

FEASIBILITY REPORT

For The Issuance of

**Not to Exceed
\$14,000,000 Principal Amount**

OF

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

**GENERAL OBLIGATION BONDS,
SERIES 2020**

Public Hearing Date: September 10, 2020

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SECTION ONE

INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; GENERAL DESCRIPTION OF DISTRICT

INTRODUCTION

This Feasibility Report (this “Report”) has been prepared for presentation to the Board of Directors of the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) (the “District”) in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2020 (the “Bonds”), in a principal amount of not to exceed \$14,000,000, pursuant to the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (“A.R.S.”).

PURPOSE OF FEASIBILITY REPORT

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

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

GENERAL DESCRIPTION OF THE DISTRICT

Formation of the District was approved by the City of Mesa, Arizona (the “City”), on April 2, 2012 upon the request of DMB Mesa Proving Grounds LLC (the “Developer”). The District consists of approximately 2,170 acres of the 3,164-acre project formerly known as the Mesa Proving Grounds (the “Project”). The Project is located east of the 202 freeway generally bounded by Elliot Road to the north, Williams Field Road to the south, Ellsworth Road to the west, and Signal Butte Road to the east. Construction on the Project commenced in August, 2012. As of August 9, 2020, homebuilders have sold approximately 4,845 single family residential units within the Project. Single family residential units represent approximately 1,973 acres within the Project. Non-residential development comprises approximately 197 acres within the Project and includes (i) churches, (ii) government services such as police stations, fire departments, schools, Salt River Project facilities, and parks and open space, and (iii) a variety of commercial developments such as office, retail and multifamily.

The following characterizes the approximate acreage within the District.

| Total District | Approximate District Acres |
|---------------------------|-------------------------------|
| Single Family Residential | 1,973 |
| Non-Residential (a) | 197 |
| Total | 2,170 |

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

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

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

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

| Acquisition Project Description | Total Estimated Cost | Certified Engineer's Cost | To Be Paid By the Bonds | Paid by Prior Bonds (a) | Eligible for Funding From Future Bonds | Completion Date (b) |
|---|----------------------|---------------------------|-------------------------|-------------------------|--|---------------------|
| 1 S877 Point Twenty-Two Blvd to Copernicus | \$3,554,212 | \$3,554,212 | \$1,758,474 | \$1,795,738 | \$ - | Aug-19 |

The Project consists of approximately 2,920 feet of full street surface improvements with landscape installed at back of curb to the detached sidewalk and within the raised median. The street improvements include, two lanes in each direction tying into existing Ellsworth Road and Copernicus on either ends with concrete curb and gutter, sidewalk, paving, striping, signage, street lights, street sleeves, landscaping and irrigation. Underground utility improvements include 8-inch sewer, 24-inch potable water with various lateral stubs, 18-inch to 36-inch storm drain, and SRP electrical feeder, distribution trench and backfill, and Southwest Gas trench only construction. All improvements are shown on approved plans dated August 30, 2018 by the City, which may be amended from time to time to allow for future uses.

| | | | | | | |
|---|---------|---------|---------|---|---|--------|
| 2 S880 Point Twenty-Two Blvd Copernicus to Eastmark Pkwy | 859,403 | 859,403 | 859,403 | - | - | Aug-19 |
|---|---------|---------|---------|---|---|--------|

The Project consists of approximately 2,426 feet of the north half street improvements including a small portion of raised and landscaped median not constructed with the south half street improvements. Improvements include concrete curb and gutter, sidewalk, pavement, striping, signage, streetlights, traffic signal conduit, street sleeves, landscaping, irrigation tying into existing controller, and storm drain. All improvements are shown on approved plans dated August 30, 2018 by the City, which may be amended from time to time to allow for future uses.

| | | | | | | |
|------------------------------------|---------|---------|---------|---|---|--------|
| 3 S881 Offsite Sewer Warner | 963,080 | 963,080 | 963,080 | - | - | Aug-19 |
|------------------------------------|---------|---------|---------|---|---|--------|

The Project consists of approximately 7,090 feet of 15-inch to 21-inch sewer main, manholes, and lateral stubs. All improvements are shown on approved plans dated February 21, 2018 by the City, which may be amended from time to time to allow for future uses.

| | | | | | | |
|---|---------|---------|---------|---|---|--------|
| 4 S882 TS Modification at Ray Road | 140,839 | 140,839 | 140,839 | - | - | Aug-19 |
|---|---------|---------|---------|---|---|--------|

The Project includes the modification of the existing signal at Ellsworth Road and Ray Road North Alignment with new equipment. All improvements are shown on approved plans dated August 30, 2018 by the City, which may be amended from time to time to allow for future uses.

| Acquisition Project Description | Total Estimated Cost | Certified Engineer's Cost | To Be Paid By the Bonds | Paid by Prior Bonds (a) | Eligible for Funding From Future Bonds | Completion Date (b) |
|--------------------------------------|----------------------|---------------------------|-------------------------|-------------------------|--|---------------------|
| 5 S883 South Eastmark Parkway | \$3,340,175 | \$3,340,175 | \$3,340,175 | \$ - | \$ - | Jul-19 |

