

OFFICIAL STATEMENT DATED OCTOBER 23, 2024

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS: See "RATINGS" herein.

INSURANCE: See "BOND INSURANCE" and "RISK FACTORS RELATED TO BOND INSURANCE" herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District (as defined herein), as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein.

\$10,075,000

\$2,995,000

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS, SERIES 2024

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024

Dated: Date of initial delivery

Due: As shown on the inside front cover pages

The General Obligation Bonds, Series 2024 (the "Acquisition Bonds") and the General Obligation Refunding Bonds, Series 2024 (the "Refunding Bonds" and, collectively with the Acquisition Bonds, the "Bonds") of Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the "District"), will be issued in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available initially to ultimate purchasers through the book-entry-only system maintained by DTC in amounts of \$5,000 of principal amount of a series or integral multiples in excess thereof due on specified maturity dates. Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2025. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants which will remit such payments to the beneficial owners of the Bonds. See APPENDIX D - "BOOK-ENTRY-ONLY SYSTEM."

SEE INSIDE FRONT COVER PAGES FOR MATURITY SCHEDULES

The Acquisition Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the "Enabling Act"), and an election held on May 25, 2005, in and for the District, and the Refunding Bonds are authorized pursuant to the Enabling Act and Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended. The Bonds will be issued pursuant to resolutions of the Board of Directors of the District adopted on May 7, 2024. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount with respect to the Acquisition Bonds and without limitation as to rate with respect to the Refunding Bonds, provided, however, that with respect to the Refunding Bonds, such taxes will be limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate will not exceed the total aggregate principal of and interest due on the Bonds Being Refunded (as defined herein) from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. The application of such taxes to the payment of the Refunding Bonds will be subject to the rights vested in the owners of the Bonds Being Refunded to payment of the Bonds Being Refunded from the same source in the event of a deficiency in the proceeds of the Refunding Bonds held in trust to pay principal of and interest on the Bonds Being Refunded. The owners of the Refunding Bonds must rely on the sufficiency of the monies held in trust for payment of the Bonds Being Refunded. See "PLAN OF REFUNDING" and "SECURITY FOR AND SOURCES OF PAYMENT" herein.

Certain of the Bonds will be subject to redemption by the District prior to their stated maturity dates as described under "THE BONDS – Redemption Provisions" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.

**ASSURED
GUARANTY**

Proceeds of the sale of the Acquisition Bonds will be used to finance the acquisition of certain public infrastructure by the District and to pay certain costs of issuance of the Acquisition Bonds. Proceeds of the sale of the Refunding Bonds will be used to refund the Bonds Being Refunded and to pay certain costs of issuance of the Refunding Bonds.

Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See "SECURITY FOR AND SOURCES OF PAYMENT" and "RISK FACTORS" herein.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT, LIMITED AS DESCRIBED HEREIN), NOR THE FULL FAITH AND CREDIT OF THE DEVELOPER (AS DEFINED HEREIN), WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY OF BUCKEYE, ARIZONA, THE DEVELOPER, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

The Bonds will be offered when, as and if issued by the District and received by the Underwriter identified below (the "Underwriter") and subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Developer by its counsel, Berens Blonstein PLC, Scottsdale, Arizona. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about November 21, 2024.

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

STIFEL

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)**

MATURITY SCHEDULES

\$10,075,000

GENERAL OBLIGATION BONDS, SERIES 2024

| Maturity Date (July 15) | Principal Amount | Interest Rate | Yield | CUSIP® ⁽¹⁾ No. 315598 |
|-------------------------------|---------------------|------------------|--------|-------------------------------------|
| 2025 | \$215,000 | 5.00% | 3.82% | HR6 |
| 2026 | 405,000 | 5.00 | 3.38 | HS4 |
| 2027 | 425,000 | 5.00 | 3.23 | HT2 |
| 2028 | 240,000 | 5.00 | 3.25 | HU9 |
| 2029 | 250,000 | 5.00 | 3.30 | HV7 |
| 2030 | 260,000 | 5.00 | 3.40 | HW5 |
| 2031 | 285,000 | 5.00 | 3.47 | HX3 |
| 2032 | 290,000 | 5.00 | 3.56 | HY1 |
| 2033 | 305,000 | 5.00 | 3.67 | HZ8 |
| 2034 | 295,000 | 5.00 | 3.72 | JA1 |
| 2035 | 310,000 | 5.00 | 3.78 * | JB9 |
| 2036 | 325,000 | 4.00 | 3.88 * | JC7 |
| 2037 | 340,000 | 5.00 | 3.87 * | JD5 |
| 2038 | 355,000 | 5.00 | 3.89 * | JE3 |
| 2039 | 370,000 | 5.00 | 3.95 * | JF0 |

\$5,405,000 4.00% Term Bond Due 7/15/2044, Yield 4.27% CUSIP 315598JG8

* Yield calculated to July 15, 2034, the first optional redemption date.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Underwriter, the Developer or their agents or counsel assume responsibility for the accuracy of such numbers.

\$2,995,000
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2024

| Maturity Date (July 15) | Principal Amount | Interest Rate | Yield | CUSIP® ⁽¹⁾ No. 315598 |
|-------------------------------|---------------------|------------------|-------|-------------------------------------|
| 2025 | \$320,000 | 5.00% | 3.82% | JH6 |
| 2026 | 275,000 | 5.00 | 3.38 | JJ2 |
| 2027 | 285,000 | 5.00 | 3.23 | JK9 |
| 2028 | 300,000 | 5.00 | 3.25 | JL7 |
| 2029 | 320,000 | 5.00 | 3.30 | JM5 |
| 2030 | 335,000 | 5.00 | 3.40 | JN3 |
| 2031 | 340,000 | 5.00 | 3.47 | JP8 |
| 2032 | 365,000 | 5.00 | 3.56 | JQ6 |
| 2033 | 455,000 | 5.00 | 3.67 | JR4 |

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Underwriter, the Developer or their agents or counsel assume responsibility for the accuracy of such numbers.

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)**

DISTRICT BOARD

Eric Orsborn, *District Board Chairman*
Tony Youngker, *District Board Member*
Clay Goodman, *District Board Member*
Jeanine Guy, *District Board Member*
G. Patrick HagEstad, *District Board Member*
Michelle Hess, *District Board Member*
Craig Heustis, *District Board Member*

DISTRICT STAFF

Daniel Cotterman, *District Manager*
William Kauppi, *District Treasurer*
Lucinda Aja, *District Clerk*

FINANCIAL ADVISOR

Hilltop Securities Inc.
Phoenix, Arizona

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank Trust Company, National Association
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside front cover pages and the appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the “District”), the District’s General Obligation Bonds, Series 2024 and General Obligation Refunding Bonds, Series 2024 (collectively, the “Bonds”), the hereinafter described Bond Resolution, the security for the Bonds, the Developer (as defined herein) and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution and any other documents are qualified in their entirety by reference to such documents, copies of which may be obtained from Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), at 2801 East Camelback Road, Suite 300, Phoenix, Arizona 85016.

The information set forth herein has been obtained from the District, the Developer and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Underwriter or Hilltop Securities Inc. (the “Financial Advisor”). This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions or that they will be realized. The presentation of information, including tables of *ad valorem* tax rates and bonded general obligation indebtedness, in this Official Statement is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District, the Financial Advisor, the Underwriter, or any of their legal counsel, including counsel to the Underwriter and Bond Counsel (as defined herein) and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX C – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

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

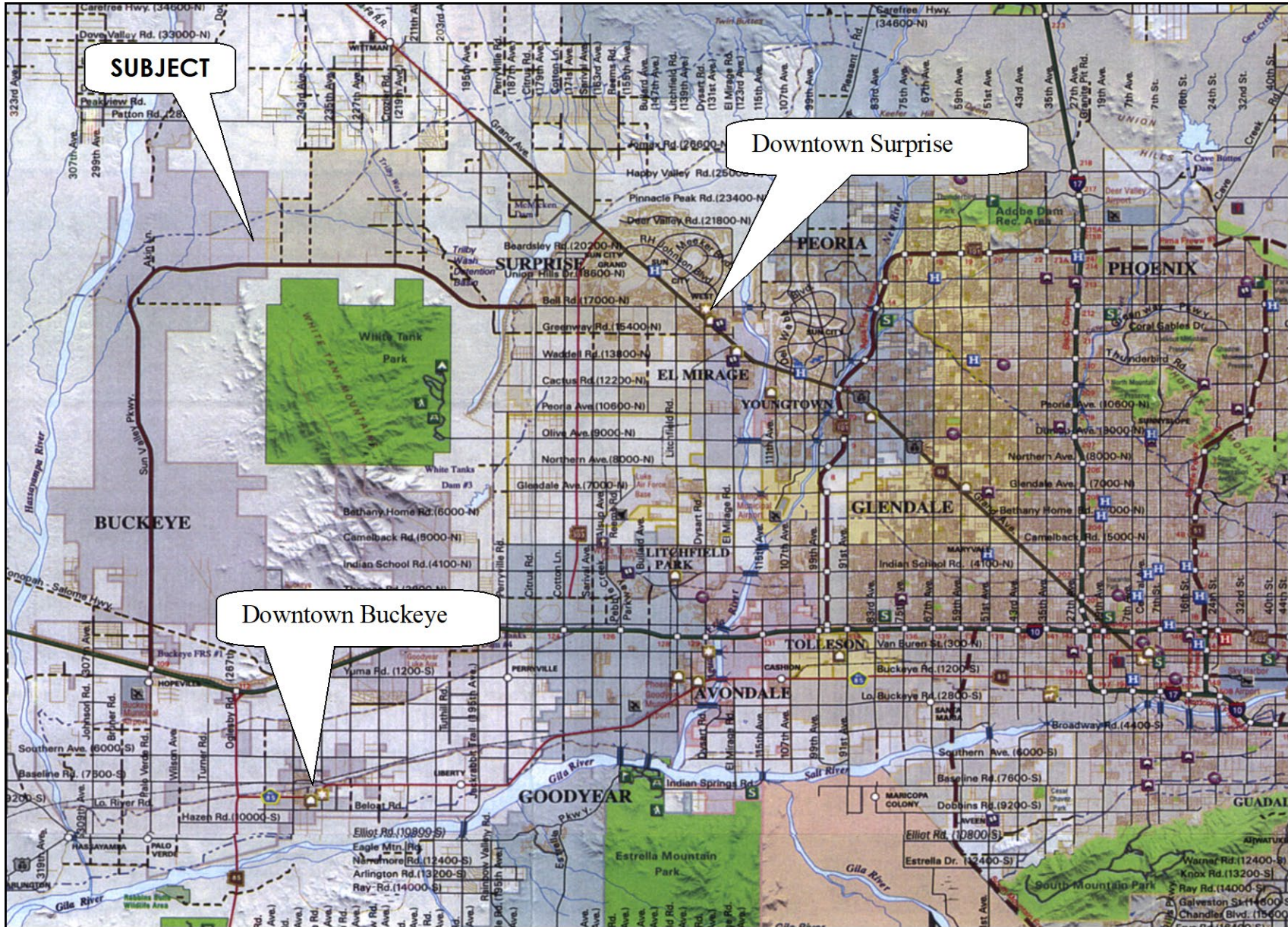
Assured Guaranty Inc. (“AG”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and APPENDIX F – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

TABLE OF CONTENTS

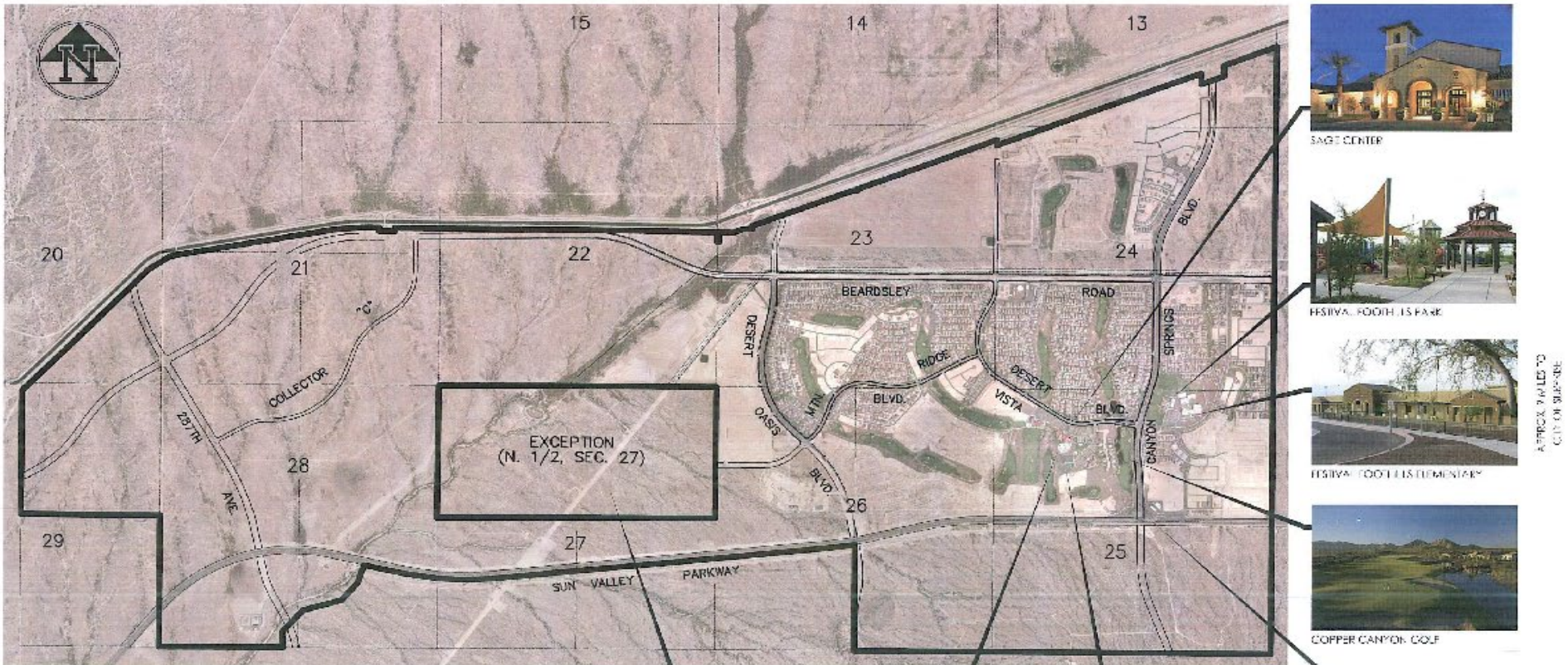
| | <u>Page</u> |
|--|-------------|
| MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN PHOENIX AREA | (iv) |
| AERIAL PHOTOGRAPH OF THE DISTRICT | (v) |
| THE DISTRICT | 1 |
| THE BONDS | 2 |
| Authority and Election | 2 |
| General Description..... | 2 |
| Bond Registrar and Paying Agent | 2 |
| Redemption Provisions..... | 3 |
| Registration and Transfer When Book-Entry-Only System Has Been Discontinued..... | 4 |
| PLAN OF REFUNDING..... | 5 |
| Schedule of Bonds Being Refunded..... | 5 |
| VERIFICATION OF MATHEMATICAL COMPUTATIONS..... | 6 |
| SOURCES AND APPLICATIONS OF FUNDS | 6 |
| SECURITY FOR AND SOURCES OF PAYMENT | 7 |
| General | 7 |
| Defeasance..... | 7 |
| <i>Ad Valorem</i> Property Taxation in the District | 7 |
| OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS | 17 |
| Overlapping General Obligation Bonded Indebtedness | 17 |
| Additional General Obligation Bonded Indebtedness of the District | 18 |
| Additional Overlapping General Obligation Bonded Indebtedness | 19 |
| Other Debt of the District | 19 |
| LAND DEVELOPMENT..... | 20 |
| In General..... | 20 |
| Land Development Agreements/Community Master Plan | 20 |
| Additional Entitlements..... | 21 |
| Residential Development..... | 22 |
| THE PUBLIC INFRASTRUCTURE | 23 |
| Water Reclamation Facility | 23 |
| Water Production Campus..... | 24 |
| Assured Water Supply..... | 24 |
| Streets/Water and Sewer Lines..... | 25 |
| Police and Fire..... | 26 |
| Other..... | 26 |
| PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS | 26 |
| DEVELOPER..... | 27 |
| RISK FACTORS | 27 |
| General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences | 27 |
| Failure or Inability to Complete Proposed Development | 28 |
| Completion of the Public Infrastructure and the Other Infrastructure | 28 |
| Sale of Portions of the Land in the District | 29 |
| Lack of Availability of Utilities and Water | 29 |
| Effect of Valuation of Property | 29 |
| Direct and Overlapping Indebtedness..... | 29 |
| Bankruptcy and Foreclosure Delays..... | 29 |
| Amendment of Documents Referenced..... | 30 |
| Environmental Matters | 30 |
| Forward Looking Statements..... | 31 |
| No Review of Filings..... | 31 |
| Homeowner Complaints..... | 31 |
| Risk of Internal Revenue Service Audit | 31 |

| | |
|---|-----|
| LITIGATION | 32 |
| LEGAL MATTERS | 32 |
| FINANCIAL STATEMENTS..... | 33 |
| TAX EXEMPTION..... | 33 |
| ORIGINAL ISSUE DISCOUNT..... | 34 |
| BOND PREMIUM | 34 |
| RATINGS..... | 35 |
| BOND INSURANCE | 35 |
| RISK FACTORS RELATED TO BOND INSURANCE..... | 37 |
| UNDERWRITING | 38 |
| CONTINUING DISCLOSURE..... | 38 |
| FINANCIAL ADVISOR..... | 38 |
| RELATIONSHIP AMONG PARTIES | 39 |
| | |
| APPENDIX A: INFORMATION REGARDING THE CITY OF BUCKEYE, ARIZONA | A-1 |
| APPENDIX B: FORMS OF LEGAL OPINIONS OF BOND COUNSEL | B-1 |
| APPENDIX C: FORM OF CONTINUING DISCLOSURE UNDERTAKING | C-1 |
| APPENDIX D: BOOK-ENTRY-ONLY SYSTEM..... | D-1 |
| APPENDIX E: AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2023..... | E-1 |
| APPENDIX F: SPECIMEN MUNICIPAL BOND INSURANCE POLICY..... | F-1 |

MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA



AERIAL PHOTOGRAPH OF THE DISTRICT



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT EXHIBIT

DATE: 12.28.09
 HQ: 10.25.09

EXCEPTION RANCH IS OWNED BY THE ARIZONA STATE LAND DEPARTMENT



SAGE CENTER - SWIMMING/SPA



SAGE CENTER - SPORTS



MAIN ENTRY

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$10,075,000
FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2024

\$2,995,000
FESTIVAL RANCH COMMUNITY
FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
GENERAL OBLIGATION
REFUNDING BONDS, SERIES 2024

This Official Statement, which includes the cover page, the inside front cover pages and the appendices hereto, provides certain information concerning the Festival Ranch Community Facilities District (City of Buckeye, Arizona) General Obligation Bonds, Series 2024 (the “Acquisition Bonds”) and General Obligation Refunding Bonds, Series 2024 (the “Refunding Bonds” and, collectively with the Acquisition Bonds, the “Bonds”), to be issued in the principal amounts indicated above.

THE DISTRICT

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (the “Enabling Act”), and in response to a petition by Pulte Home Corporation, which was subsequently converted to Pulte Home Company, LLC (the “Developer”), the Mayor and Council of the Town of Buckeye, Arizona (the “Town”), adopted a resolution on April 19, 2005, which formed Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the “District”). Effective January 1, 2014, the Town organized as a city and became the City of Buckeye, Arizona (the “City”), the successor in interest to the Town. See APPENDIX A - “INFORMATION REGARDING THE CITY OF BUCKEYE, ARIZONA” hereto for information about the City and the information under the heading “DEVELOPER” herein for information about the Developer.

The District encompasses approximately 4,015 acres within the City and is located approximately 34 miles west of downtown Phoenix, Arizona, 17 miles north of Interstate 10, and nine miles west of current development within the City of Surprise, Arizona. See the map on page (iv) with respect to the location of the District and the aerial photograph of the District on page (v).

The District is a special purpose, tax levying public improvement district for purposes of the constitution of the State of Arizona (the “State” or “Arizona”) and a municipal corporation for certain purposes of the laws of the State. Except as otherwise provided in the Enabling Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the City. The Mayor and Council of the City serve, *ex officio*, as members of the Board of Directors of the District (the “Board”), and the City Manager of the City serves as the District Manager.

Pursuant to the terms of certain development agreements among the City, the Developer and the District, the District has provided financing for the acquisition of certain public infrastructure necessary for development of the land within the boundaries of the District. See “LAND DEVELOPMENT” herein. The District has the authority, with voter approval, to issue general obligation bonds payable from *ad valorem* taxes levied on all taxable property within the boundaries of the District, without limitation as to rate or amount, to finance, among other things, the acquisition costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds. The District also levies a \$0.30 *ad valorem* tax per \$100 of Net Limited Assessed Property Value (as defined herein), the proceeds of which are used to pay a portion of the operation and maintenance expenses of the District and of the public infrastructure financed by the District (the “Operation and Maintenance Tax”).

THE BONDS

Authority and Election

The Acquisition Bonds are authorized pursuant to the Enabling Act and an election held on May 25, 2005 (the "Election"). The Acquisition Bonds will be the fifteenth series of bonds issued pursuant to the authorization approved at the Election, and, after issuance of the Acquisition Bonds, \$106,397,622 principal amount of general obligation bonds of the District will remain authorized but unissued. Additional indebtedness could be authorized for the District in the future pursuant to other elections. The Acquisition Bonds are being issued in order to (i) finance a portion of the cost for the District to acquire the Public Infrastructure Financed by the Bonds (as defined herein) from the Developer and (ii) pay certain costs of issuance of the Acquisition Bonds. See "PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS."

The Refunding Bonds are authorized pursuant to the Enabling Act and Title 35, Chapter 3, Article 4, Arizona Revised Statutes, as amended (the "Refunding Act"). Proceeds from the sale of the Refunding Bonds will be used to (i) refund the Bonds Being Refunded (as defined herein) as described under "PLAN OF REFUNDING" and (ii) pay certain costs of issuance of the Refunding Bonds.

The Bonds will be issued pursuant to resolutions adopted by the Board on May 7, 2024 (together, the "Bond Resolution").

See "SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District" and "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS - Additional General Obligation Bonded Indebtedness of the District."

General Description

The Bonds will be dated the date of their initial delivery, and will mature and bear interest at the rates as set forth on the inside front cover pages of this Official Statement.

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing January 15, 2025 (each such date being referred to herein as an "Interest Payment Date"). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the date of their initial delivery, calculated on the basis of a 360-day year of twelve 30-day months. See APPENDIX D - "BOOK-ENTRY-ONLY SYSTEM." The District has chosen the close of business on the last day of the calendar month (other than a Saturday, Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally (a "Business Day")) next preceding the applicable Interest Payment Date, or if such day is not a Business Day, the previous Business Day, as the record date for the Bonds (the "Record Date").

The principal of, redemption price for and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds for a book-entry-only system (the "Book-Entry-Only System"). The Bonds will be available initially to ultimate purchasers under such system in amounts of \$5,000 of principal of a series or integral multiples in excess thereof due on specified maturity dates. No document of any nature whatsoever need be surrendered as a condition to payment of the principal of and interest on the Bonds. See APPENDIX D - "BOOK-ENTRY-ONLY SYSTEM."

Bond Registrar and Paying Agent

U.S. Bank Trust Company, National Association will serve as the initial bond registrar, transfer agent and paying agent (the "Bond Registrar and Paying Agent") for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

Redemption Provisions

Optional Redemption. The Bonds maturing before or on July 15, 2034 will not be subject to redemption prior to their maturity. The Bonds maturing on or after July 15, 2035 will be subject to redemption prior to maturity, at the option of the District, in whole or in part from maturities selected by the District on July 15, 2034, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond redeemed, plus interest accrued to the date fixed for redemption but without premium.

Mandatory Redemption. The Bonds maturing on July 15, 2044, will be redeemed from funds of the District prior to maturity on July 15 of the following years and in the following principal amounts, upon payment of the redemption price which consists of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, but without premium:

Term Bonds due July 15, 2044

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 2040 | \$390,000 |
| 2041 | 405,000 |
| 2042 | 420,000 |
| 2043 | 440,000 |
| 2044 | 3,750,000 (maturity) |

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rata basis, to the extent practicable; provided, however, that each remaining mandatory payment shall be in an amount of at least \$5,000 of principal.

Notice of Redemption. So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. See APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM.” If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent not more than 60 nor less than 30 days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

Notice of any redemption will also be provided as set forth in APPENDIX C – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If monies for the payment of the redemption price and accrued interest are not held in separate accounts by or on behalf of the District or the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such monies being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

Effect of Redemption. On the date designated for redemption, the Bonds or portions thereof to be redeemed will become and be due and payable at the redemption price for such Bonds or portions thereof, and, if monies for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or portions thereof to be redeemed will cease to accrue, such Bonds or portions thereof will cease to be entitled to any benefit or security under the Bond Resolution, the owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds or portions thereof will be deemed paid and no longer outstanding. DTC’s practice is to determine by lot the amount of each Direct Participant’s (as defined in APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM”) proportionate share that is to be redeemed.

Redemption of Less than All of a Bond. The District may redeem any amount that is included in a Bond that is subject to prior redemption in a denomination equal to or in excess of, but divisible by, \$5,000. In the event of a partial redemption, the Bond will be redeemed in accordance with DTC's procedures. In the event of a partial redemption after the Book-Entry-Only System is discontinued, the registered owner will submit the Bond for partial redemption and the Bond Registrar and Paying Agent will make such partial payment and will cause to be issued a new Bond in a principal amount which reflects the redemption so made, to be authenticated and delivered to the registered owner thereof.

Registration and Transfer When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent's requirements for transfer are met. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective Interest Payment Date. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds that have been selected for prior redemption.

The transferor will be responsible for all fees, taxes and any other costs relating to the transfer of ownership of individual Bonds.

[Remainder of page left blank intentionally.]

PLAN OF REFUNDING

The proceeds of the sale of the Refunding Bonds, together with amounts on deposit in the District’s debt service fund, will be placed in an irrevocable depository trust (the “Depository Trust”) with U.S. Bank Trust Company, National Association (the “Trustee”), to pay debt service on all of the outstanding principal amount with respect to each series of the bonds identified below (collectively, the “Bonds Being Refunded”) until their redemption on the date specified below, and to redeem the Bonds Being Refunded on such redemption date, without premium, pursuant to the terms of a depository trust agreement between the District and the Trustee.

Schedule of Bonds Being Refunded

| Issue Series | Maturity Date | Coupon | Principal Amount Outstanding | Bonds Being Refunded | Redemption Date | Redemption Premium (as a Percentage of Principal) | CUSIP® ^(a) No. 315598 |
|--------------|----------------------|---------|------------------------------|----------------------|-----------------|---|----------------------------------|
| 2012 | 7/15/2025 <i>(b)</i> | 5.000% | \$220,000 | \$220,000 | 12/30/2024 | 0.0% | BL5 |
| | 7/15/2026 <i>(b)</i> | 5.000 | 230,000 | 230,000 | 12/30/2024 | 0.0 | BL5 |
| | 7/15/2027 | 5.000 | 240,000 | 240,000 | 12/30/2024 | 0.0 | BL5 |
| | 7/15/2028 <i>(c)</i> | 5.000 | 250,000 | 250,000 | 12/30/2024 | 0.0 | BN1 |
| | 7/15/2029 <i>(c)</i> | 5.000 | 265,000 | 265,000 | 12/30/2024 | 0.0 | BN1 |
| | 7/15/2030 <i>(c)</i> | 5.000 | 280,000 | 280,000 | 12/30/2024 | 0.0 | BN1 |
| | 7/15/2031 | 5.000 | 290,000 | 290,000 | 12/30/2024 | 0.0 | BN1 |
| | | | <u>\$1,775,000</u> | <u>\$1,775,000</u> | | | |
| 2013 | 7/15/2025 <i>(d)</i> | 4.250% | \$60,000 | \$60,000 | 12/30/2024 | 0.0% | BZ4 |
| | 7/15/2026 | 4.250 | 65,000 | 65,000 | 12/30/2024 | 0.0 | BZ4 |
| | 7/15/2027 <i>(e)</i> | 4.500 | 65,000 | 65,000 | 12/30/2024 | 0.0 | CA8 |
| | 7/15/2028 | 4.500 | 70,000 | 70,000 | 12/30/2024 | 0.0 | CA8 |
| | 7/15/2029 <i>(f)</i> | 4.750 | 75,000 | 75,000 | 12/30/2024 | 0.0 | CB6 |
| | 7/15/2030 | 4.750 | 75,000 | 75,000 | 12/30/2024 | 0.0 | CB6 |
| | 7/15/2031 <i>(g)</i> | 5.250 | 75,000 | 75,000 | 12/30/2024 | 0.0 | CC4 |
| | 7/15/2032 <i>(g)</i> | 5.250 | 390,000 | 390,000 | 12/30/2024 | 0.0 | CC4 |
| 7/15/2033 | 5.250 | 480,000 | 480,000 | 12/30/2024 | 0.0 | CC4 | |
| | | | <u>\$1,355,000</u> | <u>\$1,355,000</u> | | | |

- (a)* See footnote (1) on the inside front cover pages.
- (b)* Represents mandatory redemption payments of a term bond with a final maturity of July 15, 2027.
- (c)* Represents mandatory redemption payments of a term bond with a final maturity of July 15, 2031.
- (d)* Represents mandatory redemption payments of a term bond with a final maturity of July 15, 2026.
- (e)* Represents mandatory redemption payments of a term bond with a final maturity of July 15, 2028.
- (f)* Represents mandatory redemption payments of a term bond with a final maturity of July 15, 2030.
- (g)* Represents mandatory redemption payments of a term bond with a final maturity of July 15, 2033.

To the extent the monies held by the Trustee are not sufficient to pay the principal of and interest on the Bonds Being Refunded, the District will remain liable for payment of the Bonds Being Refunded. The *ad valorem* tax to be levied for the payment of the Refunding Bonds will be unlimited as to rate, except that the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds in the aggregate will not exceed the total aggregate of principal and interest due on the Bonds Being Refunded from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded. The Refunding Act provides that the issuance of the Refunding Bonds will in no way infringe upon the rights of holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal of and interest on the Bonds Being Refunded if the monies held in the Depository Trust prove insufficient. The Refunding Act further provides that owners of the Refunding Bonds must rely upon the sufficiency of such monies held in the Depository Trust for the payment of the Bonds Being Refunded. See “SECURITY FOR AND SOURCES OF PAYMENT.”

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the escrow securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Bonds Being Refunded.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District’s retained advisors, consultants or legal counsel

SOURCES AND APPLICATIONS OF FUNDS

| | Sources | | |
|----------------------------------|------------------------|-----------------------|------------------------|
| | Acquisition Bonds | Refunding Bonds | Total |
| Par Amount of Bonds | \$10,075,000.00 | \$2,995,000.00 | \$13,070,000.00 |
| Net Original Issue Premium (a) | 131,648.90 | 200,694.85 | 332,343.75 |
| Developer Contribution | 252,825.00 | 160,950.00 | 413,775.00 |
| | <u>\$10,459,473.90</u> | <u>\$3,356,644.85</u> | <u>\$13,816,118.75</u> |
| Total | | | |
| | Applications | | |
| Cost of Acquisition | \$10,162,486.00 | - | \$10,162,486.00 |
| Transfer to Trustee | - | \$3,185,292.14 | 3,185,292.14 |
| Payment of Costs of Issuance (b) | 296,987.90 | 171,352.71 | 468,340.61 |
| | <u>\$10,459,473.90</u> | <u>\$3,356,644.85</u> | <u>\$13,816,118.75</u> |
| Total | | | |

(a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*

(b) *Includes the premium on the Policy (as defined herein) and compensation and costs of the Underwriter (as defined herein) with respect to the Bonds.*

SECURITY FOR AND SOURCES OF PAYMENT

General

The Board will annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the Enabling Act and available pursuant to the Bond Resolution, to pay debt service with respect to the Bonds (whether at maturity or prior redemption) when due, such *ad valorem* taxes to be unlimited as to rate, except that such *ad valorem* taxes with respect to the Refunding Bonds will be limited in amount so that the total aggregate of taxes levied to pay principal and interest on the Refunding Bonds will not exceed the total aggregate principal of and interest due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. Subject to such limitation, such taxes are to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. Amounts derived from the levy of such tax when collected constitute funds to pay the debt service on the outstanding general obligation bonds of the District, including debt service with respect to the Bonds, and will be kept separately from other funds of the District. With respect to *ad valorem* property taxes, the outstanding general obligation bonds of the District and the Bonds will be payable from such taxes on the same basis as issues of general obligation bonds of the District which may be issued in the future. In addition to the levy of *ad valorem* property taxes for the payment of debt service on the Bonds, the Board also levies the Operation and Maintenance Tax. See TABLE 7 herein for information regarding the outstanding general obligation bonds of the District. See also “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING TAXES – Additional General Obligation Bonded Indebtedness of the District.”

