

OFFICIAL STATEMENT, DATED OCTOBER 10, 2018

NEW ISSUE - BOOK-ENTRY-ONLY FORM

NOT RATED

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 mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes 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 of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to federal alternative minimum tax. See "TAX EXEMPTION" herein.

The District has designated the Bonds as "qualified tax-exempt" obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The District will certify that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations which will be issued by the District in calendar year 2018 will not exceed \$10,000,000. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$3,920,000

**FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 13
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(BANK QUALIFIED)**

DATED: Date of Initial Delivery

DUE: July 1, as shown on inside front cover page

The Festival Ranch Community Facilities District (City of Buckeye, Arizona) Assessment District No. 13 Special Assessment Revenue Bonds, Series 2018 (the "Bonds"), 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 to ultimate purchasers under the book-entry-only system maintained by DTC in minimum denominations of \$25,000 of principal amount due on a specified maturity date or \$1,000 integral multiples in excess thereof. Interest on the Bonds (except defaulted interest, if any) will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2019. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX F - "BOOK-ENTRY-ONLY SYSTEM."

See Inside Front Cover Page for Maturity Schedule

The Bonds are authorized pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the "Act"), and will be issued pursuant to a resolution of the Board of Directors of Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the "District"). The Bonds will be payable solely from and secured by a special, separate fund maintained by the District which fund will contain installments due with respect to certain special assessments levied and assessed by the District on single family housing lots, and vacant real property planned for single family housing lots, within the District in accordance with a method of apportionment based on the benefit received by such lots and real property from public infrastructure acquired with the proceeds of the sale of the Bonds and agreed to by the owners of such lots and real property, each of which assessments constitute a first lien on the lot against which it is assessed and levied, subject only to general property taxes and prior special assessments. **(THERE ARE SUCH GENERAL PROPERTY TAXES (BUT NOT PRIOR SPECIAL ASSESSMENTS) IN THE CASE OF THE BONDS. See "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES" HEREIN.)** The lien for such assessments will not be extinguished as a result of enforcement of the lien for general property taxes. Any such lot or real property will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such lot or real property and, if sold, the proceeds thereof deposited in such special fund. The rights and obligations of the District relating to collection and payment of assessments and the enforcement of remedies against delinquent assessments may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity. **SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" AND "RISK FACTORS" HEREIN.**

THE BONDS WILL BE SUBJECT TO SPECIAL OPTIONAL, OPTIONAL AND MANDATORY REDEMPTION BY THE DISTRICT PRIOR TO MATURITY AS DESCRIBED HEREIN UNDER THE HEADING "THE BONDS - REDEMPTION PROVISIONS." PLEASE NOTE SPECIFICALLY THAT, PURSUANT TO SUCH SPECIAL OPTIONAL REDEMPTION UNDER CERTAIN CIRCUMSTANCES, THE BONDS WILL BE SUBJECT TO REDEMPTION IN WHOLE OR IN PART ON ANY INTEREST PAYMENT DATE.

Proceeds of the sale of the Bonds will be used (i) to pay a portion of the costs of acquisition of certain public infrastructure, including capitalized interest, and costs of issuance relating to the Bonds and (ii) to fund a reserve fund for the payment of debt service on the Bonds. See "THE PUBLIC INFRASTRUCTURE" herein.

PLEASE BE ADVISED THAT AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE AS DESCRIBED UNDER "RISK FACTORS" AND UNDER OTHER SECTIONS IN THIS OFFICIAL STATEMENT. THIS ISSUE IS NON-RATED AND SHOULD NOT BE DEEMED TO BE INVESTMENT GRADE. THE "RISK FACTORS" SECTION OF THE OFFICIAL STATEMENT SHOULD BE REVIEWED PRIOR TO MAKING ANY INVESTMENT DECISION IN THE BONDS.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY OF BUCKEYE, ARIZONA, THE STATE OF ARIZONA, ANY POLITICAL SUBDIVISION THEREOF, OR THE DEVELOPER (AS DEFINED HEREIN) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE ABOVE-DESCRIBED SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE ABOVE-DESCRIBED RESERVE FUND.

