice President

By: 
Name: John Bradley
Its: President

APPENDIX 1

**LEGAL DESCRIPTION FOR
ASSESSMENT DISTRICT NO. 2**

EXHIBIT A

LEGAL DESCRIPTION

Lots 54, 56 and 57, and Lots 63 through 65, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-5, recorded in Book 1360 of Maps, Page 17, official records of Maricopa County, and

Lots 125, 127, Lots 131 through 134, inclusive, Lots 136 through 143, inclusive, and Lots 146 through 150, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-6, recorded in Book 1360 of Maps, Page 17, official records of Maricopa County, and

Lots 151 through 154, inclusive, Lot 156, Lots 158 through 162, inclusive, and Lots 164, 175, 189 and 192, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-9, recorded in Book 1360 of Maps, Page 17, official records of Maricopa County, and

Lots 212, 216, 220, 221, 223, 226, 228, Lots 232 through 236, inclusive, Lots 255 through 258, inclusive, and Lots 260, 261 and 266, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-17, recorded in Book 1360 of Maps, Page 17, official records of Maricopa County, and

Lots 95 and 114, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-18, recorded in Book 1379 of Maps, Page 8, official records of Maricopa County, and

Lots 115 through 120, inclusive, Lots 130 through 142, inclusive, Lots 144 through 146, inclusive, and Lots 150 through 161, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-19, recorded in Book 1379 of Maps, Page 8, official records of Maricopa County, and

Lots 162 through 165, inclusive, Lots 167, 172, 174, 176, 177, 179, and Lots 181 through 198, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-20, recorded in Book 1379 of Maps, Page 8, official records of Maricopa County, and

Lots 242 through 244, inclusive, and Lots 246 through 270, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-21, recorded in Book 1379 of Maps, Page 8, official records of Maricopa County, and

Lots 293 through 308, inclusive, and Lots 311 through 331, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-22, recorded in Book 1379 of Maps, Page 8, official records of Maricopa County, and

Lots 360 through 364, inclusive, Lots 366, 368, 395, and Lots 397 through 403, inclusive, according to the Final Plat for Eastmark Development Unit 5/6 South, Parcel 6-23, recorded in Book 1379 of Maps, Page 8, official records of Maricopa County.

APPENDIX 2

SUMMARY OF APPRAISAL FOR ASSESSMENT DISTRICT A

An Appraisal Report of the Market Value of the fee simple interest

Eastmark Community Facilities District No. 2, Assessment District A

Part of Parcels 6-5, 6-6, 6-9, 6-17, 6-18, 6-19, 6-20, 6-21, 6-22 and 6-23, north of Point 22 Boulevard and on both sides of Everton Terrace, Eastmark Development Unit 5/6 as a part of the Eastmark Masterplanned Development, Mesa, Maricopa County, AZ



Prepared For:
City of Mesa
20 East Main Street
Suite 700
Mesa, AZ 85001

Inspection Date: December 6, 2019
Valuation Date: December 6, 2019



Prepared by:
Real Estate Appraisers/Consultants/P.O. Box 2829, Mesa, Arizona, 85214
Phone 480.497.1113 E-mail larry@schneppfellsworth.com
Job # 19-2436-1 Copy 1 of 1 Copyright 2019 by Schneppf Ellsworth Appraisal Group LLC
SchneppfEllsworth.com



Real Estate Appraisers/Consultants/P.O. Box 2829, Mesa, Arizona, 85214
Phone 480.497.1113/e-mail larry@schnepfEllsworth.com/SchnepfEllsworth.com

December 20, 2019

File No. 19-2436-1

City of Mesa
20 East Main Street
Suite 700
Mesa, AZ 85001

RE: Eastmark Community Facilities District No. 2, Assessment District A Part of Parcels 6-5, 6-6, 6-9, 6-17, 6-18, 6-19, 6-20, 6-21, 6-22 and 6-23, north of Point 22 Boulevard and on both sides of Everton Terrace, Eastmark Development Unit 5/6 as a part of the Eastmark Masterplanned Development, Mesa, Maricopa County, AZ