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT, LIMITED AS DESCRIBED HEREIN), NOR THE FULL FAITH AND CREDIT OF THE DEVELOPER, WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY, THE DEVELOPER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

Ad Valorem Property Taxation in the District

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, and the maintenance and operation of special service districts such as sanitary, fire, road improvement and career technical education districts are “secondary taxes.” See “Primary Taxes” and “Secondary Taxes” below.

Taxable Property. Real property and improvements and personal property are either valued by the Assessor of Maricopa County, Arizona (the “County”) or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value. In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value. In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than 15% of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions. The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the District.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See “Primary Taxes” and “Secondary Taxes” below.

Property Classification and Assessment Ratios. All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

[Remainder of page left blank intentionally.]

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 1

Property Tax Assessment Ratios (Tax Year)

| Property Classification (a) | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|------|-------|------|-------|
| Mining, utilities, commercial and industrial (b) | 18% | 18% | 17.5% | 17% | 16.5% |
| Agricultural and vacant land | 15 | 15 | 15 | 15 | 15 |
| Owner occupied residential | 10 | 10 | 10 | 10 | 10 |
| Leased or rented residential | 10 | 10 | 10 | 10 | 10 |
| Railroad, private car company and airline flight property (c) | 15 | 15 | 15 | 14 | 14 |

- (a) *Additional property classifications exist, but seldom amount to a significant portion of a municipal body's total valuation.*
- (b) *The assessment ratio for this property classification will decrease to 16% for tax year 2025, 15.5% for tax year 2026 and 15% for each tax year thereafter.*
- (c) *This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.*

Source: *State and County Abstract of the Assessment Roll, Arizona Department of Revenue, 2024 Final Property Class Summary, Arizona Department of Revenue.*

Primary Taxes. Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value. “Net Limited Assessed Property Value” is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bonded indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district’s taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes. Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, and the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, and career technical education districts, and the taxes levied by school districts for qualified desegregation expenditures are “secondary taxes.” Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

Tax Procedures. The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then

forwarded to the Treasurer of the County. (The Assessor of the County is required to have completed the assessment roll by December 15th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals or other reasons reduces the amount of taxes received by each jurisdiction.

In 2021, the Arizona Court of Appeals ruled in *Qasimyar v. Maricopa County* that certain transitions between property classifications qualified as a “change in use” requiring recalculation of the limited property value of the affected properties. On April 5, 2024, the Treasurer of the County released estimated financial impacts to the various taxing jurisdictions. The Treasurer of the County also indicated that the refund process will begin in July 2024 and is expected to conclude in June 2025. The refunds will result in a reduction in cash from property tax revenue for the taxing jurisdictions, including the District. The District’s estimated reduction in property tax revenues as of June 2024 is approximately \$492,673 (excluding additional interest at the current rate of 8%) per the Treasurer of the County. The District will have sufficient funds on deposit to pay principal of and interest on its general obligation bonds on a timely basis even with the one-time reduction in secondary tax revenues as a result of the refunds.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years and liens imposed by the United States. Set forth in TABLE 2 is a record of property taxes levied and collected in the District for a portion of the current fiscal year and the previous five fiscal years.

TABLE 2

**Property Taxes Levied and Collected (a)
Festival Ranch Community Facilities District**

| Fiscal Year | District Tax Rate | Adopted District Tax Levy | Adjusted District Tax Levy as of June 30th | Collected to June 30th of Initial Fiscal Year | | Adjusted District Tax Levy as of September 30, 2024 | Cumulative Collections to September 30, 2024 | |
|-------------|-------------------|---------------------------|--|---|----------------|---|--|----------------|
| | | | | Amount | % of Adj. Levy | | Amount | % of Adj. Levy |
| 2024/25 (b) | \$ 3.1959 | \$4,376,993 | (b) | (b) | (b) | \$ 4,373,888 | \$ 699,983 | 16.00% |
| 2023/24 | 3.1731 | 3,874,336 | \$ 3,848,267 | \$ 3,802,764 | 98.82 % | 3,823,674 | 3,812,256 | 99.70 |
| 2022/23 | 3.1493 | 3,439,014 | 3,434,604 | 3,391,658 | 98.75 | 3,401,220 | 3,400,700 | 99.98 |
| 2021/22 | 3.0749 | 2,996,446 | 2,996,158 | 2,981,002 | 99.49 | 2,962,033 | 2,961,553 | 99.98 |
| 2020/21 | 2.8803 | 2,446,185 | 2,428,199 | 2,422,916 | 99.78 | 2,401,502 | 2,421,074 | 100.00 |
| 2019/20 | 3.3232 | 2,455,175 | 2,454,593 | 2,439,967 | 99.40 | 2,420,708 | 2,420,708 | 100.00 |

(a) *Taxes are collected by the Treasurer of the County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Interest and penalty collections for delinquent taxes are not included in the collection figures in TABLE 2, but are deposited in the County’s General Fund.*

(b) *2024/25 taxes in course of collection:
First installment due 10-01-24; delinquent 11-01-24
Second installment due 03-01-25; delinquent 05-01-25.*

Source: Office of the Treasurer of the County.

Delinquent Tax Procedures. The property taxes due the District are billed, along with State and other taxes, each September, are due and payable in two installments on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum, prorated monthly at a rate of 1.33% as of the first day of each subsequent month. (Interest and penalties for delinquent taxes are waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

Chapter 176, Laws of Arizona 2024 (commonly referred to by its original bill number as "SB 1431") revises the redemption and foreclosure process for tax lien certificate holders whereby a delinquent taxpayer may request an entry of judgment directing the sale of the property for excess proceeds. If a delinquent taxpayer requests an excess proceeds sale, and an entry of judgment is granted to direct such excess proceeds sale, a tax lien certificate holder's potential financial return on the subject tax lien eligible for foreclosure may decrease relative to the tax lien certificate holder's potential financial return on such tax lien prior to the enactment of SB 1431. Therefore, in connection with the new excess proceeds sale process instituted by SB 1431, it is reasonable to conclude that "tax sale investors" may be less willing to purchase tax liens. The effective date of SB 1431 was September 14, 2024. None of the District, the Underwriter, the Developer or the counsel or agents of any of them, are able to determine or predict what impact, if any, SB 1431 will have on property tax collections in the District.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter, the Financial Advisor (as defined herein), the Developer or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years. See "RISK FACTORS – Bankruptcy and Foreclosure Delays."

TABLE 3

**Net Limited Assessed Property Value by Property Classification
Festival Ranch Community Facilities District**

| <u>Class</u> | <u>2024/25</u> | <u>2023/24</u> | <u>2022/23</u> | <u>2021/22</u> | <u>2020/21</u> |
|---|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Commercial, industrial, utilities & mines | \$ 4,758,318 | \$ 2,627,849 | \$ 3,338,453 | \$ 3,719,796 | \$ 3,060,862 |
| Agricultural and vacant | 1,122,046 | 1,657,328 | 795,473 | 1,430,371 | 2,583,575 |
| Residential (owner occupied) | 94,042,912 | 84,845,296 | 74,881,223 | 64,992,572 | 55,248,847 |
| Residential (rental) | 37,036,219 | 32,990,268 | 30,184,198 | 27,305,834 | 24,729,212 |
| Totals (a) | <u>\$ 136,959,496</u> | <u>\$ 122,120,741</u> | <u>\$ 109,199,348</u> | <u>\$ 97,448,573</u> | <u>\$ 85,622,496</u> |

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

See also in this respect the discussion under the subheading “LAND DEVELOPMENT.”

[Remainder of page left blank intentionally.]

TABLE 4

**Net Limited Assessed Property Value of Major Taxpayers
Festival Ranch Community Facilities District**

| Major Taxpayer (a) | 2024/25 Net Limited Assessed Property Value | As % of 2024/25 Net Limited Assessed Property Value |
|--|--|---|
| Arizona Public Service | \$ 6,335,138 | 4.63% |
| Pulte Home Company LLC (b) | 3,907,296 | 2.85 |
| Accipiter Communications Inc. | 807,610 | 0.59 |
| Sun City Festival Community Association Inc. | 704,322 | 0.51 |
| Transwestern Pipeline Company LLC | 444,167 | 0.32 |
| CP 2004 Station 1 LLC | 221,818 | 0.16 |
| Total (c) | \$ 12,420,352 | 9.07 |

- (a) *Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). Such reports, proxy statements and other information (collectively, the “Filings”) may be inspected, copied and obtained at prescribed rates at the Commission’s public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR database at <http://www.sec.gov>. No representative of the District, the Underwriter, the Financial Advisor, Bond Counsel or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor does any such representative assume responsibility for the same.*
- (b) *Includes the Net Limited Assessed Property Value for taxpayers known by the Assessor of the County as Pulte Home Corporation.*
- (c) *Totals may not add due to rounding.*

Source: The Assessor of the County.

See “RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences.”

[Remainder of page left blank intentionally.]

TABLE 5

**Comparative Net Limited Assessed Property Values
Festival Ranch Community Facilities District**

| <u>Fiscal Year</u> | <u>Festival Ranch Community Facilities District</u> | <u>City of Buckeye</u> | <u>Maricopa County</u> | <u>State of Arizona</u> |
|------------------------|---|----------------------------|----------------------------|-----------------------------|
| 2024/25 | \$ 136,959,496 | \$ 953,508,266 | \$ 58,328,686,358 | \$ 88,425,611,337 |
| 2023/24 | 122,120,741 | 809,880,823 | 54,722,310,149 | 83,026,514,349 |
| 2022/23 | 109,199,348 | 718,798,778 | 51,575,018,185 | 78,415,651,030 |
| 2021/22 | 97,448,573 | 617,421,432 | 48,724,126,672 | 74,200,360,570 |
| 2020/21 | 85,622,496 | 558,013,165 | 45,704,969,813 | 69,914,763,468 |

Source: *Property Tax Rates Assessed Values*, Arizona Tax Research Association, Department of Finance of the County and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

TABLE 6

**Estimated Net Full Cash Value History
Festival Ranch Community Facilities District**

| <u>Fiscal Year</u> | <u>Estimated Net Full Cash Value (a)</u> |
|------------------------|--|
| 2024/25 | \$ 2,322,420,865 |
| 2023/24 | 1,790,691,002 |
| 2022/23 | 1,333,626,470 |
| 2021/22 | 1,161,755,658 |
| 2020/21 | 978,486,976 |

(a) *Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

[Remainder of page left blank intentionally.]

The following table lists the general obligation bonded indebtedness of the District that will be outstanding after issuance of the Bonds:

TABLE 7

General Obligation Bonded Indebtedness to be Outstanding

| Issue Series | Original Amount | Purpose | Final Maturity Date (July 15) | Balance Outstanding | Bonds Being Refunded | Balance Outstanding and to be Outstanding |
|--|-----------------|--|-------------------------------|---------------------|----------------------|---|
| Series 2012 | \$5,400,000 | Sewer lines and roadways | 2031 | \$1,775,000 | \$1,775,000 | \$ - |
| Series 2013 | 1,800,000 | Water main lines, wells, facilities | 2033 | 1,355,000 | 1,355,000 | - |
| Series 2016 | 5,410,000 | Water main lines, wells, facilities | 2036 | 4,715,000 | - | 4,715,000 |
| Series 2017 | 3,665,000 | Sewer lines, water lines and roadways | 2037 | 2,975,000 | - | 2,975,000 |
| Series 2017 | 2,940,000 | Refunding | 2032 | 2,245,000 | - | 2,245,000 |
| Series 2018 | 3,335,000 | Water reclamation facility and road improvements | 2038 | 2,955,000 | - | 2,955,000 |
| Series 2019 | 5,715,000 | Water reclamation facility | 2039 | 4,845,000 | - | 4,845,000 |
| Series 2019 | 3,885,000 | Refunding | 2034 | 2,565,000 | - | 2,565,000 |
| Series 2020 | 5,315,000 | Fire station, sewer lines, wells | 2040 | 4,925,000 | - | 4,925,000 |
| Series 2021 | 5,790,000 | Fire station, sewer lines, wells | 2041 | 5,320,000 | - | 5,320,000 |
| Series 2022 | 6,075,000 | Water transmission main, plant and line improvements | 2042 | 5,860,000 | - | 5,860,000 |
| Series 2023 | 3,985,000 | Water, sewer and street improvements | 2043 | 3,705,000 | - | 3,705,000 |
| Total General Obligation Bonded Debt Outstanding | | | | | | \$ 40,110,000 |
| Plus: The Acquisition Bonds | | | | | | 10,075,000 |
| Plus: The Refunding Bonds | | | | | | 2,995,000 |
| Total General Obligation Bonded Debt to be Outstanding | | | | | | <u>\$ 53,180,000</u> |

[Remainder of page left blank intentionally.]

Annual Debt Service Requirements of General Obligation Bonded Indebtedness To Be Outstanding. The District will have the following annual debt service requirements after the issuance of the Bonds:

TABLE 8

Schedule of Annual Debt Service Requirements (a)

| Fiscal Year | Bonds Outstanding (b) | | The Refunding Bonds | | The Acquisition Bonds | | Total Annual Debt Service Requirements |
|-------------|-----------------------|-------------|---------------------|-------------|-----------------------|--------------|--|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2023/24 | \$1,775,000 | \$1,730,766 | | | | | \$ 3,505,766 |
| 2024/25 | 1,460,000 | 1,582,081 | \$320,000 | \$97,338(c) | \$215,000 | \$290,193(c) | 3,964,611 |
| 2025/26 | 1,325,000 | 1,529,231 | 275,000 | 133,750 | 405,000 | 435,700 | 4,103,681 |
| 2026/27 | 1,380,000 | 1,478,881 | 285,000 | 120,000 | 425,000 | 415,450 | 4,104,331 |
| 2027/28 | 1,435,000 | 1,426,381 | 300,000 | 105,750 | 240,000 | 394,200 | 3,901,331 |
| 2028/29 | 1,485,000 | 1,371,781 | 320,000 | 90,750 | 250,000 | 382,200 | 3,899,731 |
| 2029/30 | 1,545,000 | 1,315,181 | 335,000 | 74,750 | 260,000 | 369,700 | 3,899,631 |
| 2030/31 | 1,600,000 | 1,263,081 | 340,000 | 58,000 | 285,000 | 356,700 | 3,902,781 |
| 2031/32 | 1,650,000 | 1,209,681 | 365,000 | 41,000 | 290,000 | 342,450 | 3,898,131 |
| 2032/33 | 1,640,000 | 1,147,863 | 455,000 | 22,750 | 305,000 | 327,950 | 3,898,563 |
| 2033/34 | 2,210,000 | 1,081,763 | | | 295,000 | 312,700 | 3,899,463 |
| 2034/35 | 2,300,000 | 992,913 | | | 310,000 | 297,950 | 3,900,863 |
| 2035/36 | 2,390,000 | 900,563 | | | 325,000 | 282,450 | 3,898,013 |
| 2036/37 | 2,490,000 | 802,713 | | | 340,000 | 269,450 | 3,902,163 |
| 2037/38 | 2,605,000 | 689,338 | | | 355,000 | 252,450 | 3,901,788 |
| 2038/39 | 2,725,000 | 570,500 | | | 370,000 | 234,700 | 3,900,200 |
| 2039/40 | 2,810,000 | 483,313 | | | 390,000 | 216,200 | 3,899,513 |
| 2040/41 | 2,920,000 | 372,113 | | | 405,000 | 200,600 | 3,897,713 |
| 2041/42 | 2,995,000 | 299,063 | | | 420,000 | 184,400 | 3,898,463 |
| 2042/43 | 3,145,000 | 149,388 | | | 440,000 | 167,600 | 3,901,988 |
| 2043/44 | | | | | 3,750,000 | 150,000 | 3,900,000 |
| | <u>\$ 41,885,000</u> | | <u>\$ 2,995,000</u> | | <u>\$ 10,075,000</u> | | |

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) Net of Bonds Being Refunded.

