

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 24, 2023

NEW ISSUE – BOOK-ENTRY-ONLY

NOT RATED

*In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is exempt from income taxation under the laws of the State of Arizona. Further, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Bonds. The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.*

\$3,230,000\*

**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 2  
(CITY OF MESA, ARIZONA)  
GENERAL OBLIGATION BONDS, SERIES 2023  
(BANK QUALIFIED)**

**DRAFT  
01-09-23**

*Dated:* Date of Initial Delivery

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

The \$3,230,000\* principal amount of Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) General Obligation Bonds, Series 2023 (the “Bonds”), will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to ultimate purchasers under the book-entry-only system maintained by DTC in minimum denominations of \$5,000 of principal amount due on a specified maturity date and integral multiples in excess thereof. 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, 2023\*. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX 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 April 4, 2019, in and for Eastmark Community Facilities District No. 2 (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 January 19, 2023\*. 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 benefiting 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.**

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

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE 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 by the District and received by the underwriter identified below (the “Underwriter”), subject to the approval of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the District by its special counsel, Greenberg Traurig, LLP, Phoenix, Arizona, for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona, and for DMB Mesa Proving Grounds LLC, a Delaware limited liability company by its counsel, Snell & Wilmer L.L.P., Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 2, 2023\*.

*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

\* Subject to change.

**\$3,230,000\***  
**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 2**  
**(CITY OF MESA, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2023**  
**(BANK QUALIFIED)**

**MATURITY SCHEDULE\***

Maturity (July 15)	Principal Amount	Rate	Yield	CUSIP® (a) No. (Base 27748A)
2023	\$365,000	%	%	
2024	105,000			
2025	105,000			
2026	110,000			
2027	110,000			
2028	110,000			
2029	115,000			
2030	115,000			
2031	115,000			
2032	125,000			
2033	120,000			
2034	120,000			
2035	125,000			
2036	130,000			
2037	130,000			
2038	135,000			
2039	135,000			
2040	140,000			
2041	145,000			
2042	125,000			
2043	100,000			
2044	75,000			
2045	195,000			
2046	180,000			

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

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

- (a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Financial Advisor, the Underwriter (each as defined herein) or their agents or counsel assume responsibility for the accuracy of such numbers.

\* Subject to change.

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

**DISTRICT BOARD**

John Giles, *Chairman*  
\_\_\_\_\_, *Vice Chair*  
Jenn Duff, *Board Member*  
Mark Freeman, *Board Member*  
Francisco Heredia, *Board Member*  
Alicia Goforth, *Board Member*  
Julie Spilsbury, *Board Member*  
Scott Somers, *Board Member*

**DISTRICT STAFF**

Christopher Brady, *District Manager*  
Michael Kennington, *District Treasurer*  
Holly Moseley, *District Clerk*  
Greenberg Traurig, LLP, *Special District Counsel*

**BOND COUNSEL**

Greenberg Traurig, LLP  
*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 bond documents are qualified in their entirety by reference to such documents, copies of which may be obtained from Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), at 2801 East Camelback Road, Suite 300, 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 website 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 websites 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 “Rule”).

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX D – “Form of Continuing Disclosure Undertaking,” all pursuant to the Rule.

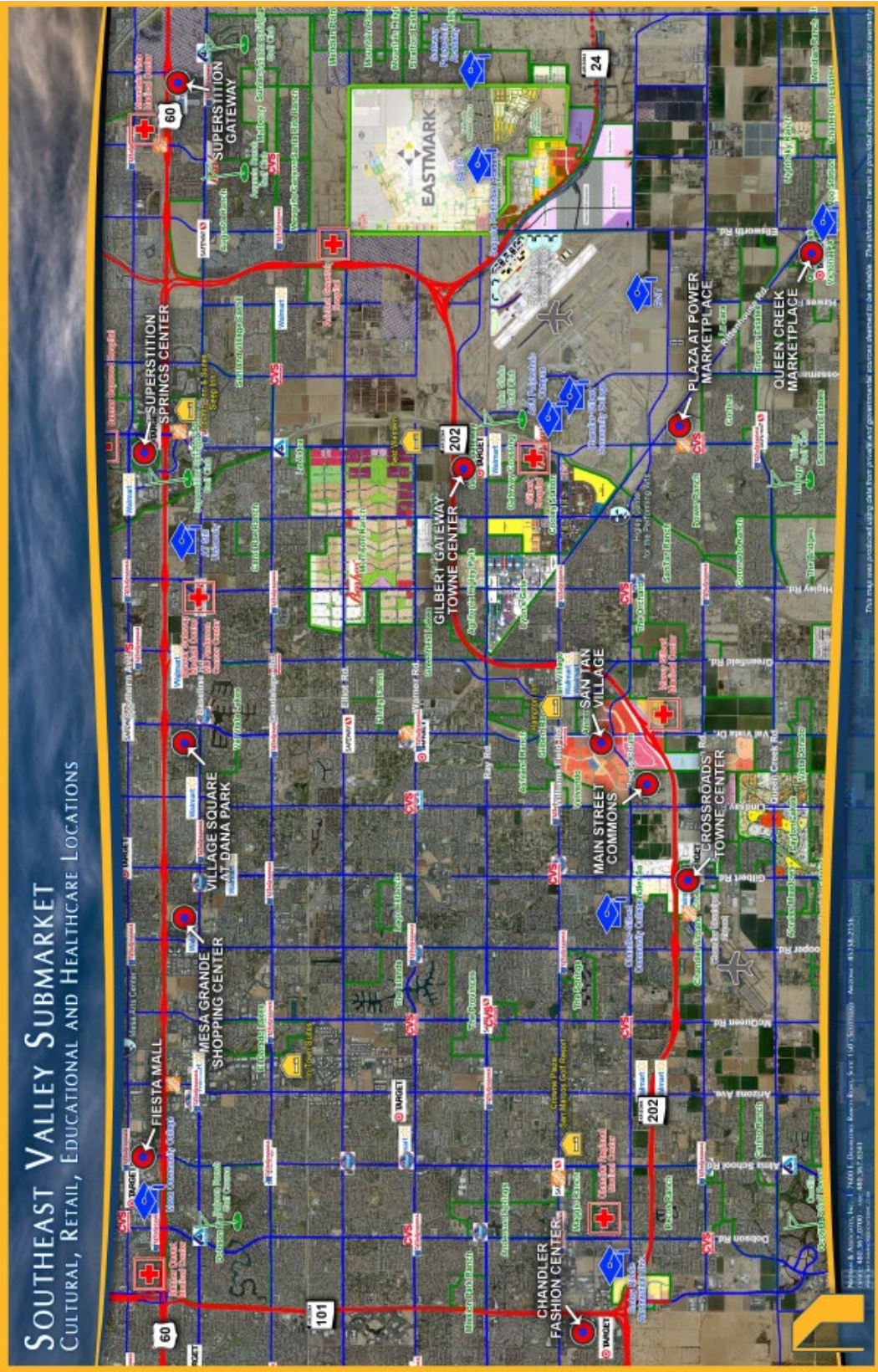
IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL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

