

FEASIBILITY REPORT

For The Issuance of

**Not to Exceed
\$900,000 Principal Amount**

OF

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

**GENERAL OBLIGATION BONDS,
SECOND SERIES 2023**

Public Hearing Date: September 7, 2023

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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 General Obligation Bonds, Second Series 2023 (the “Bonds”) in a principal amount of not to exceed \$900,000, 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, in general, the location of the Public Infrastructure and the area to be benefitted by the Public Infrastructure – Section Three; and (iii) a plan for financing the Public Infrastructure – Section Four.

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, A.R.S., 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 District consists of approximately 227 acres of a larger 3,154-acre area within the City formerly known as the Mesa Proving Grounds and now being developed as the mixed use, master planned community known as Eastmark (the “Project”). 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 July 30, 2023, homebuilders have sold approximately 402 single family residential units within the District and approximately 6,349 within the Project.

Single family residential development represents approximately 129 acres within the District. Non-residential development comprises approximately 98 acres within the District 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 development such as office, retail and multifamily. The following characterizes the approximate acreage within the District.

Total District	Approximate District Acres
Single Family Residential	129.22
Non-Residential (a)	98.21
Total	227.43

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

The District was created to assist with financing the acquisition of public infrastructure and public infrastructure purposes, 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 the District is included in Appendix A. Maps of the District including the location, in general, of the Public Infrastructure, are included in Section Three. The proposed acquisition of the Public Infrastructure as defined in this Report is consistent with the approved General Plan for the District.

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 (a)	To Be Paid By the Bonds (b)	Paid by the Prior Bonds	Eligible for Funding From Future Bonds (c)	Completion Date (d)
1. S886 Disc Golf	\$4,789,003	\$4,789,003	\$900,000	\$3,450,003	\$439,000	Feb-22
<p>The Eastmark Disc Golf Course project consists of the District acquiring an interest in real property in accordance with A.R.S. Section 48-701 et seq. and pursuant to a public access easement agreement for the Disc Golf Course, and the value of such interest in real property shall be equal to the eligible construction costs of the Disc Golf Course improvements. The Disc Golf Course is an approximately 21.52 acre park, inclusive of parking. The improvements include an 18-hole disc golf course together with a linear pathway that can be used for hiking, jogging and biking. This pathway will provide an east-west route for pedestrians and cyclists and will connect to pathways along Signal Butte Road and Eastmark Parkway, ultimately connecting to the Eastmark Great Park and other paths in the community. Exercise stations will also be located throughout the route. Additionally, some areas may be used for drainage purposes. All improvements are shown on approved plans dated February 21, 2019 by the City, which may be amended from time to time to allow for future uses. The improvements for S886 Disc Golf were approved for public use by the City as of February 3, 2022.</p>						
Totals (e)	\$4,789,003	\$4,789,003	\$900,000	\$3,450,003	\$439,000	