(c) The first interest payment on the Bonds will be due on January 15, 2025. Thereafter, interest payments will be made semiannually on July 15 and January 15 until maturity or prior redemption.

[Remainder of page left blank intentionally.]

**OVERLAPPING, ADDITIONAL AND ADDITIONAL
OVERLAPPING INDEBTEDNESS**

Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction’s applicable general obligation bonded indebtedness, Net Limited Assessed Property Value and combined tax rate per \$100 Net Limited Assessed Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction’s Net Limited Assessed Property Value which lies within the District’s boundaries was derived from information obtained from the County Assessor. See “**RISK FACTORS – Direct and Overlapping Indebtedness.**”

TABLE 9

| Direct and Overlapping Jurisdiction | 2024/25 Net Limited Assessed Property Value | General Obligation Bonded Debt Outstanding (a) | Proportion Applicable to the District (b) | | 2024/25 Tax Rates Per \$100 Net Limited Assessed Property Value |
|---|--|---|--|--------------------------------|---|
| | | | Approximate Percent | Net Debt Amount | |
| State of Arizona | \$ 88,425,611,337 | None | 0.15% | None | None |
| Maricopa County | 58,328,686,358 | None | 0.23 | None (c) | \$1.5011 |
| Maricopa County Community College District | 58,328,686,358 | \$ 57,615,000 | 0.23 | \$ 135,284 | 1.1047 |
| Maricopa County Special Health Care District | 58,328,686,358 | 544,135,000 | 0.23 | 1,277,664 | 0.2665 |
| Western Maricopa Education Center District No. 402 | 22,530,836,261 | 91,835,000 | 0.61 | 558,243 | 0.1825 |
| Wickenburg Unified School District No. 9 | 295,989,533 | 3,600,000 | 46.27 | 1,665,783 | 3.4042 |
| City of Buckeye | 953,508,266 | None | 14.36 | None | 1.6077 |
| The District | 136,959,496 | 53,180,000 | 100.00 | <u>53,180,000 (d)</u> | 3.1959 |
| Total Direct and Overlapping General Obligation Bonded Debt to be Outstanding | | | | <u>\$ 56,816,973(e)</u> | |

(a) *Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and City improvement districts, as the obligations of these districts are presently being paid from special assessments against property within the various improvement districts.*

(b) *Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for fiscal year 2024/25.*

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Authorized but unissued amounts in the following table may be subject to additional reductions based on net premium amounts but such reductions are not reflected in the table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

| <u>Overlapping Jurisdiction</u> | <u>General Obligation Bonds Authorized but Unissued</u> |
|---------------------------------|---|
| The District | \$106,397,622 (f) |

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 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 are 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 Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD’s boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of Net Limited Assessed Property Value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (c) The County’s tax rate includes the \$0.1400 tax rate of CAWCD, the \$0.1470 tax rate of the Maricopa County Flood Control District, the \$0.0470 tax rate of the Maricopa County Free Library and the \$0.0080 tax rate of the Maricopa County Fire District contribution. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (d) Includes the Bonds, net of the Bonds Being Refunded. In addition to the rate for debt service on the Bonds, the District levies a tax of \$0.30 per \$100 of Net Limited Assessed Property Value for the Operation and Maintenance Tax. Does not include special assessment revenue bonds outstanding. See “Other Debt of the District” herein.
- (e) Totals may not add due to rounding.
- (f) Reflects reduction in authorization approved at the Election caused by issuance of the Bonds.

Source: The various entities, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and the Treasurer of the County.

Additional General Obligation Bonded Indebtedness of the District

In addition to outstanding general obligation bonds of the District described in TABLE 7 and the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of general obligation bonds payable from *ad valorem* taxes. See “SECURITY FOR AND SOURCES OF PAYMENT – *Ad Valorem* Property Taxation in the District – General Obligation Bonded Indebtedness to be Outstanding.” See also “**RISK FACTORS – Direct and Overlapping Indebtedness.**”

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (Based solely on the Full Cash Value of the District as reported by the County Assessor, the Board has determined that issuance of the Bonds will meet the test set forth above. See “SECURITY FOR AND SOURCES OF PAYMENT – *Ad Valorem* Property Taxation in the District – Full Cash Value.”)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed \$175,000,000 and will have \$106,397,622 of such amount remaining after issuance of the Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs. Additional indebtedness could be authorized for the District in the future pursuant to other elections.

Additional Overlapping General Obligation Bonded Indebtedness

The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to the City, the County, Wickenburg Unified School District No. 9 of Maricopa and Yavapai Counties, Arizona, Western Maricopa Education Center District No. 402 of Maricopa County, Arizona, Maricopa County Community College District or other entities having jurisdiction over all or a portion of the land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See **“RISK FACTORS – Direct and Overlapping Indebtedness.”**

Other Debt of the District

To finance costs to acquire certain public infrastructure for development of land in the District, the District has issued Special Assessment Revenue Bonds with the series designations, in principal amounts on the dates, with acreages of land within the District assessed to pay debt service, with the assessment district numbers and with amounts assessed per lot as described in the table below. All of the infrastructure financed with such bonds has been or will be dedicated to the City.

TABLE 10

| <u>Series Designation</u> | <u>Original Principal Amount</u> | <u>Date Issued</u> | <u>Acres Assessed</u> | <u>Assessment District No.</u> | <u>Assessment Per Lot</u> | <u>Total Outstanding</u> |
|---------------------------|----------------------------------|--------------------|-----------------------|--------------------------------|---------------------------|--------------------------|
| 2007 | \$1,868,000 | 04/04/2007 | 275.8 | 2 & 3 | \$2,000 | \$474,000 |
| 2007 | 1,784,000 | 10/17/2007 | 245.2 | 4 & 5 | 2,000 | 435,000 |
| 2009 | 356,000 | 11/19/2009 | 43.5 | 6 | 2,000 | 94,000 |
| 2011 | 404,000 | 04/07/2011 | 79.3 | 7 | 2,000 | 108,000 |
| 2013 | 186,000 | 07/31/2013 | 25.6 | 8 | 2,000 | 56,196 |
| 2015 | 288,000 | 07/21/2015 | 36.1 | 9 | 2,000 | 117,000 |
| 2016 | 200,000 | 03/24/2016 | 37.7 | 10 | 2,000 | 79,463 |
| 2017 | 2,738,000 | 02/16/2017 | 518.0 | 11 | 2,000 | 1,570,000 |
| 2018 | 210,000 | 02/07/2018 | 100.0 | 12 | 2,000 | 147,900 |
| 2018 | 3,920,000 | 11/01/2018 | 456.3 | 13 | 3,500 | 2,030,000 |
| 2019 | 722,000 | 02/21/2019 | 107.0 | 14 | 2,000 | 537,300 |

Other series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain other special assessments may be issued by the District in the future.

The term “special assessments” as used hereinabove refers to the assessments levied and assessed by the District in the related assessment area which encompasses portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes (including that for the Bonds) and prior special assessments. If a lot owner fails to pay an assessment installment when due, the lot can be offered for sale by the District for the amount of the assessment together with interest, costs and penalties. Neither the District nor the City is obligated to bid at the sale. The lien for the property taxes levied to pay the Bonds is senior to the lien of such assessments; however, the lien for such assessments is not extinguished by foreclosure with regard to taxes. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. See **“RISK FACTORS - Direct and Overlapping Indebtedness.”**

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Developer, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In General

The District consists of approximately 4,015 acres being planned and developed as a mixed-use, master-planned community. The District is located approximately 35 miles northwest of downtown Phoenix, Arizona, in the northern portion of the City, approximately 17 miles north of Interstate 10 on the Sun Valley Parkway. The District is approximately nine miles west of current development within the City of Surprise, Arizona, along the Sun Valley Parkway. See the map on page (iii) and the aerial photograph on page (iv). The Developer’s current production operations within the District consist of 3,308 of the 4,015 acres within the District marketed as “Festival Ranch” (the “Project” or “Festival Ranch”), composed of an “age restricted” residential community marketed as “Sun City Festival” and a “conventional” community marketed as “Festival Foothills.” Limited commercial development has been undertaken by other owners within the District.

The Developer acquired its portion of the property in the District in October 2004, having commenced entitlements and pre-development prior to closing. Construction of infrastructure improvements and certain amenities commenced in August 2005, and the first residential sales closed in 2006. Since that time, the Developer has spent approximately \$430,000,000 to provide water, sewer, streets, curbs, gutters, a golf course, a recreation centers, an arts and crafts center, baseball fields and other facilities and has continued to ready additional property it owns in the District for residential and commercial development. The Developer also has continued to market and sell its varied residential products. Overall, the Developer has commenced and/or completed improvements to approximately 2,200 acres of the property it owns in the District. See “Residential Development” in this section and “THE PUBLIC INFRASTRUCTURE.”

While other entities own approximately 707 acres of land in the District outside of the Project, the Developer has no knowledge as to when, if ever, such other owners will be developing their property in the District. The Developer is the only homebuilder that owns land within the District.

Land Development Agreements/Community Master Plan

The real property in the District is subject to a Development Agreement with the City, dated October 4, 2000 (the “Land Development Agreement”), which addresses the rights of, among others, owners to develop property in the District as provided in and subject to the conditions of such agreement. The Land Development Agreement has been modified by way of several recorded amendments and references herein to the Land Development Agreement mean such agreement as amended. The Land Development Agreement addresses various issues often times made the subject of development agreements in Arizona, such as, among other things, City services, reimbursements to the Developer for certain public infrastructure, the City’s processing of plans and permits, and public bidding. The Land Development Agreement and certain subsequent agreements also address the legal right to obtain, and the legal obligation to provide, potable water and the required capital and operations contributions to the City for water, sewer, police and fire services within the District. Police, fire and sanitation services are provided to the District by the City. The Developer is obligated to assist in the funding of certain capital and operational costs associated with the provision of water, sewer, police and fire protection for the real property in the District that is subject to the Land Development Agreement. The City has determined that the Developer has achieved the level of progress and completion required by the Land Development Agreement for continued development under and in accordance with the same, and has determined that the Land Development Agreement will continue in full force and effect for its entire term. The real property in the District is also subject to a Development, Financing Participation and Intergovernmental Agreement No. 1 by and among the City, the District and, among others, the Developer, relating to the formation and operation of the District.

The real property in the District is subject to a community master plan originally approved by the City on October 4, 2000 (the “Community Master Plan”). Several amendments to the Community Master Plan have been adopted by the City. The latest amendment, which added certain areas owned by the Developer to the Community Master Plan and the Land Development Agreement, was executed on October 21, 2008. References to the Community Master Plan mean such plan as amended. The Community Master Plan covers substantially more property than the property in the District. An Area Plan, which includes the property within the District, was adopted by the City on June 17, 1997, and was last updated December, 2021, for Planning Unit F, which is west of Wagner Wash.

Although the number of acres devoted to each particular land use may ultimately vary from those presented, the development of the District in accordance with the Community Master Plan by the Developer and other owners is currently expected to include the following land uses:

TABLE 11

| <u>Total Project</u> | <u>Approximate District Acres</u> |
|-------------------------------------|---------------------------------------|
| Single Family Residential | 3,190 |
| Golf Courses and Recreation Centers | 475 |
| Commercial | <u>350</u> |
| Total | <u><u>4,015</u></u> |

The Community Master Plan allows 14,226 residential units within the District, the majority of which are planned as single family residences. The Community Master Plan also allows development of approximately 7.3 million square feet of commercial space within the District if the Developer or other owners choose to develop that amount of commercial space. Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various additional development and construction approvals and permits. As a condition to the sale of homes, homebuilders will be required to obtain building permits and any additional permits required for the construction and completion of all such homes and other infrastructure. See “RISK FACTORS.”

Additional Entitlements

Development in areas with significant natural drainage such as Festival Ranch often requires the United States Army Corps of Engineers (“USACE”) to determine if any such drainage areas are within the USACE’s jurisdiction. If any drainage areas are in USACE’s jurisdiction, a “Section 404” permit would be required to allow development or disturbance of such drainage areas. In December 2011, USACE approved the Jurisdictional Determination (the “Determination”) as submitted by the Developer indicating that only Wagner Wash in Festival Ranch is within USACE’s jurisdiction. Since no additional development in Wagner Wash is anticipated within the defined Determination, no “Section 404” permit is required. The Determination is valid for five years and can be extended upon request and application for additional years. The Developer has obtained an extension of the Determination for an additional four years (until 2025). There can be no assurance that any future extension will be granted as and when requested.

Even with the approved Community Master Plan, development still requires certain approvals from the City for preliminary and final plats prior to construction of improvements. To date, the Developer has recorded 50 final plats (not including replatting of existing final plats) that include over 5,900 lots within the District. The Developer also has obtained approval of preliminary plats for approximately 1,100 residential lots on property within the District. Combining preliminary plats and final plats there are approximately 7,000 entitled lots. Of those lots included in final plats, approximately 5,900 have been improved with utilities and paved streets, and of those, 5,502 have had homes constructed and closed on them as of July 31, 2024, while the balance of those lots (approximately 398 lots) are ready and available for immediate residential construction or have homes under construction on them. The Developer is in the process of completing improvements to a number of parcels that have final plats. The Developer is in the process of obtaining final plats for the lots which are subject to preliminary plats. See “RISK FACTORS.”

In December, 2021, the Developer received final City Approval of a Community Master Plan Amendment for what the Developer calls Planning Area Three. All existing development is in Planning Areas One and Two. Planning Area Three is west of existing development and west of Wagner Wash, but is within the District. There can, of course, be no assurances that such development in Planning Area Three will commence as planned.

Residential Development

The Developer is responsible for the construction of all offsite infrastructure and subdivision improvements necessary to deliver fully finished lots. The “active adult” residences currently constructed by the Developer range in size from 1,573 to 2,736 square feet; and such homes are priced from \$351,990 to \$598,990 prior to purchaser-selected upgrades. There are currently no conventional residences or lots available for sale within conventional development areas. Developer is working to open new areas for conventional homes. The following table shows the number of “active adult” and “conventional” home sales the Developer has closed for the periods indicated:

TABLE 12

| <u>Calendar Year</u> | <u>Active Adult Home Closings</u> | <u>Conventional Home Closings</u> | <u>Total Residential Closings Per Year</u> |
|----------------------|-----------------------------------|-----------------------------------|--|
| 2006 | 143 | 0 | 143 |
| 2007 | 578 | 83 | 661 |
| 2008 | 318 | 184 | 502 |
| 2009 | 204 | 67 | 271 |
| 2010 | 120 | 46 | 166 |
| 2011 | 105 | 19 | 124 |
| 2012 | 129 | 0 | 129 |
| 2013 | 169 | 21 | 190 |
| 2014 | 164 | 25 | 189 |
| 2015 | 149 | 65 | 214 |
| 2016 | 168 | 95 | 263 |
| 2017 | 168 | 105 | 273 |
| 2018 | 221 | 117 | 338 |
| 2019 | 258 | 106 | 364 |
| 2020 | 284 | 164 | 448 |
| 2021 | 285 | 173 | 458 |
| 2022 | 342 | 4 | 346 |
| 2023 | 280 | 0 | 280 |
| 2024 (a) | 149 | 0 | 149 |
| Cumulative Totals | <u>4,228</u> | <u>1,274</u> | <u>5,502</u> |

(a) *Through July 31, 2024. As of July 31, 2024, there were approximately 200 homes under construction in the District.*

The Developer operates one model home complex located in Sun City Festival. The 27-hole Copper Canyon Golf Course is owned and operated by the homeowners association for Sun City Festival and a 31,000+/- square foot recreation center, a 15,000+/- square foot restaurant/clubhouse/cart barn, a softball complex, a 9,000 square foot arts and crafts center and related recreational amenities are also complete within Sun City Festival and will be owned and operated by the same homeowners association. The golf course and related facilities are operated by the homeowners association, which is subsidized in part by the Developer. Festival Foothills includes a 12+/- acre neighborhood park, splash pad, and a linear park with trails throughout. Construction on a new model complex and a 9-hole golf course in the area of the Project south of the Sun Valley Parkway and the new 25,000+/- square foot Saguaro Recreation Center has been completed.

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

In addition to the infrastructure described under the heading “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Other Debt of the District,” certain infrastructure is being constructed in connection with the development and construction of residential and commercial development as described hereinbelow. Except as set forth under the heading “PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS,” none of such infrastructure is being financed with proceeds of the sale of the Bonds or proceeds of prior general obligation bond issuances, but instead will be financed by the Developer and may be the subject of acquisition from proceeds of future bond offerings by the District.

