

FEASIBILITY REPORT

**FOR THE ISSUANCE OF NOT TO EXCEED
\$3,920,000 PRINCIPAL AMOUNT**

OF

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

**ASSESSMENT DISTRICT NO. 13
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018**

September 18, 2018

TABLE OF CONTENTS

| | <u>SECTION</u> |
|--|----------------|
| Introduction; Purpose of Feasibility Report and General Description of District | ONE |
| Description, Estimate of Cost and Timetable for Completion of Public Infrastructure | TWO |
| Map of Assessment District No. 13 | THREE |
| Plan of Finance and Preliminary Debt Service Schedule (Table One) | FOUR |

APPENDIX

| | |
|---|---|
| Legal Description of the Festival Ranch Community Facilities District Assessment District No. 13 | A |
| Executive Summary/Appraisal (As Is and As If Completed Appraisal Methodology) | B |

SECTION ONE

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

INTRODUCTION

This Feasibility Report (this "Report") has been prepared for presentation to the Board of Directors of the Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the "District") in connection with the proposed issuance by the District of its Assessment District No. 13, Special Assessment Revenue Bonds, Series 2018 (the "Bonds") in an aggregate principal amount not to exceed \$3,920,000 pursuant to Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the Public Infrastructure and Public Infrastructure Purposes (each as defined in Arizona Revised Statutes ("A.R.S.") Section 48-701, and referred to herein together as "Public Infrastructure") to be financed by the Bonds and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. Section 48-715. Pursuant to A.R.S. Section 48-715, this Report includes (i) a description of the Public Infrastructure to be financed and a timetable and an estimate of cost to acquire the Public Infrastructure [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and area to be benefited by the Public Infrastructure [Section Three]; (iii) and a plan for financing the acquisition, operation and maintenance of the Public Infrastructure [Section Four].

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

GENERAL DESCRIPTION OF DISTRICT

Formation of the District was approved by the City on April 19, 2005 upon the request of all of the landowners within the District. The District consists of approximately 4,015 acres within the approximately 10,354 acre master-planned community called Festival Ranch (the "Project"). The Project is located along the Sun Valley Parkway generally between 259th Avenue and the 291st Avenue alignments. Single-family residential units are planned for approximately 3,190 acres within the Project. As of June 30, 2018, Pulte Home Company, LLC has closed 2,507 residential homes at Sun City Festival (age restricted) and 769 homes at Festival Foothills (non-age restricted), for a total of 3,276 residential homes.

In addition to residential development, several community amenities are planned for construction within the District, including a 27 hole golf course and recreation centers. Currently, one 18-hole golf course is completed along with a 15,000 square foot golf clubhouse, a 30,000 square foot recreation center, an 8,000 square foot Arts and Crafts Building, a softball complex, a pet park, a pickleball complex and a community park. An additional 9 holes to complete the golf course are under construction and will be substantially complete by December 2018.

The real property comprising the Assessment District No. 13 consists of approximately 456.33 acres planned for approximately 1,120 lots. Within Assessment District No. 13, there are 123 final platted lots currently under development, and approximately 413.0984 acres that consist of 997 preliminary platted lots that have been mass graded.

The Table below reflects the assessed real property units by parcel:

| Assess. Dist. No. 13 Parcels | Assessable Acreage | Estimated Single Family Lots | Units Per Net Acre | Estimated Market Value "As Is" | Estimated Appraised Value Per Lot | Assessment Per Lot | Per Assessed Parcel VTL |
|---|-------------------------------|---|-----------------------------------|---|--|-----------------------------------|--|
| Sun City Festival A2 | 37.19 | 108 | 2.90 | \$9,500,000 | \$87,963 | \$3,500 | 25.13 x |
| Sun City Festival C2 | 55.78 | 133 | 2.38 | 6,200,000 | 46,617 | 3,500 | 13.32 |
| Sun City Festival D2 | 55.36 | 132 | 2.38 | 8,400,000 | 63,636 | 3,500 | 18.18 |
| Sun City Festival B2/E2 | 57.88 | 138 | 2.38 | 7,600,000 | 55,072 | 3,500 | 15.73 |
| Sun City Festival F2 | 56.62 | 135 | 2.38 | 5,800,000 | 42,963 | 3,500 | 12.28 |
| Sun City Festival H2 | 66.68 | 159 | 2.38 | 10,200,000 | 64,151 | 3,500 | 18.33 |
| Sun City Festival G2/I2 | 55.36 | 132 | 2.38 | 6,400,000 | 48,485 | 3,500 | 13.85 |
| Sun City Festival J2 | 20.55 | 49 | 2.38 | 4,000,000 | 81,633 | 3,500 | 23.32 |
| Sun City Festival K2 | 18.87 | 45 | 2.38 | 1,900,000 | 42,222 | 3,500 | 12.06 |
| Sun City Festival L2 | 13.84 | 33 | 2.38 | 2,650,000 | 80,303 | 3,500 | 22.94 |
| Sun City Festival N2 | 12.16 | 29 | 2.38 | 1,600,000 | 55,172 | 3,500 | 15.76 |
| Sun City Festival M2 | 6.04 | 27 | 4.47 | 1,850,000 | 68,519 | 3,500 | 19.58 |
| Total | 456.33 | 1,120 | | | | | |