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.

The Bonds are offered when, as and if issued by the District and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona, 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 1, 2018.

STIFEL

\$3,920,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 13
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018

MATURITY SCHEDULE
Base CUSIP®⁽¹⁾ No. 315599

Maturity Date (July 1)	Amount	Rate	Yield	CUSIP® ⁽¹⁾ No. 315599
2020	\$ 145,000	3.00%	3.00%	CP3
2021	150,000	3.10	3.10	CQ1
2022	155,000	3.25	3.25	CR9
2023	155,000	3.40	3.40	CS7
2024	165,000	3.60	3.60	CT5
2025	170,000	3.75	3.75	CU2
2026	175,000	3.95	3.95	CV0
2027	180,000	4.05	4.05	CW8
2028	190,000	4.20	4.20	CX6
2029	195,000	4.30	4.30	CY4
2030	205,000	4.45	4.45	CZ1
2031	215,000	4.55	4.55	DA5
2032	225,000	4.60	4.60	DB3
2033	235,000	4.65	4.65	DC1

\$1,360,000 Term Bond at 4.90% Due July 1, 2038 – Price 100.00% CUSIP No. ⁽¹⁾ 315599DD9

⁽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 S&P Global Market Intelligence. Copyright© 2018 CUSIP Global Services. 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, Bond Counsel, the Underwriter, the Financial Advisor (each as defined herein) or their agents or counsel assume responsibility for the accuracy of such numbers.

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

DISTRICT BOARD

Jackie A. Meck, *District Chairman*
Eric Orsborn, *District Vice Chairman*
Tony Youngker, *District Board Member*
Jeanine Guy, *District Board Member*
Michelle Hess, *District Board Member*
Craig Heustis, *District Board Member*
G. Patrick HagEstad, *District Board Member*

DISTRICT STAFF

Roger Klingler, *District Manager*
Larry Price, *District Treasurer*
Lucinda Aja, *District Clerk*
Gust Rosenfeld P.L.C., *District Counsel*

FINANCIAL ADVISOR

Hilltop Securities Inc.
Phoenix, Arizona

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

Zions Bancorporation, National Association
Phoenix, Arizona

This Official Statement, which includes the cover page, the inside front cover page 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 the Bonds, the Bond Resolution, the Appraisal, the security for the Bonds, the District, the development of land within the District 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, the Appraisal and 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 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016.

No dealer, broker, salesperson or other person has been authorized by the District, the Underwriter or Hilltop Securities Inc. (the "Financial Advisor") to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Underwriter or the Financial Advisor.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Bonds have not been registered or qualified under the securities laws of any state. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT 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 THE FINANCIAL ADVISOR. THE PRESENTATION OF INFORMATION IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION, AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH 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. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR IN THE INFORMATION OR OPINIONS SET FORTH HEREIN, SINCE THE DATE OF THIS OFFICIAL STATEMENT.