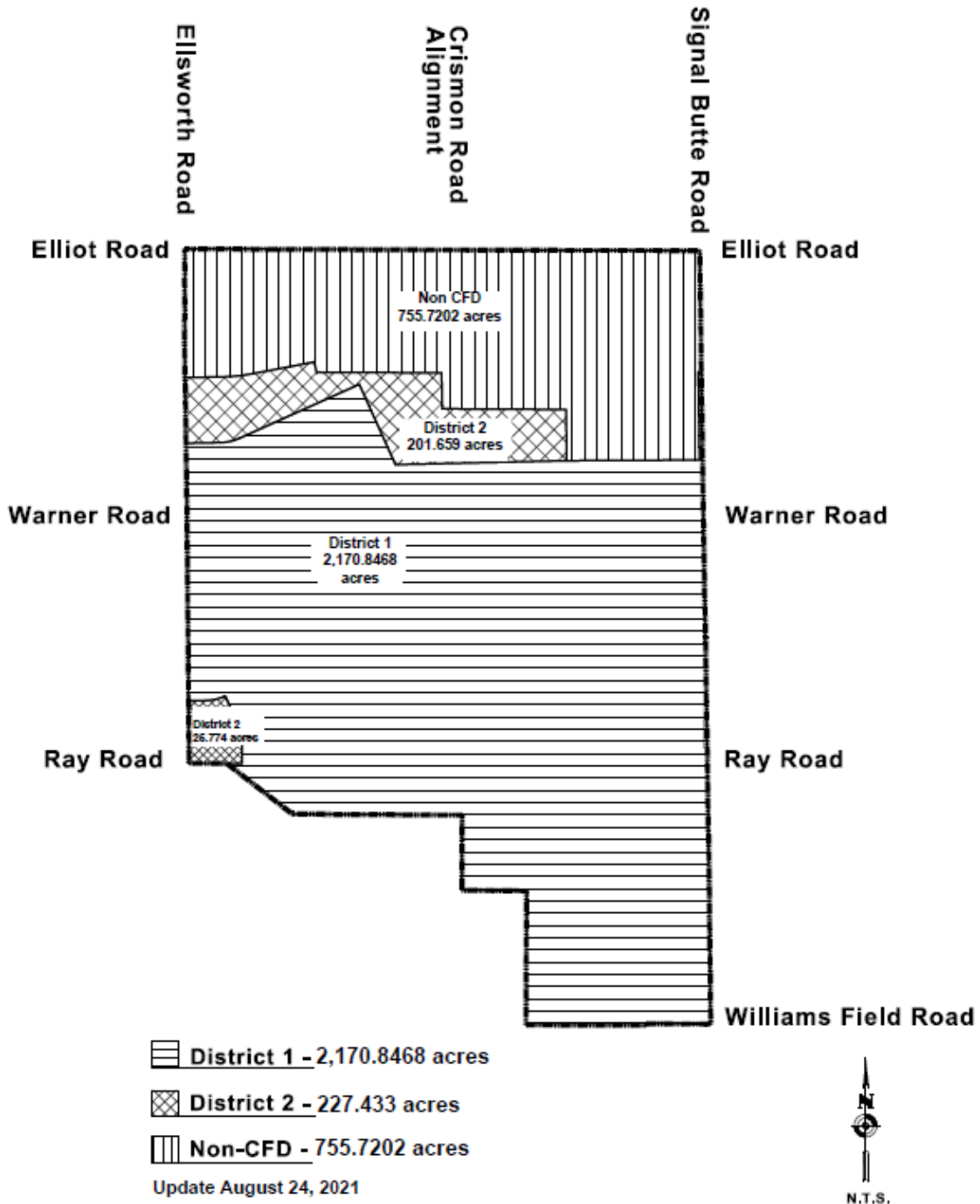
- (a) Represents an estimate of total costs which may differ once the District certifies eligible construction costs.
- (b) Represents estimated costs to be paid by the Bonds which may differ once the District certifies eligible construction costs.
- (c) Represents estimated costs to be eligible for funding from future bonds which may differ including by any amount paid by the Bonds.
- (d) Represents the date by which the Developer constructed Public Infrastructure or expects the Public Infrastructure to be constructed, which may differ from the date that it was accepted by the City.
- (e) Totals may not add due to rounding.

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 records of Maricopa County, Arizona (the "County"), as Instrument No. 2019-0561520, 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.