Dear Sirs:

In accordance with the City of Mesa's request and authorization thereby for an Appraisal Report of the subject property, a vacant single-family residential subdivision site located on the Part of Parcels 6-5, 6-6, 6-9, 6-17, 6-18, 6-19, 6-20, 6-21, 6-22 and 6-23, north of Point 22 Boulevard and on both sides of Everton Terrace, Eastmark Development Unit 5/6 as a part of the Eastmark Masterplanned Development, Mesa, Maricopa County, AZ, we hand you a narrative appraisal that describes and identifies methods of approach and valuation. The ownership, legal description, and identification of the property are set forth in the following report.

The purpose of this appraisal is to estimate the Market Value of the fee simple interest as of December 6, 2019. The date of initial inspection of the property was December 6, 2019. The intended users of this report include the City of Mesa (Client and Intended User), Eastmark Community Facilities District No. 2 (City of Mesa), the underwriter Stifel, Nicolaus & Company, Incorporated, the district financial advisor Hilltop Securities Inc., and district counsel Sherman & Howard L.L.C. (Intended Users). The intended use (function) of this appraisal will be in conjunction with the sale of tax-exempt assessment bonds, the proceeds of which will be used to finance public infrastructure within the Eastmark Community Facilities District No. 2 Assessment District A.

The value estimates are subject to the Underlying Assumptions and Contingent Conditions. The client is City of Mesa. This report details those pertinent physical and nonphysical factors relevant to the subject property. Information about the region in which the property is located, the subject neighborhood, site, highest and best use, and valuation methods and techniques are discussed in detail in the report that follows. Further, the value(s) reported are intended to conform with Code of Ethics and Standards of Professional Practice of the Appraisal Institute; the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Appraisal Institute, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, appraisal guidelines.

It is prepared for the above stated purpose and function and is not to be used, given, sold, transferred, or relied upon by any other person or persons than the client without the prior express written permission of the authors. Inclusion of the appraisal (or parts thereof) within the Preliminary Statement and the Official Statement will be allowed but the Intended User(s) as long as the entire appraisal is referenced and pages included are not taken out of context.

The reader is also directed to the fact that the report is under copyright and any use, in whole or part, by anyone except the addressee is expressly prohibited. "Market Value" is defined in the body of the report on page 19. For purposes of this analysis, Marketing Time is estimated at 9 to 12 months.

On the basis of data in the body of the report, we have concluded to a final estimate of the Market Value of the fee simple interest as of December 6, 2019, with an inspection date of December 6, 2019, subject to Underlying Assumptions, Limiting and Hypothetical Conditions contained in this report, my opinion is as follows:

Parcel	Total Lots	As is - Complete Per lot	As is - Complete Parcel Value
CFD 2/AD A	202	\$85,000	\$17,170,000

Respectfully submitted,

Schnepf Ellsworth Appraisal Group LLC



Larry D. Schnepf, MAI, SRPA

Certified Arizona General Real Estate Appraiser

Certificate # 30284, expires 8/31/2020

Table of Contents

Letter of Transmittal	
Table of Contents	i
Executive Summary	ii
Subject Photographs.....	v
Forward	1
Underlying Assumptions/Conditions.....	2
Extraordinary Assumptions and Hypothetical Conditions	11
Scope of Work	12
Premises of the Appraisal and Definitions.....	17
Type of Appraisal	22
Legal Description.....	25
Neighborhood/Trade Area Data.....	36
Site Data Analysis.....	68
Improvement Description	80
Assessed Valuation and Taxes:.....	85
Highest and Best Use	90
Valuation Process.....	94
Sales Comparison Approach.....	95
Finished Lot Sales.....	96
Vacant Land Sales.....	103
Reconciliation and Final Value Estimate.....	128
Certification	131
Addenda	133
Qualifications of LARRY D. SCHNEPF, MAI, SRPA.....	134
Waver and Development agreement/Legal Description	141