The total District acreage and Assessment District No. 13 acreage can be categorized as follows:

| Total Project | Approximate District Acres | Approximate Assessment District No. 13 Acres |
|---------------------------------|---------------------------------------|---|
| Single Family Residential Units | 3,190 | 456.33 |
| 27 Hole Golf Course | 600 | |
| Commercial | 150 | |
| Recreation Centers | 75 | |
| Total | 4,015 | 456.33 |

The District was created to finance the construction or acquisition of public infrastructure and public infrastructure purposes within the District, including to finance the construction or acquisition of the Public Infrastructure. See Section Two for a description of the Public Infrastructure. The legal description of Assessment District No. 13 is included in Appendix A. A map of Assessment District No. 13 is included in Section Three. The proposed acquisition of the Public Infrastructure as defined in this Report is consistent with the City's and the District's approved General Plan for the Project.

Pulte Home Company, LLC, currently owns all of the property located within Assessment District No. 13.

SECTION TWO

**DESCRIPTION, ESTIMATE OF COST AND TIMETABLE
FOR COMPLETION OF PUBLIC INFRASTRUCTURE**

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure, which has been publicly bid pursuant to State statutes and District guidelines, and will be financed by the proceeds of the Bonds of the District together with a contribution from Pulte Home Company, LLC, is outlined in the tables below. It is expected that the Public Infrastructure listed below will be acquired from Pulte Home Company, LLC, with estimated cost and construction timing as noted.

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
ASSESSMENT DISTRICT NO. 13
DESCRIPTION OF PUBLIC INFRASTRUCTURE**

| <u>Description of Public Infrastructure</u> | <u>Estimated Cost</u> | <u>Completion^(a)</u> |
|--|-----------------------|---------------------------------|
| Regional Drainage Facilities including approximately 6,300 linear feet of shotcrete channel and box culverts | \$4,353,671.00 | July 2018 |

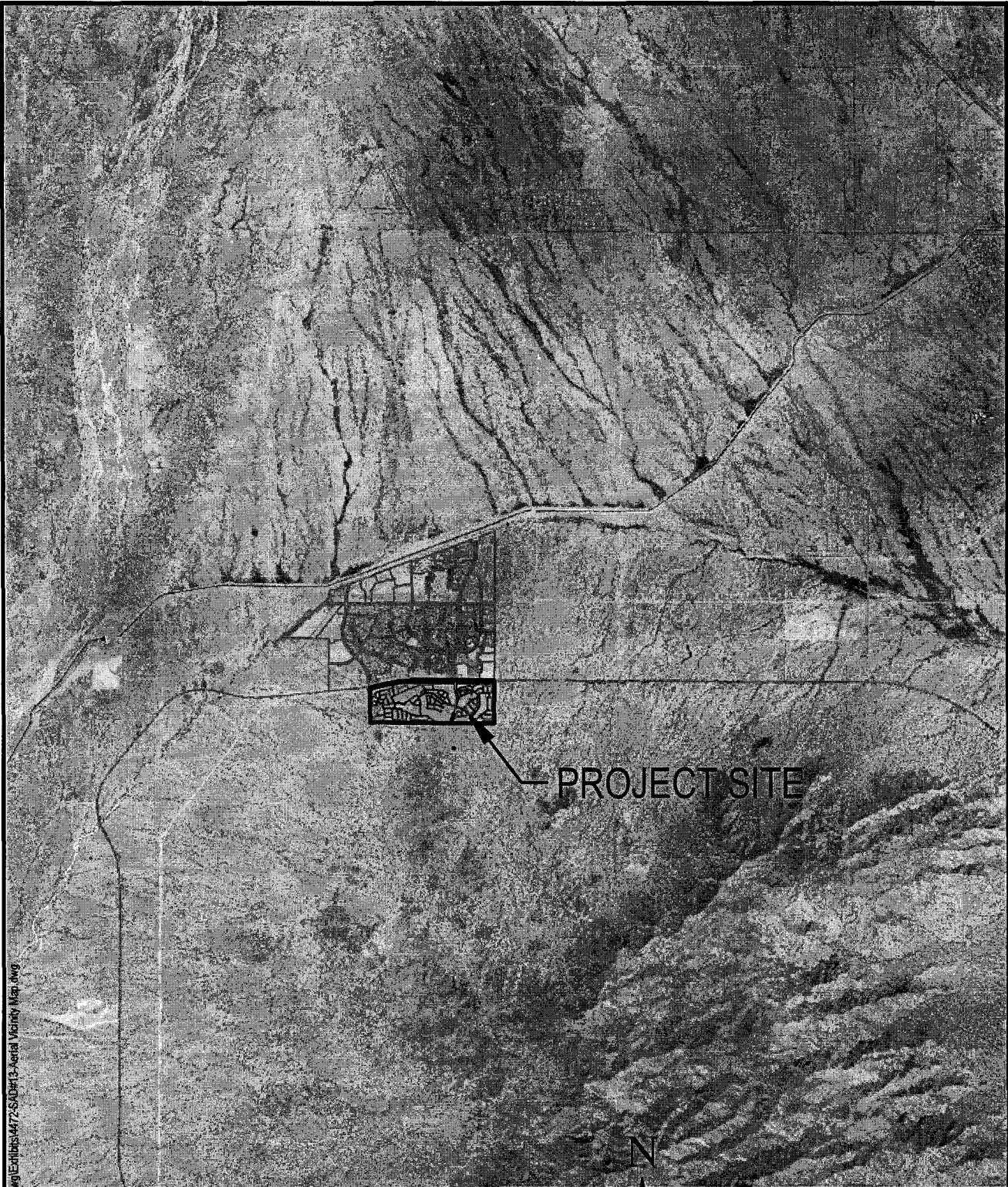
(a) Completion represents the date by which the Public Infrastructure has been constructed, which may differ from the date it is accepted by the District/City.