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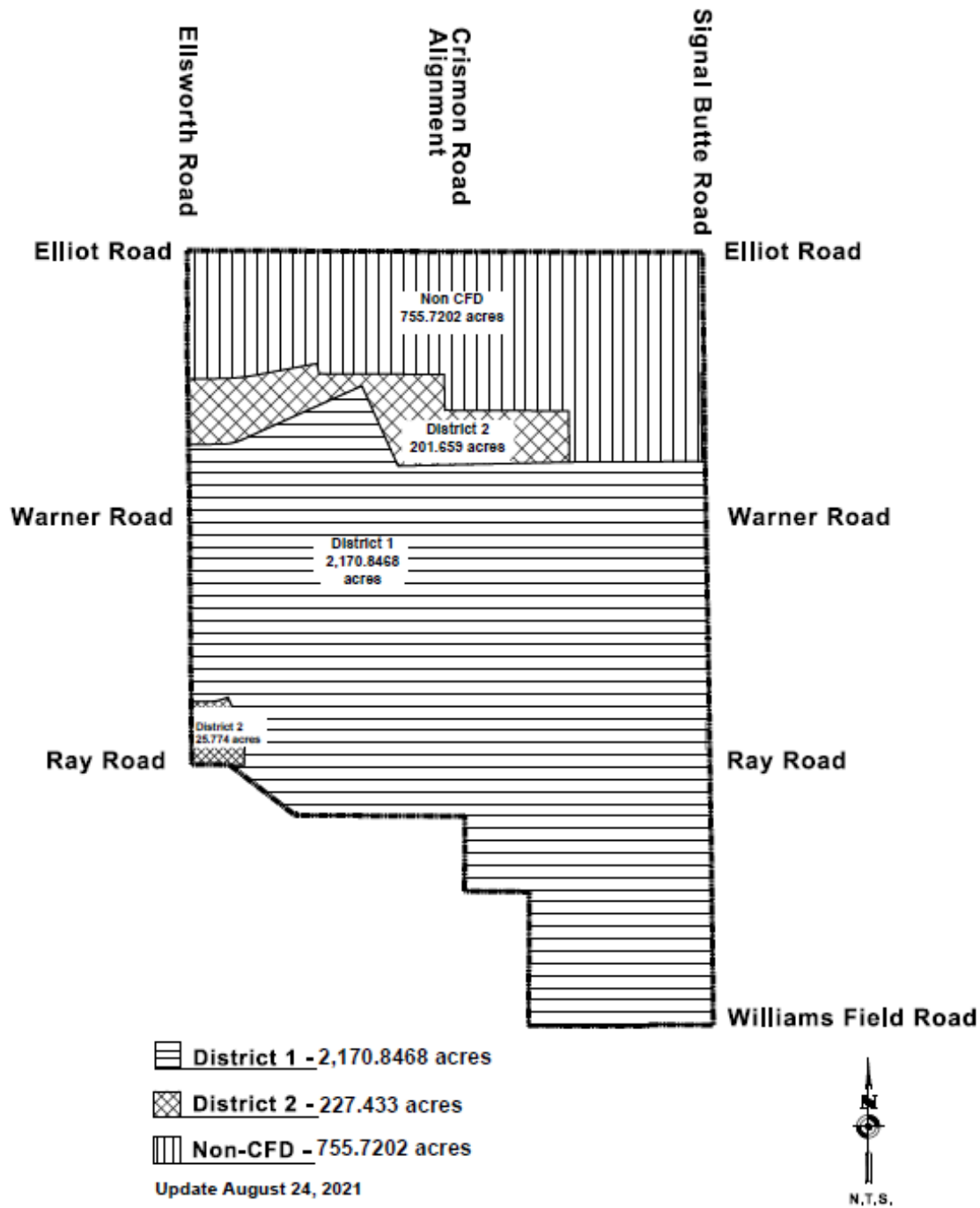
MAP SHOWING LOCATION OF EASTMARK  
WITHIN METROPOLITAN PHOENIX AREA