The Project consists of approximately 3,105 linear feet of half street surface improvements with landscape installed on the east side of the road and within the raised median. The street improvements include one lane in each direction connecting into the existing improvements of South Eastmark Parkway at the south end of the project. Surface improvements include concrete curb and gutter, sidewalk, paving, striping, signage, street lights, street sleeves, entry monuments, landscaping and irrigation. Underground utility improvements include 8-inch sewer, 12-inch sewer, 20-inch potable water (with pipe bonding cathodic protection and isolation flange kits), cathodic protection test stations, 8-inch to 36-inch storm drain, and SRP feeder trench and backfill and Southwest Gas trench only construction. All improvement plans dated June 25, 2018 by the City, which may be amended from time to time to allow for future uses.

| | | | | | | |
|----------------------------------|-----------|-----------|-----------|---|---------|--------|
| 6 S884 Great Park Phase 3 | 7,679,537 | 7,679,537 | 6,938,029 | - | 741,508 | Nov-19 |
|----------------------------------|-----------|-----------|-----------|---|---------|--------|

The Project consists of site improvements on approximately 26 acres and includes construction of amenities to include one restroom and office structure with large group ramada; one large group ramada; four baseball fields with back stops, fencing, bleacher, storage containers; two covered tot-lot areas with play structures; two basketball courts; two sand volleyball courts; one volleyball court ramada; one dog park complex with drinking fountain; sports lighting at baseball fields, volleyball courts, and basketball courts; and site improvements for civil, hardscape, landscape, irrigation, site electrical and park signage. All improvements are shown on approved plans dated August 14, 2018 by the City, which may be amended from time to time to allow for future uses.

| | | | | | | |
|---|-----------|-----------|---|---|-----------|--------|
| 7 S885 & S893 Signal Butte Road and Eastmark Parkway | 3,680,152 | 3,680,152 | - | - | 3,680,152 | Jun-20 |
|---|-----------|-----------|---|---|-----------|--------|

The Project consists of approximately 3,900 linear feet of east half street surface improvements in Signal Butte Road to include concrete curb, gutter, sidewalk, box culvert extensions, bridge widening, paving, striping, signage, street lights, street sleeves, landscape, irrigation. In addition, approximately 180 linear feet of improvements in Eastmark Parkway to include water service relocation, box culvert extension, entry monument, landscape and irrigation. All improvements are shown on approved plans dated December 11, 2018 by the City, which may be amended from time to time to allow for future uses.

| | | | | | |
|---------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Totals | \$20,217,398 | \$20,217,398 | \$14,000,000 | \$1,795,738 | \$4,421,660 |
|---------------|---------------------|---------------------|---------------------|--------------------|--------------------|

- (a) Includes acquisition costs from the District's prior general obligation bonds and various assessment district special assessment revenue bonds.
- (b) Represents the date by which the Developer constructed Public Infrastructure or expects the Public Infrastructure to be constructed, which may differ from the date that it was or will be accepted by the City.

