

**FEASIBILITY REPORT**

**For The Issuance of**

**Not to Exceed  
\$4,469,000 Principal Amount**

**OF**

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

**ASSESSMENT DISTRICT NO. 12  
SPECIAL ASSESSMENT REVENUE BONDS,  
SERIES 2021**

**Public Hearing Date: September 17, 2020**

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## **SECTION ONE**

### **INTRODUCTION; PURPOSE OF FEASIBILITY REPORT; GENERAL DESCRIPTION OF DISTRICT**

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## **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 Assessment District No. 12 Special Assessment Revenue Bonds, Series 2021 (the “Bonds”), in a principal amount of not to exceed \$4,469,000, 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; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure – Section Four; and (iv) a plan for financing the Public Infrastructure – Section Five.

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

## **GENERAL DESCRIPTION OF THE DISTRICT**

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 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. 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 real property comprising Assessment District No. 12 consists of approximately 1,277 lots (the “Assessed Lots”) and approximately 272.61 acres. The following chart characterizes the approximate

acreage within the District as well as the acreage within Assessment District No. 12, which is fully within the boundaries of the District.

Total District	Approximate District Acres	Approximate Assessment District No. 12 Acres
Single Family Residential	1,973	185.19
Non-Residential (a)	197	87.42
Total	2,170	272.61

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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 Assessment District No. 12 is included in Appendix 1. Maps of the District, Assessment District No. 12, 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.

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## **SECTION TWO**

### **DESCRIPTION OF PUBLIC INFRASTRUCTURE**

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## 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	Eligible for Funding from Future Bonds	Completion Date (a)
<b>1. S888 Inspirian Parkway (Point 22 to Warner N)</b>	\$4,143,354	\$4,143,354	\$4,143,354	\$ -	\$ -	May 2020

Construction of new roadway within the District consisting of approximately 3,681 linear feet of full street surface improvements with landscape installed at back of curb to the detached sidewalk and within the raised median. Improvements include sewer, water, storm drain, SRP feeder and distribution trench and backfill, Southwest Gas trench and backfill, concrete curb and gutter, sidewalk, paving, striping, signage, street lights, street sleeves, landscaping and irrigation and entry monuments. The roadway consists of two lanes in each direction with on-street parking and tying into the existing Point Twenty-Two Boulevard to the South and Warner Road to the North. All improvements are shown on approved plans dated May 1, 2019 by the City, which may be amended from time to time to allow for future uses.

<b>Totals:</b>	<b>\$4,143,354</b>	<b>\$4,143,354</b>	<b>\$4,143,354</b>	<b>\$ -</b>	<b>\$ -</b>
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- (a) Completion represents the date by which the Public Infrastructure was constructed, which may differ from the date that it was 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 on 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.