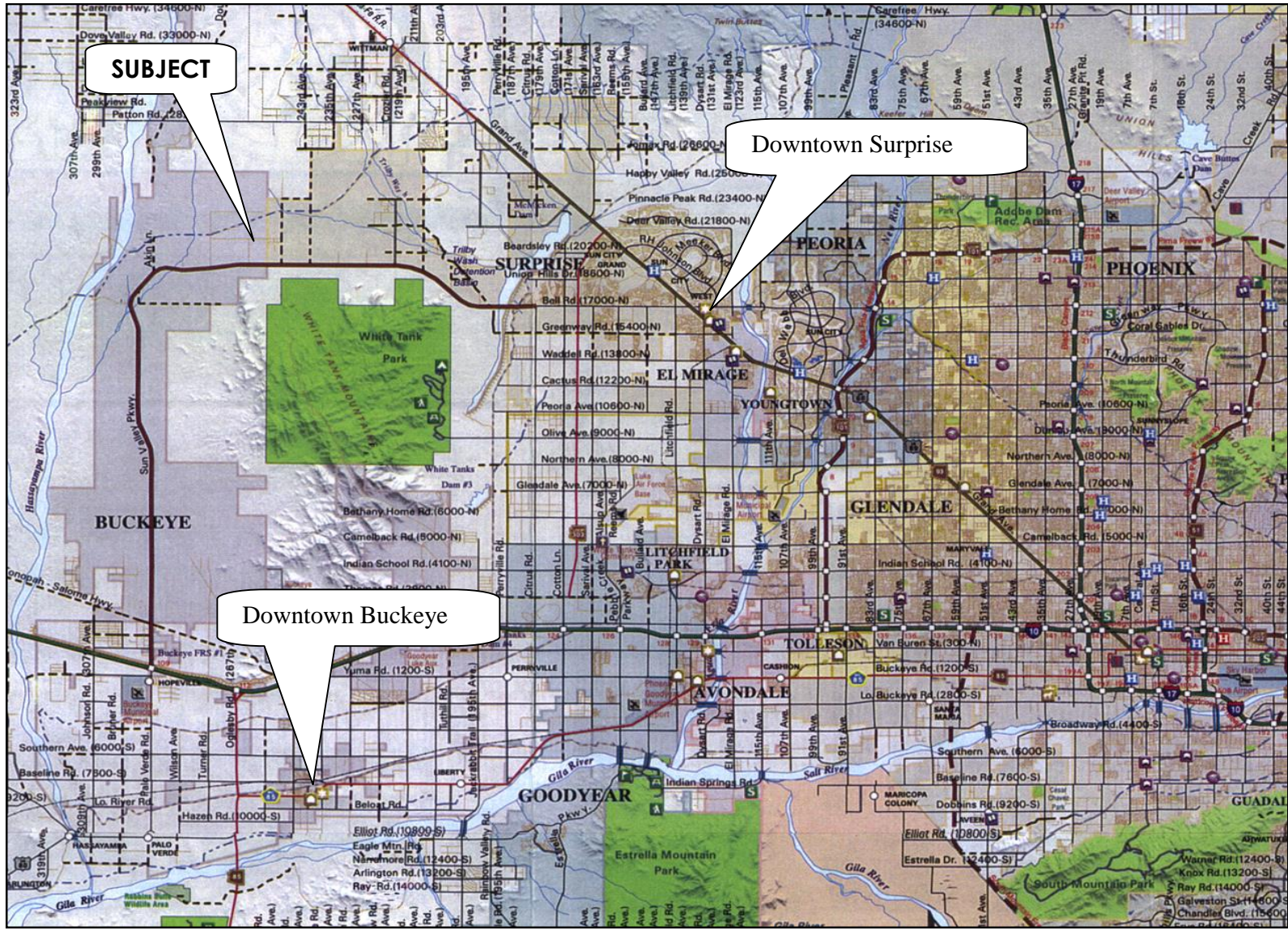
THE DISTRICT HAS COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS OFFICIAL STATEMENT UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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