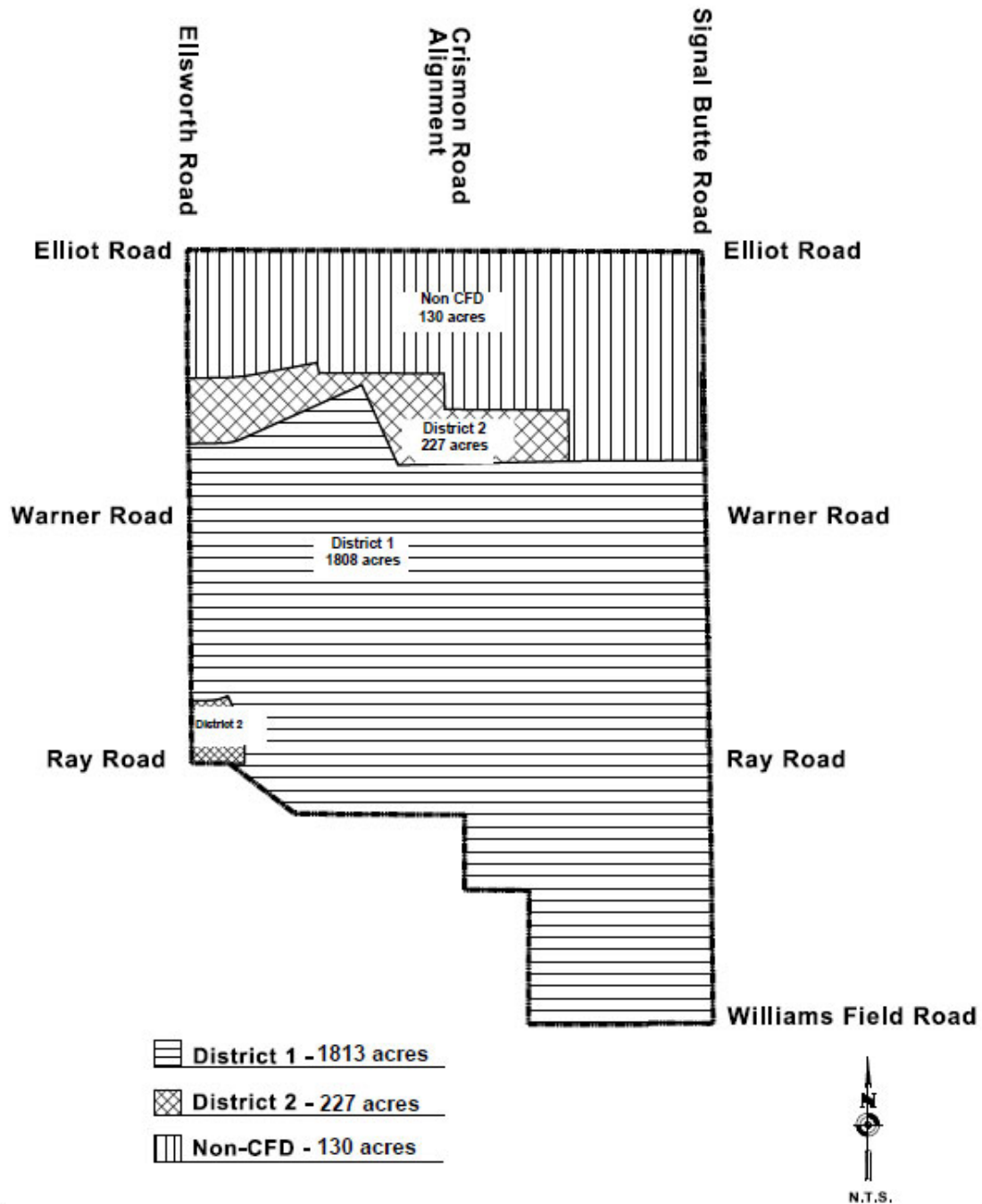
Proceeds of the Bonds are reasonably expected to be used to finance the acquisition of all or a portion of the Public Infrastructure upon acceptance by the District and the City of such Public Infrastructure pursuant to the terms of the Development, Financing Participation, Waiver and Intergovernmental

Agreement recorded May 11, 2012 at Document No. 2012-0401237 in the records of Maricopa County, Arizona (the "County"), as amended, and the terms and provisions of all applicable laws, ordinances, codes and rules. All interests in such Public Infrastructure financed by the District will be dedicated or otherwise transferred to the City after acceptance. Additional portions of public infrastructure, as contemplated by the District's formational documents, may be constructed and will be subject to administrative approval by the District before such additional public infrastructure is eligible for funding from future bonds, if any.

