

FEASIBILITY REPORT

For The Issuance of

**Not to Exceed
\$2,475,000 Principal Amount**

OF

**EASTMARK
COMMUNITY FACILITIES DISTRICT NO. 2
(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. 2 (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 \$2,475,000, pursuant to the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (“A.R.S.”).

PURPOSE OF FEASIBILITY REPORT

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

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

GENERAL DESCRIPTION OF THE DISTRICT

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

The real property included in the District consists of approximately 227.43 acres. The District is part of a master planned community known as “Eastmark” which consists of approximately 3,164 acres (the “Project” or “Eastmark”). The Project is being developed by the Developer. The Project is located east of the 202 freeway generally bounded by Elliot Road to the north, Williams Field Road to the south, Ellsworth Road to the west, and Signal Butte Road to the east. Construction on the Project commenced in August, 2012. As of August 9, 2020, approximately 402 single family residential lots have been sold to homebuilders in the District. Currently, single family residential development represents approximately 1,973 acres within the Project. Non-residential development comprises approximately 130 acres within the Project and includes (i) churches, (ii) government services such as police stations, fire departments, schools, Salt River Project facilities, and parks and open space, and (iii) a variety of commercial developments such as office, retail and multifamily.

The following chart characterizes the approximate acreage within the District.

Total District	Approximate District Acres
Single Family Residential	201.66
Non-Residential (a)	25.77
Total	227.43

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- (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 the Prior Bonds	Eligible for Funding From Future Bonds	Completion Date (a)
1. S878 Everton Terrace to Elliot Road	\$1,590,145	\$1,590,145	\$ 305,288	\$1,284,857	\$ -	Nov-18
The Project consists of approximately 1,750 feet of full street surface improvements consisting of sewer, water, storm drain, vertical curb and gutter, paving, signage, sidewalk, street lights, and landscaping. All improvements are shown on approved plans dated February 5, 2018 by the City, which may be amended from time to time to allow for future uses.						
2. S879 Everton Terrace to Elliot Road	2,171,159	2,171,159	2,169,712	-	1,447	Aug-19
The Project consists of approximately 2,633 feet of full street surface improvements with landscape installed at back of curb, with one lane in each direction and tying into existing improvements in S. Everton Terrace at STA 53+06.32. Improvements include installation of sewer, potable water, storm drain, concrete curb and gutter, sidewalk, paving, striping, signage, street lights, street sleeves, landscaping, and irrigation. 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.						
Totals	\$3,761,304	\$3,761,304	\$2,475,000	\$1,284,857	\$1,447	