Water Reclamation Facility

Current plans for sewer service within the District call for a multi-phase water reclamation facility (the “WRF”) which is designed to handle all development within the District. The first phase of the WRF is now owned and operated by the City. This facility may be constructed in multiple phases and it is intended to be turned over to the City in phases as constructed. The City has also secured approval of an increase in the service area of the WRF, known as a Maricopa Association of Governments 208 Amendment, that allows service to areas outside the District and allows for a significant increase in the size of the WRF in the future. The primary effluent discharge method is direct reuse of treated effluent for irrigation purposes on the golf courses. Such discharge is currently being used by the City but the quantity available is still less than the total golf course irrigation demand. Some effluent is discharged to Wagner Wash if it cannot be reused directly on the golf courses. Until additional effluent is available, the golf courses will be irrigated in part with a portion of the CAP water leased by the Developer from other parties. CAP water originates from the Colorado River and is subject to future shortages as declared by the United States. Such shortages could reduce the overall water supply available for golf course irrigation until enough effluent is generated to replace CAP water used today. The Developer and certain other owners of property inside and outside of the District have entered into a joint development agreement for the cooperative development of future phases of the WRF. Pursuant to such joint agreement, the Developer has the right to construct additional phases for its own accord if need be. Developer is also negotiating with the City for agreements and permits necessary for Developer to construct and convey to the City an underground water storage facility (the “Recharge Facility”) near the WRF and within a portion of Wagner Wash that will replenish the underground aquifer with treated effluent not used within the golf course, or other available CAP water supplies.

Construction of the first phase of the WRF (the “First Phase”) is complete, has been turned over to the City and such facility is being operated by the City and is past the warranty period. The First Phase is able to service approximately 5,900 residential units within the District based on actual flows experienced at the WRF. Current development plans include commencement of planning and construction of the second phase (an additional one million gallons per day capacity to be planned and constructed in two phases of 500,000 gallons per day). An engineering firm has been hired to complete plans and to assist in permitting, with construction to commence, as soon as plans and approvals are received from applicable governmental authorities. The actual number of units which can be served will depend in part on whether the unit is an age restricted (active adult) or conventional unit. Active adult units generally have fewer residents per unit and generate less wastewater on a gallons per day basis than conventional units. Based upon residential sales to date, there should be sufficient sewer capacity in the First Phase for approximately 500 additional residences without construction of any additional expansion phases of the WRF, depending upon the split of usage between active adult and conventional uses. Developer commenced the process to obtain plan approval and licensing for a second phase of the WRF. Developer will seek to obtain approvals and licenses by year end. Thereafter, Developer plans to commence construction of the second phase of the WRF with completion anticipated during the fourth quarter of 2026. There can be no assurance licensing and construction of phase 2 of the WRF will be completed as planned.

Water Production Campus

Water service for the District is provided by three water production campuses operated by the City. The first water production campus (Water Plant #1 and Well #1), is located at the southeast corner of Desert Vista Boulevard and Beardsley Parkway. The second water production campus (Well #2) is located approximately one quarter mile west of Water Plant #1. The third water production plant (Well #3) is located approximately one quarter mile north of the Water Plant #1. Water Plant #1 has 2.4 million gallons of total storage (constructed in two phases of 1.2 million gallons), and contains a production well and booster pumps. The timing of further facilities will be dependent upon demand, market conditions, and physical water source characteristics. As with wastewater usage and capacities, there is also a difference in the water demand between active adult and conventional units, with active adult units utilizing significantly less water on a gallons per day basis. All Arizona Department of Water Resources (“ADWR”) permits and approvals have been secured for the three existing well facilities. Construction of Water Plant #1 and the three production wells have been substantially completed. Developer has completed drilling a fourth well and such well is now being equipped for production. The fourth well will also require water treatment improvements to be added to the system. The fourth well is anticipated to come on line by third quarter of 2024. The current water system is capable of supporting approximately 5,328 active adult and 1,274 conventional residential units.

Assured Water Supply

Future subdivision plats within the Project will require an assured water supply to be demonstrated through either a Certificate of Assured Water Supply (a “Certificate”) or a future City of Buckeye Designation of Assured Water Supply (a “Designation”). Currently, the City is not designated as having an assured water supply service area pursuant to applicable Arizona law. However, the City has submitted an application with ADWR to obtain such Designation. If the City receives such Designation, the City may utilize Developer water sources to supply water to property owned or developed by the Developer in the District. Until the City receives such Designation, in order to plat, subdivide and sell lots, owners of property in the District must obtain a Certificate for each subdivision plat from ADWR. Obtaining Certificates based upon a local groundwater source requires, among other things, (i) a hydrology study supporting determinations that sufficient water will be continuously available to satisfy the water needs of the proposed use for at least 100 years, (ii) that any projected groundwater use is consistent with the water management plan approved by ADWR through enrollment of the Project in the Central Arizona Groundwater Replenishment District, (iii) achievement of the management goal for the area, and (iv) that the financial capability to construct the delivery system exists. Requirements for new Certificates not based upon local groundwater may have different or additional requirements to demonstrate availability of water for assured water supply purposes.

The District lies within the Lower Hassayampa Groundwater Sub-Basin. Property already subdivided within the District is expected to be served primarily from groundwater from the Lower Hassayampa Groundwater Sub-Basin.

On January 22, 2004, based upon the groundwater hydrologic model used at that time, ADWR issued an Analysis of Assured Water Supply (the “Analysis”) for the property within the District. In the Analysis, ADWR determined that 7,690 acre feet per year of groundwater will be physically available for 100 years, which is equivalent to the projected build-out demands for the District. The proposed development evaluated by ADWR includes 3,208 single family residential lots, 9,018 active adult single family residential lots, 1,450 multi-family residential units and 1,122 nonresidential acres containing commercial areas, a hospital, schools, parks, rights of way, a community center, easements, and golf courses. Reclaimed water is also available for reuse as the community grows and produces more wastewater.

The Analysis was used to demonstrate the physical availability of groundwater in support of prior applications for Certificates. With respect to the property covered by the Analysis, six Certificates were issued by ADWR. The first was issued November 23, 2004, for 3,473 lots, with an estimated water demand of 2,130.14 acre feet per year. The second was issued May 7, 2006, for 819 lots, with an estimated water demand of 608.72 acre feet per year. The third was issued on February 5, 2009, for 608 lots with an estimated water demand of 646.81 acre feet per year. The fourth was issued on April 8, 2009, for 259 lots with an estimated water demand of 258.63 acre feet per year. The fifth was issued on March 7, 2018, for 361 lots with an estimated water demand of 175.42 acre feet per year. The sixth was issued on May 8, 2018, for 1,199 lots with an estimated water demand of 836.51 acre feet per year.

On November 13, 2012, an extension of the Analysis was issued by ADWR, which acknowledged the existing Certificates that were previously issued (3,644.30 acre feet per year to be physically available for 100 years). An

extension of the original Analysis was granted until January 22, 2024, and established that the remaining groundwater capacity of 4,045.70 acre feet per year should be available for future applications. The extension also indicated that all other conditions of the original Analysis should continue to apply. An additional extension of the original Analysis was granted April 12, 2024, which lasts for five more years ending on January 22, 2029.

On January 26, 2021, two new applications for Certificates were submitted for Sun City Festival Parcel AA1 and Festival Ranch Planning Area 3 PUP E Parcels 33, 35, 84, and 88. Both applications relied upon the 2004 Analysis as proof of groundwater availability. On June 25, 2021, while the two applications were pending, ADWR sent letters to the applicant, indicating that ADWR was finalizing a numerical groundwater flow model for the Hassayampa sub-basin, and that ADWR believed the new model would demonstrate there was not 100 years' of groundwater available for the pending Certificates. ADWR released the new Hassayampa sub-basin groundwater model in January 2023, and the initial model results indicate that, under ADWR's policies, no further Certificates may be issued using local groundwater as the source of water. However, on October 2, 2024, based on further review, ADWR approved the two new applications and issued Certificates for the referenced Parcels. Those newly issued Certificates provided for a total of 246 Lots and 558 Lots, respectively, for a total of 804 additional Lots.

ADWR released an updated Phoenix Active Management Area groundwater model that includes the Hassayampa Sub-Basin in June 2023, with a baseline result showing continued deficits in the available 100-year groundwater supply for new subdivisions. A developer may update the model assumptions to adjust the model results and request that ADWR review the updated assumptions and results, but there can be no assurance as to whether any additional groundwater will be determined to be available for new subdivisions by ADWR for any new applications for Certificates for any future subdivisions within the Project. A developer may secure a non-groundwater source of water, but a new water supply may be costly, take months or years to secure, or not be feasibly available. Failure to obtain approval of future additional Certificates based upon local groundwater or an imported source of water could cause significant limitations on, or halt, future development within the District. There is no guarantee that securing new non-groundwater supplies will be achievable within a predicted timeframe or even feasible. Failure to secure additional Certificates in the future could significantly increase future development costs or decrease future development in the Project.

While additional dialogue with the ADWR over adjustments to the new groundwater model are continuing, maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin will likely require efforts to supplement the groundwater supply through purchase of water for use or storage of water in the Recharge Facility. The cost of new water supplies, associated infrastructure, and facilities for effluent recharge and reuse are substantial. Failure to secure new water supplies may prevent issuance of additional Certificates and may also prevent the City's Designation. Such failure may, in turn, prevent further subdivision development. As to subdivisions that have already made a successful demonstration of an assured water supply, ADWR may revoke a Certificate if an assured water supply does not exist, but cannot revoke a Certificate if any of the residential lots within the plat have been sold. As to the Certificates issued November 23, 2004, for 3,473 lots, May 7, 2006, for 819 lots, February 5, 2009, for 608 lots, April 8, 2009, for 259 lots, March 7, 2018, for 361 lots and May 8, 2018, for 1,199 lots at least one lot has been sold in all such areas. The new Certificates issued for 558 Lots and 246 Lots, respectively, are being processed for development so lot sales can be made which will vest the new Certificates. While revocation by ADWR appears unlikely, there can be no assurance that such lot sales will be accomplished prior to a revocation by ADWR. Loss of, or inability to obtain, necessary Certificates would have adverse effects on development of additional land within the District and on repayment of the Bonds. See "RISK FACTORS - Completion of the Public Infrastructure and the Other Infrastructure."

Streets/Water and Sewer Lines

The Developer plans to construct on property it owns within the District all required arterial and collector roads (including related landscaping), all sewer trunk lines and any required wastewater treatment, and all water distribution and water supply facilities.

Completed improvements include the following: approximately 47,598 linear feet of trunk sewer, approximately 78,390 linear feet of water supply and distribution lines, storm drain, paving and concrete on (i) Canyon Springs Boulevard from Sun Valley Parkway past Beardsley Parkway to Tina Lane; (ii) Desert Vista Boulevard from Beardsley Parkway in Festival Foothills past Canyon Springs Boulevard looping back to Beardsley Parkway in Sun

City Festival; (iii) Mountain Ridge Boulevard from Desert Vista Boulevard to Desert Oasis Boulevard; (iv) Desert Oasis Boulevard from Sun Valley Parkway to Beardsley Parkway; (v) Beardsley Parkway from Desert Vista in Sun City Festival to Desert Vista in Festival Foothills; (vi) Desert Vista Boulevard from Beardsley Parkway to Firehawk Drive; (vii) and Beardsley Parkway from Desert Vista Boulevard to Desert Oasis Boulevard. Construction of future roadways will be dependent on existing roadway capacities and the need to provide safe vehicular access within the District.

Approximately 22,100 linear feet of arterial roadway (4.19 miles) and 22,485 linear feet of collector roadway (4.25 miles) have been constructed in the District by the Developer. Such infrastructure also includes approximately 193,217 linear feet of local streets (36.59 miles). Such “public infrastructure” was completed as of March 2023, and has been or will be dedicated to the City.

The Developer has, or plans in the future to, publicly bid the improvements outlined above and plans to pay for the construction of same. The Developer anticipates that these improvements will be eligible to be reimbursed from future bond offerings by the District.

Police and Fire

A joint police and fire facility (the “Public Safety Building”) is located at the southwest corner of Desert Oasis Boulevard and Beardsley Parkway. The approximately \$6,200,000 facility was constructed jointly by the City and the Developer, with funding provided by both parties.

Other

Electrical service for the District is provided by Arizona Public Service Company. Telephone and data service is provided by Cox Communications and Zona Communication. Cable television service is provided by Cox Communications.

The District is located in Wickenburg Unified School District No. 9. A K-8 school is located within Festival Foothills. This elementary school opened in the Fall of 2008. High school students attend Wickenburg High School.

The District receives primary vehicular access from Sun Valley Parkway. Provisions for arterial and collector vehicular access provide additional access within property subject to the District. A feasibility study is being prepared by the Maricopa County Department of Transportation regarding the location of a proposed parkway connecting Highway 85 to State Route 74 and Highway 60. Depending upon the results of such study, additional access may be available to the property in the District. However, the Developer is currently unsure of the final location of the proposed parkway.

PUBLIC INFRASTRUCTURE FINANCED BY THE BONDS

The information contained in this section relates to and has been obtained from the Developer, unless otherwise sourced or noted, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Proceeds of the Bonds will be used, and proceeds of prior general obligation bond issuances have been used, to finance certain public infrastructure (the “Public Infrastructure Financed by the Bonds”), which is comprised of approximately 47,598 linear feet of trunk sewer lines constructed throughout the District and approximately 22,100 linear feet of arterial roadway (4.19 miles) and 22,485 linear feet of collector roadway (4.25 miles) constructed in the District, including landscaping, approximately 193,217 linear feet of local streets (36.59 miles), Water Plant #1 and Wells #1, #2 and #3, approximately 78,390 linear feet of water line, approximately 49,500 linear feet (9.4 miles) of reclaimed water lines, the WRF, a portion of the Public Safety Building and related facilities. The Public Infrastructure Financed by the Bonds was completed in or prior to 2023, and has been or will be dedicated to the City. The total estimated cost of the Public Infrastructure Financed by the Bonds is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of the Public Infrastructure Financed by the Bonds has been paid by Developer. Unreimbursed costs of Public Infrastructure Financed by the Bonds may be eligible to be reimbursed by the sale of bonds by the District in the future should the District elect to issue such additional bonds.

DEVELOPER

The information contained in this section relates to and has been obtained from the Developer, and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Effective December 31, 2016, Pulte Home Corporation, a Michigan corporation, became Pulte Home Company, LLC, a Michigan limited liability company, by conversion of the former Michigan corporate entity into the current Michigan limited liability company entity, along with the corresponding name change from Pulte Home Corporation to Pulte Home Company, LLC. The Developer remains a wholly-owned subsidiary of PulteGroup, Inc. (“PulteGroup”). PulteGroup is subject to reporting the information required by the Securities and Exchange Act of 1934, as amended, and in accordance therewith files the Filings with the Commission. The Filings may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 West Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR database at <http://www.sec.gov>. None of the District, the Financial Advisor, Gust Rosenfeld P.L.C. (“Bond Counsel”), the Underwriter or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same. PulteGroup operates in more than 900 communities across 29 states and the District of Columbia, and serves all major customer segments through its family of brands that includes Pulte Homes, Centex and Del Webb.

RISK FACTORS

Investment in the Bonds involves a significant degree of risk and is speculative in nature. The Bonds will be secured solely by *ad valorem* property taxes to be levied on all taxable property within the boundaries of the District. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS IN INVESTING IN THE BONDS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION. INVESTMENT IN THE BONDS SHOULD BE MADE ONLY AFTER CAREFUL EXAMINATION OF THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. This discussion of risk factors is not, and is not intended to be, exhaustive, and such risk factors are not necessarily presented in the order of their magnitude.

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

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

Construction of houses on the lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds and homeowners insurance to buyers of the homes to be built in the District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; pandemics or epidemics; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; climate change;

adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District also could be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. The Developer is experiencing supply chain issues currently affecting the national economy, specifically the timely availability of materials necessary to build new homes. While advantage is being taken of all available alternatives, completion of homes has been slowed. This circumstance is expected to continue for the near term and to affect home closings.

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

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

Vacant lots also provide less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of *ad valorem* taxes. An inability to develop the remaining land within the District would likely reduce the diversity of ownership of land within the District, making the holders of the Bonds more dependent upon timely payment of the *ad valorem* taxes levied on the vacant lots.

Development requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results.