SECTION THREE

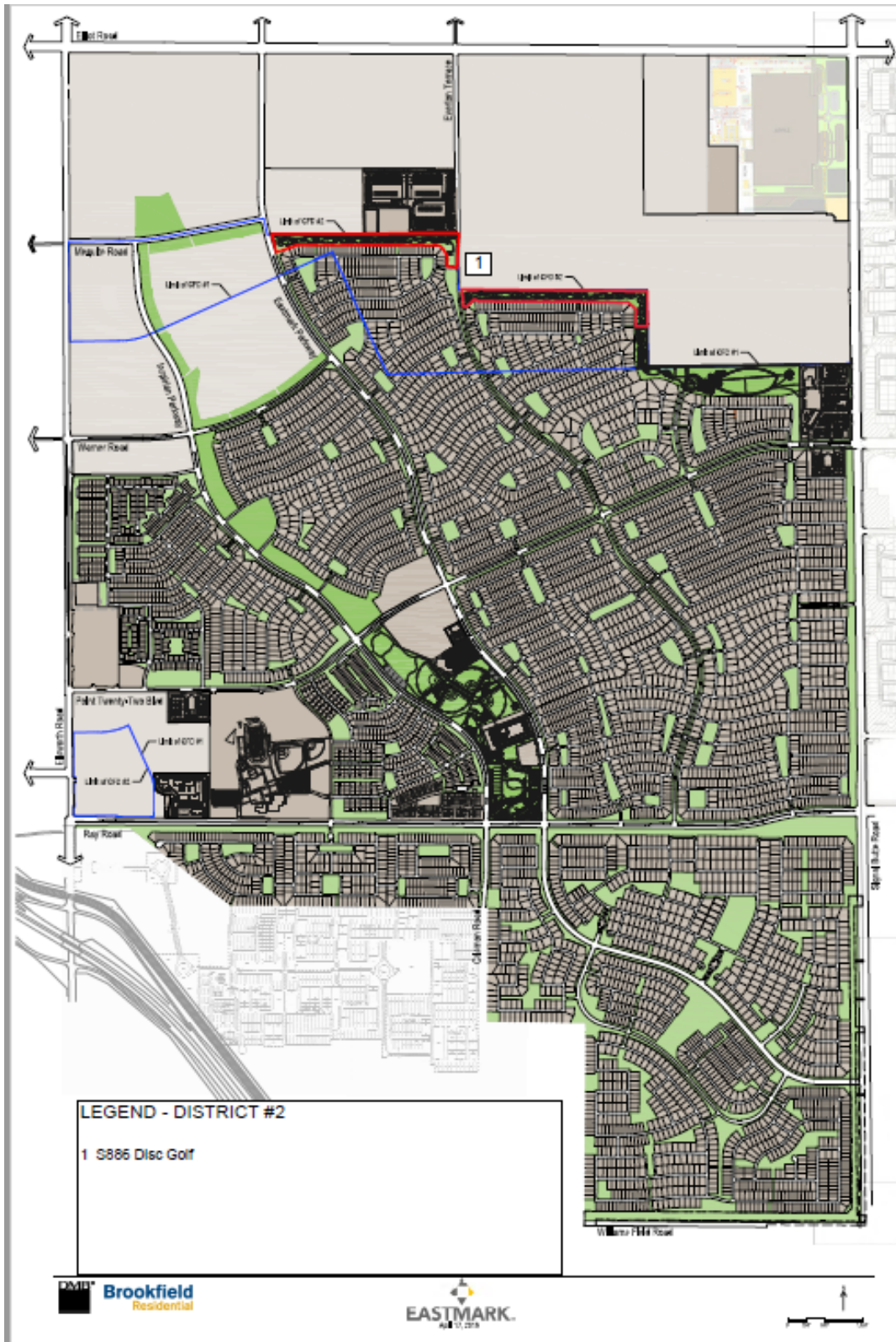
MAPS OF THE DISTRICT

The District



Community Facilities Districts 1 and 2

The Public Infrastructure in Context of the District



SECTION FOUR

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 the District. 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. On April 4, 2019, the Developer and all other landowners in the District at the time, authorized at an election general obligation bonded debt in an amount not to exceed \$70,000,000 and will have an estimated \$63,490,000* of such amount remaining after issuance of the Bonds. Such remaining authorized but unissued amount is subject to further reduction based on the use of net premium on the general obligation bonds of the District. The District has previously sold its general obligation bonds in the aggregate original principal amount of \$5,795,000, of which \$5,220,000 is currently outstanding.

(ii) Proposed Bond Sale.

The District currently has \$5,220,000 of general obligation bonded debt outstanding. The estimated debt service schedule for the Bonds is included in this section. It is anticipated that the Bonds will be sold in September 2023* and delivered in October 2023*. The amount shown on the cover of this Report is a not to exceed amount and the actual aggregate principal amount of the Bonds issued may be lower. It is currently estimated that the Bonds will have a final maturity of approximately 25 years and be structured to achieve declining aggregate debt service. The Bonds may be rated by a rating agency based on the possible purchase of a municipal bond insurance policy from an insurer, or the Bonds may be non-rated.

(iii) 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 are:

SOURCES*:

Principal Amount of the Bonds		\$715,000.00
	Total	\$715,000.00

USES*:

Cost of Public Infrastructure		\$575,161.46
Estimated Costs of Issuance		130,000.00
Estimated Bond Insurance Premium		9,838.54
	Total	\$715,000.00

ESTIMATED COSTS OF ISSUANCE*:

Underwriter's Discount		\$ 17,500.00
Underwriter's Counsel		30,000.00
Bond Counsel		35,000.00
Financial Advisor		35,000.00
Registrar & Paying Agent		375.00
Printing		875.00
Insured Rating		7,500.00
Miscellaneous		3,750.00
	Total	\$130,000.00

* Preliminary, subject to change.