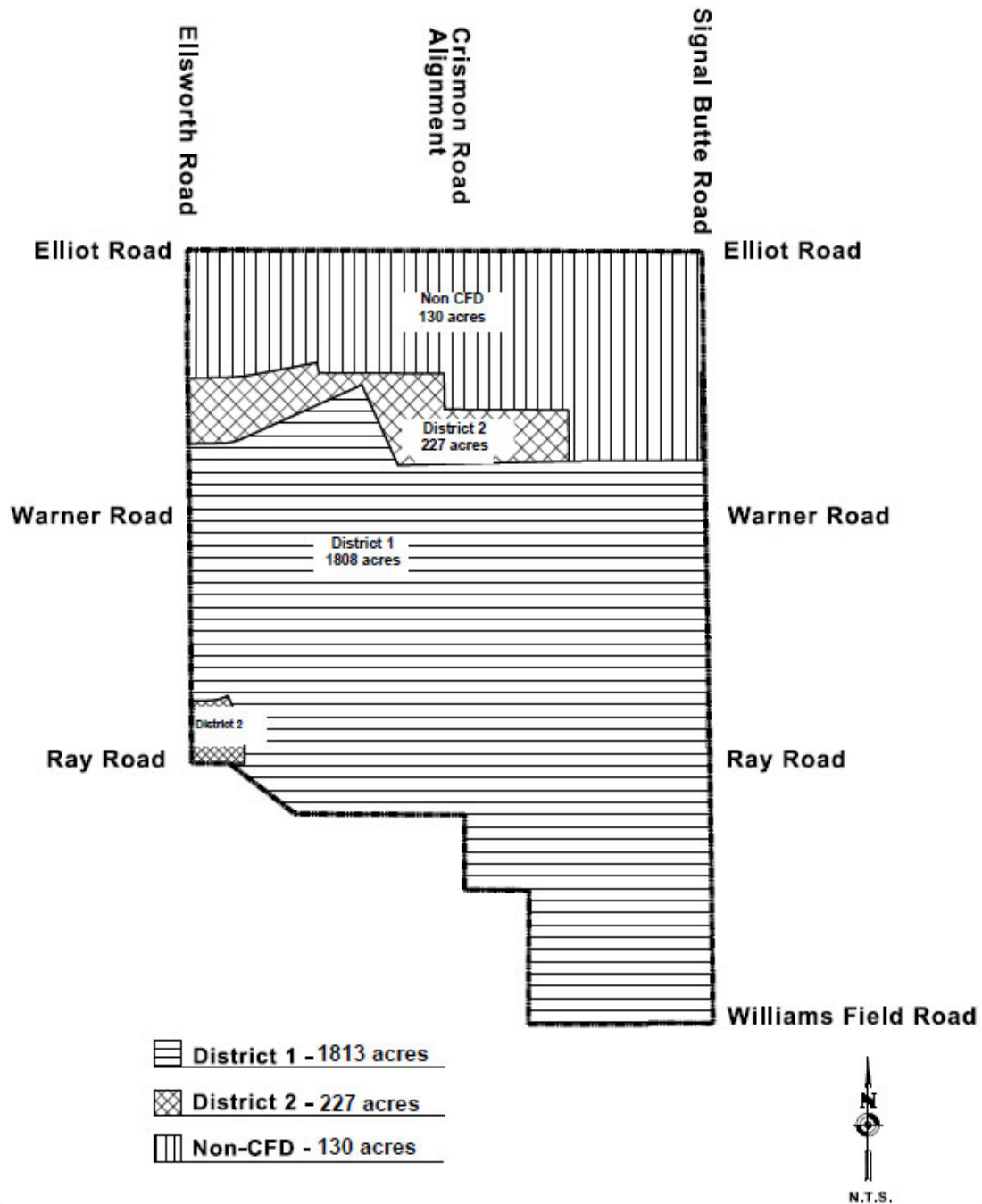
(a) Represents the date by which the Developer constructed Public Infrastructure or expects the Public Infrastructure to be constructed, which may differ from the date that it was or will be accepted by the City.