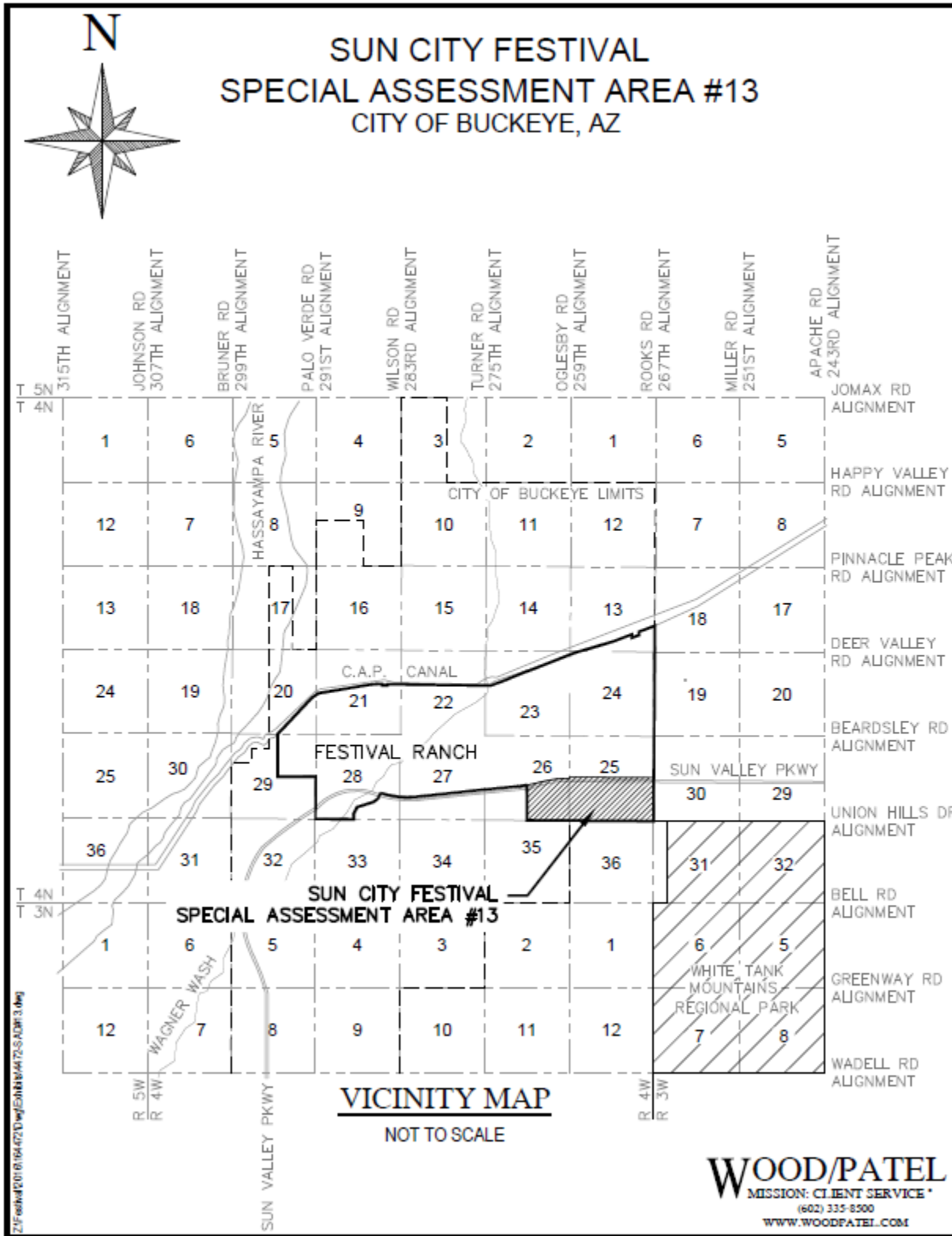
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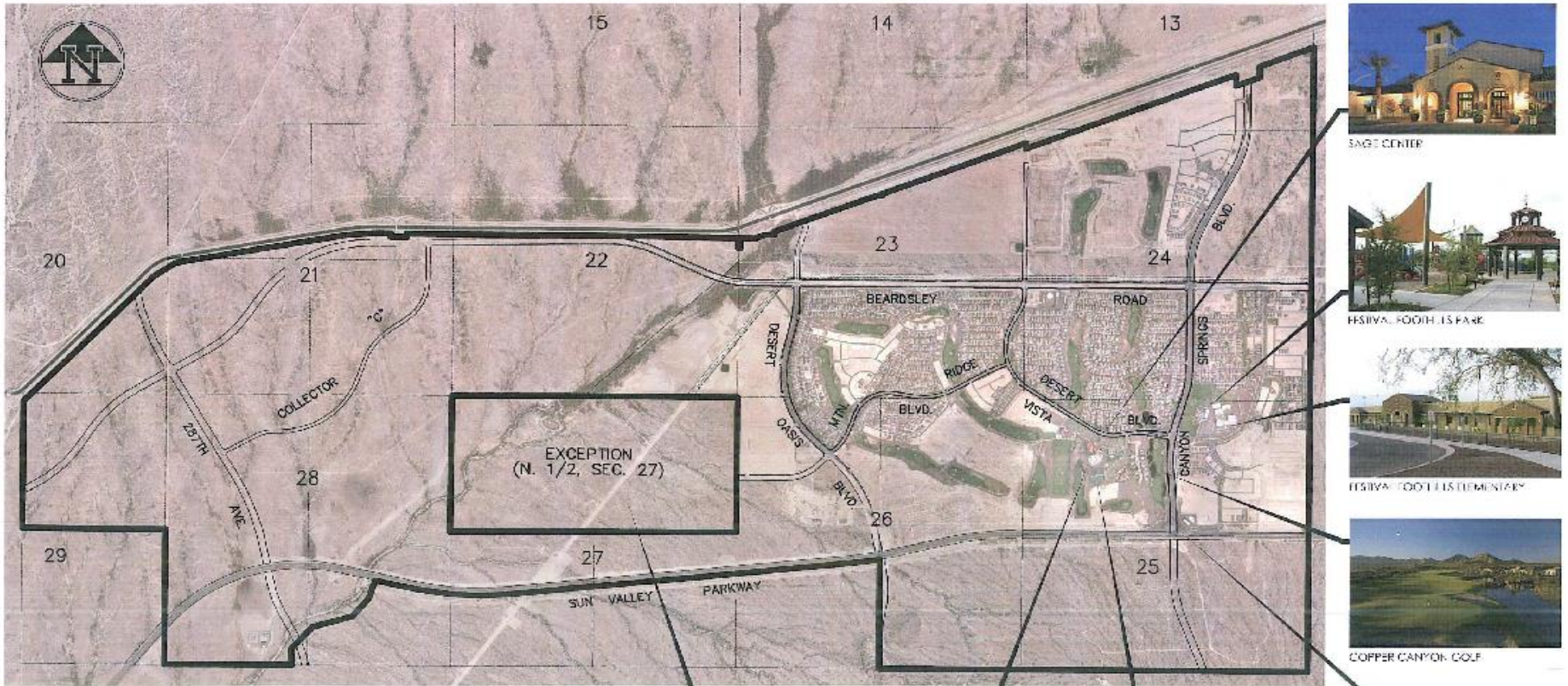
MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA



**MAP SHOWING LOCATION OF ASSESSMENT DISTRICT NO. 13
IN THE CONTEXT OF THE DISTRICT**



AERIAL PHOTOGRAPH OF THE DISTRICT



FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT EXHIBIT

DATE: 12.28.09
NO. TO SCALE

EXCEPTION RANCH IS OWNED BY THE ARIZONA STATE LAND DEPARTMENT



SAGE CENTER - SWIMMING/SPA



SAGE CENTER - SPORTS



MAIN ENTRY



SAGE CENTER



FESTIVAL FOOTHILLS PARK



FESTIVAL FOOTHILLS ELEMENTARY



COPPER CANYON GOLF

APPROXIMATE TO CITY OF SUNRISE

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\$3,920,000
FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 13
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(BANK QUALIFIED)

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this “Official Statement”), provides certain information concerning the issuance of Festival Ranch Community Facilities District (City of Buckeye, Arizona) Assessment District No. 13 Special Assessment Revenue Bonds, Series 2018 (Bank Qualified) (the “Bonds”), in the aggregate principal amount of \$3,920,000. **Certain capitalized terms not defined in the text of this Official Statement are defined in APPENDIX E - “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”** Copies of any of the documents referenced herein are available upon request to the Underwriter (as defined herein) at: Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016.