Listed below is an estimated draw schedule of the proceeds of the Bonds for the acquisition of the Public Infrastructure. Proceeds of the Bonds will be used to finance the acquisition of all or a portion of the Public Infrastructure.

| <u>Public Infrastructure Project</u> | <u>Estimated Acquisition Price</u> | <u>Difference Between Estimated Costs and Estimated Acquisition Price</u> | <u>Completion^(a)</u> | <u>Funds Draw Date</u> |
|--|------------------------------------|---|---------------------------------|------------------------|
| Regional Drainage Facilities including approximately 6,300 linear feet of shotcrete channel and box culverts | \$3,435,617.78 | \$ 918,053.22 | July 2018 | December 2018 |
| Total | <u>\$3,435,617.78</u> | <u>\$918,053.22</u> | | |

(a) Completion represents the date by which the Public Infrastructure has been constructed, which may differ from the date it is accepted by the District/City.

SECTION THREE
MAP OF ASSESSMENT DISTRICT NO. 13



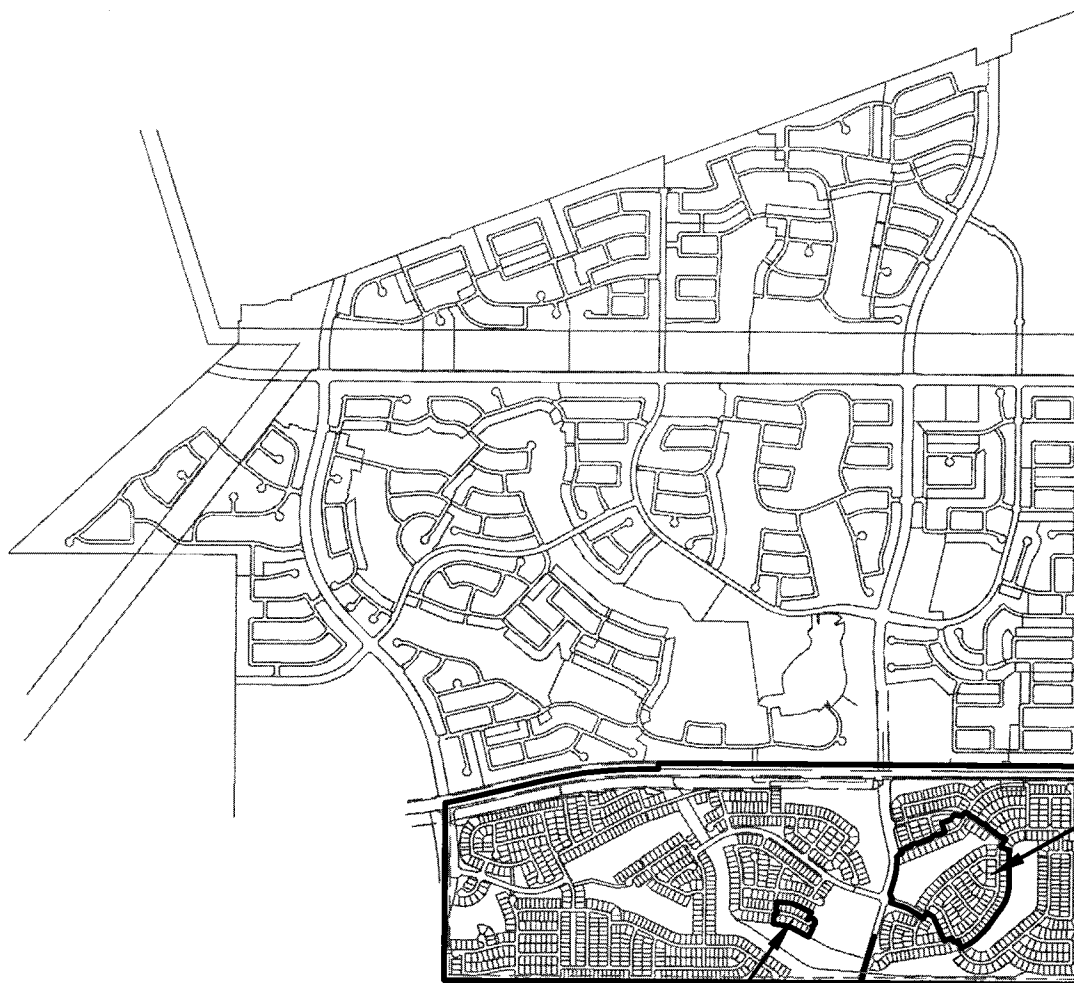
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N.T.S.