Failure or Inability to Complete Proposed Development

The development of land in the District will be staged so that only a particular phase is planned to be developed at one time. Funding for development of property in the District will be provided by third-party lenders, the Developer and other sources. The availability of funding for the completion of Sun City Festival and Festival Foothills will depend upon the demand for residential lots or units within such communities and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of property in the District, or, if obtained, will be in an amount sufficient to complete development of Festival Foothills and Sun City Festival. If satisfactory funding is unavailable, the Developer may be required to delay or suspend completion of the development of the balance of Sun City Festival and Festival Foothills.

Public and private on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See “Direct and Overlapping Indebtedness” herein.

Completion of the Public Infrastructure and the Other Infrastructure

The assessed valuation of the taxable property in the District may increase if and as the development of the Project continues. However, less than expected increases or decreases in the future assessed valuation of the taxable property in the District may reduce the willingness of landowners to pay the *ad valorem* property taxes securing the Bonds or adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See also “SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District.”

The construction of infrastructure for development of the land in the District is not yet complete. See “LAND DEVELOPMENT” and “THE PUBLIC INFRASTRUCTURE.” The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described hereinabove. If cost overruns result in delay of construction, or if other delays are experienced, sale of lots and construction of homes may be delayed. Failure or inability to complete proposed development including development of necessary utilities could affect adversely development of the land in the District.

Sale of Portions of the Land in the District

It is possible that the Developer or other land owners within the District may sell portions of their land to other owners. Such new owners may not develop their land on the same schedule as the Developer or the other land owners, thus slowing the pace of growth and delaying increases in assessed valuation.

Lack of Availability of Utilities and Water

Water and sewer service to the District will be provided by the City as described under the subheading “THE PUBLIC INFRASTRUCTURE.” Failure or inability to complete proposed development, including development of necessary utilities could adversely affect, delay or halt future development of land in the District. See “Failure or Inability to Complete Proposed Development” herein. Certain utilities are to be developed by the City pursuant to certain development agreements including as described above. There can be no assurances that such utilities will be financed and developed. In addition, while 100 years of water supply was proven available to existing subdivisions within the Project, ADWR’s change of the predictive groundwater model indicates that the Developer may need to secure new, more expensive water supplies to support future subdivision entitlement. Based on the current status, there can be no assurance that Developer will be able to obtain the Certificates needed to authorize future subdivision plats. Failure to obtain approval of additional Certificates could cause significant limitations on, delay, or halt, future development within the District. Alternatively, such failure could significantly increase future development costs.

Effect of Valuation of Property

Information is provided herein with respect to the valuation of land within the District. See “SECURITY FOR AND SOURCES OF PAYMENT - *Ad Valorem* Property Taxation in the District.” Such valuation, and particularly decreases therein, may reduce the willingness of landowners to pay the *ad valorem* taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay its *ad valorem* taxes could be affected by the existence of other taxes and assessments imposed upon the property, including special assessment bonds. The District and other political subdivisions whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional *ad valorem* taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS.”) The lien created on the property within the District through the levy of *ad valorem* taxes would be on a parity with that for the *ad valorem* taxes securing the Bonds. The imposition of additional parity liens, junior liens, in the case of special assessments, or even private financing, may reduce the ability or willingness of the owners of land within the District to pay the *ad valorem* property taxes securing the Bonds. In that event, there could be a default in the payment of the Bonds.

From time to time there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which *ad valorem* taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would affect the Bonds or other obligations issued prior to enactment.

Bankruptcy and Foreclosure Delays

The payment of the *ad valorem* taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid, *ad valorem* taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not extinguish the *ad valorem* taxes securing the Bonds, the bankruptcy of a property owner could result in a delay in

the foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due. See “SECURITY FOR AND SOURCES OF PAYMENT – *Ad Valorem* Property Taxation in the District.”

It should be noted that in the event of a bankruptcy of a taxpayer pursuant to the Bankruptcy Code, the law is currently unsettled as to whether a lien can be attached against the taxpayer’s property for property taxes levied during the pendency of the bankruptcy proceedings. Such taxes might constitute an unsecured and possible non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured, and then possibly only on a pro rata basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact the bankruptcy of a property owner might have on the ability of the District to collect *ad valorem* taxes levied on that property before or during the bankruptcy proceedings. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor’s estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover any claim against the debtor or its estate that arose before the commencement of the bankruptcy is automatically stayed pursuant to the Bankruptcy Code. While the stay may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor in bankruptcy would be subject to the stay of bankruptcy court. Furthermore, “tax sale investors” may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections become uncertain.

In the event the District is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District’s tax rate charged to non-bankrupt taxpayers during such subsequent years.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter, the Financial Advisor, the Developer or their respective counsel, agents or consultants have undertaken any independent investigation of the operations and financial condition of any of the property owners in the District, nor have they assumed responsibility for the same.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Amendment of Documents Referenced

The reports, inspections and other documents described in this Official Statement may be modified, updated or amended (as new reports and/or inspections may be obtained), and such modifications may materially and adversely affect the development of the property (e.g., updating of environmental reports).

The development of the property within the District is only approximately 63.5 percent complete. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Developer anticipates that there may be significant changes to the agreements and contracts summarized in this Official Statement to address any such issues. Because the existing contracts and agreements are subject to change, the summaries of any contracts or agreements contained hereinabove may not accurately reflect the future conditions relating to the development of the District; however, the Developer does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Environmental Matters

Property in the District will be subject to risks arising out of environmental, archaeological and biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in Festival Foothills and Sun City Festival resulting from any contamination on the site or from the proximity of the site to other contaminated areas; discovery of archaeological

artifacts located on the site or in the vicinity of the site; discovery of endangered species of animals, plants or other habitat for endangered species and a determination of the waterways of the United States against dredging or fill. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Endangered Species Act and the National Historical Preservation Act. In addition, development may require approvals and actions under the Clean Water Act and the National Environmental Protection Act may limit, delay or change materially the number and type of development on the site.

Forward Looking Statements

Included in this Official Statement are various forecasts and projections. The forecasts and projections are forward looking statements based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the party making the forecasts or projections believes to be significant and which such party cannot control may also exist. There are usually differences between projections and results, because events frequently do not occur as expected, and those differences may be material. There can be no assurances that the various forecasts and projections set forth in this Official Statement can be achieved.

No Review of Filings

As described in footnote (a) to TABLE 4 and under the heading “DEVELOPER,” none of the District, the Underwriter, the Financial Advisor, Bond Counsel or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, or examined similar information for entities or their parent companies that are not subject to same or similar informational requirements.

Homeowner Complaints

Various homeowner’s within the age restricted portion of the Project have filed complaints with the Arizona Attorney General’s Office. The complaints primarily allege that Developer promised to build additional golf course(s) (some allege an additional 9 holes, some 18 holes), and that there are not enough “tee times” available. In addition, some homeowners complaints include an objection to the construction of additional non-age restricted homes within the Project. Developer denies the allegations and is responding as requested by the Attorney General’s Office. There can be no assurance that these complaints will not have an adverse impact on home sales in the Project.

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the “Service”) has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (i) with the determination of Bond Counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (ii) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Bond Resolution does not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Owners of the Bonds should note that, if the Service audits the Bonds, under current audit procedures the Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including the District, the Financial Advisor, Bond Counsel, counsel to the Underwriter, or the Underwriter is obligated to pay or reimburse the owner of any of the Bonds for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.

There can be no assurance that an audit by the Service of the Bonds will not be commenced. However, the District has no reason to believe that any such audit will be commenced, or that if commenced, an audit would result in a conclusion of noncompliance with any applicable Service position, regulation or ruling. No rulings have been or will be sought from the Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of the Bonds. See also “TAX EXEMPTION” herein.

LITIGATION

No litigation or administrative action or proceeding is pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the levy and collection of taxes to pay the debt service on the Bonds, to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. Representatives of the District will deliver a certificate to the same effect at the time of the initial delivery of the Bonds.

LEGAL MATTERS

The Bonds are sold with the understanding that the District will furnish the Underwriter with the approving opinions of Bond Counsel addressing legal matters relating to the validity of the Bonds under Arizona law, and with regard to the tax-exempt status of the interest income thereon (see "TAX EXEMPTION"). The signed legal opinions of Bond Counsel are dated and premised on the law in effect only as of the date of original delivery of the Bonds and will be delivered to the District at the time of original issuance. The fees of Bond Counsel and Counsel to the Underwriter are expected to be paid from the proceeds of the sale of the Bonds and are contingent upon delivery of the Bonds.

The proposed text of the legal opinions is set forth as APPENDIX B – "FORMS OF LEGAL OPINIONS OF BOND COUNSEL." The legal opinions to be delivered may vary from the text of APPENDIX B – "FORMS OF LEGAL OPINIONS OF BOND COUNSEL" if necessary to reflect the facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Bond Counsel has reviewed the information in the tax caption on the cover page as well as the information under the headings "THE BONDS," "PLAN OF REFUNDING," "SECURITY FOR AND SOURCES OF PAYMENT," "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior continuing disclosure undertakings as to which Bond Counsel expresses no opinion) and "RELATIONSHIP AMONG PARTIES" (but only as it applies to Bond Counsel) and in APPENDICES B – "FORMS OF LEGAL OPINIONS OF BOND COUNSEL" and C – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" but otherwise has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has neither examined nor attempted to examine nor verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Certain legal matters will be passed upon for the Underwriter by Greenberg Traurig, LLP, Phoenix, Arizona, counsel to the Underwriter, and for the Developer by Berens Blonstein PLC, Scottsdale, Arizona.

From time to time, there are legislative proposals which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and non-financial, impacting the operations of community facilities districts which could have a material impact on the District and could adversely affect the secondary market value and marketability (liquidity) of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The various legal opinion to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL STATEMENTS

The financial statements of the District as of June 30, 2023, and for its fiscal year then ended, which are included as Appendix E to this Official Statement, have been audited by Heinfeld, Meech & Co., P.C. as stated in its opinion which appears in Appendix E – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2023.” The District neither requested nor obtained the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its opinion on the financial statements. In addition, as a “blended component unit” of the City, certain information regarding the District is contained in the City’s annual comprehensive financial reports. The City’s annual comprehensive financial report for the fiscal year ended June 30, 2023, is publically available and is available upon request from the District Treasurer.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State income taxes. The opinions of Bond Counsel will be dated as of the date of initial delivery of the Bonds. The forms of such opinions are included as APPENDIX B – “FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL” attached hereto.

The Internal Revenue Code of 1986, as amended (the “Code”) imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters and the opinion of Bond Counsel assumes continuing compliance with such covenants. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of initial issuance. The Bonds do not provide for an adjustment in the interest rate or yield in the event of taxability and an event of taxability does not cause an acceleration of the principal on the Bonds.

The Code also imposes an “alternative minimum tax” upon certain corporations and individuals. A taxpayer’s “alternative minimum taxable income” (“AMTI”) is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMTI. Notwithstanding the preceding sentence, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Beneficial Owner’s (as defined in APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM”) federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner’s particular tax status and the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds are not “private activity bonds” within the meaning of Section 141 of the Code.

From time to time, there are legislative proposals in Congress, which, if enacted or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value and marketability (liquidity) of the Bonds. Any such change that occurs before initial delivery of the Bonds could cause Bond Counsel to deliver

opinions substantially different from the opinions shown in APPENDIX B – “FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL.” The extent of changes in Bond Counsel’s opinions cannot be determined at this time. It cannot be predicted whether, when or in what form any such proposal or proposals might be enacted or whether, if enacted, such proposal or proposals would apply to obligations (such as the Bonds) issued prior to the enactment or effective date. Prospective purchasers should consult with their own tax advisors regarding any other pending or proposed federal income tax legislation.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 15, 2044 (collectively, the “Discount Bonds”), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Bonds was sold, the “OID Issue Price”) of the Discount Bonds and the amount payable at maturity of the Discount Bonds will be treated as “original issue discount.” With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the OID Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 15 and July 15 (with straight-line interpolation between compounding dates). The amount of original issue discount accreting each period will be added to the Beneficial Owner’s tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the OID Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in “TAX EXEMPTION” herein. Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds.

BOND PREMIUM

The initial public offering prices of the Bonds maturing on July 15, 2025, through and including July 15, 2039 (collectively, the “Premium Bonds”), are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner’s yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

RATINGS

S&P (as defined herein) is expected to assign the rating of “AA” to the Bonds with the understanding that the Policy will be delivered by the Bond Insurer (as defined herein) simultaneously with the issuance of the Bonds. S&P has also assigned the underlying rating of “BBB+” to the Bonds. Such ratings reflect only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. Such ratings may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure undertaking with respect to the Bonds that it will file notice of any formal change in any ratings relating to the Bonds. See “CONTINUING DISCLOSURE” and APPENDIX C – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” hereto.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG” or the “Bond Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

| | As of June 30, 2024 (dollars in millions) | | |
|---|---|--------------------------------------|---|
| | AG <u>(Actual)</u> | AGM <u>(Actual)</u> | AG <u>(Pro Forma Combined)</u> |
| Policyholders’ surplus | \$1,649 | \$2,599 | \$3,960 ⁽¹⁾ |
| Contingency reserve | \$421 | \$910 | \$1,331 |
| Net unearned premium reserves and net deferred ceding commission income | \$355 | \$2,078 ⁽²⁾ | \$2,433 ⁽²⁾ |

⁽¹⁾ Net of intercompany eliminations.

⁽²⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);

- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE.”

RISK FACTORS RELATED TO BOND INSURANCE

The following are risk factors relating to bond insurance generally. If the District determines to obtain the Policy for the Bonds, in the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from *ad valorem* property taxes as described under “SECURITY FOR AND SOURCES OF PAYMENT.” In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, the Financial Advisor, the Developer or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of \$13,261,568.75, pursuant to a purchase contract (the “Bond Purchase Contract”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the yields shown on the inside front cover pages hereof, the Underwriter’s compensation will be \$140,775.00. The Bond Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover pages hereof. The initial offering yields set forth on the inside front cover pages may be changed, from time to time, by the Underwriter.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 in each year commencing February 1, 2025 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the MSRB through the Electronic Municipal Market Access System of the MSRB, as described in APPENDIX C – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX C - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with the SEC’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds, specifically their market price and transferability.

The District has implemented written procedures to facilitate compliance with the Prior Undertakings and the continuing disclosure undertaking related to the Bonds and future similar undertakings.

FINANCIAL ADVISOR

Hilltop Securities Inc. (the “Financial Advisor”) has been engaged by the District for the purpose of advising the District as to certain debt service structuring matters specific to the Bonds and on certain matters relative to the District’s overall debt financing program. The Financial Advisor has assisted in the assembly and preparation of this Official Statement at the direction and on behalf of the District. No person is entitled to rely on the Financial Advisor’s participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy and completeness of the information contained herein.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**INFORMATION REGARDING THE
CITY OF BUCKEYE, ARIZONA**

The following information concerning the City is for background information only as the District lies within the geographical limits of the City. THE BONDS ARE NOT AN OBLIGATION OF THE CITY IN ANY RESPECT. THE BONDS ARE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING “SECURITY FOR AND SOURCES OF PAYMENT.”

General

The City is located approximately 30 miles from downtown Phoenix, Arizona (“Phoenix”), approximately four miles south of Interstate 10 on State Route 85. The City was founded in 1888 and incorporated in 1929. The City’s municipal boundaries encompass approximately 650 square miles and the City sits at an elevation of 888 feet above sea level. Not all property within the perimeter boundaries of the City is annexed into the City, however, over 392 square miles are annexed into the City.

The following table illustrates respective population statistics for the City, the County, and the State.

| POPULATION STATISTICS | | | |
|------------------------------|----------------------------|----------------------------|-----------------------------|
| <u>Calendar Years</u> | <u>City of Buckeye</u> | <u>Maricopa County</u> | <u>State of Arizona</u> |
| 2023 Estimate (a) | 109,729 | 4,665,020 | 7,525,113 |
| 2020 Census | 91,502 | 4,420,568 | 7,151,502 |
| 2010 Census | 50,876 | 3,817,117 | 6,392,017 |
| 2000 Census | 8,497 | 3,072,149 | 5,130,632 |
| 1990 Census | 4,436 | 2,122,101 | 3,665,339 |
| 1980 Census | 3,434 | 1,509,175 | 2,716,546 |

(a) Estimate as of December 2023.