(iv) District Tax Rate and Homeowner’s Property Tax Obligation.

All Public Infrastructure that may be acquired by the District with any proceeds of the Bonds will be dedicated to and accepted by the City. Notwithstanding the preceding sentence, the District shall only acquire an interest in real property with respect to the Disc Golf Course, and neither the District nor the City shall have any obligation to repair, replace or maintain any of the Disc Golf Course improvements. 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 costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs, of the District will be provided by several sources of funds: a property tax levy of up to \$0.30 per \$100 of net assessed limited property value (the “O&M Tax”), Homeowner’s Association (“HOA”) fees to provide for a portion of the administrative, operation and maintenance expenses of the District, and Developer contributions, if any.

The HOA is responsible for the operation and maintenance costs of landscaping for the roadways, trails, and open space within the District. All homeowners are required to participate in the HOA. Monthly fees for the HOA are currently approximately \$100 per homeowner.

In addition to the O&M Tax, the District will levy an ad valorem property tax to provide for debt service on bonds issued by the District, including the Bonds. Beginning in Fiscal Year 2023/24, the District will cause to be levied a combined ad valorem tax rate for each year the Bonds are outstanding in the amount of up to \$4.15 per \$100 of net assessed limited property value on all taxable property within the boundaries of the District. This tax rate includes a \$3.85 levy for debt service and a \$0.30 levy for the O&M Tax. This amount is a “target” tax rate. Any general obligation bonds of the District are, by law, to be paid from a property tax which is unlimited as to rate or amount.

At the \$4.15 target tax rate level, assuming the average parcel Full Cash Value of \$468,036 and Net Assessed Limited Value of \$25,357, the District portion of a tax bill for a homeowner will be approximately \$88* per month or \$1,052* annually. A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the “Public Report”). Prior to each initial home sale by a homebuilder, each homebuyer must be supplied the Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy will be kept on file with the District Clerk.

(v) 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, the portion of such indebtedness applicable to the District, a comparison of net assessed limited property values and tax rates per \$100 net assessed limited property value.

* The estimated tax liability is calculated from the 2023 February Preliminary State Abstract, Maricopa County Assessor’s Office, <https://mcassessor.maricopa.gov/page/reports/>, accessed April 19, 2023, using the Owner Occupied Residential (“Class 3”) data and the following formula:

$$(\text{Net Assessed Limited Property Value} \div \text{Number of Parcels}) \times (\text{the District’s Secondary Tax Rate of } \$4.1500) \div 100.$$

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	0.014%	None
Maricopa County	None	0.022	None
Maricopa County Community College District	\$ 87,320,000	0.022	\$ 19,119
Maricopa County Special Health Care District	574,205,000	0.022	125,727
East Valley Institute of Technology District No. 401	None	0.045	None
Gilbert Unified School District No. 41	131,680,000	0.453	596,607
Queen Creek Unified School District No. 95	113,840,000	1.383	1,574,453
City of Mesa	284,955,000	0.267	760,085
The District	5,220,000	100.000	<u>5,220,000</u> (c)
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$8,295,991</u>

- (a) Proportion applicable to the District is computed on the ratio of the estimated net assessed limited property value as calculated for fiscal year 2022/23 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.

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 Report, 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 A.R.S., 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.

- (c) Does not include the Bonds. Does not include special assessment revenue bonds outstanding or other special assessment revenue bonds expected to be issued by the District in the future.

Source: The various entities.