INTRODUCTION

General

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “Enabling Act”), and in response to a petition by Pulte Home Corporation, a Michigan corporation, as predecessor before conversion to Pulte Home Company, LLC, a limited liability company organized and existing pursuant to the laws of the State of Michigan (the “Developer”), the Mayor and Council (the “City Council”) of the City of Buckeye, Arizona (the “City”), adopted a resolution on April 19, 2005, which formed Festival Ranch Community Facilities District (the “District”). 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 (iii) 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. Members of the City Council 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.

The District has provided, pursuant to the terms of certain development agreements among the City, the Developer and the District, financing for the acquisition of certain public infrastructure necessary for development of the land within the boundaries of the District. See “LAND DEVELOPMENT.” The District has the authority 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 an *ad valorem* property tax of \$0.30 per \$100 of net limited assessed property value, 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 “Maintenance and Operations Tax”).

Assessment Area

On September 18, 2018, the Board approved a feasibility report relating to the financing of a portion of the costs of certain public infrastructure described under the heading “THE PUBLIC INFRASTRUCTURE” (collectively, the “Public Infrastructure”), to be acquired by the District and thereafter transferred to the City and declaring its intent to acquire the Public Infrastructure and to pay the costs thereof. On September 18, 2018, the Board adopted a resolution levying special assessments (collectively, the “Special Assessments” and, individually, as the Special Assessments relate to a particular parcel or lot, a “Special Assessment”) on certain parcels that are or will be subject to final plats (collectively the “Assessed Parcels” and, individually, each an “Assessed Parcel”) and certain single family housing lots within the District (collectively, the “Assessed Lots” and, individually, each an “Assessed Lot”) based on the benefit to be received by the Assessed Parcels and the Assessed Lots, as applicable. **The Assessed Parcels and the Assessed Lots within make up only a small portion of the much larger District.** See “LAND DEVELOPMENT – Assessment Area.”

There are or will be 1,120 Assessed Lots, 123 of which have been established by the final plats approved by the City. See “LAND DEVELOPMENT – Assessment Area” and, particularly, Table 7 thereunder as well as the maps at pages (iii) and (iv) with respect to the location of the District and the area encompassing the Assessed Lots and the Assessed Parcels. **The Developer currently owns all of the Assessed Lots and the Assessed Parcels.** The Assessed Parcels will be assessed on a blanket basis pending final plat approval. Once the final plat is recorded for any Assessed Parcel, the blanket assessment will be modified to apply on a lot by lot basis for the lots established within the Assessed Parcel. To the extent there are fewer Assessed Lots than the amount of the Special Assessment on an Assessed Parcel divided by \$3,500.00, the Developer shall pay such excess Special Assessment upon recording of the final plat for the relevant Assessed Parcel.

THE BONDS

Authorization and Purpose

The Bonds are authorized pursuant to the Enabling Act and will be issued, sold and delivered pursuant to a resolution adopted by the Board on October 2, 2018 (the “Bond Resolution”). See APPENDIX E - “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.” The Bonds will be issued to provide funds (i) to pay a portion of the costs of the Public Infrastructure, capitalized interest and costs of issuance relating to the Bonds and (ii) to fund a debt service reserve fund for the Bonds (the “Reserve Fund”). See “SOURCES AND APPLICATIONS OF FUNDS.”

General Description

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

Interest on the Bonds will be paid semiannually on January 1 and July 1 of each year, commencing July 1, 2019 (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. The District has chosen the fifteenth (15th) day of the calendar month (other than a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) for banking institutions generally in the place of payment or in the city where the principal corporate trust office of the Bond Registrar and Paying Agent (as defined herein) is located (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.

Beneficial ownership interests may be purchased through the facilities of The Depository Trust Company, New York, New York, in the book-entry-only form described herein in minimum denominations of \$25,000 of principal amount due on a specified maturity date or \$1,000 integral multiples in excess thereof. See APPENDIX F - "BOOK-ENTRY-ONLY SYSTEM."