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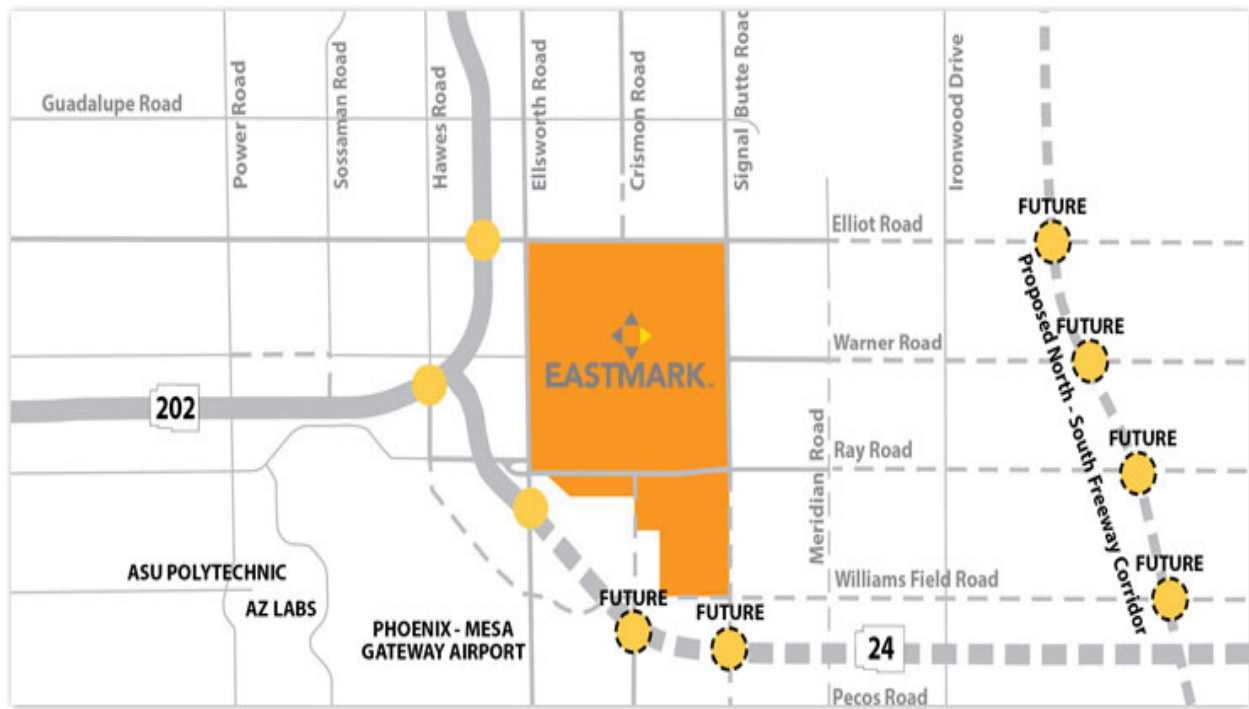
## **SECTION THREE**