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

SECTION THREE

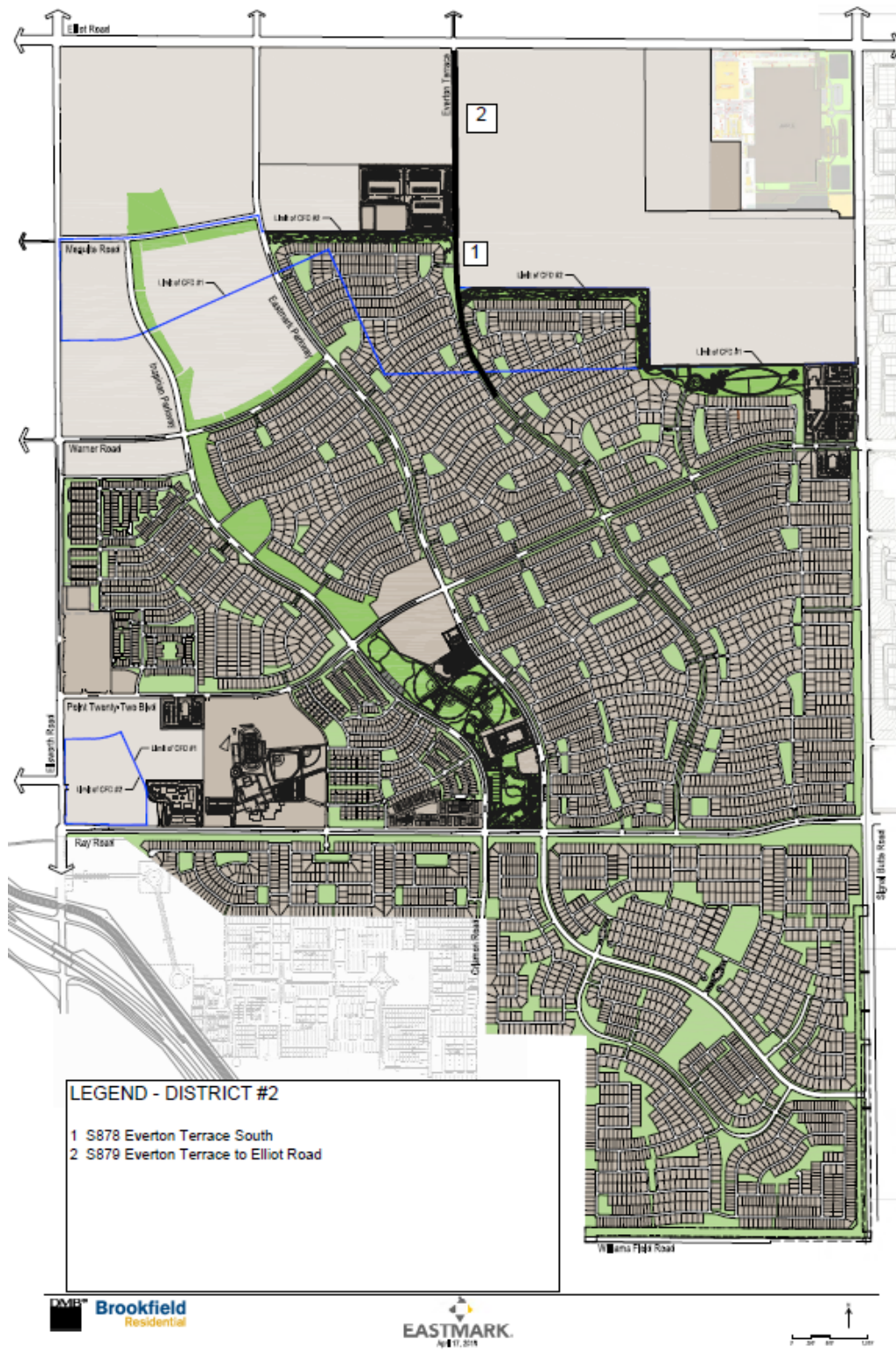
MAP OF THE DISTRICT

The District



Community Facilities Districts 1 and 2

The Public Infrastructure in Context of the Project



SECTION FOUR

PLAN OF FINANCE

PLAN OF FINANCE

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

(i) Formation and Authorization.

In response to a petition from the Developer, the City Council formed the District on December 10, 2018. On April 4, 2019, the Developer and all other landowners in the District at the time authorized at an election general obligation bonded debt in an amount not to exceed \$70,000,000. The District not has previously sold general obligation bonds.

(ii) Proposed Bond Sale.

The District currently no 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 not be rated by any rating agency.

(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	\$2,010,000.00
Total	<u>\$2,010,000.00</u>

USES*:

Cost of Public Infrastructure	\$1,864,544.00
Estimated Costs of Issuance	145,456.00
Total	<u>\$2,010,000.00</u>

ESTIMATED COSTS OF ISSUANCE*

Underwriter's Discount	\$ 35,456.00
Bond Counsel	34,000.00
Underwriter's Counsel	30,000.00
Financial Advisor	35,000.00
Registrar and Paying Agent	500.00
Printing	1,000.00
Miscellaneous	9,500.00
	<u>\$145,456.00</u>

* Preliminary, subject to change.

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

All Public Infrastructure that may be acquired by the District with any proceeds of the Bonds will be dedicated to and accepted by the City. 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 \$390,000, the District portion of a tax bill for a homeowner will be approximately \$135 per month or \$1,617 annually. A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Prior to each initial home sale by a homebuilder, each homebuyer must be supplied the Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Public Report. In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy will be kept on file with the District Clerk.

(v) Other District Information.

Shown in the following tables are the District's overlapping general obligation bonded indebtedness including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, the portion of such indebtedness applicable to the District, a comparison of net assessed limited property values and tax rates per \$100 net assessed limited property value.