SECTION THREE

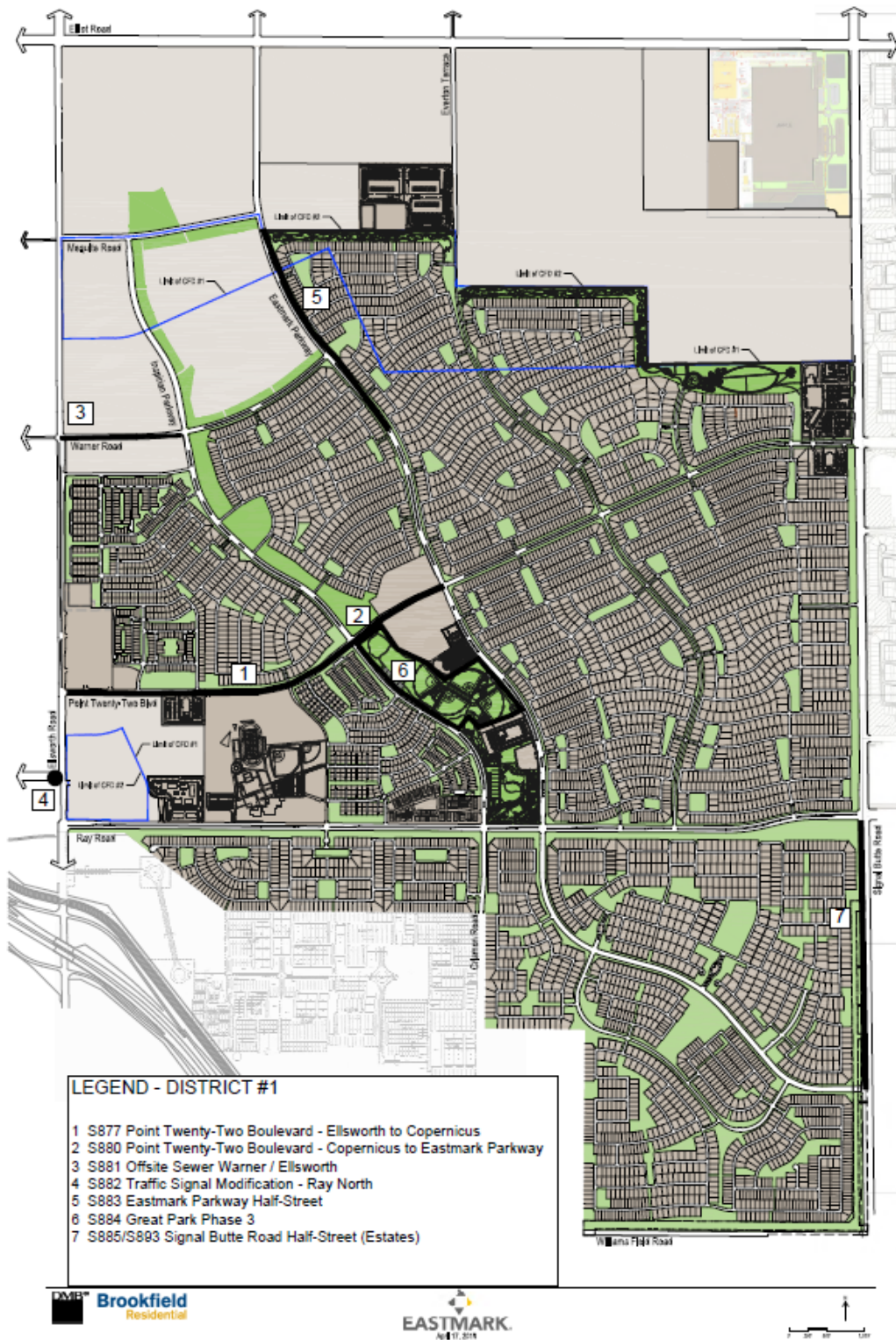
MAPS OF THE DISTRICT

The District



Community Facilities Districts 1 and 2

The Public Infrastructure in Context of the District



SECTION FOUR

PLAN OF FINANCE

PLAN OF FINANCE

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

(i) Formation and Authorization.

In response to a petition from the Developer, the City Council formed the District on April 2, 2012. On May 17, 2012, the Developer, as the sole landowner in the District at the time, authorized at an election general obligation bonded debt in an amount not to exceed \$435,000,000. The District has previously sold its general obligation bonds in the aggregate original principal amount of \$43,160,000, of which \$39,240,000 is outstanding.

(ii) Proposed Bond Sale.

The District currently has \$39,240,000 of general obligation bonded debt outstanding. The estimated debt service schedule for the Bonds is attached in this section as Table One. It is anticipated that the Bonds will be sold in September 2020 and delivered in October 2020. The amount shown on the cover of this Report is a not to exceed amount and the actual aggregate principal amount of the Bonds issued may be lower. It is currently estimated that the Bonds will have a final maturity of approximately 25 years and be structured to achieve level annual debt service. The Bonds will likely be rated by a rating agency based on the expected purchase of a municipal bond insurance policy from an insurer.

(iii) Estimated Sources and Uses of Funds.

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

SOURCES:

| | |
|---------------------------|------------------------|
| Principal Amount of Bonds | \$12,030,000.00 |
| Total | <u>\$12,030,000.00</u> |

USES*:

| | |
|-------------------------------|------------------------|
| Cost of Public Infrastructure | \$11,750,051.53 |
| Bond Insurance Premium | 74,870.97 |
| Estimated Costs of Issuance | <u>205,077.50</u> |
| Total | <u>\$12,030,000.00</u> |

* Preliminary, subject to change.

ESTIMATED COSTS OF ISSUANCE*

| | |
|--------------------------|---------------------|
| Underwriter's Discount | \$ 90,077.50 |
| Bond Counsel | 36,500.00 |
| Underwriter's Counsel | 30,000.00 |
| Financial Advisor | 35,000.00 |
| Registrar & Paying Agent | 500.00 |
| Printing | 1,000.00 |
| Insured Rating | 7,500.00 |
| Miscellaneous | 4,500.00 |
| | <u>\$205,077.50</u> |

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

All Public Infrastructure that may be acquired by the District with any proceeds of the Bonds will be dedicated to and accepted by the City. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the City, the District and the Developer and are set forth in the various development agreements among the parties. The costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs, of the District will be provided by several sources of funds: Homeowner's Association ("HOA") fees, a property tax levy of up to \$0.30 per \$100 of net assessed limited property value to provide for a portion of the administrative, operation and maintenance expenses of the District (the "O&M Tax"), and Developer contributions, if any.

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

In addition to the O&M Tax, the District will levy an ad valorem property tax to provide for debt service on bonds issued by the District, including the Bonds. Beginning in Fiscal Year 2020/21, the District will cause to be levied a combined ad valorem tax rate for each year the Bonds are outstanding in the amount of up to \$4.15 per \$100 of net assessed limited property value on all taxable property within the boundaries of the District. This tax rate includes a \$3.85 levy for debt service and a \$0.30 levy for the O&M Tax. This amount is a "target" tax rate. Any general obligation bonds of the District are, by law, to be paid from a property tax which is unlimited as to rate or amount.