## MAP SHOWING LOCATION OF EASTMARK IN THE CONTEXT OF THE SURROUNDING AREA



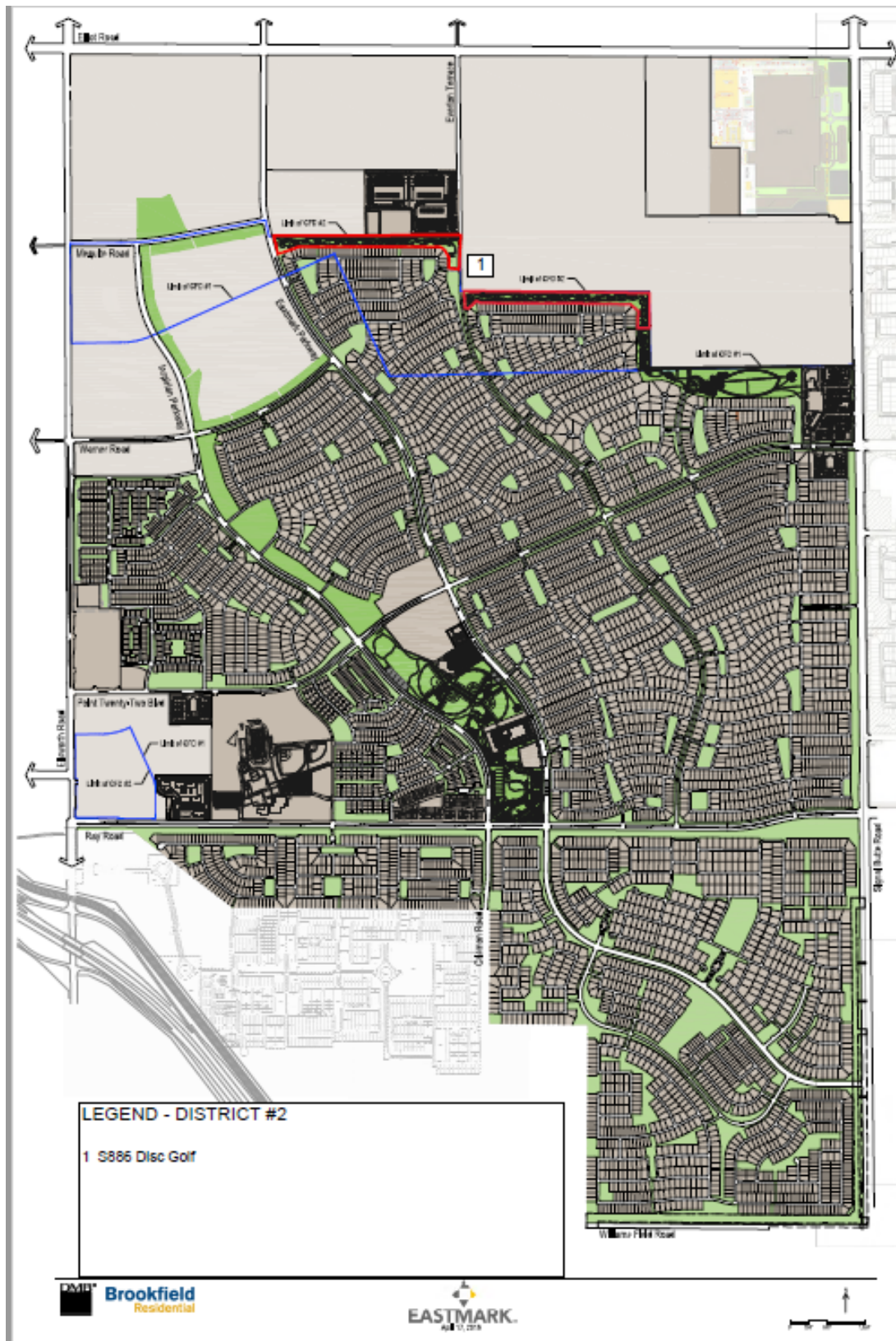
MAP SHOWING THE DISTRICT IN CONTEXT OF EASTMARK



Community Facilities Districts 1 and 2



## MAP SHOWING THE PUBLIC INFRASTRUCTURE IN CONTEXT OF THE DISTRICT



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**\$3,230,000\***  
**EASTMARK COMMUNITY FACILITIES DISTRICT NO. 2**  
**(CITY OF MESA, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2023**  
**(BANK QUALIFIED)**

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 \$3,230,000\* principal amount of Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) General Obligation Bonds, Series 2023 (the “Bonds”). Copies of any of the bond documents referenced herein are available upon request to the Underwriter (as defined herein) at: Stifel, Nicolaus & Company, Incorporated, 2801 East Camelback Road, Suite 300, Phoenix, Arizona 85016.

**INTRODUCTION**

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (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 December 10, 2018, which formed Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) (the “District”). See APPENDIX A – “Information Regarding the City of Mesa, Arizona” hereto for certain information about the City.

The real property included in the 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” 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. Currently, single family residential development represents approximately 202 acres within the District. Brookfield Arizona Management LLC (“Brookfield Arizona”) is the Project Manager for the Project. See the maps at pages (ii), (iii) and (iv) 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 has recently changed and includes representatives of both DMB and Brookfield Residential. Brookfield Arizona is managing the Project 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 the State 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

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\* Subject to change.

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”).

## **THE BONDS**

### **Authorization and Purpose**

The Bonds are authorized pursuant to the Act and an election held on April 4, 2019 (the “Election”), and will be issued pursuant to a resolution adopted by the Board on January 19, 2023\* (the “Bond Resolution”). The Bonds will be the second series issued pursuant to the authorization approved by the Election, and, after issuance of the Bonds, \$64,455,000\* principal amount of such general obligation bonds will remain authorized but unissued. In addition, certain use 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,” “OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER TAXES – Additional General Obligation Bonded Indebtedness of the District” and TABLE 8. The Bonds are being issued in order to acquire certain public infrastructure benefiting 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 (except defaulted interest, if any) will be paid semiannually on January 15 and July 15 of each year, commencing July 15, 2023\* (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 maturing on or after July 15, 20\_\_ 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 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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\* 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__ (maturity)	__,000

Whenever Bonds which are subject to mandatory redemption 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 so retired shall satisfy and be credited against the mandatory redemption requirements for such Bonds for such years as the District may direct.