### **MAP OF THE DISTRICT AND MAP OF ASSESSMENT DISTRICT NO. 12**

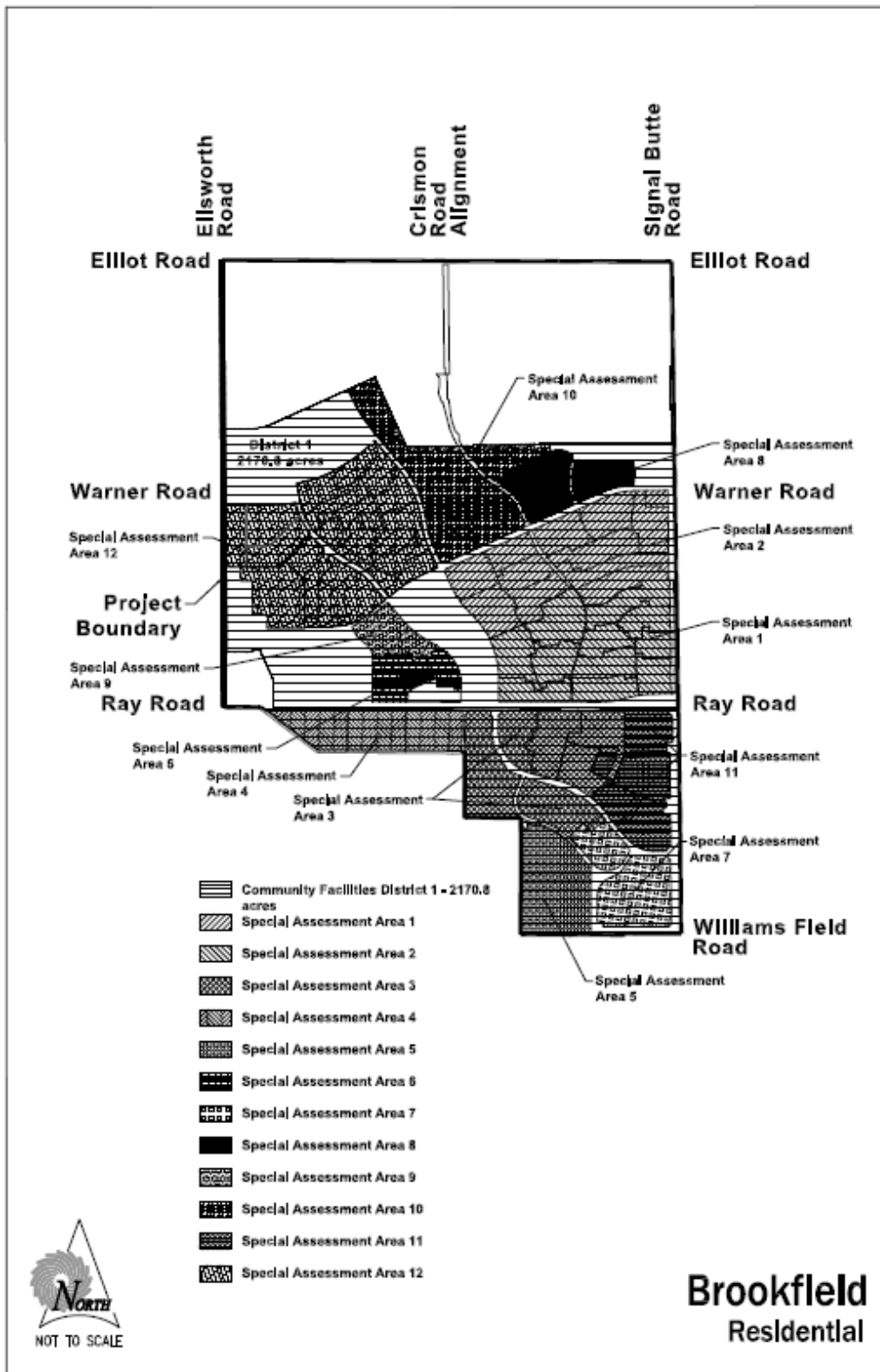
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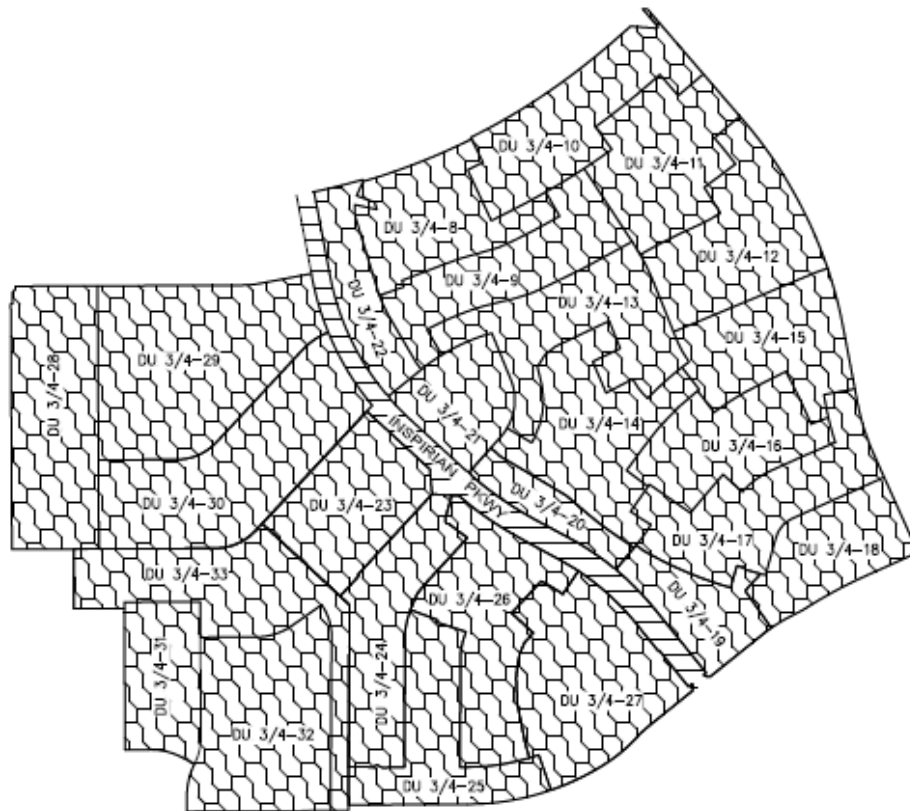
## The District



## Assessment District No. 12 in context of District



## Assessment District No. 12



NOT TO SCALE

**EASTMARK**  
SPECIAL ASSESSMENT AREA 12

**Brookfield**  
Residential

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## **SECTION FOUR**

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

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

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

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

Public Infrastructure	Estimated Acquisition Price	Completion Date (a)	Funds Draw Date
Inspirian Parkway (Point 22 to Warner N)	\$4,143,354	May 30, 2020	January 2021
<b>Total</b>	<b><u>\$4,143,354</u></b>		

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

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## **SECTION FIVE**

### **PLAN OF FINANCE**

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## PLAN OF FINANCE

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within Assessment District No. 12. 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. As contemplated by the District Development, Financing Participation, Waiver and Intergovernmental Agreement, as amended, the District has the authority to issue the Bonds.