PARCEL NO. 1

PARCEL NO. 2

Z:\Festival\2018\164472\dwg\Exhibits\4472_SAD#13.dwg

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FESTIVAL RANCH

AREA EXHIBIT

| | | |
|---------------------|------------------|-----------------|
| DATE: March 2018 | SCALE: N.T.S. | SHEET 1 of 1 |
| JOB NO.: 164472 | DESIGN: F.K. | |
| | DRAWN: B.T. | |

SECTION FOUR
PLAN OF FINANCE AND PRELIMINARY DEBT SERVICE
SCHEDULE (TABLE ONE)

PLAN OF FINANCE

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within Assessment District No. 13. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Bonds and to the extent necessary to comply with federal and state law.

(i) Formation and Authorization:

In response to a petition from the owners of 100% of the property within the District, the City Council formed the District on April 19, 2005. As contemplated by the District Development, Financing Participation and Intergovernmental Agreement, the District has the authority to issue special assessment revenue bonds.

(ii) Proposed Debt Issuance:

The estimated debt service schedule for the Bonds is attached in this section as Table One. It is anticipated that the Bonds will be underwritten through Stifel, Nicolaus & Company, Incorporated and closed on or around October 31, 2018. The Bonds will be unrated and will have appropriate investor suitability requirements.

(iii) Estimated Sources and Uses of Funds:

The proceeds of the Bonds will be applied by the District to finance all or a portion of the Public Infrastructure listed in Section 2 of this Report. The estimated sources and uses of funds associated with the sale of the Bonds (exclusive of original issue discount or premium, if any), is as follows:

| <u>Sources of Funds:</u> | |
|-------------------------------------|------------------------------|
| Principal Amount of Bonds | \$3,920,000.00 |
| Pulte Contribution | 253,810.00 |
| Total Sources of Funds | <u>\$4,173,810.00</u> |
| <u>Uses of Funds:</u> | |
| Cost of Public Infrastructure | \$3,435,617.78 |
| Costs of Issuance ^{(a)(b)} | 175,410.00 |
| Underwriting Fee ^(b) | 78,400.00 |
| Capitalized Interest Fund | 144,332.22 |
| Debt Service Reserve Fund | 340,050.00 |
| Total Uses of Funds | <u>\$4,173,810.00</u> |

^(a) Represents estimated costs for bond counsel, underwriter's counsel, financial advisor, appraiser, and the registrar and paying agent.

^(b) Pulte Home Company, LLC, will be responsible for paying the Costs of Issuance and the Underwriting Fee (including Underwriter's Counsel).

(iv) Value to Lien Ratio:

Based on the appraisal prepared by Burke Hansen, LLC (MAI Appraiser) as of May 31, 2018, the value-to-lien ratios on a per lot basis range from approximately 12.06 to 1 and 25.13 to 1 (see Table on page 1-2). The Executive Summary/Appraisal is included in Appendix B. A complete copy of the appraisal prepared by Burke Hansen, LLC is available upon request.

(v) Use of Proceeds:

The proceeds of the Bonds will be applied by the District to finance all or a portion of the Public Infrastructure listed in Section Two of this Report.

(vi) Per Lot Assessment Amount:

The per lot assessment amount is expected to be no more than \$3,500. Pulte Home Company, LLC, currently expects that at the time of sale of the home to a buyer, this amount will be assumed by the homebuyer with the assessment payments made over twenty years. Pulte Home Company, LLC, expects home closings in Assessment District No. 13 to commence in approximately March 2019.

(vii) Homeowner's Obligation:

The \$3,500 per home assessment results in an annual assessment payment of approximately \$300.00 per home, or \$25.00 per month, which is based on a 20-year amortization with an estimated interest rate of 5.5% used in the estimated debt service schedule. The special assessment is payable on any interest payment date, without any redemption premium.

(viii) Disclosure of Assessment Payments:

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

In addition, Pulte Home Company, LLC, will require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of the District financing.

(ix) Operation and Maintenance of the Public Infrastructure:

All Public Infrastructure financed by the District will be dedicated to the City upon completion and acceptance. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the City, the District and Pulte Home Company, LLC, and are set forth in the various development agreements among the parties. The costs associated with the operation and maintenance of the Public Infrastructure, as well as the administrative costs of the District, will be provided from

several sources of funds, including the levy of the \$0.30 per \$100 of net assessed limited property valuation maintenance & operation tax in the District and contributions from Pulte Home Company, LLC.