Bond Registrar and Paying Agent

Zions Bancorporation, 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

Special Optional Redemption. The Bonds will be redeemed at the option of the District in whole or in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed, plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium (i) if and to the extent on or after the completion of the Public Infrastructure, but in no event later than October 1, 2021, amounts are transferred from the Acquisition Fund (as defined in the Bond Resolution) for such purpose, (ii) from the prepayment of any Special Assessment by the owner of any Assessed Lot, and (iii) from the proceeds from the sale of any delinquent Special Assessments, to the extent such proceeds are not used to replenish the Reserve Fund to an amount equal to the Reserve Fund Requirement (as defined herein).

Optional Redemption. The Bonds maturing on or after July 1, 2028, will also be redeemable, on or after July 1, 2027, at the option of the District in whole on any date or, from time to time, in part on any Interest Payment Date, upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium.

Mandatory Redemption. The Bonds maturing July 1, 2038 will be redeemed on the following redemption dates and in the following amounts upon not more than sixty (60) nor less than thirty (30) days prior notice, upon payment of the applicable redemption price which will consist of the principal amount of the Bonds so redeemed plus interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date without premium:

<u>Redemption Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
2034	\$245,000
2035	260,000
2036	270,000
2037	285,000
2038 (maturity)	300,000

Whenever Bonds of such maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the District to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited on a *pro-rata* basis against the remaining mandatory redemption requirements for the Bonds of such maturity.

Effect of Redemption. Pursuant to the Bond Resolution, if on the date of redemption of Bonds sufficient moneys for payment of the redemption price and accrued interest are held by the Bond Registrar and Paying Agent, interest on the portion of the Bonds to be redeemed will cease to accrue and such portion of the Bonds will cease to be entitled to any benefit or security under the Bond Resolution except the right to receive payment from the moneys held for such portion of the Bonds by the Bond Registrar and Paying Agent.

DEBT SERVICE REQUIREMENTS

The following table illustrates the debt service requirements for the Bonds.

Schedule of Annual Debt Service Requirements (a)

Fiscal Year	The Bonds		Total Annual Debt Service Requirements
	Principal	Interest	
2018/19		\$ 112,675 ^(b)	\$ 112,675
2019/20	\$ 145,000	169,013	314,013
2020/21	150,000	164,663	314,663
2021/22	155,000	160,013	315,013
2022/23	155,000	154,975	309,975
2023/24	165,000	149,705	314,705
2024/25	170,000	143,765	313,765
2025/26	175,000	137,390	312,390
2026/27	180,000	130,478	310,478
2027/28	190,000	123,188	313,188
2028/29	195,000	115,208	310,208
2029/30	205,000	106,823	311,823
2030/31	215,000	97,700	312,700
2031/32	225,000	87,918	312,918
2032/33	235,000	77,568	312,568
2033/34	245,000	66,640	311,640
2034/35	260,000	54,635	314,635
2035/36	270,000	41,895	311,895
2036/37	285,000	28,665	313,665
2037/38	300,000	14,700	314,700
	<u>\$ 3,920,000</u>		

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

(b) The first interest payment on the Bonds will be due on July 1, 2019. Thereafter, interest payments will be made semiannually on January 1 and July 1 until maturity or prior redemption.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

Bond Fund and Special Assessments

The Bonds will be payable solely from and secured by a special, separate fund established pursuant to the Bond Resolution and maintained by the District (the "Bond Fund") which will contain the installments collected with respect to the Special Assessments and, initially, a portion of the proceeds of the Bonds representing capitalized interest. (The remaining land in the District does not represent security for the Bonds.) The Bonds will, under certain circumstances, also be payable from amounts available from time to time in the Reserve Fund. The Board has levied the Special Assessments based on the benefit determined by the Board to be received by the corresponding Assessed Lot and Assessed Parcels from the Public Infrastructure. **Pursuant to an agreement entered into between the District and the Treasurer of Maricopa County, Arizona (the "Treasurer"), the District may, in each year, determine to have some or all of that year's installment payments collected with respect to the Special Assessments collected by the Treasurer as part of, and pursuant to the procedures for collection of, general property taxes. (See "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES - Introduction.") In the event of nonpayment of a current year installment that is collected by the Treasurer, such installment will no longer be collected under the Foreclosure Process (as defined and described below) but will instead be collected in the same manner as general property taxes. However, it is the intent of the District to collect the remaining installments of that Special Assessment pursuant to the Foreclosure Process. Collection of a delinquent installment by the Treasurer with other delinquent general property taxes may result in a delay in the ultimate collection of such installment.**