**(ii) Proposed Bond Sale.**

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 December 2020 and delivered in January 2021. The Bonds will not be rated by any rating agency.

**(iii) Per Lot Assessment Amount.**

The per residential lot assessment amount is expected to be no more than \$3,500.00 at the time of issuance of the Bonds. The Developer currently expects that at the time of sale of a home to the buyer, this amount will be assumed by the homebuyer and the assessment payments made over time. The \$3,500.00 per residential lot assessment results in an annual assessment payment of approximately \$250.00 per home, or approximately \$21.00 per month. The special assessments will be collected on behalf of the District by the Maricopa County Treasurer's Office.

**(iv) Estimated Sources and Uses of Funds.**

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

**SOURCES:**

Principal Amount of Bonds	\$4,469,000.00
Total	<u>\$4,469,000.00</u>

**USES\*:**

Cost of Public Infrastructure	\$3,818,469.67
Debt Service Reserve Fund	326,000.00
Capitalized Interest	108,000.83
Estimated Costs of Issuance	<u>216,529.50</u>
Total	<u>\$4,469,000.00</u>

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\* Preliminary, subject to change.

**ESTIMATED COSTS OF ISSUANCE\***

Underwriter's Compensation	\$ 76,529.50
Bond Counsel	75,500.00
Underwriter's Counsel	20,000.00
Financial Advisor	30,000.00
Appraisal Fee	6,500.00
Registrar & Paying Agent	1,000.00
Printing	1,000.00
Miscellaneous	6,000.00
Total	<u><u>\$216,529.50</u></u>

**(v) Value to Lien Ratio.**

Included as Appendix 2 is a summary of the appraisal relating to the parcels to be included in Assesment District No. 12, prepared by Schnepf Ellsworth Appraisal Group, LLC on August 27, 2020. The appraisal demonstrates a value-to-lien ratio of a per lot basis of least 24 to-1. A complete copy of the appraisal report is available upon request.

**(vi) Disclosure of Assessment Payments.**

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

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

**(vii) Operation and Maintenance of the Public Infrastructure.**

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

**(viii) Other District Information.**

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

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\* Preliminary, subject to change.



## 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	0.138%	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 Assessment District No. 12 is not available. Proportion applicable to the District was used instead. 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 that lies within the District. Because the area that encompasses Assessment District No. 12 only encompasses the area shown on the maps on pages 3-1, 3-2 and 3-3, which is a smaller area than the area of the District, these amounts are greater than what actually overlaps such area. 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.

This table also does not include the obligation of the Maricopa County Flood Control District (the “County Flood Control District”) to contribute \$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 special assessment revenue bonds outstanding in the aggregate principal amount of \$13,711,000 or other special assessment revenue bonds expected to be issued by the District in the future (such as the Bonds). Does not include the District’s expected \$12,130,000\* General Obligations Bonds, Series 2020 to be issued pursuant to a separate official statement in October 2020.

Source: The various entities.

#### DIRECT AND OVERLAPPING NET ASSESSED

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	96,810,045	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.

\* Preliminary, subject to change.