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

Overlapping Jurisdiction	2022/23 Net Assessed Limited Property Value	2022/23 Combined Tax Rate Per \$100 of Net Assessed Limited Property Value (a)(b)
State of Arizona	\$78,405,598,978	None
Maricopa County	51,575,018,185	\$1.2473
Maricopa County Community College District	51,575,018,185	1.1894
Maricopa County Fire District Annual Levy	51,575,018,185	0.0082 (c)
Maricopa County Flood Control District	47,553,260,925	0.1592 (d)
Maricopa County Special Health Care District	51,932,898,351	0.2488
Maricopa County Library District	51,575,018,185	0.0505
Central Arizona Water Conservation District	51,932,898,351	0.1400 (e)
East Valley Institute of Technology District No. 401	25,369,201,769	0.0500
Gilbert Unified School District No. 41	2,492,478,121	5.8127
Queen Creek Unified School District No. 95	816,515,902	7.1705
City of Mesa	4,233,636,562	0.9157
The District	11,292,747	4.1500 (f)

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- (a) Represents 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) All levies for library districts, hospital districts, fire districts, technology districts, water conservation districts and flood control districts are levied on the net full cash assessed value.
 - (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 O&M Tax.

Source: 2022 August State Abstract, Maricopa County Assessor's Office, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and Maricopa County 2022 Tax Levy, Maricopa County – Finance Department.

The estimated net full cash value and the net assessed limited property value of taxable property within the boundaries of the District for the indicated tax years are shown in the table below:

PROPERTY VALUATIONS

Fiscal Year	Full Cash Value	Estimated Net Full Cash Value (a)	Net Assessed Limited Property Value
2023/24 (b)	\$230,865,245	\$230,865,245	\$11,857,754
2022/23	166,288,607	166,288,207	11,292,747
2021/22	136,686,109	136,686,042	9,282,152
2020/21(c)	50,705,282	50,705,282	4,052,059

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- (a) Full Cash Value net of the estimated value of property exempt from taxation.
 - (b) Fiscal Year 2023/24 values are subject to adjustment until approved by the Board of Supervisors of the County before or on August 21, 2023.
 - (c) Represents the first year assessed valuation have been available for the District.

Source: State Abstract, Maricopa County Assessor’s Office (August dated file for each corresponding year).

ESTIMATED DEBT SERVICE SCHEDULE

Period Ending (July 15)	Existing Debt Service	Principal*	Interest* (a)	Total Combined Debt Service Requirements* (b)
2024	\$404,588	\$ 20,000	\$26,415	\$ 451,003
2025	401,238	15,000	34,750	450,988
2026	402,688	10,000	34,000	446,688
2027	393,638	15,000	33,500	442,138
2028	389,638	15,000	32,750	437,388
2029	385,438	15,000	32,000	432,438
2030	385,988	10,000	31,250	427,238
2031	381,088	10,000	30,750	421,838
2032	375,988	15,000	30,250	421,238
2033	365,638	25,000	29,500	420,138
2034	365,338	20,000	28,250	413,588
2035	359,588	25,000	27,250	411,838
2036	358,638	20,000	26,000	404,638
2037	352,713	20,000	25,000	397,713
2038	346,613	30,000	24,000	400,613
2039	346,425	25,000	22,500	393,925
2040	340,850	25,000	21,250	387,100
2041	335,100	30,000	20,000	385,100
2042	304,138	35,000	18,500	357,638
2043	279,063	30,000	16,750	325,813
2044	249,663	30,000	15,250	294,913
2045	216,150	40,000	13,750	269,900
2046	187,650	35,000	11,750	234,400
2047		200,000	10,000	210,000
Total		<u>\$715,000</u>		<u>\$9,238,265</u>

(a) Interest column reflects total interest payments for each Fiscal Year; interest will be paid semi-annually on January 15 and July 15 commencing on July 15, 2024*. Interest is estimated at 5.00%.

(b) Totals may not add due to rounding.

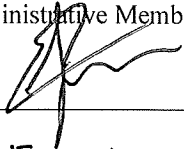
* Preliminary, subject to change.

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: ERIC J. TOWE

Its: SR. VICE PRESIDENT

By:  _____

Name: W. DEA MCDONALD

Its: PRESIDENT

APPENDIX A

**LEGAL DESCRIPTION FOR EASTMARK
COMMUNITY FACILITIES DISTRICT NO. 2**

Legal Description

PARCEL NO. 1:

THAT PORTION OF SECTIONS 14 AND 15, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3" MARICOPA DEPARTMENT OF TRANSPORTATION (MCDOT) BRASS CAP IN HAND-HOLE FOUND AT THE WEST QUARTER CORNER OF SAID SECTION 15, FROM WHENCE A 3" MCDOT BRASS CAP IN HAND-HOLE FOUND AT THE NORTHWEST CORNER OF SAID SECTION 15 BEARS NORTH 00 DEGREES 35 MINUTES 07 SECONDS WEST (BASIS OF BEARING), A DISTANCE OF 2,623.19 FEET;