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

Government

The City operates under a Council-Manager form of government. The “Council” is comprised of the Mayor and six Councilmembers. The Mayor is elected at large every four years. Councilmembers each represent a district and are elected to staggered four-year terms. The Council appoints a Manager who has full responsibility for carrying out Council policies and administering operations.

The City provides a portion of its residents with water and sewer services; electricity is provided by Arizona Public Service Company, natural gas is provided by Southwest Gas Company and telephone service is provided by CenturyLink Communications Inc. In some areas of the City, water and/or sewer services are provided by private utility companies.

Economy

The Roosevelt Irrigation District and Buckeye Water Conservation and Drainage District canals provide a renewable supply of water for the City’s farming needs. Employment for the City’s residents is provided by agricultural activity services, education, government and the nearby Palo Verde Nuclear Plant. The Palo Verde Nuclear Plant is located approximately 20 miles west of the City and is outside the boundaries of the City. The close proximity of the City to the greater Phoenix metropolitan area also provides employment. Part of the City’s agricultural production includes Pima cotton which is processed in local cotton gins and exported worldwide. See below for certain historic employment information and a list of major employers located in and within close proximity of the City.

MAJOR EMPLOYERS City of Buckeye, Arizona

| Employer | Description | Approximate Number of Employees |
|--|--------------|---------------------------------|
| Walmart | Retail | 1,470 |
| State of Arizona | Government | 1,020 |
| City of Buckeye | Government | 650 |
| Buckeye Elementary School District No. 33 | Education | 490 |
| Fry's Food Stores | Education | 490 |
| Clayton Homes Inc. | Homebuilder | 440 |
| Litchfield Elementary School District No. 79 | Education | 400 |
| Funko LLC | Distribution | 300 |
| The Odyssey Preparatory Academy | Education | 190 |
| Liberty Elementary School District No. 25 | Education | 170 |

Source: Maricopa Association of Governments, Employer Database.

The table below illustrates the unemployment rate averages for the City.

UNEMPLOYMENT RATE AVERAGES

| Calendar Year | City of Buckeye (a) |
|---------------|---------------------|
| 2024 (b) | 4.2% |
| 2023 | 4.6 |
| 2022 | 4.5 |
| 2021 | 6.1 |
| 2020 | 8.1 |
| 2019 | 5.0 |

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Substate area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data is not seasonally adjusted, is preliminary and is an average of January 2024 through August 2024. Data accessed October 3, 2024.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The County's economy is based on high technology manufacturing, light manufacturing and commercial activities (including construction and trade), tourism, government and agriculture. The table below illustrates the employment structure of the County.

**NON-AGRICULTURAL EMPLOYMENT STRUCTURE
Maricopa County, Arizona**

| | 2024 Percent of Total (a) |
|-------------------------------------|---------------------------------|
| Mining and construction | 7.2% |
| Manufacturing | 6.0 |
| Trade, transportation and utilities | 19.5 |
| Information | 1.7 |
| Financial activities | 8.8 |
| Professional and Business Services | 16.4 |
| Educational and Health Services | 17.1 |
| Leisure and Hospitality | 10.2 |
| Services and miscellaneous | 3.2 |
| Government | 9.9 |
| Total | 100.0% |

(a) Data through August 2024.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**LABOR FORCE AND NONFARM EMPLOYMENT
Maricopa County, Arizona**

| | 2024 (a) | 2023 | 2022 | 2021 | 2020 | 2019 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Mining and construction | 168,800 | 157,900 | 150,500 | 139,100 | 135,100 | 134,300 |
| Manufacturing | 140,700 | 128,200 | 134,200 | 133,700 | 129,900 | 129,700 |
| Trade, transportation, and utilities | 459,900 | 446,200 | 444,600 | 427,100 | 401,900 | 399,000 |
| Information | 40,000 | 41,100 | 42,600 | 39,700 | 37,400 | 40,000 |
| Financial activities | 208,600 | 217,200 | 214,800 | 214,300 | 206,600 | 200,500 |
| Professional and business services | 385,700 | 390,800 | 385,500 | 367,400 | 352,200 | 362,400 |
| Educational and health services | 402,400 | 371,400 | 353,500 | 339,100 | 329,300 | 332,300 |
| Leisure and hospitality | 239,300 | 236,000 | 227,300 | 206,200 | 187,200 | 227,100 |
| Other services | 75,700 | 68,100 | 70,400 | 66,800 | 60,100 | 68,400 |
| Government | 234,000 | 224,600 | 215,800 | 216,500 | 218,400 | 222,100 |
| | 2,355,100 | 2,281,500 | 2,239,200 | 2,149,900 | 2,058,100 | 2,115,800 |

(a) Data through August 2024.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates taxable sales collections for the City.

MUNICIPAL PRIVILEGE TAX COLLECTIONS
City of Buckeye, Arizona
(\$000s omitted)

| Fiscal Year | Amount |
|----------------|----------|
| 2022/23 | \$73,679 |
| 2021/22 | 62,067 |
| 2020/21 | 52,929 |
| 2019/20 | 40,276 |
| 2018/19 | 33,415 |

Source: Arizona Department of Revenue, Municipal Privilege Tax Collection Program.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS
Maricopa County, Arizona
(in millions)

| Fiscal Year | Amount |
|----------------|-----------|
| 2024 | \$163,404 |
| 2023 | 163,826 |
| 2022 | 178,327 |
| 2021 | 158,003 |
| 2020 | 132,017 |

Source: Federal Deposit Insurance Corporation.

FORMS OF LEGAL OPINIONS OF BOND COUNSEL

[Closing date]

District Board
Festival Ranch Community Facilities District
(City of Buckeye, Arizona)

Re: Festival Ranch Community Facilities District
(City of Buckeye, Arizona)
General Obligation Bonds, Series 2024

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$10,075,000 aggregate principal amount of Festival Ranch Community Facilities District (City of Buckeye, Arizona) General Obligation Bonds, Series 2024 (the “*Bonds*”), dated [Closing Date], issued by the Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the “*District*”).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 05-24, passed and adopted by the Board of Directors of the District (the “*District Board*”) on May 7, 2024 (the “*Resolution*”). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.
3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding general obligation of the District.
4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that there be levied, assessed and collected, at the same time and in the same manner as other taxes of the District, an annual tax upon the taxable property in the District sufficient, together with any money from other sources lawfully available, to pay the principal of and interest on the Bonds when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excludable from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code (as defined herein)) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

[Closing date]

District Board
Festival Ranch Community Facilities District
(City of Buckeye, Arizona)

Re: Festival Ranch Community Facilities District
(City of Buckeye, Arizona)
General Obligation Refunding Bonds, Series 2024

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$2,995,000 aggregate principal amount of Festival Ranch Community Facilities District (City of Buckeye, Arizona) General Obligation Refunding Bonds, Series 2024 (the “*Bonds*”), dated [Closing Date], issued by the Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the “*District*”).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 06-24, passed and adopted by the Board of Directors of the District (the “*District Board*”) on May 7, 2024 (the “*Resolution*”). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.
3. The Bonds and the proceedings leading to and including the issuance thereof and the refunding of the Bonds Being Refunded (as defined in the Resolution) are legal and constitute a valid and binding general obligation of the District.
4. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds, without limit as to rate, except that the total aggregate of taxes levied to pay the principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate amount of principal and interest to become due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded; and subject further to the rights vested in the owners of such Bonds Being Refunded to the payment of such Bonds Being Refunded from the same tax source in the event of a deficiency in the monies placed in trust for the purpose of providing for payment of principal of, premium, if any, and interest on such Bonds Being Refunded. The owners of the Bonds must rely on the sufficiency of the monies placed irrevocably in trust for payment of the Bonds Being Refunded. Subject to the foregoing, it is required by law that there be levied, assessed and collected, in the same manner as other taxes of the District, an annual tax upon the taxable property in the District sufficient to pay the principal of and interest on the Bonds, when due.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excludable from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code (as defined herein)) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

The rights of the owners of the Bonds and the enforceability of those rights and the rights and obligations of the District with respect to the Resolution and to collection of taxes may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and the enforcement of those rights may be subject to the exercise of judicial discretion in accordance with general principles of equity.

GUST ROSENFELD P.L.C.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)

\$10,075,000
GENERAL OBLIGATION BONDS,
SERIES 2024

\$2,995,000
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2024

(CUSIP BASE NUMBER 315598)

This Undertaking is executed and delivered by Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the “Issuer”), in connection with the issuance of the captioned municipal securities (collectively, the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

“Authorizing Document” shall mean the resolution or resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 3(a).

“Notice of Listed Event” shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Contents and Provision of Annual Reports.

(a) (i) **SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2025, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.**

(ii) **IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.**

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES 2, 3, 4, 6, 7 and 10 of the Official Statement, dated October 23, 2024, with respect to the Securities.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. **IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.**

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

(iii) **If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.**

Section 3. Reporting of Listed Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

(i) Principal and interest payment delinquencies.

(ii) Non-payment related defaults, if material.

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.

(v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(vii) Modifications to rights of security holders, if material.

(viii) Bond calls, if material, and tender offers.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the securities, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar events of the obligated person, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(xiii) The consummation of a merger, consolidation or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor or additional trustee or the change of the name of the trustee, if material.

(xv) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(xvii) Notice of a failure of the obligated person to provide required annual financial information on or before the date specified in Section 2 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

(c) ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS THEREAFTER, FILE A NOTICE OF LISTED EVENT OF SUCH OCCURRENCE THROUGH EMMA.***

Section 4. Termination of Reporting Obligation. The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH***

TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Document at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Document, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs

and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

FESTIVAL RANCH COMMUNITY FACILITIES
DISTRICT (CITY OF BUCKEYE, ARIZONA)

By.....
Chairman, Board of Directors

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Bond Registrar and Paying Agent for DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the

Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm this information with DTC or the DTC participants.

APPENDIX E

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2023

[THIS PAGE INTENTIONALLY LEFT BLANK]



Independent Auditor's Report

Board of Directors
Festival Ranch Community Facilities District

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Festival Ranch Community Facilities District (District), a component unit of the City of Buckeye, Arizona, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Festival Ranch Community Facilities District as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 22, 2023

BASIC FINANCIAL STATEMENTS



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

| | Governmental Activities |
|-------------------------------|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 9,108,018 |
| Receivables, net | 6,523,327 |
| Restricted assets | |
| Cash with paying agent | 3,006,654 |
| Restricted cash | 567,679 |
| Total assets | 19,205,678 |
| LIABILITIES | |
| Accounts payable | 7,778,334 |
| Matured debt interest payable | 1,009,211 |
| Noncurrent liabilities: | |
| Due within one year | 1,930,911 |
| Due in more than one year | 50,104,480 |
| Total liabilities | 60,822,936 |
| Net position: | |
| Unrestricted | (41,617,258) |
| Total net position | \$ (41,617,258) |

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) |
|-------------------------------|------------------|----------------------|------------------------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| | | | | Governmental Activities |
| Governmental activities | | | | |
| General government | \$ 220,551 | \$ 6,280 | \$ - | \$ (214,271) |
| Highways and streets | 6,889,221 | - | - | (6,889,221) |
| Interest on long-term debt | 2,125,876 | 310,163 | 206,825 | (1,608,888) |
| Total governmental activities | <u>9,235,648</u> | <u>316,443</u> | <u>206,825</u> | <u>(8,712,380)</u> |
| General revenues: | | | | |
| Taxes: | | | | |
| | | | | 3,484,720 |
| | | | | 39,158 |
| | | | | <u>3,523,878</u> |
| | | | | Change in net position (5,188,502) |
| | | | | Net position - beginning (36,428,756) |
| | | | | <u>Net position - ending \$ (41,617,258)</u> |

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

| | General | Debt Service | | Capital Projects | Total Governmental Funds |
|---|-------------------|-----------------------|-----------------------|---------------------|--------------------------------|
| | | Special Assessment | General Obligation | | |
| ASSETS | | | | | |
| Cash and investments | \$ 686,456 | \$ 161,889 | \$ 510,443 | \$ 7,749,230 | \$ 9,108,018 |
| Receivables, net | | | | | |
| Intergovernmental | 2,933 | 2,707 | 22,806 | - | 28,446 |
| Special assessments | - | 6,494,881 | - | - | 6,494,881 |
| Restricted assets | | | | | |
| Cash with paying agent | - | 999,611 | 2,007,043 | - | 3,006,654 |
| Restricted cash | - | 567,679 | - | - | 567,679 |
| Total assets | <u>\$ 689,389</u> | <u>\$ 8,226,767</u> | <u>\$ 2,540,292</u> | <u>\$ 7,749,230</u> | <u>\$ 19,205,678</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 28,783 | \$ 321 | \$ - | \$ 7,749,230 | \$ 7,778,334 |
| Matured debt principal payable | - | 490,911 | 1,440,000 | - | 1,930,911 |
| Matured debt interest payable | - | 177,397 | 831,814 | - | 1,009,211 |
| Total liabilities | <u>28,783</u> | <u>668,629</u> | <u>2,271,814</u> | <u>7,749,230</u> | <u>10,718,456</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - special assessments | - | 6,494,881 | - | - | 6,494,881 |
| Total deferred inflows of resources | <u>-</u> | <u>6,494,881</u> | <u>-</u> | <u>-</u> | <u>6,494,881</u> |
| Fund balances: | | | | | |
| Restricted | | | | | |
| Debt service | - | 1,063,257 | 268,478 | - | 1,331,735 |
| Unassigned | 660,606 | - | - | - | 660,606 |
| Total fund balances | <u>660,606</u> | <u>1,063,257</u> | <u>268,478</u> | <u>-</u> | <u>1,992,341</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 689,389</u> | <u>\$ 8,226,767</u> | <u>\$ 2,540,292</u> | <u>\$ 7,749,230</u> | <u>\$ 19,205,678</u> |

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

| | | |
|---|--------------|--------------|
| Total governmental fund balances | \$ | 1,992,341 |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p> | | |
| <p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p> | | |
| Special Assessments | | 6,494,881 |
| <p>Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds.</p> | | |
| Bonds payable | (47,524,881) | |
| Premiums and discounts | (2,579,599) | |
| | | (50,104,480) |
| Total net position of governmental activities | \$ | (41,617,258) |

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

| | Debt Service | | | Capital Projects | Total Governmental Funds |
|--|-------------------|-----------------------|-----------------------|---------------------|--------------------------------|
| | General | Special Assessment | General Obligation | | |
| REVENUES | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 418,950 | \$ - | \$ 3,065,770 | \$ - | \$ 3,484,720 |
| Charges for services | 6,280 | - | - | - | 6,280 |
| Developer contribution | - | - | 206,825 | - | 206,825 |
| Special assessments | - | 1,014,074 | - | - | 1,014,074 |
| Investment earnings | - | 10,909 | 28,249 | - | 39,158 |
| Total revenues | <u>425,230</u> | <u>1,024,983</u> | <u>3,300,844</u> | <u>-</u> | <u>4,751,057</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 220,551 | - | - | - | 220,551 |
| Highway and streets | 131,912 | - | - | 4,805,424 | 4,937,336 |
| Debt service: | | | | | |
| Principal retirement | - | 703,911 | 1,440,000 | - | 2,143,911 |
| Interest and fiscal charges | 19,600 | 360,164 | 1,670,085 | - | 2,049,849 |
| Issuance costs | - | - | 239,903 | - | 239,903 |
| Capital outlay | - | - | - | 1,951,885 | 1,951,885 |
| Total expenditures | <u>372,063</u> | <u>1,064,075</u> | <u>3,349,988</u> | <u>6,757,309</u> | <u>11,543,435</u> |
| Excess (deficiency) of revenues over expenditures | <u>53,167</u> | <u>(39,092)</u> | <u>(49,144)</u> | <u>(6,757,309)</u> | <u>(6,792,378)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bonds issued | - | - | 6,075,000 | - | 6,075,000 |
| Premiums issued | - | - | 559,865 | - | 559,865 |
| Transfers in | 6,313 | - | - | 6,595,174 | 6,601,487 |
| Transfers out | - | - | (6,601,487) | - | (6,601,487) |
| Total other financing sources and uses | <u>6,313</u> | <u>-</u> | <u>33,378</u> | <u>6,595,174</u> | <u>6,634,865</u> |
| Net change in fund balances | 59,480 | (39,092) | (15,766) | (162,135) | (157,513) |
| Fund balances - beginning | <u>601,126</u> | <u>1,102,349</u> | <u>284,244</u> | <u>162,135</u> | <u>2,149,854</u> |
| Fund balances - ending | <u>\$ 660,606</u> | <u>\$ 1,063,257</u> | <u>\$ 268,478</u> | <u>\$ -</u> | <u>\$ 1,992,341</u> |

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2023

| | | |
|--|-------------|----------------|
| Net change in fund balances - total governmental funds | | \$ (157,513) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.</p> | | |
| Special assessments | | (703,911) |
| <p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.</p> | | |
| Issuance of long-term debt | (6,075,000) | |
| Premiums on debts issued | (559,865) | |
| Principal payments on long-term debt | 2,143,911 | |
| Amortization of premium | 163,876 | |
| | (4,327,078) | |
| Change in net position of governmental activities | | \$ (5,188,502) |

The notes to the basic financial statements are an integral part of this statement.