At the \$4.15 target tax rate level, assuming an average home price of \$397,000, the District portion of a tax bill for a homeowner will be approximately \$137 per month or \$1,645 annually. A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Prior to each initial home sale by a homebuilder, each homebuyer must be supplied the Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy will be kept on file with the District Clerk.

(v) Other District Information.

Shown in the following tables are the District's overlapping general obligation bonded indebtedness including a breakdown of each overlapping jurisdiction's applicable general

* Preliminary, subject to change.

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

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

| Overlapping Jurisdiction | Portion Applicable to The District (a) | | |
|---|--|---------------------------|---------------------|
| | General Obligation Bonded Debt Outstanding (b) | Approximate Percentage | Net Debt Amount |
| State of Arizona | None | 0.138% | None |
| Maricopa County | None | 0.212 | None |
| Maricopa County Community College District | \$250,065,000 | 0.212 | \$ 529,676 |
| Maricopa County Special Health Care District | 429,125,000 | 0.211 | 906,629 |
| East Valley Institute of Technology District No. 401 | None | 0.428 | None |
| Gilbert Unified School District No. 41 | 132,715,000 | 4.397 | 5,836,132 |
| Queen Creek Unified School District No. 95 | 127,065,000 | 15.830 | 20,114,629 |
| City of Mesa | 334,760,000 | 2.591 | 8,674,065 |
| The District (c) | 39,240,000 | 100.000 | 39,240,000 |
| Total Direct and Overlapping General Obligation Bonded Debt Outstanding | | | <u>\$75,301,131</u> |

- (a) Proportion applicable to the District is computed on the ratio of the estimated net assessed limited property value as calculated for Fiscal Year 2020/21 for the overlapping jurisdiction to the amount of such valuation which lies within the District. If the assessed value within the District increases at a faster rate than the overlapping jurisdictions, the amount of overlapping debt allocated for payment within the District will increase.
- (b) Includes total general obligation bonds outstanding less redemption funds on hand. Does not include authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future.

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

revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Report, the tax levy is limited to 14 cents per \$100 of net assessed limited property value, of which 14 cents is currently being levied. (See A.R.S., Sections 48-3715 and 48-3715.02.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

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

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

Source: The various entities.

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

| Overlapping Jurisdiction | 2020/21 Net Assessed Limited Property Value | 2020/21 Total Tax Rate Per \$100 of Net Assessed Limited Property Value (a) |
|--|---|--|
| State of Arizona | \$69,914,507,682 | None |
| Maricopa County | 45,704,969,813 | \$1.8435 (b) |
| Maricopa County Community College District | 45,704,969,813 | 1.2881 |
| Maricopa County Fire District Annual Levy (c) | 45,704,969,813 | 0.0090 |
| Maricopa County Flood Control District (c) | 42,084,633,673 | 0.1792 |
| Maricopa County Special Health Care District | 45,822,046,238 | 0.3046 |
| Maricopa County Library District (c) | 45,704,969,813 | 0.0556 |
| Central Arizona Water Conservation District (c) | 45,822,046,238 | 0.1400 |
| East Valley Institute of Technology District No. 401 (c) | 22,598,319,396 | 0.0500 |
| Gilbert Unified School District No. 41 | 2,201,483,124 | 6.2580 |
| Queen Creek Unified School District No. 95 | 611,553,339 | 7.4048 |
| City of Mesa | 3,736,210,059 | 1.1171 |
| The District | 96,810,04 | 4.1500 (d) |

- (a) The combined tax rate includes the tax rate for debt service payments and the tax rate for all other purposes such as maintenance and operation and capital outlay.
- (b) Includes the "State Equalization Assistance Property Tax" which in Fiscal Year 2020/21 has been set at \$0.4426 and is adjusted annually pursuant to A.R.S. 41-1276.
- (c) The net assessed limited property value of the County Flood Control District does not include the personal property assessed valuation within the County. The net assessed limited property value for the CAWCD reflects the assessed valuation located within the County only. The County is mandated to levy a tax annually in support of fire districts in the County. All levies for library districts, hospital districts, fire districts, technology districts, water conservation districts and flood control districts are levied on the net full cash assessed value.
- (d) Includes the O&M Tax.

Source: *Abstract by Tax Authority*, the Assessor of the County, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Maricopa County 2020 Tax Levy*, Maricopa County – Finance Department.

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

PROPERTY VALUATIONS

| Fiscal Year | Estimated Net Full Cash Value (a) | Net Assessed Limited Property Value |
|-------------|--------------------------------------|--|
| 2020/21 | \$1,348,948,525 | \$96,810,045 |
| 2019/20 | 1,007,280,384 | 75,501,437 |
| 2018/19 | 692,764,909 | 52,059,735 |
| 2017/18 | 470,559,352 | 36,342,061 |
| 2016/17 | 270,676,896 | 21,328,284 |

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

Source: *Abstract by Tax Authority*, Maricopa County Assessor's Office (August dated file for each corresponding year).