Pursuant to the Development Agreement, the applicable Homeowner's Association ("HOA") is responsible for the operation and maintenance costs of landscaping for the roadways, trails, and open space within the District. Homeowners within Sun City Festival (age restricted) and Festival Foothills (non-age restricted) are required to participate in the HOA for each area. Monthly fees for the Sun City Festival HOA are anticipated to be approximately \$130.00 per home. Monthly fees for the Festival Foothills HOA are anticipated to be approximately \$92.00 per home.

Pursuant to the Development Agreement, Pulte Home Company, LLC is required to maintain and repair all infrastructure consisting of the Public Infrastructure and all appurtenances thereto at its expense for a period of two years from the date the City accepts the Public Infrastructure. Pursuant to Easement and Maintenance Agreement, the Sun City Festival HOA will maintain the portion of the Public Infrastructure that is subject to such Easement and Maintenance Agreement. Such maintenance shall consist of all maintenance and repair actions reasonably required by customary engineering industry standards for each item of Public Infrastructure. The anticipated maintenance costs for this District are expected to be minimal based on the type of Public Infrastructure.

TABLE ONE
\$3,920,000
Festival Ranch Community Facilities District
(City of Buckeye, Arizona)
Assessment District No. 13
Special Assessment Revenue Bonds, Series 2018

Estimated Debt Service Schedule

| Fiscal Year (July 1) | Principal | Interest ⁽¹⁾ | Total Debt Service |
|-------------------------|--------------------|-------------------------|-----------------------|
| 2019 | | \$ 144,332 | \$ 144,332 |
| 2020 | \$ 120,000 | 215,600 | 335,600 |
| 2021 | 130,000 | 209,000 | 339,000 |
| 2022 | 135,000 | 201,850 | 336,850 |
| 2023 | 145,000 | 194,425 | 339,425 |
| 2024 | 150,000 | 186,450 | 336,450 |
| 2025 | 160,000 | 178,200 | 338,200 |
| 2026 | 170,000 | 169,400 | 339,400 |
| 2027 | 180,000 | 160,050 | 340,050 |
| 2028 | 185,000 | 150,150 | 335,150 |
| 2029 | 200,000 | 139,975 | 339,975 |
| 2030 | 210,000 | 128,975 | 338,975 |
| 2031 | 220,000 | 117,425 | 337,425 |
| 2032 | 230,000 | 105,325 | 335,325 |
| 2033 | 245,000 | 92,675 | 337,675 |
| 2034 | 260,000 | 79,200 | 339,200 |
| 2035 | 270,000 | 64,900 | 334,900 |
| 2036 | 285,000 | 50,050 | 335,050 |
| 2037 | 305,000 | 34,375 | 339,375 |
| 2038 | 320,000 | 17,600 | 337,600 |
| | <u>\$3,920,000</u> | <u>\$2,639,957</u> | <u>\$ 6,559,957</u> |

⁽¹⁾ Interest is estimated at 5.5%. Subject to change based on market conditions and other factors at the time of pricing.

Assumes an October 31, 2018 closing with a first interest payment date of July 1, 2019.

APPENDIX A

LEGAL DESCRIPTION OF ASSESSMENT DISTRICT NO. 13

Wood, Patel & Associates, Inc.
(602) 335-8500
www.woodpatel.com

Revised August 13, 2018
Revised July 10, 2018
Revised March 8, 2018
March 7, 2018
WP# 164472
Page 1 of 3
See Exhibit "A"

PARCEL DESCRIPTION
Sun City Festival Planning Area 2
Special Area Assessment Area #13

Parcels of land lying within the south half of Section 25 and the southeast quarter of Section 26, Township 4 North, Range 4 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Parcel No. 1:

Lots 1 through 109, inclusive, of Sun City Festival Planning Area 2 Parcel A2, recorded in Book 1359, page 1, Maricopa County Records (M.C.R.), Maricopa County, Arizona.

Parcel No. 2:

Lots 1 through 14, inclusive, of Sun City Festival Planning Area 2 Parcel M2, recorded in Book 1365, page 45, (M.C.R.), Maricopa County, Arizona.