THENCE DEPARTING THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, NORTH 89 DEGREES 24 MINUTES 53 SECONDS EAST, A DISTANCE OF 50.00 FEET, TO THE EAST RIGHT-OF-WAY OF S. ELLSWORTH ROAD AS RECORDED IN DOCKET 1606, PAGE 249, MARICOPA COUNTY RECORDS (MCR), ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE DEPARTING SAID EAST RIGHT-OF-WAY OF S. ELLSWORTH ROAD, NORTH 89 DEGREES 24 MINUTES 53 SECONDS EAST, A DISTANCE OF 674.33 FEET, TO THE BEGINNING OF A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 3,900.00 FEET;

THENCE NORTHEASTERLY, A DISTANCE OF 686.85 FEET, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 10 DEGREES 05 MINUTES 26 SECONDS, SAID CURVE HAVING A CHORD OF NORTH 84 DEGREES 22 MINUTES 10 SECONDS EAST, A DISTANCE OF 685.96 FEET, TO A POINT OF TANGENCY;

THENCE NORTH 79 DEGREES 19 MINUTES 27 SECONDS EAST, A DISTANCE OF 1,284.60 FEET, TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS POINT BEARING NORTH 79 DEGREES 19 MINUTES 27 SECONDS EAST, A DISTANCE OF 3,900.00 FEET;

THENCE SOUTHEASTERLY, A DISTANCE OF 222.35 FEET, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 3 DEGREES 16 MINUTES 00 SECONDS, SAID CURVE HAVING A CHORD OF SOUTH 12 DEGREES 18 MINUTES 33 SECONDS EAST, A DISTANCE OF 222.32 FEET, TO A POINT OF NON-TANGENCY;

THENCE NORTH 76 DEGREES 03 MINUTES 27 SECONDS EAST, A DISTANCE OF 40.50 FEET, TO THE NORTHWEST CORNER OF TRACT "N" OF THE FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 5/6 SOUTH PARCELS 6-16 AND 6-18 TO 6-23, RECORDED AS BOOK 1379, PAGE 8 MCR;

THENCE ALONG THE NORTH LINE OF SAID TRACT "N", SOUTH 89 DEGREES 45 MINUTES 48 SECONDS EAST, A DISTANCE OF 2,499.29 FEET, TO THE NORTHEAST CORNER OF SAID TRACT "N";

THENCE DEPARTING SAID NORTH LINE OF TRACT "N", NORTH 89 DEGREES 16 MINUTES 30 SECONDS EAST, A DISTANCE OF 17.50 FEET, TO THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15;

THENCE ALONG SAID EAST LINE OF THE NORTHEAST QUARTER OF SECTION 15, SOUTH 00 DEGREES 43 MINUTES 30 SECONDS EAST, A DISTANCE OF 134.31 FEET, TO A 2.5" GLO BRASS CAP FOUND AT THE EAST QUARTER CORNER OF SAID SECTION 15;

THENCE DEPARTING SAID EAST LINE OF THE NORTHEAST QUARTER OF SECTION 15 AND ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 15, SOUTH 00 DEGREES 44 MINUTES 46 SECONDS EAST, A DISTANCE OF 16.01 FEET, TO THE INTERSECTION OF THE CENTERLINE OF S. EVERTON TERRACE AND THE NORTH LINE OF SAID S. EVERTON TERRACE, AS SHOWN ON THE FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 6 - INFRASTRUCTURE FOR PARCELS 4-6 AND 9-23, RECORDED AS BOOK 1343, PAGE 15, MCR;

THENCE ALONG SAID CENTERLINE OF S. EVERTON TERRACE, SOUTH 00 DEGREES 44 MINUTES 46 SECONDS EAST, A DISTANCE OF 512.59 FEET, TO THE BEGINNING OF A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 2,500 FEET.

TOGETHER WITH THE FOLLOWING DESCRIBED REAL PROPERTY:

LOTS 50, 51, 52, 55, 69, 70, 71, 98, 99, 100, 144 AND 145, FINAL PLAT FOR EASTMARK

DEVELOPMENT UNIT 5/6 SOUTH, PARCELS 6-4 TO 6-6, 6-9 AND 6-17, RECORDED IN BOOK 1360 OF MAPS, PAGE 17, RECORDS OF MARICOPA COUNTY, ARIZONA.