TABLE ONE
ESTIMATED DEBT SERVICE SCHEDULE*

| Period Ending (July 15) | Existing Debt Service | Principal | Interest (a) | Total Combined Debt Service Requirements |
|-------------------------------|--------------------------|---------------------|--------------|--|
| 2021 | \$2,758,950 | \$ 470,000 | \$351,543 | \$3,580,493 |
| 2022 | 2,760,350 | 315,000 | 462,400 | 3,537,750 |
| 2023 | 2,758,000 | 330,000 | 449,800 | 3,537,800 |
| 2024 | 2,759,200 | 340,000 | 436,600 | 3,535,800 |
| 2025 | 2,758,700 | 355,000 | 423,000 | 3,536,700 |
| 2026 | 2,761,500 | 370,000 | 408,800 | 3,540,300 |
| 2027 | 2,762,550 | 385,000 | 394,000 | 3,541,550 |
| 2028 | 2,756,350 | 400,000 | 378,600 | 3,534,950 |
| 2029 | 2,753,100 | 415,000 | 362,600 | 3,530,700 |
| 2030 | 2,762,550 | 430,000 | 346,000 | 3,538,550 |
| 2031 | 2,759,150 | 450,000 | 328,800 | 3,537,950 |
| 2032 | 2,758,875 | 470,000 | 310,800 | 3,539,675 |
| 2033 | 2,759,625 | 485,000 | 292,000 | 3,536,625 |
| 2034 | 2,762,175 | 505,000 | 272,600 | 3,539,775 |
| 2035 | 2,757,125 | 525,000 | 252,400 | 3,534,525 |
| 2036 | 2,763,375 | 545,000 | 231,400 | 3,539,775 |
| 2037 | 2,755,325 | 570,000 | 209,600 | 3,534,925 |
| 2038 | 2,763,375 | 590,000 | 186,800 | 3,540,175 |
| 2039 | 2,762,475 | 615,000 | 163,200 | 3,540,675 |
| 2040 | 2,054,938 | 640,000 | 138,600 | 2,833,538 |
| 2041 | 2,055,306 | 665,000 | 113,000 | 2,833,306 |
| 2042 | 2,057,731 | 690,000 | 86,400 | 2,834,131 |
| 2043 | 1,522,063 | 720,000 | 58,800 | 2,300,863 |
| 2044 | 860,050 | 750,000 | 30,000 | 1,640,050 |
| | | <u>\$12,030,000</u> | | |

(a) Interest column reflects total interest payments for each Fiscal Year; interest will be paid semi-annually on January 15 and July 15 commencing on July 15, 2021*. Interest is estimated at 4.00%.


* Preliminary, subject to change.


Reviewed and accepted by:

DMB MESA PROVING GROUNDS LLC, a
Delaware limited liability company

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

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

By: 
Name: Dea McDonald
Its: Senior Vice President

By: 
Name: Carl Perrone
Its: Vice President

APPENDIX 1

LEGAL DESCRIPTION FOR EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1

Wood, Patel & Associates, Inc.
(480) 834-3300
www.woodpatel.com

Revised March 20, 2012
Revised January 5, 2012
Revised July 28, 2011
April 23, 2010
WP #062753.81
Page 1 of 6
See Exhibit "A"

PARCEL DESCRIPTION
Mesa Proving Grounds

Community Facilities District 1

A parcel of land lying within Sections 14, 15, 22, 23, 26 and 27, Township 1 South, Range 7 East, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the west quarter corner of said Section 15, a 3-inch Maricopa County Department of Transportation brass cap in handhole stamped 2007 RLS 35694, from which the southwest corner of said Section 15, a 3-inch Maricopa County Department of Transportation brass cap in handhole stamped 2007 RLS 35694, bears South 00°42'29" East (basis of bearing), a distance of 2637.98 feet;

THENCE along the west line of said Section 15, South 00°42'29" East, a distance of 1338.80 feet;

THENCE leaving said west line, North 89°17'31" East, a distance of 50.00 feet, to the east line of the west 50 feet of said Section 15 and the **POINT OF BEGINNING**;

THENCE leaving said east line, North 89°17'42" East, a distance of 672.83 feet, to the beginning of a curve;

THENCE easterly along said curve, having a radius of 1000.00 feet, concave northerly, through a central angle of 23°28'47", a distance of 409.80 feet, to the curve's end;

THENCE North 65°48'55" East, a distance of 2691.35 feet;

THENCE South 24°11'05" East, a distance of 1798.15 feet;

THENCE North 88°39'46" East, a distance of 3496.70 feet, to the southwest corner of Lot 2 of Mesa Proving Grounds – Southwest Corner of Elliot Road & Signal Butte Road as shown on the Land Split Map, recorded in Book 1089, page 5, Maricopa County Records (M.C.R.);