Parcel No. 3:

COMMENCING at the east quarter corner of said Section 25, a General Land Office (G.L.O.) brass cap in handhole, from which the southeast corner of said Section 25, a 1/2-inch rebar with cap stamped RLS 29889, bears South 00°24'50" West (basis of bearing), a distance of 2641.16 feet:

THENCE along the east line of said Section 25, South 00°24'50" West, a distance of 75.00 feet, to the south roadway easement line of Sun Valley Parkway, and the **POINT OF BEGINNING**;

THENCE continuing South 00°24'50" West, a distance of 2566.16 feet, to the southeast corner of said Section 25;

THENCE leaving said east line, along the south line of said Section 25, North 89°35'08" West, a distance of 2641.48 feet, to the south quarter corner of said Section 25;

THENCE continuing along the south line of said Section 25, North 89°35'25" West, a distance of 2639.43 feet, to the southwest corner of said Section 25, also being the southeast corner of said Section 26;

THENCE leaving said south line, along the south line of said Section 26, North 89°42'22" West, a distance of 2630.35 feet, to the south quarter corner of said Section 26;

THENCE leaving said south line, along the north-south mid-section line of said Section 26, North 00°19'01" East, a distance of 2126.51 feet, to said south roadway easement line of Sun Valley Parkway and a point of intersection with a non-tangent curve;

**Parcel Description
Sun City Festival Planning Area 2
Special Area Assessment Area #13**

Revised August 13, 2018
Revised July 10, 2018
Revised March 8, 2018
March 7, 2018
WP# 164472
Page 2 of 3
See Exhibit "A"

THENCE leaving said mid-section line, along said south roadway easement line, easterly along said non-tangent curve to the left, having a radius of 5575.00 feet, concave northerly, whose radius bears North 10°31'05" West, through a central angle of 02°48'53", a distance of 273.87 feet, to a point of intersection with a non-tangent line;

THENCE North 76°40'10" East, a distance of 969.55 feet, to a point of intersection with a non-tangent curve;

THENCE easterly along said non-tangent curve to the right, having a radius of 5425.00 feet, concave southerly, whose radius bears South 13°21'07" East, through a central angle of 13°52'08", a distance of 1313.16 feet, to a point of intersection with a non-tangent line;

THENCE South 89°31'54" East, a distance of 124.74 feet, to a point on the east line of said Section 26, said point also being on the west line of said Section 25;

THENCE continuing along said south roadway easement line, South 89°35'39" East, a distance of 5280.16 feet to the **POINT OF BEGINNING**.

EXCEPT:

Parcel No. 1

ALSO EXCEPT:

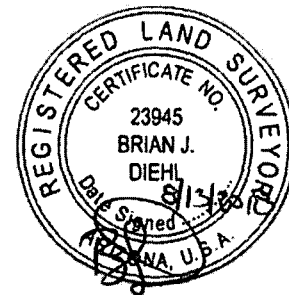
Parcel No. 2

Containing 18,123,396 square feet or 416.0559 acres, more or less.

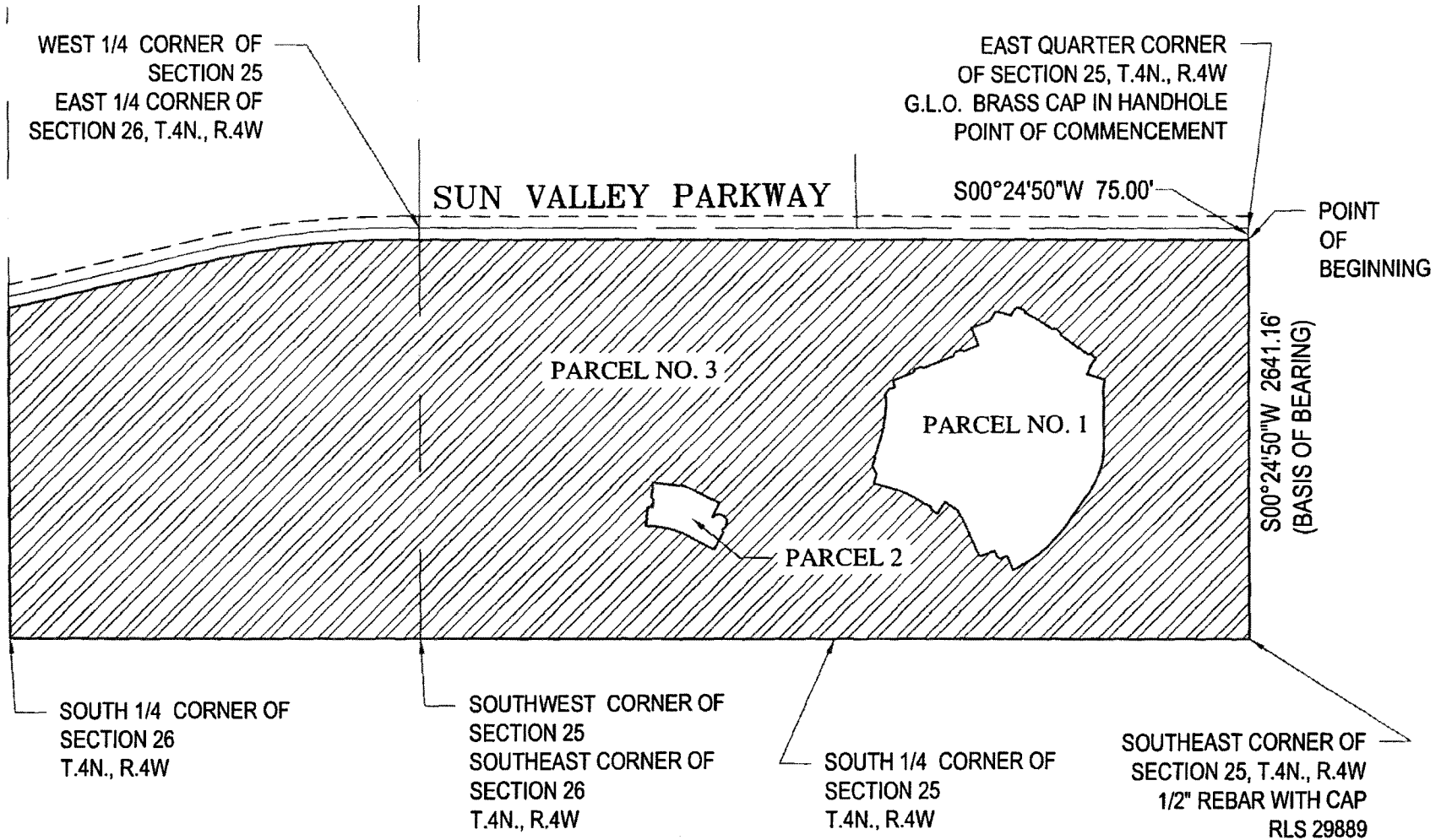
Subject to existing right-of-way and easements.