*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 Register 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 monies 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 monies 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 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 monies 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 monies 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, the maintenance and operation of special service districts as described below (including the District) and qualified school district desegregation expenditures. 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.* Per State statute, 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. Primary taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction.

The amount of primary taxes levied by each county (including the County), city, town and community college district are 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). The 2% limitation does not apply to primary taxes levied on behalf of school districts.



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, the maintenance and operation of special service districts such as the District, sanitary, fire and road improvement districts and qualified school district desegregation expenditures 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.

*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 (TAX YEAR)**

Property Classification (a)	2020	2021	2022
Mining, Utility, Commercial and Industrial (b)	18.0%	18.0%	17.5%
Agriculture and Vacant Land	15.0	15.0	15.0
Owner Occupied Residential	10.0	10.0	10.0
Lease or Rented Residential	10.0	10.0	10.0
Railroad, Private Car Company and Airline Flight Property (c)	15.0	15.0	15.0

- (a) Additional classes of property exist, but seldom amount to a significant portion of a taxing jurisdiction's total valuation.
- (b) The assessment ratio for this property classification will decrease to 17.0% for tax year 2023, 16.5% for tax year 2024, 16.0% for tax year 2025, 15.5% for tax year 2026 and 15.0% for each tax year thereafter.
- (c) 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 legislation 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 herein), 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.**

## Net Assessed Valuation, Comparisons and Trends

*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.

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

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

- (a) Estimated net full cash value (“Estimated Net Full Cash Value”) is the Full Cash Value of the property less the estimated value of exempt property within the District.
- (b) Full Cash Value of the property for Fiscal Year 2022/23 is \$166,288,607.
- (c) Represents the first year assessed valuation have been available for the District.

Source: *Abstract by Tax Authority*, the Assessor of the County (August dated file for each corresponding year).

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

Fiscal Year	The District	Maricopa County	State of Arizona
2022/23	\$11,292,747	\$51,575,018,185	\$78,405,598,978
2021/22	9,282,152	48,724,126,672	74,200,233,397
2020/21 (a)	4,052,059	45,704,969,813	69,914,507,682

- (a) Represents the first year assessed valuation have been available for the District.

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

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

Legal Class	Description	2022/23 Net Assessed Limited Property Value	2022/23 Percent of Total
1	Mining, Utility, Commercial and Industrial	\$ 70	0.00%
2	Agricultural and Vacant	877,546	7.77
3	Residential (Owner Occupied)	9,370,974	82.98
4	Residential (Rental Occupied)	1,044,157	9.25
Total		\$11,292,747	100.00%

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)	2022/23 Net Assessed Limited Property Valuation	As Percent of District's 2022/23 Net Assessed Limited Property Valuation (b)
REDALE LLC	\$ 477,709	4.23%
DMB MESA PROVING GROUNDS LLC	310,024	2.75
PREMIERE MULTI-FAMILY AT EASTMARK III LLC	88,688	0.79
Individual Homeowner	85,202	0.75
Individual Homeowner	64,810	0.57
Individual Homeowner	45,752	0.41
Individual Homeowner	43,324	0.38
LV CAPITAL INVESTMENTS LLC	41,477	0.37
	\$1,156,986	10.25%

(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) Totals may not add due to rounding.

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 fiscal years. Fiscal Year 2020/21 was the first year property taxes were levied by the District.

**TABLE 6**  
**REAL AND SECURED PROPERTY TAXES LEVIED AND COLLECTED**

Fiscal Year	Real and Secured Personal Property Tax Levy (b)	Collected to June 30 End of Fiscal Year (a)		Total Collections through November 30, 2022	
		Amount	Percent of Tax Levy (d)	Amount	Percent of Tax Levy (c)
2022/23	\$468,649			\$226,226	48.27%
2021/22	385,209	\$384,202	99.74%	384,202	99.74
2020/21	168,160	166,308	98.90	168,164	100.00

- (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 levy 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 Fiscal Years indicated. Fiscal Year 2020/21 is the first year property taxes were levied by the District.

**TABLE 7**  
**TAX RATE DATA**

Fiscal Year	Tax Rate (a)
2022/23	\$4.1500
2021/22	4.1500
2020/21	4.1500

- (a) Includes the Operation and Maintenance Tax.

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

**General Obligation Bonded Indebtedness Outstanding and to be Outstanding**

The table shown below lists the general obligation bonded indebtedness of the District:

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

Issue Series	Purpose	Original Amount	Final Maturity Date	Balance Outstanding
2020	Various Purpose	\$2,315,000	07-15-44	<u>\$2,175,000</u>
Total Direct General Obligation Bonded Debt Outstanding				\$2,175,000
Plus: The Bonds				<u>3,230,000</u> * (a)
Total Direct General Obligation Bonded Debt to be Outstanding				<u><u>\$5,405,000</u></u> *

(a) \$\_\_,000 of net premium on the Bonds reduces the principal amount of authorized but unissued general obligation debt of the District authorized at the Election.

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\* Subject to change.