AND TOGETHER WITH THE FOLLOWING DESCRIBED REAL PROPERTY:

LOTS 70, 75, 96, 111, 112, 113, 121, 122, 128, 129, 199, 240, 241, 273, 292, 332, 333, 345, 389, 390 AND 391, FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 5/6 SOUTH PARCELS 6-16 AND 6-18 TO 6-23, RECORDED IN BOOK 1379 OF MAPS, PAGE 8, RECORDS OF MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED REAL PROPERTY:

LOTS 33, 34, 35, 48, 49, 68, 69, 76, 77, 109, 110, 126, 127, 274, 334, 344 AND 404, FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 5/6 SOUTH PARCELS 6-16 AND 6-18 TO 6-23, RECORDED IN BOOK 1379 OF MAPS, PAGE 8, RECORDS OF MARICOPA COUNTY, ARIZONA;

AND EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED REAL PROPERTY:

LOTS 23, 24, 25, 47, 48, 49, 72, 73, 74, 94, 95, 96 AND 97, FINAL PLAT FOR EASTMARK

DEVELOPMENT UNIT 5/6 SOUTH, PARCELS 6-4 TO 6-6, 6-9 AND 6-17, RECORDED IN BOOK 1360 OF MAPS, PAGE 17, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 2:

A PORTION OF SECTION 22, TOWNSHIP 1 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3" MCDOT BRASS CAP IN HAND HOLE, FOUND AT THE SOUTHWEST CORNER OF SAID SECTION 22, FROM WHENCE A 2" MARICOPA COUNTY ALUMINUM CAP, FOUND AT THE SOUTH QUARTER CORNER OF SAID SECTION 22, BEARS SOUTH 89 DEGREES 38 MINUTES 34 SECONDS EAST, (BASIS OF BEARINGS) A DISTANCE OF 2647.07 FEET;

THENCE SOUTH 89 DEGREES 38 MINUTES 34 SECONDS EAST, ALONG THE SOUTH LINE OF SAID SECTION 22, A DISTANCE OF 1136.20 FEET;

THENCE DEPARTING SAID SOUTH LINE OF SECTION 22, NORTH 00 DEGREES 21 MINUTES 26 SECONDS EAST, A DISTANCE OF 192.00 FEET, TO THE NORTH RIGHT-OF-WAY LINE OF E. RAY ROAD AS SHOWN ON THE MAP OF DEDICATION EASTMARK PHASE 1, RECORDED AS BOOK 1117, PAGE 47, MARICOPA COUNTY RECORDS (MCR), AND A LINE 192.00 FEET NORTH OF AND PARALLEL WITH SAID SOUTH LINE OF SECTION 22, AND THE TRUE POINT OF BEGINNING;

THENCE ALONG SAID NORTH RIGHT-OF-WAY LINE E. RAY ROAD AND SAID PARALLEL LINE, NORTH 89 DEGREES 38 MINUTES 34 SECONDS WEST, A DISTANCE OF 502.06 FEET;

THENCE DEPARTING SAID PARALLEL LINE, CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE OF E. RAY ROAD, NORTH 00 DEGREES 21 MINUTES 26 SECONDS EAST, A DISTANCE OF 10.00 FEET, TO A LINE 202.00 FEET NORTH OF AND PARALLEL WITH SAID SOUTH LINE OF SECTION 22;

THENCE CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE OF E. RAY ROAD AND ALONG SAID PARALLEL LINE, NORTH 89 DEGREES 38 MINUTES 34 SECONDS WEST, A DISTANCE OF 556.33 FEET;

THENCE TRANSITIONING FROM SAID NORTH RIGHT-OF-WAY LINE OF E. RAY ROAD, TO THE EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, AS SHOWN ON SAID MAP OF DEDICATION, NORTH 44 DEGREES 57 MINUTES 12 SECONDS WEST, A DISTANCE OF 21.33 FEET, AND TO A LINE 65.00 FEET EAST OF AND PARALLEL WITH THE WEST LINE OF SAID SECTION 22;