Executive Summary

<i>Type of Property:</i>	The subject consists of vacant single-family residential subdivision site
<i>Type of Report:</i>	Appraisal Report
<i>Class:</i>	single-family residential subdivision land
<i>Job No.:</i>	18-2237
<i>Job. Name:</i>	Eastmark Community Facilities District No. 2, Assessment District A
<i>Location:</i>	The subject is located on the north side of Point 22 Boulevard and on both sides of Everton Terrace, in Eastmark Development Unit 5/6 of the Eastmark Masterplanned Development, Mesa, Arizona.
<i>Legal Description:</i>	A full legal description is included within the report. The legal description was obtained from public records.
<i>Statement of Ownership:</i>	Documents detailing the ownership retained in the addenda. Ownership is currently in the names as follows: 40 lots - JEN Arizona 31 LLC; 28 lots - Shea Homes LP; 36 lots - Woodside Homes AZ LLC; 52 lots - Lennar Arizona Inc; 28 lots - Taylor Morrison Arizona, Inc.; and 18 lots - Ashton Woods Arizona LLC. The subject is being developed to a stage that includes finished infrastructure (utilities, paved streets, curbs, gutters and sidewalks) at which point homebuilders with take possession of the bulk site.
<i>Form of Ownership:</i>	Fee Simple Interest
<i>Property Rights Appraised:</i>	Market Value of the fee simple interest.
<i>Intended User/Intended Use (Function) of the Report:</i>	The intended users of this report include the City of Mesa (Client and Intended User), Eastmark Community Facilities District No. 2 (City of Mesa), the underwriter Stifel, Nicolaus & Company,

	Incorporated, the district financial advisor Hilltop Securities Inc., and district counsel Sherman & Howard L.L.C. (Intended Users). The intended use (function) of this appraisal will be in conjunction with the sale of tax-exempt assessment bonds, the proceeds of which will be used to finance public infrastructure within the Eastmark Community Facilities District No. 2 Assessment District A.
<i>Improvements Summary:</i>	The subject consist of portions of 10 master-platted parcels consisting of 202 planned lots within Parcels 6-5, 6-6, 6-9, 6-17, 6-18, 6-19, 6-20, 6-21, 6-22, and 6-23.
<i>Assessor's Parcel:</i>	Assessor parcel numbers are included in the Legal, Improvement and Tax sections of the report.
<i>Flood Zone Designation:</i>	Zone D, Panel number 04013C2705F, Unpublished.
<i>Site Area:</i>	Parcel 6-5 - 6 lots, 1.32 acres, Parcel 6-6 - 19 lots 4.81 acres, Parcel 6-9 - 14 lots 2.45 acres, Parcel 6-17 - 19 lots 3.03 acres, Parcel 6-18 - 2 lots 0.46 acres, Parcel 6-19 - 34 lots 7.64 acres, Parcel 6-20 - 28 lots 4.56 acres, Parcel 6-21, 28 lots 4.46 acres; Parcel 6-22, 37 lots 6.29 acres acres, Parcel 6-23 - 15 lots 2.68 acres. Total 202 lots 37.69 acres with an average lot size 8,128 of square feet.
<i>Zoning:</i>	PC, City of Mesa
<i>Topography:</i>	The property is basically level. No soil reports were provided to the appraisers.
<i>Easements:</i>	Except for zoning restrictions, no other hazards or nuisances were noted which would adversely affect the subject site. The appraisers assume no conditions exist that would adversely affect title.
<i>Nuisance and Hazards:</i>	No environmental reports were provided to the appraiser. No adverse environmental conditions were noted within this report. No known nuisances, hazards or environmental problems exist.
<i>Highest and Best Use:</i>	As Is – Single-family residential
<i>Marketing Time:</i>	9 to 12 months

Unit Type: The most applicable site unit measurement is price per square foot.

Date of Inspection: December 6, 2019

Date of Valuation: December 6, 2019

Valuation Conclusions:

Parcel	Total Lots	As is - Complete Per lot	As is - Complete Parcel Value
CFD 2/AD A	202	\$85,000	\$17,170,000