### ESTIMATED DEBT SERVICE REQUIREMENTS (a)

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

Period Ending (July 15)	General Obligation Bonds Outstanding		Bonds*		Estimated Debt Service* (c)
	Principal	Interest	Principal	Interest (b)	
2023	\$ 65,000	\$40,738	\$ 365,000	\$ 65,632	\$ 536,369
2024	65,000	78,875	105,000	157,575	406,450
2025	70,000	76,275	105,000	151,800	403,075
2026	70,000	73,475	110,000	146,025	399,500
2027	75,000	70,675	110,000	139,975	395,650
2028	80,000	67,675	110,000	133,925	391,600
2029	80,000	64,475	115,000	127,875	387,350
2030	85,000	61,275	115,000	121,550	382,825
2031	90,000	57,875	115,000	115,225	378,100
2032	90,000	54,275	125,000	108,900	378,175
2033	95,000	50,675	120,000	102,025	367,700
2034	100,000	46,875	120,000	95,425	362,300
2035	105,000	42,875	125,000	88,825	361,700
2036	105,000	38,675	130,000	81,950	355,625
2037	110,000	35,000	130,000	74,800	349,800
2038	115,000	31,150	135,000	67,650	348,800
2039	120,000	27,125	135,000	60,225	342,350
2040	125,000	22,925	140,000	52,800	340,725
2041	125,000	18,550	145,000	45,100	333,650
2042	130,000	14,175	125,000	37,125	306,300
2043	135,000	9,625	100,000	30,250	274,875
2044	140,000	4,900	75,000	24,750	244,650
2045			195,000	20,625	215,625
2046			180,000	9,900	189,900
	<u>\$2,175,000</u>		<u>\$3,230,000</u>		<u>\$8,453,094</u>

(a) Schedule prepared by the Financial Advisor.

(b) The first interest payment on the Bonds will be due on July 15, 2023\*. Thereafter, interest payments will be made semiannually on January 15 and July 15 until maturity or prior redemption. Interest is estimated at 5.50%.

(c) Totals may not add due to rounding.

\* Subject to change.

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

## **Overlapping General Obligation Bonded Indebtedness**

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	0.014%	None
Maricopa County	None	0.022	None
Maricopa County Community College District	\$135,585,000	0.022	\$ 29,687
Maricopa County Special Health Care District	600,335,000	0.022	131,448
East Valley Institute of Technology District No. 401	None	0.045	None
Gilbert Unified School District No. 41	134,410,000	0.453	608,976
Queen Creek Unified School District No. 95	121,045,000	1.383	1,674,102
City of Mesa	318,950,000	0.267	850,763
The District	5,405,000*	100.000	5,405,000 * (c)
Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding			<u>\$8,699,976 *</u>

- (a) Portion applicable to the District is computed on the ratio of 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.

Authorized but unissued amounts in the following table may be subject to additional reductions based on use of 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
Gilbert Unified School District No. 41	\$ 18,000,000
City of Mesa	430,916,000
The District (d)	64,455,000*

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"). CAP is a 336-mile long system of aqueducts, tunnels, pumping plants and pipelines which delivers water from the Colorado River to Maricopa, Pinal and Pima Counties in Arizona (including the City). The obligation to CAP is evidenced by a master contract between CAWCD and

\* Subject to change.

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.

(d) Authorization net of the Bonds.

Source: The various entities.

**TABLE 10**  
**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)

(a) Represents the combined tax rate including 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 Operation and Maintenance Tax.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa County 2022 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 \$70,000,000 and will have \$64,455,000\* 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. See also TABLE 8. 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, Gilbert Unified School District No. 41, Queen Creek Unified School District No. 95, 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.”**

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\* Subject to change.

## 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**

Assessment District	Issue Series	Purpose	Original Amount	Final Maturity Date	Balance Outstanding
A	2020	Public Infrastructure Acquisition	\$707,000	07-01-2044	\$657,000
Total Other Debt of the District					\$657,000

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 herein 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.**”

**The information included under the headings “LAND DEVELOPMENT” and “THE PUBLIC INFRASTRUCTURE” relate to and have been obtained from the Developer, and none of the District, the Underwriter, the Financial Advisor or their respective attorneys, agents or consultants 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 the above mentioned headings are hereby incorporated under such headings by this reference.**

## LAND DEVELOPMENT

### In General

The area within the City formerly known as Mesa 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 1,994 acres of single-family residential units and approximately 1,160 acres of commercial and other use. (See maps at pages (ii), (iii) and (iv) for the location of the District.) The Bonds are obligations of the District only. 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, a recorded fourth amendment, dated August 27, 2018, and a recorded fifth amendment dated December 8, 2022.) The Land Development Agreement addresses various issues including 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	129.22
Non-residential (a)	98.21
Total	<u>227.43</u>

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

Development of the property within the District and construction of homes and infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes 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, an asset management firm specializing in real estate, infrastructure, renewable energy and private equity with more than \$550 billion of assets under management in over 30 countries. Brookfield Asset Management is a public company listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol BAM. Brookfield Asset Management 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, 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 December 12, 2022, there have been 6,106 residential sales and approximately 5,412 residential closings at Eastmark. As of December 12, 2022, there have been 402 residential sales and approximately 402 residential closings within the District.



The models and sales offices operated by the homebuilders are open on a temporary basis, at each homebuilder's discretion, by appointment only in most cases, and the homebuilders are also employing online and virtual sales techniques to manage the sales process.

*Residential.* Eastmark is zoned for 15,000 residential dwelling units. As of December 12, 2022, in excess of 6,809 single family residential lots have been sold to homebuilders. As of December 12, 2022, approximately 402 single family residential lots have been sold to homebuilders in the District.

Development Unit 6 South, Parcels 5, 6, 9 and 17 – 179 single family market rate homes developed by Ashton Woods Arizona L.L.C.

Development Unit 6 South, Parcels 18 and 19 – 61 single family market rate homes developed by Woodside Home Sales AZ, LLC.

Development Unit 6 South, Parcel 20 – 37 single family market rate homes developed by Shea Homes LP.

Development Unit 6 South, Parcel 21 – 31 single family market rate homes being developed by Taylor Morrison/Arizona Inc.

Development Unit 6 South, Parcel 22 and 23 – 94 single family market rate homes developed by Lennar Arizona Inc.

*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 also completed and includes lighted baseball fields, a multi-purpose field, lighted basketball and volleyball courts, a dog park, play structures, ramadas and restrooms. The fourth approximately 24-acre phase of the Great Park was completed in the fourth quarter of 2022, will be open to public use in the first quarter of 2023 and includes an urban fishing lake, multiple play structures and play spaces, multi-use field space, ramadas, walking trails, exercise stations, and restrooms.