THENCE ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, AND SAID PARALLEL LINE, NORTH 00 DEGREES 15 MINUTES 50 SECONDS WEST, A DISTANCE OF 103.79 FEET;

THENCE DEPARTING SAID PARALLEL LINE, CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, NORTH 89 DEGREES 44 MINUTES 10 SECONDS EAST, A DISTANCE OF 10.00 FEET, TO A LINE 75.00 FEET EAST OF AND PARALLEL WITH SAID WEST LINE OF SECTION 22;

THENCE CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD AND SAID PARALLEL LINE, NORTH 00 DEGREES 15 MINUTES 50 SECONDS WEST, A DISTANCE OF 309.95 FEET;

THENCE DEPARTING SAID PARALLEL LINE AND CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, NORTH 44 DEGREES 44 MINUTES 10 SECONDS EAST, A DISTANCE OF 21.21 FEET, TO A LINE 90.00 FEET EAST OF AND PARALLEL WITH SAID WEST LINE OF SECTION 22;

THENCE CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD AND SAID PARALLEL LINE, NORTH 00 DEGREES 15 MINUTES 50 SECONDS WEST, A DISTANCE OF 67.00 FEET;

THENCE DEPARTING SAID PARALLEL LINE, AND CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, SOUTH 89 DEGREES 44 MINUTES 10 SECONDS WEST, A DISTANCE OF 10.00 FEET;

THENCE CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD NORTH 45 DEGREES 15 MINUTES 50 SECONDS WEST, A DISTANCE OF 21.21 FEET, TO A LINE 65.00 FEET EAST OF AND PARALLEL TO SAID WEST LINE OF SECTION 22;

THENCE CONTINUING ALONG SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, AND ALONG SAID PARALLEL LINE, NORTH 00 DEGREES 15 MINUTES 50 SECONDS WEST, A DISTANCE OF 590.40 FEET, TO THE SOUTHERLY LINE OF EASTMARK COMMUNITY FACILITIES DISTRICT (CFD) NO. 1, RECORDED AS INSTRUMENT NUMBER 2012-0294413, MCR;

THENCE DEPARTING SAID EAST RIGHT-OF-WAY LINE OF S. ELLSWORTH ROAD, AND DEPARTING SAID PARALLEL LINE, AND ALONG SAID SOUTH LINE OF CFD NO. 1, NORTH 89 DEGREES 43 MINUTES 59 SECONDS EAST, A DISTANCE OF 336.03 FEET, TO THE BEGINNING OF A TANGENT CURVE HAVING A RADIUS DISTANCE OF 945.00 FEET;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE OF CFD NO. 1, NORTHEASTERLY, A DISTANCE OF 394.48 FEET, ALONG SAID CURVE TO THE LEFT, CONCAVE NORTHERLY, THROUGH A CENTRAL ANGLE OF 23 DEGREES 55 MINUTES 04 SECONDS, SAID CURVE HAVING A CHORD OF NORTH 77 DEGREES 46 MINUTES 27 SECONDS EAST, A DISTANCE OF 391.63 FEET, TO A POINT OF TANGENCY;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE OF CFD NO. 1, NORTH 65 DEGREES 48 MINUTES 55 SECONDS EAST, A DISTANCE OF 24.54 FEET;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE OF CFD NO. 1, SOUTH 24 DEGREES 08 MINUTES 09 SECONDS EAST, A DISTANCE OF 749.04 FEET, TO THE BEGINNING OF A TANGENT CURVE HAVING A RADIUS DISTANCE OF 382.45 FEET;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE OF CFD NO. 1, SOUTHERLY, A DISTANCE OF 163.52, ALONG SAID CURVE TO THE RIGHT, CONCAVE WESTERLY, THROUGH A CENTRAL ANGLE OF 24 DEGREES 29 MINUTES 51 SECONDS, SAID CURVE HAVING A CHORD OF SOUTH 11 DEGREES 53 MINUTES 14 SECONDS EAST, A DISTANCE OF 162.28 FEET, TO A POINT OF TANGENCY;

THENCE CONTINUING ALONG SAID SOUTHERLY LINE OF CFD NO. 1, SOUTH 00 DEGREES 21 MINUTES 42 SECONDS WEST, A DISTANCE OF 385.03 FEET, TO THE TRUE POINT OF BEGINNING.