- (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 within 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 1)	Principal	Interest (a)	Estimated Annual Debt Service Requirements
2021		\$ 108,001	\$ 108,001
2022	\$ 99,000	223,450	322,450
2023	105,000	218,500	323,500
2024	110,000	213,250	323,250
2025	115,000	207,750	322,750
2026	120,000	202,000	322,000
2027	130,000	196,000	326,000
2028	135,000	189,500	324,500
2029	140,000	182,750	322,750
2030	150,000	175,750	325,750
2031	155,000	168,250	323,250
2032	165,000	160,500	325,500
2033	170,000	152,250	322,250
2034	180,000	143,750	323,750
2035	190,000	134,750	324,750
2036	200,000	125,250	325,250
2037	210,000	115,250	325,250
2038	220,000	104,750	324,750
2039	230,000	93,750	323,750
2040	240,000	82,250	322,250
2041	255,000	70,250	325,250
2042	265,000	57,500	322,500
2043	280,000	44,250	324,250
2044	295,000	30,250	325,250
2045	310,000	15,500	325,500
Total	<u>\$4,469,000</u>	<u>\$3,415,451</u>	<u>\$7,884,451</u>

(a) Interest column reflects total interest payments for each fiscal year; interest will be paid semi-annually on January 1 and July 1 commencing on July 1, 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: Carl Perrone  
Name: Carl Perrone  
Its: Vice President

By: Dea McDonald  
Name: Dea McDonald  
Its: Senior Vice President

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## **APPENDIX 1**

### **LEGAL DESCRIPTION FOR EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1 ASSESSMENT DISTRICT NO. 12**

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### **LEGAL DESCRIPTION OF PROPERTY**

Lots 1 through 217, inclusive, of FINAL PLAT FOR EASTMARK DU 3/4 NORTH PHASE 1, recorded in Book 1463 of Maps, Page 23, official records of Maricopa County, Arizona;

and

Lots 1 through 487, inclusive, of FINAL PLAT FOR EASTMARK DU 3/4 NORTH PHASE 2 and 3, recorded in Book 1462 of Maps, Page 42, official records of Maricopa County, Arizona;

and

Lots 1 through 223, inclusive, of FINAL PLAT FOR EASTMARK DU 3/4 NORTH PHASE 4 MDR, recorded in Book 1495 of Maps, Page 36, official records of Maricopa County, Arizona;

and

Lots 1 through 350, inclusive, of FINAL PLAT FOR EASTMARK - DU 3/4 NORTH PHASE 5 MDR, recorded in Book 1521 of Maps, Page 33, and Affidavit of Correction recorded May 13, 2020 as Document No. 2020-0408818, official records of Maricopa County, Arizona.

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## **APPENDIX 2**

### **SUMMARY OF APPRAISAL FOR ASSESSMENT DISTRICT NO. 12**

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

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**Eastmark Community Facilities District No. 1 (City of Mesa,  
Arizona) Assessment District No. 12**

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1,277 lots including 217 lots within Eastmark DU 3/4 North Phase 1, 487 lots within Eastmark DU 3/4 North Phase 2 and 3, 223 lots within Eastmark DU North Phase 4 MDR, and 350 lots within Eastmark D/U 3/4 North Phase 5 MDR, on the north side of Point Twenty-Two Boulevard and on both sides of Inspirian Parkway, as a part of the Eastmark Masterplanned Development, Mesa, Maricopa County, AZ



Prepared For:

City of Mesa

20 East Main Street, Suite 700

Mesa, AZ 85001

Inspection Date: August 10, 2020

Valuation Date: August 10, 2020



Prepared by:

Real Estate Appraisers/Consultants - P.O. Box 2829, Mesa, Arizona, 85214

Phone 480.497.1113 E-mail [larry@schnepfellsworth.com](mailto:larry@schnepfellsworth.com)

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

August 27, 2020

File No. 20-2523

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

RE: Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 12, 1,277 lots including 217 lots within Eastmark DU 3/4 North Phase 1, 487 lots within Eastmark DU 3/4 North Phase 2 and 3, 223 lots within Eastmark DU North Phase 4 MDR, and 350 lots within Eastmark D/U 3/4 North Phase 5 MDR, on the north side of Point Twenty-Two Boulevard and on both sides of Inspirian Parkway, as a part of the Eastmark Masterplanned Development, Mesa, Maricopa County, AZ

Dear Sirs:

In accordance with the City of Mesa's request and authorization thereby for an Appraisal Report of the subject property, a vacant single-family residential subdivision site totaling 1,277 lots including 217 lots within Eastmark DU 3/4 North Phase 1, 487 lots within Eastmark DU 3/4 North Phase 2 and 3, 223 lots within Eastmark DU North Phase 4 MDR, and 350 lots within Eastmark D/U 3/4 North Phase 5 MDR, on the north side of Point Twenty-Two Boulevard and on both sides of Inspirian Parkway, as a part of the Eastmark Masterplanned Development, Mesa, Maricopa County, AZ. We hand you a narrative appraisal that describes and identifies methods of approach and valuation. The ownership, legal description, and identification of the property are set forth in the following report.