A disc golf course, which will be a community park open to use by the general public pursuant to a public access easement agreement, is approximately 22-acres. The disc golf course will be owned and operated by the Eastmark Community Alliance, a homeowner's association. 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 was completed in February 2022.

A skate park, which is also a community park open to use by the general public pursuant to a public access easement agreement, is owned and operated by Eastmark Community Alliance, a homeowner's association. The facility includes a skate deck, skate steps and ramps, pump tracks for beginners and intermediates, and shaded seating. The skate park was approved for public use in September 2022.

Mesa Proving Grounds LLC, an affiliate of the Developer, operates a private community center for the residents of Eastmark located at the northeast 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.* Development Unit 6 North – Apple Inc. operates a Global Command Center/Data Facility in Eastmark (although this facility is located in Eastmark, the facility 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 is being developed in multiple phases and is anticipated to provide retail, services, amenities, entertainment and office spaces. The first phase of the commercial center includes a Safeway® grocery store and a self-service gas station, a Jack-in-the-Box, a Starbucks, Great Clips, Pacific Dental, Pet Planet, The Barre Academy, Pearl Vision, Little Caesars, F45, Boca Taqueria and an in-door storage facility.

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, Communiversiity 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 the west side of 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 the west side of 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 the west side of Eastmark Parkway.

Development Unit 3-4 North – Queen Creek Unified School District No. 95 operates a public high school located on Ray Road approximately 1/2 mile east of Ellsworth Road on the north side of Ray Road. The high school currently offers grades 7-12. The first phase of the high school opened in July 2019.

*Other Civic.* The City also plans to build a library approximately 1/8 – mile north of Ray Road on the west side of Eastmark Parkway.

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, approximately 1/4 mile east of Ellsworth Road on the south side of Point Twenty Two Blvd.

In November 2021 the City completed construction of a new fire station that is located approximately 1/8 mile east of Ellsworth Road on the north side of Point Twenty-Two Blvd.

*Other Residential.*

A for-rent town home project is being developed on the northwest corner of Ray Road and Inspirian parkway.

A for-sale auto court project is being developed at the southwest corner of Eastmark Parkway and Point Twenty-Two Blvd.

A for-sale town home project is being developed at the northwest corner of Eastmark Parkway and Point Twenty-Two Blvd.

A for-rent multifamily project is being developed on the north side of Ray Road approximately 1/8 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 Project is provided by Salt River Project. Telephone service is provided by CenturyLink. Cable service is provided by Cox Communications.

## THE PUBLIC INFRASTRUCTURE

**TABLE 13  
PUBLIC INFRASTRUCTURE COSTS AND FUNDING**

Acquisition Project Description	Total Estimated Costs (a)	Certified Engineer's Costs	To Be Paid By the Bonds *(b)	Paid by Prior Bonds	Eligible for Funding from Future Bonds*	Completion Date (c)
1. <b>S886 Disc Golf Course</b>	\$4,789,003	\$4,789,003	\$3,230,000	\$ -	\$1,559,003	Feb-22
Total	<u>\$4,789,003</u>	<u>\$4,789,003</u>	<u>\$3,230,000</u>	<u>\$ -</u>	<u>\$1,559,003</u>	

(a) Represents the Total Estimated 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 costs.

(c) Represents the date by which the Developer constructed Public Infrastructure, which may differ from the date that it was accepted by the City.

The development of the property (infrastructure improvements, including improvements in connection with home construction necessary to build out and convey the homes to residential end users) in the District is 100% complete. See the map on page (v) for the location of the Public Infrastructure.

### SOURCES AND APPLICATIONS OF FUNDS\*

#### Sources

Par Amount of Bonds	\$3,230,000.00
[Net] Original Issue Premium (a)	
Total	<u>\$</u>

#### Applications

Deposit to Acquisition Fund	\$
Deposit to Issuance and Expenses Fund (b)	
[Deposit to Bond Fund]	
Total	<u>\$</u>

(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.

\* Subject to change.

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

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

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

Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described herein.

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

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

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

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 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. 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 herein. If cost overruns result in delay of construction, or if other delays are experienced, the sale of lots and construction of homes may be delayed. Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District.

### **Availability of Utilities**

Water and sewer service to the District will be provided by the City as described under the heading “LAND DEVELOPMENT.” Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District. 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 100% 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 herein 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. 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.

### **No Credit Rating**

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

### **Projections**

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

### **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 EXEMPTION” herein.

### **Risks Related to COVID-19 (Coronavirus)**

The spread of Coronavirus Disease 2019 (“COVID-19”) continues to affect the nation and the State with ongoing concerns related to health and safety, appropriate preventative protocols, fiscal, and economic issues. Government and business operations in the State, following the rescindment of numerous COVID-19 related Executive Orders by then-Arizona Governor Doug Ducey in March 2021, presently function essentially without government-imposed restrictions related to the global pandemic.

*Potential Impact on the District.* While the District does not currently anticipate that COVID-19 will have a material impact on the collection of property taxes, which is a significant revenue source for operating purposes and is the security and source of payment of principal and interest due on the Bonds, should adverse economic conditions reduce the ability of property taxpayers to pay amounts levied, there can be no assurance that it will not have a materially negative impact on the collection of *ad valorem* taxes.

The District cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) what effect the COVID-19 pandemic will continue to have on global, national, and local economies, including the land development business; or (iii) the impact the COVID-19 pandemic will have on the future development of the Project and the property within the District. There can be no assurance that COVID-19 will not have a materially negative impact on the collection of *ad valorem* property taxes for the payment of principal of and interest on the Bonds, or a materially negative impact on the value of the District.