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	0.006%	None
Maricopa County	None	0.009	None
Maricopa County Community College District	\$250,065,000	0.009	\$ 22,170
Maricopa County Special Health Care District	429,125,000	0.009	37,948
East Valley Institute of Technology District No. 401	None	0.018	None
Gilbert Unified School District No. 41	132,715,000	0.184	244,276
Queen Creek Unified School District No. 95	127,065,000	0.663	841,913
City of Mesa	334,760,000	0.108	363,060
The District (c)	None	100.000	None
Total Direct and Overlapping General Obligation Bonded Debt Outstanding			<u>\$1,509,366</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 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	4,052,059	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

<u>Fiscal Year</u>	<u>Estimated Net Full Cash Value (a)</u>	<u>Net Assessed Limited Property Value</u>
2020/21(b)	\$50,705,282	\$4,052,059

- (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.
- (b) Represents the first year assessed valuation have been available for 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)	Principal	Interest (a)	Total Combined Debt Service Requirements
2021	\$ 50,000	\$73,421	\$123,421
2022	45,000	98,000	143,000
2023	50,000	95,750	145,750
2024	50,000	93,250	143,250
2025	55,000	90,750	145,750
2026	55,000	88,000	143,000
2027	60,000	85,250	145,250
2028	65,000	82,250	147,250
2029	65,000	79,000	144,000
2030	70,000	75,750	145,750
2031	75,000	72,250	147,250
2032	75,000	68,500	143,500
2033	80,000	64,750	144,750
2034	85,000	60,750	145,750
2035	90,000	56,500	146,500
2036	95,000	52,000	147,000
2037	100,000	47,250	147,250
2038	105,000	42,250	147,250
2039	110,000	37,000	147,000
2040	115,000	31,500	146,500
2041	120,000	25,750	145,750
2042	125,000	19,750	144,750
2043	130,000	13,500	143,500
2044	140,000	7,000	147,000
	<u>\$2,010,000</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 5.00%.

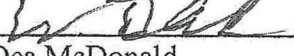
* Preliminary, subject to change.

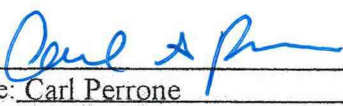
Reviewed and accepted by:

DMB MESA PROVING GROUNDS LLC, a
Delaware limited liability company

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

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

By: 
Name: Dea McDonald
Its: Senior Vice President

By: 
Name: Carl Perrone
Its: Vice President

APPENDIX 1

LEGAL DESCRIPTION FOR EASTMARK COMMUNITY FACILITIES DISTRICT NO. 2

Legal Description

PARCEL NO. 1:

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

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

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

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

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

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

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

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

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

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

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

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

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

THENCE CONTINUING ALONG SAID CENTERLINE OF S. EVERTON TERRACE, SOUTHERLY, A DISTANCE OF 73.94 FEET, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 1 DEGREE 41 MINUTES 41 SECONDS, SAID CURVE HAVING A CHORD OF SOUTH 01 DEGREE 35 MINUTES 36 SECONDS EAST, A DISTANCE OF 73.94 FEET, TO A POINT OF NON-TANGENCY;

THENCE DEPARTING SAID CENTERLINE OF S. EVERTON TERRACE NORTH 87 DEGREES 33 MINUTES 33 SECONDS EAST, A DISTANCE OF 12.50 FEET, TO THE NORTHWEST CORNER OF TRACT "I" OF SAID FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 6 - INFRASTRUCTURE FOR PARCELS 4-6 AND 9-23;

THENCE ALONG THE NORTH LINE OF SAID TRACT "I", SOUTH 89 DEGREES 41 MINUTES 09 SECONDS EAST, A DISTANCE OF 30.96 FEET, TO THE NORTHWEST CORNER OF TRACT "F", OF THE FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 5/6 SOUTH PARCELS 6-4 TO 6-6, 6-9 AND 6-17, RECORDED AS BOOK 1360, PAGE 17, MCR;