The purpose of this appraisal is to estimate the Market Value of the fee simple interest as of August 10, 2020. The date of initial inspection of the property was August 10, 2020. The intended users of this report are the City of Mesa, Arizona (Client and Intended User), the underwriter Stifel, Nicolaus & Company, Incorporated, the district financial advisor Hilltop Securities Inc., Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) and district counsel Sherman & Howard L.L.C. (Intended Users). The intended use (function) of this appraisal will be in conjunction with the sale of tax-exempt assessment bonds, the proceeds of which will be used to finance public infrastructure within the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona).

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

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

The reader is also directed to the fact that the report is under copyright and any use, in whole or part, by anyone except the addressee is expressly prohibited. "*Market Value*" is defined in the body of the report on page 23. For purposes of this analysis, Marketing Time is estimated at 9 to 12 months.

The World Health Organization declared the Coronavirus (COVID-19) a global pandemic on March 11, 2020, causing significant uncertainty in national and local markets. As more American communities "shelter in place" and practice social distancing, local and national economies are expected to experience real contractions. As of the effective date of this report, there is insufficient data to determine the magnitude or duration of the economic impact. However, the expectation is that the pandemic will be contained within months and economies will recover rapidly as people return to production and consumption. The value conclusions herein are based on the information available to us as of the date of the report. This appraisal is based upon the Extraordinary Assumption that the impact of the global pandemic will begin to stabilize in the relatively near term. The client is urged to monitor any associated collateral, as revenues, capitalizing rates and values may change more rapidly than under normal market conditions.

On the basis of data in the body of the report, we have concluded to a final estimate of the Market Value of the fee simple interest as of August 10, 2020, with an inspection date of August 10, 2020, subject to Underlying Assumptions, Extraordinary Assumptions, Limiting Conditions and Hypothetical Conditions contained in this report, my opinion is as follows:

Parcel	Total Lots	As if- Complete Per lot	As if - Complete Parcel Value	As is - 70% Complete Per lot	As is - 70% Complete Parcel Value
EM DU 3/4 N Phase 1	217	\$124,000	\$26,908,000	\$86,800	\$18,835,600
EM DU 3/4 N Phases 2 & 3	487	\$119,000	\$57,953,000	\$83,300	\$40,567,100
EM DU 3/4 N Phase 4 MDR	223	\$87,000	\$19,401,000	\$60,900	\$13,580,700
EM DU 3/4 N Phase 5 MDR	350	\$92,000	\$32,200,000	\$64,400	\$22,540,000
<b>Aggregate Total**</b>	<b>1,277</b>		<b>\$136,462,000</b>		<b>\$95,523,400</b>
<b>Average</b>		<b>\$106,861</b>		<b>\$74,803</b>	
** Sum of the individual lot totals					

Respectfully submitted,

**Schnepf Ellsworth Appraisal Group LLC**



Larry D. Schnepf, MAI, SRPA

Certified Arizona General Real Estate Appraiser

Certificate # 30284, expires 8/31/2022

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## Executive Summary

<i>Type of Property:</i>	The subject consists of a vacant single-family residential subdivision site
<i>Type of Report:</i>	Appraisal Report
<i>Class:</i>	single-family residential subdivision land
<i>Job No.:</i>	20-2523
<i>Job Name:</i>	Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) Assessment District No. 12
<i>Location:</i>	The subject is located 1/4 mile north of Ray Road on both sides of Inspirian Parkway as a part of the Eastmark Masterplanned Development, Mesa, Arizona.
<i>Legal Description:</i>	A full legal description is included within the report. The legal description was obtained from public records.
<i>Statement of Ownership:</i>	Documents detailing the ownership retained in the addenda. The subject is being developed to a stage that includes finished infrastructure (utilities, paved streets, curbs, gutters and sidewalks).