*Potential Impact on the Developer or Development of the Project within the District.* The residential housing market has experienced a limited impact from the COVID-19 pandemic to-date. Although the pace of home sales decreased at the onset of the COVID-19 pandemic and through State stay-at-home mandates, home pricing has continued to increase, and the sales pace has returned to levels consistent with levels prior to the onset of the COVID-19 pandemic.

### **No Review of Filings**

As described in 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.

### **No District Financial Statements**

The District is not required to prepare financial statements and has not previously prepared financial statements.

## **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.

## **NO CREDIT RATING**

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

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), as the District does not reasonably anticipate that the aggregate amount of qualified tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2023 will exceed \$10,000,000.

## **NO FINANCIAL STATEMENTS**

The District is not required to, nor does it, prepare financial statements. See “RISK FACTORS – No District Financial Statements.”

## **LEGAL MATTERS**

Legal matters relating to the issuance and delivery of the Bonds, the validity of the Bonds under Arizona law and the tax-exempt status of the interest on the Bonds (see “TAX EXEMPTION” herein) are subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona (“Bond Counsel”). The signed legal opinion of Bond Counsel, dated and premised on the law in effect only as of the date of original delivery of the Bonds, will be delivered substantially in the form of APPENDIX B.

Such legal opinion expresses the professional judgment of Bond Counsel as to the legal issues 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 performance of parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

Certain legal matters will be passed upon for the District by Bond Counsel, for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona, and for the Developer by its counsel, Snell & Wilmer L.L.P., Phoenix, Arizona. See “RELATIONSHIPS AMONG PARTIES.”

## **TAX EXEMPTION**

### **In General**

The Code includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District’s failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

The Code also imposes an “alternative minimum tax” upon certain corporations and individuals. A taxpayer’s “alternative minimum taxable income” (“AMTI”) is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMTI. Notwithstanding the preceding sentence, interest is taken into account in determining annual adjusted financial statement income of applicable corporations, within the meaning of Section 59(k) of the Code, for the purpose of computing the alternative minimum tax imposed on such corporations, effective beginning in the 2023 taxable year.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), interest on the Bonds is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should

consult with their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Bonds will be based on and will assume the accuracy of certain representations and certifications of the District, and compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Bond generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates and (vii) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Original Issue Premium and Original Issue Discount**

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of

a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (H.R. 5376) into law. For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the adjusted financial statement income of applicable corporations as defined in Section 59(k) of the Code (which is primarily designed to impose a minimum tax on certain large corporations). For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Bonds.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Bonds. This withholding generally applies if the owner of the Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **UNDERWRITING**

The Bonds will be purchased by Stifel, Nicolaus & Company, Incorporated (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 will covenant for the benefit of the 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, 2024 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports and the Notices of Listed Events will be filed by the District with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Reports and in the Notices of Listed Events is set forth in APPENDIX D – “Form of Continuing Disclosure Undertaking,” which includes the form of continuing disclosure undertaking which will be executed by the District with respect to the Bonds.

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.

## **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**

Greenberg Traurig, LLP, Bond Counsel, has acted as counsel to the Underwriter and the Financial Advisor 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. Squire Patton Boggs (US) 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 Squire Patton Boggs (US) LLP have also acted as bond counsel and/or counsel to the underwriter with respect to bonds issued by the City and/or other overlapping political subdivisions. Snell & Wilmer L.L.P., counsel to the Developer, has acted as counsel to the Underwriter and the Financial Advisor in other transactions underwritten by the Underwriter or the Financial Advisor.

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. 2  
(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 35th largest city in the United States. Founded in 1878 and incorporated in 1883, the City had an estimated 2022 population of 516,429. 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
2022 Estimate (a)	516,429	4,586,431	7,409,189
2020 Census	504,258	4,420,568	7,151,502
2010 Census	439,041	3,817,117	6,392,017
2000 Census	396,375	3,072,149	5,130,632
1990 Census	288,091	2,122,101	3,665,228

(a) Estimate as of July 1, 2022 (published December 2022).

Source: U.S. Census Bureau, Population Division – *Annual Estimates of the Resident Population*, Arizona Office of Economic Opportunity – *State, County, Place Level Population Estimates for July 1*, and U.S. Census Bureau (2020, 2010, 2000 and 1990) – *Census of Population and Housing*.

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
2020	140.44
2010	133.14
2000	125.00
1990	122.11
1980	66.31
1970	20.80

Source: The City.

### Municipal Government and Organization

The City operates under a charter form of government with citizens electing a Mayor and six City Councilmembers to set policy for the City. In 1998, a voter initiative was approved changing the way that City Councilmembers are elected from an at-large to a district system. Six districts were created in March 2000 with City Councilmembers serving staggered four-year terms. The Mayor continues to be elected at-large every four years. The Mayor and City Councilmembers 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 City Council policies and administering City operations, is appointed by the City Council. The City Manager is responsible for the appointment of City department heads.

Additionally, City employees are hired under merit system procedures as specified in the City Charter. The various functions of City government and operations are undertaken by City employees working in the various City departments.

### City Administrative Staff

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

*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.

*Scott Butler, Assistant City Manager.* Mr. Butler is an Assistant City Manager for the City overseeing a variety of departments and initiatives including Police, Fire, Municipal Court, Mayor and City Council Office, Federal and State Affairs, Transportation, Transit, Falcon Field Airport, Grants, and the Public Information Office.

Prior to joining the City eighteen years ago, Mr. Butler served in variety of roles at the local, state and federal level. He served as policy advisor for the Judiciary Committee of the Georgia House of Representatives and as a media/elected official outreach liaison for the White House Office of Scheduling and Advance. While serving as a Senior Policy Advisor to the Georgia Secretary of State, he helped lead the department’s efforts to implement the first statewide electronic voting system in the nation.

Mr. Butler has a Bachelor of Arts degree in Political Science from the University of Georgia and a Master of Public Administration degree from Arizona State University.