THENCE DEPARTING THE NORTH LINE OF SAID TRACT "I", ALONG THE NORTH LINE OF SAID TRACT "F" AND THE EASTERLY PROJECTION THEREOF, SOUTH 89 DEGREES 41 MINUTES 09 SECONDS EAST, A DISTANCE OF 2,485.50 FEET, TO THE WEST LINE OF LOT 2 OF THE OF THE LAND SPLIT MAP FOR MESA PROVING GROUNDS – SOUTHWEST CORNER OF ELLIOT ROAD & SIGNAL BUTTE ROAD, RECORDED AS BOOK 1089, PAGE 5, MCR;

THENCE ALONG SAID WEST LINE OF LOT 2, SOUTH 00 DEGREES 38 MINUTES 24 SECONDS EAST, A DISTANCE OF 1,043.22 FEET, TO THE SOUTHWEST CORNER OF SAID LOT 2, AND TO THE NORTH LINE OF THE EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1, RECORDED AS INSTRUMENT NUMBER 2012-0294413, MCR;

THENCE DEPARTING SAID SOUTHWEST CORNER OF LOT 2, ALONG SAID NORTH LINE OF THE EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1 THE FOLLOWING FIVE COURSES:

THENCE SOUTH 88 DEGREES 39 MINUTES 41 SECONDS WEST, A DISTANCE OF 3,496.70 FEET;

THENCE NORTH 24 DEGREES 11 MINUTES 10 SECONDS WEST, A DISTANCE OF 1,798.15 FEET;

THENCE SOUTH 65 DEGREES 48 MINUTES 50 SECONDS WEST, A DISTANCE OF 2,691.35 FEET, TO THE BEGINNING OF A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 1,000.00 FEET;

THENCE SOUTHWESTERLY, A DISTANCE OF 409.80 FEET, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 23 DEGREES 28 MINUTES 47 SECONDS, SAID CURVE HAVING A CHORD

OF SOUTH 77 DEGREES 33 MINUTES 13 SECONDS WEST, A DISTANCE OF 406.94 FEET, TO A POINT OF TANGENCY;

THENCE SOUTH 89 DEGREES 17 MINUTES 37 SECONDS WEST, A DISTANCE OF 672.70 FEET, TO SAID EAST RIGHT-OF-WAY OF S. ELLSWORTH ROAD;

THENCE DEPARTING SAID NORTH LINE OF THE EASTMARK COMMUNITY FACILITIES DISTRICT NO.1 AND ALONG SAID EAST RIGHT-OF-WAY OF S. ELLSWORTH ROAD, NORTH 00 DEGREES 42 MINUTES 08 SECONDS WEST, A DISTANCE OF 1,338.71 FEET, TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THE FOLLOWING DESCRIBED REAL PROPERTY:

LOTS 50, 51, 52, 55, 69, 70, 71, 98, 99, 100, 144 AND 145, FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 5/6 SOUTH, PARCELS 6-4 TO 6-6, 6-9 AND 6-17, RECORDED IN BOOK 1360 OF MAPS, PAGE 17, RECORDS OF MARICOPA COUNTY, ARIZONA.

AND TOGETHER WITH THE FOLLOWING DESCRIBED REAL PROPERTY:

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

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

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

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

LOTS 23, 24, 25, 47, 48, 49, 72, 73, 74, 94, 95, 96 AND 97, FINAL PLAT FOR EASTMARK DEVELOPMENT UNIT 5/6 SOUTH, PARCELS 6-4 TO 6-6, 6-9 AND 6-17, RECORDED IN BOOK 1360 OF MAPS, PAGE 17, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 2:

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

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

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

THENCE DEPARTING SAID SOUTH LINE OF SECTION 22, NORTH 00 DEGREES 21 MINUTES 26 SECONDS EAST, A DISTANCE OF 192.00 FEET, TO THE NORTH RIGHT-OF-WAY LINE OF E. RAY ROAD AS SHOWN ON THE MAP OF DEDICATION EASTMARK PHASE 1, RECORDED AS BOOK

1117, PAGE 47, MARICOPA COUNTY RECORDS (MCR), AND A LINE 192.00 FEET NORTH OF AND PARALLEL WITH SAID SOUTH LINE OF SECTION 22, AND THE TRUE POINT OF BEGINNING;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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