Phase	Lots	Total Lots	Owner	Seller	Sale Date	Sale Price*	Price Per lot	Docket	Deed
<b>Eastmark DU 3/4 North Phase 1 (217 lots)</b>									
	1 to 51	51	Taylor Morrison AZ	DMB	6/21/19	\$3,748,500	\$73,500	20190466991	SWD
	52-135	84	JEN Arizona 42 LLC	DMB	8/16/19	\$7,056,000	\$84,000	20190633251	SWD
	136 to 217	82	CND-E-Mark LLC	DMB	6/21/19	\$7,635,200	\$93,112	20190468037	SWD
<b>Eastmark DU 3/4 North Phase 2 and 3 (487 lots)</b>									
	1 to 197	197	DMB Proving Grounds LLC						
	198 to 242	45	Woodside Homes	DMB	4/7/20	\$6,120,000	\$136,000	20200296781	SWD
	243 to 286	44	DMB Proving Grounds LLC						
	287 to 326	40	Woodside Homes	DMB	7/8/20	\$6,080,000	\$152,000	20200606753	SWD
	327 to 376	50	Woodside Homes	DMB	7/31/20	\$6,100,000	\$122,000	20200693079	SWD
	377 to 487	111	JEN Arizona 45 LLC	DMB	3/9/20	\$13,653,000	\$123,000	20200204415	SWD
<b>Eastmark DU 3/4 North Phase 4 MDR (223 lots)</b>									
	1 to 124	124	LS Eastmark LLC	DMB	12/6/19	\$9,610,000	\$77,500	20190986373	SWD
	125 to 223	99	JEN Arizona 44 LLC	DMB	12/6/19	\$8,811,000	\$89,000	20190988397	SWD
<b>Eastmark DU 3/4 North Phase 5 MDR (350 lots)</b>									
	1 to 350	350	DMB Proving Grounds LLC						
	Total	1,277							
*Sales Price includes cost to finish lots									

<i>Form of Ownership:</i>	Fee Simple Interest
<i>Property Rights Appraised:</i>	Market Value of the fee simple interest.
<i>Intended User/Intended Use (Function) of the Report:</i>	The intended users of this report are the City of Mesa, Arizona (Client and Intended User), the underwriter Stifel, Nicolaus & Company, Incorporated, the district financial advisor Hilltop Securities Inc., Eastmark Community Facilities District No. 1 (City of Mesa, Arizona) and district counsel Sherman & Howard L.L.C. (Intended Users). The intended use (function) of this appraisal will be in conjunction with the sale of tax-exempt assessment bonds, the proceeds of which will be used to finance public infrastructure within the Eastmark Community Facilities District No. 1 (City of Mesa, Arizona).
<i>Improvements Summary:</i>	The subject consists of 4 master-platted parcels consisting of 1,277 planned lots within the final plat for Eastmark DU 3/4 North Phase 1, Eastmark DU 3/4 North Phase 2 and 3, Eastmark DU 3/4 North Phase 4 MDR and Eastmark DU 3/4 North Phase 5 MDR as a part of the Eastmark Masterplanned Development.
<i>Assessor's Parcel:</i>	Assessor parcel numbers are include in the Addenda Tax section of this report.
<i>Flood Zone Designation:</i>	Zone D, Panel number 04013C2705F, Unpublished.
<i>Site Area:</i>	185.19 acres net, 272.61 acres gross.
<i>Zoning:</i>	PC, City of Mesa
<i>Topography:</i>	The property is basically level. No soil reports were provided to the appraisers.
<i>Easements:</i>	Except for zoning restrictions, no other hazards or nuisances were noted which would adversely affect the subject site. The appraisers assume no conditions exist that would adversely affect title.
<i>Nuisance and Hazards:</i>	No environmental reports were provided to the appraiser. No adverse environmental conditions

were noted within this report. No known nuisances, hazards or environmental problems exist.

*Highest and Best Use:* As Is – Single-family residential

*Marketing Time:* 9 to 12 months

*Unit Type:* The most applicable site unit measurement is price per square foot (vacant land) and price per lot.

*Date of Inspection:* August 10, 2020

*Date of Valuation:* August 10, 2020

*Valuation Conclusions:*

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** Sum of the individual lot totals					