THENCE along the south line of said Lot 2, South 89°45'48" East, a distance of 2720.10 feet, to the southeast corner of said Lot 2 and the west line of the east 65 feet of said section;

THENCE leaving said south line, along said west line and the east line of said Lot 2, North 00°37'57" West, a distance of 1636.84 feet;

THENCE North 00°38'25" West, a distance of 165.43 feet;

THENCE leaving said east line and said west line, North 89°24'19" East, a distance of 65.00 feet, to the east line of said Section 14;

THENCE along said east line, South 00°38'25" East, a distance of 165.39 feet, to the east quarter corner of said Section 14, a 3-inch City of Mesa brass cap in handhole;

**Parcel Description
Mesa Proving Grounds**

Community Facilities District 1

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THENCE South 00°37'57" East, a distance of 2640.25 feet, to the southeast corner of said Section 14, a 1/2-inch rebar with illegible cap;
THENCE leaving said east line, along the east line of said Section 23, South 00°50'18" East, a distance of 2628.64 feet, to the east quarter corner of said Section 23, a 1/2-inch rebar with cap stamped RLS 29272;
THENCE South 00°42'59" East, a distance of 2597.28 feet, to the north line of that certain tract of land described in Docket 6414, page 56, M.C.R. and a point hereby designated as Point "A" for future reference in this description;
THENCE leaving said east line, along said north line, a line parallel to and 40 feet north of the south line of said Section 23, North 89°37'09" West, a distance of 2664.99 feet;
THENCE North 89°38'35" West, a distance of 2664.76 feet;
THENCE along said north line, a line parallel to and 40 feet north of the south line of said Section 22, North 89°36'10" West, a distance of 2658.23 feet;
THENCE continuing, North 89°38'34" West, a distance of 1510.91 feet;
THENCE leaving said north line and said parallel line, North 00°21'42" East, a distance of 537.03 feet, to the beginning of a curve;
THENCE northerly along said curve, having a radius of 382.45 feet, concave westerly, through a central angle of 24°29'51", a distance of 163.52 feet, to the curve's end;
THENCE North 24°08'09" West, a distance of 749.04 feet;
THENCE South 65°48'55" West, a distance of 24.54 feet, to the beginning of a curve;
THENCE westerly along said curve, having a radius of 945.00 feet, concave northerly, through a central angle of 23°55'04", a distance of 394.49 feet, to the curve's end;
THENCE South 89°43'59" West, a distance of 346.11 feet, to the easterly right-of-way line of Ellsworth Road as described in the Maricopa County Condemnation Order CV2003-015999, recorded in Document No. 2005-0714663, M.C.R., (DOC.1);
THENCE along said easterly right-of-way line, a line parallel to and 55 feet east of west line of said Section 22, North 00°16'04" West, a distance of 1318.26 feet;
THENCE North 00°14'45" West, a distance of 324.85 feet;
THENCE leaving said DOC.1 and said parallel line, North 89°38'34" West, a distance of 5.00 feet, to the easterly right-of-way line of Ellsworth Road as described in Quit Claim Deed recorded in Docket 1606, page 249, M.C.R., (DKT.1),
THENCE along said easterly right-of-way line, a line parallel to and 50 feet east of the west line of said Section 22, North 00°14'45" West, a distance of 2310.10 feet;
THENCE leaving said parallel line, along a line parallel to and 50 feet east of the west line of the southwest quarter of said Section 15, North 00°42'29" West, a distance of 1299.38 feet, to the **POINT OF BEGINNING**.

TOGETHER WITH

Commencing at said Point "A":

THENCE along the east line of said Section 23, South 00°42'59" East, a distance of 40.01 feet, to the northeast corner of said Section 26, a 3-inch Maricopa County brass cap in pothole stamped 2002 RLS 36563, being the **POINT OF BEGINNING**;