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
YEAR ENDED JUNE 30, 2023

| | Budgeted Amounts | | Actual Amount Budgetary Basis | Variance Between Final Budget and Actual Amounts |
|--|------------------|------------|----------------------------------|--|
| | Adopted | Final | | |
| REVENUES | | | | |
| Taxes | \$ 327,878 | \$ 327,878 | \$ 418,950 | \$ 91,072 |
| Charges for services | 20,000 | 20,000 | 6,280 | (13,720) |
| Total revenues | 347,878 | 347,878 | 425,230 | 77,352 |
| EXPENDITURES | | | | |
| General government | 260,000 | 283,000 | 220,551 | 62,449 |
| Highway and streets | 210,000 | 210,000 | 131,912 | 78,088 |
| Interest and fiscal charges | 15,000 | 20,500 | 19,600 | 900 |
| Contingency | 281,183 | 252,683 | - | 252,683 |
| Total expenditures | 766,183 | 766,183 | 372,063 | 394,120 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 6,313 | 6,313 |
| Total other financing sources and uses | - | - | 6,313 | 6,313 |
| Net change in fund balances | (418,305) | (418,305) | 59,480 | 477,785 |
| Fund balances - beginning | 418,305 | 418,305 | 601,126 | 182,821 |
| Fund balances - ending | \$ - | \$ - | \$ 660,606 | \$ 660,606 |

The notes to the basic financial statements are an integral part of this statement.

Notes to Financial Statements – Year Ended June 30, 2023**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Festival Ranch Community Facilities District (District) is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona, and is authorized under state law to issue general obligation (GO) or revenue bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or by specific revenues generated within the District (revenue bonds). The District was created by petition to the city council by property owners within the area to be covered by the District, and debt may be issued only after approval of voters within the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District, a component unit of the City of Buckeye, Arizona (City), was established (April 19, 2005), and is a political subdivision of the State of Arizona as well as a municipal corporation by Arizona Law. The City Council serves as the Board of Directors. All transactions of the District are included in the City's financial statements. However, the City has no liability for the debt.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the non-fiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by tax revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessment revenue is recognized at the time of the special assessment levy. All other revenue items are considered to be measurable and available only when cash is received by the government. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as

they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. As permitted by generally accepted accounting principles, the District applies the “early recognition” option for debt service payments. Property tax and special assessment resources are provided in Debt Service Fund during the current year for the payment of debt service principal and interest due early in the following year (less than one month). Therefore, the expenditures and related liabilities have been recognized.

Property taxes and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The District reports all funds as major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

Debt Service Funds – The Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund accounts for bonds proceeds to be reimbursed to the developer for public infrastructure dedicated to the City of Buckeye.

D. Cash and Investments

Arizona Revised Statutes (A.R.S.) authorize the District to invest public monies in the State Treasurer’s Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the District upon demand. Cash equivalents as defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investment Income

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Taxes

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The District levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real property attaches on the first day of January preceding assessment and levy, however according to case law, an enforceable legal claim to the asset does not arise.

H. Restricted Assets

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Budgetary Data

According to state statutes, the District must adopt a budget on an annual basis. There are no statutory spending limitation but the District cannot spend more than actual revenues collected plus carryover unrestricted cash balance from the prior fiscal year. There were no supplemental budgetary appropriations made during the year.

N. Deficit Net Position

As described previously, the District was formed to finance and acquire or construct infrastructure assets that are subsequently dedicated to the City for operation. The District does not own or operate infrastructure. Therefore, the Statement of Net Position reflects a large liability without an offsetting asset.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Directors or a management official delegated that authority by the formal Governing Board action. The District has adopted the City’s policy on which only the Board of Directors or the District’s Treasurer may assign amounts for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the Debt Service, General Obligation, and Capital Projects Funds, the following line item accounts exceeded the amounts budgeted. The Board adopts the expenditure appropriations at the District level. For presentation purposes, we have elected to show any deficits at the line item level within the Fund, all of which was funded by available fund balances within the Debt Service, General Obligation, and Capital Projects Funds.

Festival Ranch CFD

| | <u>Budgeted Amounts</u> | | <u>Actual Amount Budgetary Basis</u> | <u>Variance Between Final Budget and Actual Amounts</u> |
|---------------------------------|-------------------------|--------------|--|---|
| | <u>Adopted</u> | <u>Final</u> | | |
| <u>Debt Service Fund:</u> | | | | |
| Debt Service: | | | | |
| Principal retirement | 579,911 | 579,911 | 703,911 | (124,000) |
| <u>General Obligation Fund:</u> | | | | |
| Debt Service: | | | | |
| Interest and fiscal charges | 1,575,349 | 1,575,349 | 1,670,085 | (94,736) |
| <u>Capital Projects Fund:</u> | | | | |
| Capital Outlay: | - | - | 1,951,885 | (1,951,885) |

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. The unrestricted and restricted cash is in a repurchase sweep agreement rather than a deposit. At year end, the carrying amount of the District’s deposits and bank balance was \$9,675,697, all of which was covered by collateral in the City’s name as part of the Arizona State Treasurer’s Statewide Pooled Collateral Program. In addition to bank deposit balances, the District also maintains deposits with paying agents and trustees.

Cash with the Trustee is collateralized by the District’s Agent in the District’s name. Cash held by paying agents at year end was \$3,006,654. Restricted cash and cash held by paying agents at year end represent amounts held by the District for future debt service payments.

NOTE 5 – LONG TERM DEBT PAYABLE

The District is a special purpose district created specifically to acquire or construct public infrastructure within specific areas of the City of Buckeye, Arizona. The District is authorized under state law to issue special assessment (SA) revenue bonds to be repaid by the property within the SA District, general obligation (GO) bonds to be repaid by property (ad valorem) taxes levied on property within the District (for GO debt), or revenue bonds to be repaid by specific revenues generated within the District (revenue bonds). The District has \$121 million of authorized GO bonds authority. The District was created by petition to the City Council by property owners within the area to be covered by the District and comprises approximately 4,015 acres.

Special Assessment Bonds

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 2 and 3) to repay \$1,868,000 in special assessment lien bonds issued April 2007. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$534,000. The principal paid for the current year is \$58,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 4 and 5) to repay \$1,784,000 in special assessment lien bonds issued October 2007. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$487,000. The principal paid for the current year is \$49,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 6) to repay \$356,000 in special assessment revenue bonds issued November 2009. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$105,000. The principal paid for the current year

is \$7,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 7) to repay \$404,000 in special assessment revenue bonds issued April 2011. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$117,000. The principal paid for the current year is \$9,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 8) to repay \$186,000 in special assessment revenue bonds issued July 2013. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The total remaining principal being \$61,301. The principal paid for the current year is \$15,490. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 9) to repay \$288,000 in special assessment revenue bonds issued July 2015. Proceeds were used for infrastructure improvements within the special assessment district. The bonds are payable solely from assessments on the property owners. The remaining principal being \$128,000. The principal paid for the current year is \$20,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 10) to repay \$200,000 in special assessment revenue bonds issued March 2016. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$85,580. The principal paid for the current year is \$13,621. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch CFD (Assessment District 11) to repay \$2,738,000 in special assessment revenue bonds issued February 2017. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$1,722,000. The principal paid for the current year is \$223,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of Festival Ranch CFD (Assessment District 12) to repay \$210,000 in special assessment revenue bonds issued in June 2018. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$156,500. The principal paid for the current year is \$9,100. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of Festival Ranch CFD (Assessment District 13) to repay \$3,920,000 in special assessment revenue bonds issued in November 2018. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$2,534,000. The principal paid for the current year is \$269,000. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of Festival Ranch CFD (Assessment District 14) to repay \$722,000 in special assessment revenue bonds issued February 2019. Proceeds were used for infrastructure improvements within the special assessment district. The remaining principal being \$564,500. The principal paid for the current year is \$30,700. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

General Obligation Bonds

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,400,000 in general obligation bonds issued July 2012. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$1,985,000. The principal paid for the current year is \$200,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$1,800,000 in general obligation bonds issued in November 2013. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$1,410,000. The principal paid for the current year is \$60,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,410,000 in general obligation bonds, Series 2016, and issued in July 2016. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$4,815,000. The principal paid for the current year is \$100,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$3,665,000 in general obligation bonds, Series 2017 issued in July 2017. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$3,090,000. The principal paid for the current year is \$100,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$7,600,000 in general obligation bonds issued December 2009. Proceeds were used for the acquisition and construction of the CFD. By way of an advance refunding, these bonds were partially defeased through the issuance of \$2,940,000 Festival Ranch CFD General Obligation Refunding Bonds, Series 2017 issued in July 2017. The remaining total principal to be paid being \$2,355,000. The principal paid for the current year is \$110,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$3,335,000 in general obligation bonds, Series 2018 issued in August 2018. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$3,020,000. The principal paid for the current year is \$65,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,715,000 in general obligation bonds, Series 2019 issued in July 2019. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,030,000. The principal paid for the current year is \$180,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$7,600,000 in general obligation bonds issued December 2009. Proceeds were used for the acquisition and construction of the CFD. By way of a current refunding, these bonds were fully defeased through the issuance of \$3,885,000 Festival Ranch CFD General Obligation Refunding Bonds, Series 2019 issued in July 2019. The remaining total principal to be paid being \$2,845,000. The principal paid for the current year is \$270,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,315,000 in general obligation bonds, Series 2020 issued in November 2020. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,060,000. The principal paid for the current year is \$130,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$5,790,000 in general obligation bonds, Series 2021 issued in September 2021. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,445,000. The principal paid for the current year is \$125,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch CFD to repay \$6,075,000 in general obligation bonds, Series 2022 issued in July 2022. Proceeds were used for the construction and acquisition of public infrastructure. The remaining total principal to be paid being \$5,975,000. The principal paid for the current year is \$100,000.

Festival Ranch CFD

The following table shows interest rate, maturity date, original issue amount, amount outstanding, and all debt issued by the District.

Notes to Financial Statements

June 30, 2023

| Purpose | Interest Rates (%) | Matures | Original Issue Amount | Amount Outstanding |
|--|--------------------|-----------|-----------------------|----------------------|
| Festival Ranch Special Assessment Revenue Bonds, | | | | |
| Series 2007 (private placement) | 4.85 - 5.0% | July 2032 | \$ 1,868,000 | \$ 534,000 |
| Series 2007 (private placement) | 5.05 - 5.75% | July 2032 | 1,784,000 | 487,000 |
| Series 2009 (private placement) | 8.88% | July 2034 | 356,000 | 105,000 |
| Series 2011 (private placement) | 8.50% | July 2035 | 404,000 | 117,000 |
| Series 2013 (private placement) | 7.25% | July 2033 | 186,000 | 61,301 |
| Series 2015 (private placement) | 6.00% | July 2035 | 288,000 | 128,000 |
| Series 2016 (private placement) | 5.75% | July 2035 | 200,000 | 85,580 |
| Series 2017 (private placement) | 3.65 - 5.2% | July 2037 | 2,738,000 | 1,722,000 |
| Series 2018 (private placement) | 5.88% | July 2037 | 210,000 | 156,500 |
| Series 2018 (private placement) | 3.25 - 4.9% | July 2038 | 3,920,000 | 2,534,000 |
| Series 2019 (private placement) | 5.88% | July 2038 | 722,000 | 564,500 |
| Festival Ranch General Obligation Bonds, | | | | |
| Series 2012 | 4.0 - 5.0% | July 2031 | 5,400,000 | 1,985,000 |
| Series 2013 | 3.75 - 5.25% | July 2033 | 1,800,000 | 1,410,000 |
| Series 2016 | 4.00% | July 2036 | 5,410,000 | 4,815,000 |
| Series 2017A | 3.0 - 5.0% | July 2037 | 3,665,000 | 3,090,000 |
| Series 2017B | 3.0 - 4.0% | July 2032 | 2,940,000 | 2,355,000 |
| Series 2018 | 3.5 - 5.0% | July 2038 | 3,335,000 | 3,020,000 |
| Series 2019 | 3.0 - 4.0% | July 2039 | 5,715,000 | 5,030,000 |
| Series 2019 Refunding | 3.0 - 4.0% | July 2034 | 3,885,000 | 2,845,000 |
| Series 2020 | 2.0 - 4.0% | July 2040 | 5,315,000 | 5,060,000 |
| Series 2021 | 2.25 - 4.0% | July 2041 | 5,790,000 | 5,445,000 |
| Series 2022 | 4.0 - 5.0% | July 2042 | 6,075,000 | 5,975,000 |
| Total Festival Ranch | | | <u>\$ 62,006,000</u> | <u>\$ 47,524,881</u> |

Annual debt service requirements to maturity on general obligation and special assessment bonds at year-end are summarized as follows:

| Fiscal Year Ending | Private Placement | | Public Offering | | Total Debt | |
|--------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 373,022 | \$ 331,976 | \$ 1,495,000 | \$ 1,615,219 | \$ 1,868,022 | \$ 1,947,195 |
| 2025 | 385,307 | 314,580 | 1,550,000 | 1,562,144 | 1,935,307 | 1,876,724 |
| 2026 | 402,770 | 296,380 | 1,605,000 | 1,505,244 | 2,007,770 | 1,801,624 |
| 2027 | 420,515 | 276,988 | 1,670,000 | 1,441,381 | 2,090,515 | 1,718,369 |
| 2028 | 443,449 | 255,958 | 1,740,000 | 1,374,706 | 2,183,449 | 1,630,664 |
| 2029-33 | 2,424,007 | 916,476 | 9,755,000 | 5,806,925 | 12,179,007 | 6,723,401 |
| 2034-38 | 2,045,811 | 302,318 | 11,885,000 | 3,675,463 | 13,930,811 | 3,977,781 |
| 2039-43 | - | - | 11,330,000 | 1,113,188 | 11,330,000 | 1,113,188 |
| | <u>\$ 6,494,881</u> | <u>\$ 2,694,676</u> | <u>\$ 41,030,000</u> | <u>\$ 18,094,269</u> | <u>\$ 47,524,881</u> | <u>\$ 20,788,945</u> |

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

Notes to Financial Statements

June 30, 2023

| | July 1, 2022 | Increases | Decreases | June 30, 2023 | Due Within One Year |
|----------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| Special Assessments | \$ 7,198,792 | \$ - | \$ (703,911) | \$ 6,494,881 | \$ - |
| General Obligations | 36,395,000 | 6,075,000 | (1,440,000) | 41,030,000 | - |
| Deferred amount on premium | 2,183,610 | 559,865 | (163,876) | 2,579,599 | - |
| Total bonds payable | <u>\$ 45,777,402</u> | <u>\$ 6,634,865</u> | <u>\$ (2,307,787)</u> | <u>\$ 50,104,480</u> | <u>\$ -</u> |

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The District’s insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the District is a participating member. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its member’s additional premiums should reserves and annual premium be insufficient to meet the pool’s obligations.

NOTE 8 – INTERFUND TRANSFERS

During the year, there was an \$6,313 transfer from the General Obligation Debt Service Fund to the General Fund. This represents the remaining balance of a cost of issuance proceeds from a prior bond issue that is no longer required. In addition, there was a transfer from the GO Debt Service Fund to the Capital Projects Fund. This represents bond proceeds that has not been reimbursed to the Developer.

| Transfers to: | Transfers from: |
|------------------|-----------------------|
| | General Obligation |
| General Fund | \$ 6,313 |
| Capital Projects | 6,595,174 |

NOTE 9 – SUBSEQUENT EVENTS

On May 16, 2023, the Festival Ranch Community Facility District Board approved the Feasibility Report in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2023 in an aggregate principal amount not to exceed \$5,250,000. This Report has been prepared for consideration of the feasibility and benefits of certain public infrastructure. The bond closing occurred on December 7, 2023 and the final amount was \$3,985,000.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)