### Economy

The City’s major economic sectors are comprised of manufacturing, non-manufacturing, government, 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)
2022 (b)	3.7%	3.6%	3.0%	3.0%
2021	5.4	4.9	4.5	4.4
2020	8.1	7.7	7.2	7.1
2019	3.7	4.8	4.2	4.2
2018	3.9	4.8	4.1	4.1
2017	4.4	5.0	4.3	4.2

(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 September 2022 for the National Unemployment rate and through August 2022 for LAUS data.

Source: U.S. Department of Labor, Bureau of Labor Statistics – *Local Area Unemployment Statistics* and *National Labor Force Statistics*. Data accessed October 26, 2022.



## 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	8,141
Banner Health Systems	Hospital Network	6,626
The Boeing Company	Helicopter Manufacturing and Assembly	4,042
City of Mesa	Government	3,772
Wal-Mart	Retail	3,269
Drivetime Automotive Group	Automotive Financing	1,401
Frys Food Stores (The Kroger Company)	Retail	1,359
Gilbert Public Schools	Public Education	1,336
24-7 Intouch	Communications	1,200
The Home Depot	Retail	1,111

Source: The City, Office of Economic Development as of March 15, 2022.

### 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 more than 60 destinations currently provided by Allegiant Air, Flair Airlines, Sun Country Airlines, Swoop and 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 Gulfstream, Cessna and Embraer. In 2021, the Arizona Department of Transportation completed an economic impact study of the State's airport system, including Phoenix-Mesa Gateway Airport. According to that study, the airport's economic benefit (including all multiplier effects) totaled \$1.8 billion, with \$829.4 million in economic activity generated by on-airport activity, creating and supporting 10,224 jobs in the area.

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 is 600-acres and includes advanced learning labs and classroom space, faculty offices and a 450-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

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.

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
2022/23 (a)	\$144,644	\$1,272,812	\$2,647	\$1,420,103
2021/22	894,064	1,348,806	3,112	2,245,982
2020/21	740,870	1,074,928	4,499	1,820,297
2019/20	795,733	544,562	2,076	1,342,371
2018/19	787,199	929,803	6,165	1,723,167

(a) Partial fiscal year data from July 1, 2022, through October 31, 2022.

Source: The City.

### NEW HOUSING PERMITS City of Mesa, Arizona

Fiscal Year	Total New Housing Units
2022/23 (a)	335
2021/22	2,296
2020/21	2,183
2019/20	2,340
2018/19	2,334

(a) Partial fiscal year data from July 1, 2022, through October 31, 2022.

Source: The City.

## 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
2022/23 (a)	\$1,954,290,646
2021/22	8,134,561,575
2020/21	7,171,741,191
2019/20	5,776,270,849
2018/19	5,227,198,433

(a) Data reflects collections from July 1, 2022, through September 30, 2022.

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.

<b>HOTELS</b> <b>City of Mesa, Arizona</b>	
<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 17-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.

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FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors  
Eastmark Community Facilities District No. 2  
(City of Mesa, Arizona)

Re: \$3,230,000\* Eastmark Community Facilities District No. 2 (City of Mesa, Arizona)  
General Obligation Bonds, Series 2023 (Bank Qualified)

We have acted as Bond Counsel in connection with the issuance by Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) (hereinafter referred to as the “Issuer”) of the captioned bonds, dated the date hereof (hereinafter referred to as the “Bonds”). The Issuer, pursuant to Section 24 of the hereinafter defined Bond Resolution, has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”), and has represented that it meets the requirements for such designation.

We have examined, and in rendering the opinions herein have relied upon, original or certified copies of the proceedings had in connection with issuance of the Bonds; certifications executed by officers of the Issuer relating to, among other things, the expected use of proceeds of the sale of the Bonds and certain other funds of the Issuer and to certain other facts within the knowledge and control of such officers; representations made by the officers of DMB Mesa Proving Grounds LLC (hereinafter referred to as “Developer”), as to plans to develop and sell land owned within the boundaries of the Issuer and such other material and matters of law as we deem relevant to the matters discussed hereinbelow. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies and the accuracy of the statements contained in such certifications and representations. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings, certifications, representations, material and matters.

We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof and provisions for the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Issuer is to annually levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries of the Issuer, sufficient to pay debt service on the Bonds when due. All of the taxable property within the Issuer is subject to the levy of a tax, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

3. Under existing statutes, regulations, rulings and court decisions, subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code),

interest on the Bonds is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. Based on the designation of the Issuer as described in the first paragraph hereof, and subject to the requirements of Section 265(b)(3) of the Code, the Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. (We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of interest on, or ownership or disposition of, the Bonds.) The Code includes requirements which the Issuer and Developer must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or the Developer to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and the Developer have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed above, we have relied on certifications of officers of the Issuer and the Developer with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and the Developer included in, respectively, the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) a Development, Financing Participation, Waiver and Intergovernmental Agreement for Eastmark Community Facilities District No. 2 (City of Mesa, Arizona) dated February 28, 2019, by and among the City of Mesa, Arizona, the Issuer, and the Developer (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

4. The interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other state tax consequences resulting from the receipt or accrual of interest on, or disposition or ownership of, the Bonds.)

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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## 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

\$3,230,000\*

EASTMARK COMMUNITY FACILITIES DISTRICT NO. 2

(CITY OF MESA, ARIZONA)

GENERAL OBLIGATION BONDS, SERIES 2023

(BANK QUALIFIED)

(CUSIP BASE NUMBER 27748A)

This Undertaking is executed and delivered by Eastmark Community Facilities District No. 2 (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***

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\* Subject to change.

**FEBRUARY 1, 2024, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.**

**(ii) IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION 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 \_\_\_\_\_, 2023.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) **IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.**

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

[Signature page follows.]

Dated: \_\_\_\_\_, 2023

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

By.....  
Chairman, Board of Directors

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