This parcel description is located within an area surveyed by Wood, Patel & Associates, Inc. during the month of June, 2016. Any monumentation noted in this parcel description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.

Y:\WP\Parcel Descriptions\2016 Parcel Descriptions\164472 SCF PA2 Special Area Assessment Area #13 L18R03 08-13-18 docx



EXPIRES 09-30-20



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EXPIRES 09-30-20



EXHIBIT "A"
 PARCEL NO. 3
 SPECIAL AREA ASSESSMENT AREA #13
 REVISED 8/13/2018
 WP# 164472
 PAGE 3 OF 3
 NOT TO SCALE

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APPENDIX B
EXECUTIVE SUMMARY/APPRAISAL
(AS IS AND AS IF COMPLETE APPRAISAL METHODOLOGY)

EXECUTIVE SUMMARY

PROJECT NAME : Festival Ranch, an approximate 4,015-acre master-planned community which consists of two communities known as Sun City Festival (about 3,603 acres) and Festival Foothills (about 412 acres). The twelve subject parcels are included within the proposed Special Assessment District No. 13 and encompass 1,120 proposed single-family residential lots within the Sun City Festival.

PROJECT LOCATION : Along the north and south sides of Sun Valley Parkway between the alignments of 259th and 291st Avenues in Buckeye.

PARCEL IDENTIFICATION :

| UNITS INCLUDED IN SPECIAL ASSESSMENT DISTRICT #13 | | | | | | |
|--|---------------|-------------|-------------------|----------|----------|--------------------|
| Unit | Net Acres | No. of Lots | Typical Lot Sizes | | | Units Per Net Acre |
| Sun City Festival A2 | 37.19 | 108 | 53 x 115 | 65 x 115 | 75 x 115 | 2.90 |
| Sun City Festival C2 | 55.78 | 133 | 53 x 115 | 65 x 115 | | 2.38 |
| Sun City Festival D2 | 55.36 | 132 | 53 x 115 | 65 x 115 | 75 x 115 | 2.38 |
| Sun City Festival B2/E2 | 57.88 | 138 | 53 x 115 | 65 x 115 | 75 x 115 | 2.38 |
| Sun City Festival F2 | 56.62 | 135 | 53 x 115 | 65 x 115 | | 2.38 |
| Sun City Festival H2 | 66.68 | 159 | 53 x 115 | 65 x 115 | 75 x 115 | 2.38 |
| Sun City Festival G2/I2 | 55.36 | 132 | 53 x 115 | 65 x 115 | 75 x 115 | 2.38 |
| Sun City Festival J2 | 20.55 | 49 | 53 x 115 | 65 x 115 | 75 x 115 | 2.38 |
| Sun City Festival K2 | 18.87 | 45 | 53 x 115 | 65 x 115 | | 2.38 |
| Sun City Festival L2 | 13.84 | 33 | 53 x 115 | 65 x 115 | 75 x 115 | 2.38 |
| Sun City Festival N2 | 12.16 | 29 | 53 x 115 | 65 x 115 | | 2.38 |
| Sun City Festival M2 | 6.04 | 27 | 53 x 115 | 65 x 115 | 75 x 115 | 4.47 |
| Total | 456.33 | 1120 | | | | 2.45 |

LEGAL DESCRIPTION : The subject legal descriptions are lengthy and included in the Addendum.

OWNERSHIP : All of the subject parcels are held under the ownership of Pulte Home Corporation.

FORM OF OWNERSHIP : Fee simple estate

PURPOSE OF ANALYSIS : To form an opinion of: *(1)* the "as is" market values of the fee simple interest in each of the twelve parcels; and *(2)* the "as if complete" market values of the fee simple interest in each of the twelve parcels.