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THENCE leaving said east line, along the east line of said Section 26, South 00°43'36" East, a distance of 2644.19 feet, to the east quarter corner of said Section 26, a 2-inch Maricopa County aluminum cap stamped 2002 RLS 36563;
THENCE South 00°25'08" East, a distance of 2591.81 feet, to the northerly right-of-way line of Williams Field Road as described in the Maricopa County Condemnation Order CV2004-005453, recorded in Document No. 2005-0928928, M.C.R.;
THENCE leaving said east line, along said northerly right-of-way line, a line parallel to and 33 feet north of the southeast quarter of said Section 26, North 89°33'33" West, a distance of 1325.51 feet;
THENCE leaving said northerly right-of-way line and said parallel line, South 00°34'39" East, a distance of 33.01 feet, to the south line of said Section 26;
THENCE along said south line, North 89°33'33" West, a distance of 1325.41 feet, to the south quarter corner of said Section 26, a 3-inch Maricopa County aluminum cap stamped 2002 RLS 38683;
THENCE North 89°38'20" West, a distance of 1119.51 feet, to a 1/2-inch rebar with tag stamped RLS 29272;
THENCE leaving said south line, North 00°28'37" East, a distance of 2730.93 feet, to a 1/2-inch rebar with tag stamped RLS 29272;
THENCE North 89°13'26" West, a distance of 1323.87 feet, to a 1/2-inch rebar with tag stamped RLS 29272;
THENCE North 00°23'52" East, a distance of 1531.75 feet, to a 1/2-inch rebar with tag stamped RLS 29272;
THENCE North 89°29'17" West, a distance of 3465.06 feet, to a 1/2-inch rebar with tag stamped RLS 29272;
THENCE North 52°18'31" West, a distance of 1625.16 feet, to the north line of said Section 27, a 1/2-inch rebar with no identification;
THENCE along said north line, South 89°38'34" East, a distance of 1770.29 feet, to the north quarter corner of said Section 27, a 2-inch Maricopa County aluminum cap flush stamped 2002 RLS 36563;
THENCE South 89°36'10" East, a distance of 2658.23 feet, to the northeast corner of said Section 27, a 3-inch Maricopa County brass cap flush stamped 2002 RLS 36563;
THENCE leaving said north line, along the north line of said Section 26, South 89°38'35" East, a distance of 2664.76 feet, to the north quarter corner of said Section 26, a Maricopa County aluminum cap flush stamped 2002 RLS 36568;

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THENCE continuing, South 89°37'09" East, a distance of 2665.75 feet, to the **POINT OF BEGINNING**.

Containing 2,170.8468 acres, or 94,562,087 square feet of land, more or less.

Subject to existing rights-of-way and easements.

This parcel description is based on the unrecorded ALTA Survey of GM Proving Grounds prepared by CMX, dated November 21, 2006, job number 7405.01 and other client provided information. This parcel description is located within an area surveyed by Wood/Patel during the month of May, 2007 and any monumentation noted in this parcel description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.

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| LINE TABLE | | |
|------------|-------------|----------|
| LINE | BEARING | DISTANCE |
| L1 | S00°42'29"E | 1338.80' |
| L2 | N89°17'31"E | 50.00' |
| L3 | N89°17'42"E | 672.83' |
| L4 | N65°48'55"E | 2691.35' |
| L5 | S24°11'05"E | 1798.15' |
| L6 | N88°39'46"E | 3496.70' |
| L7 | S89°45'48"E | 2720.10' |
| L8 | N00°37'57"W | 1636.84' |
| L9 | N00°38'25"W | 165.43' |
| L10 | N89°24'19"E | 65.00' |
| L11 | S00°38'25"E | 165.39' |
| L12 | S00°37'57"E | 2640.25' |
| L13 | S00°50'18"E | 2628.64' |
| L14 | S00°42'59"E | 2597.28' |
| L15 | N89°37'09"W | 2664.99' |
| L16 | N89°38'35"W | 2664.76' |
| L17 | N89°36'10"W | 2658.23' |
| L18 | N89°38'34"W | 1510.91' |
| L19 | N00°21'42"E | 537.03' |
| L20 | N24°08'09"W | 749.04' |
| L21 | S65°48'55"W | 24.54' |
| L22 | S89°43'59"W | 346.11' |
| L23 | N00°16'04"W | 1318.26' |
| L24 | N00°14'45"W | 324.85' |
| L25 | N89°38'34"W | 5.00' |
| L26 | N00°14'45"W | 2310.10' |

| LINE TABLE | | |
|------------|-------------|----------|
| LINE | BEARING | DISTANCE |
| L27 | N00°42'29"W | 1299.38' |
| L28 | S00°42'59"E | 40.01' |
| L29 | S00°43'36"E | 2644.19' |
| L30 | S00°25'08"E | 2591.81' |
| L31 | N89°33'33"W | 1325.51' |
| L32 | S00°34'39"E | 33.01' |
| L33 | N89°33'33"W | 1325.41' |
| L34 | N89°38'20"W | 1119.51' |
| L35 | N00°28'37"E | 2730.93' |
| L36 | N89°13'26"W | 1323.87' |
| L37 | N00°23'52"E | 1531.75' |
| L38 | N89°29'17"W | 3465.06' |
| L39 | N52°18'31"W | 1625.16' |
| L40 | S89°38'34"E | 1770.29' |
| L41 | S89°36'10"E | 2658.23' |
| L42 | S89°38'35"E | 2664.76' |
| L43 | S89°37'09"E | 2665.75' |

| CURVE TABLE | | | |
|-------------|-----------|----------|---------|
| CURVE | DELTA | RADIUS | ARC |
| C1 | 23°28'47" | 1000.00' | 409.80' |
| C2 | 24°29'51" | 382.45' | 163.52' |
| C3 | 23°55'04" | 945.00' | 394.49' |

WOOD/PATEL
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PHOENIX • MESA • TUCSON



EXPIRES 12-31-14

EXHIBIT "A"
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COMMUNITY FACILITIES DISTRICT 1
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