INTENDED USE(S) OF ANALYSIS : The intended use is for internal analysis and compliance, to be used for establishing a special assessment district and related assessment fees applicable to the real property. The intended users are the Festival Ranch

Community Facilities District, Pulte Group and other entities and parties relying or using same in connection with the creation of the Special Assessment District No. 13; no other parties may rely upon the findings of this report other than those identified as intended user(s).

PROPERTY RIGHTS

APPRAISED : Fee Simple Interest

DATE OF REPORT : This report was prepared on July 2, 2018.

DATES OF VALUE

"As Is" Market Value : May 31, 2018

"As If Complete" Market Value : May 31, 2018

ZONING

: Each of the twelve subject parcels has been designated for residential development as part of the larger Festival Ranch master plan which has a Planned Community (PC) classification by the city of Buckeye. The twelve parcels are to be developed with 1,120 single-family residential lots. All of the parcels are located within the age-restricted community of Sun City Festival.

DEVELOPMENT STATUS

: As of May 31, 2018, Final Plats have been approved for 135 lots within Parcels A2 and M2. Preliminary Plats have been approved for 985 lots within Parcels C2, D2, B2/E2, F2, H2, G2/I2, J2, K2, L2 and N2. All of the parcels are partially developed with supporting infrastructure consisting of sewer, water, utilities, roads, etc. with stages ranging from preliminary site work to completion of sewer installation (Parcels A2 and M2).

EASEMENTS

: This appraisal assumes that the subject property is free of all defects, liens, encumbrances, adverse claims or other matters undisclosed to the appraisers. It also assumes that there are no clouded title issues that would delay the sale or ultimately the development of the subject property.

NUISANCES AND HAZARDS

: No recent environmental site assessment report specific to the subject property was provided to the appraisers for review. During our recent site inspection, we did not observe any adverse environmental or hazardous conditions on the subject property.

FLOOD HAZARD
INFORMATION

: According to the most recent FEMA Flood Insurance Rate Maps 04013C1170L and 04013C1190L, the subject is located in Zone X. This is not a special flood hazard area.

HIGHEST AND BEST USE

: Development of single-family residential homes in accordance with the approved development plan for Festival Ranch.

VALUE CONCLUSIONS

| PARCEL | MARKET VALUES | |
|-------------------------|---------------|------------------|
| | 'AS IS' | 'AS IF COMPLETE' |
| Sun City Festival A2 | \$9,500,000 | \$11,700,000 |
| Sun City Festival C2 | \$6,200,000 | \$9,900,000 |
| Sun City Festival D2 | \$8,400,000 | \$11,800,000 |
| Sun City Festival B2/E2 | \$7,600,000 | \$12,200,000 |
| Sun City Festival F2 | \$5,800,000 | \$9,900,000 |
| Sun City Festival H2 | \$10,200,000 | \$15,300,000 |
| Sun City Festival G2/I2 | \$6,400,000 | \$10,700,000 |
| Sun City Festival J2 | \$4,000,000 | \$5,500,000 |
| Sun City Festival K2 | \$1,900,000 | \$3,500,000 |
| Sun City Festival L2 | \$2,650,000 | \$3,800,000 |
| Sun City Festival N2 | \$1,600,000 | \$2,200,000 |
| Sun City Festival M2 | \$1,850,000 | \$2,950,000 |

VALUE TO LOAN CONCLUSIONS* :

| PARCEL | MARKET VALUE 'AS IS' | LOTS | MARKET VALUE PER LOT | ASSESSMENT PER LOT | PER LOT VTL |
|-------------------------|----------------------|------|----------------------|--------------------|-------------|
| Sun City Festival A2 | \$9,500,000 | 108 | \$87,963 | \$3,500 | 25.13 |
| Sun City Festival C2 | \$6,200,000 | 133 | \$46,617 | \$3,500 | 13.32 |
| Sun City Festival D2 | \$8,400,000 | 132 | \$63,636 | \$3,500 | 18.18 |
| Sun City Festival B2/E2 | \$7,600,000 | 138 | \$55,072 | \$3,500 | 15.73 |
| Sun City Festival F2 | \$5,800,000 | 135 | \$42,963 | \$3,500 | 12.28 |
| Sun City Festival H2 | \$10,200,000 | 159 | \$64,151 | \$3,500 | 18.33 |
| Sun City Festival G2/I2 | \$6,400,000 | 132 | \$48,485 | \$3,500 | 13.85 |
| Sun City Festival J2 | \$4,000,000 | 49 | \$81,633 | \$3,500 | 23.32 |
| Sun City Festival K2 | \$1,900,000 | 45 | \$42,222 | \$3,500 | 12.06 |
| Sun City Festival L2 | \$2,650,000 | 33 | \$80,303 | \$3,500 | 22.94 |
| Sun City Festival N2 | \$1,600,000 | 29 | \$55,172 | \$3,500 | 15.76 |
| Sun City Festival M2 | \$1,850,000 | 27 | \$68,519 | \$3,500 | 19.58 |