The Special Assessments are a first lien on the Assessed Lots and Assessed Parcels subject only to, notwithstanding any such agreement with the Treasurer, general property taxes and prior special assessments. **(THERE ARE SUCH GENERAL PROPERTY TAXES IN THE CASE OF THE BONDS; HOWEVER, THERE ARE NO PRIOR SPECIAL ASSESSMENTS. SEE "OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.")** *Failure to pay such general property taxes and subsequent foreclosure of the related lien does not extinguish a Special Assessment. Neither the current owners nor any subsequent owners of any Assessed Lot or Assessed Parcel are obligated to pay the Special Assessments or the Bonds, and the assets of the current owners or any subsequent owners, other than the Assessed Lots and Assessed Parcels, do not secure such payment. The Special Assessments and the Bonds will be secured only by the Assessed Lots and Assessed Parcels. The Special Assessments are not cross-defaulted.*

In the event of nonpayment of amounts due with respect to a Special Assessment, the procedures for collection of delinquent assessments and sale of delinquent property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes (the "Foreclosure Process"), apply, as nearly as practicable, **except that none of the Developer, the District, nor the City is required to purchase the Assessed Lots or Assessed Parcels subject to delinquency at the sale even if there is no other purchaser.** See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Foreclosure Process" and "RISK FACTORS - Non-Payment of Assessments." Any Assessed Lot or Assessed Parcel will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such Assessed Lot or Assessed Parcel and, if sold, the proceeds thereof deposited in the Bond Fund or to replenish the Reserve Fund. The rights and obligations of the District relating to collection and payment of the Special Assessments and the enforcement of remedies against delinquent Special Assessments (including the Foreclosure Process) may be subject to bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights and may be subject to judicial discretion in accordance with general principles of equity.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE DISTRICT, THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, NOR THE CREDIT OF THE DEVELOPER, WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL NOT BE GENERAL OBLIGATIONS OF THE DISTRICT BUT WILL BE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE RESERVE FUND.

Reserve Fund

As indicated in "SOURCES AND APPLICATIONS OF FUNDS," \$315,012.50 of the proceeds of the sale of the Bonds will be deposited in the Reserve Fund. The amount in the Reserve Fund shall be not more than the lesser of: (i) ten percent (10%) of the outstanding principal amount of the Bonds; (ii) an amount equal to the maximum debt service payments due on the Bonds in any year; or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds outstanding, or such amount as required by the Internal Revenue Code of 1986, as amended (the "Code") to obtain or maintain the tax-exempt status of the Bonds (the "Reserve Fund Requirement"). To the extent income from investments of the Reserve Fund cause the Reserve Fund to exceed the Reserve Fund Requirement, such investment income will be transferred to the Bond Fund and used to pay semiannual interest on the Bonds.

If at any time it appears that the collection of installments of the Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, any or all investments in the Reserve Fund may be liquidated and such amounts transferred to the Bond Fund as is necessary to make timely payments of principal of and interest on the Bonds, as applicable. The Reserve Fund will be reimbursed from either: (i) the proceeds from the sale of delinquent Special Assessments pursuant to the Foreclosure Process or (ii) excess amounts from installments on the Special Assessments, if any, provided, however, only to the extent that such excess portion of such installments is not required for the payment of principal of and interest on the Bonds.

If the amount held in the Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all the Bonds outstanding on a redemption date, together with the interest accrued on such Bonds as of such redemption date, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds on such redemption date.

Foreclosure Process

The Foreclosure Process is provided by the Bond Resolution (by reference to a waiver agreement applicable to the Assessed Lots and Assessed Parcels) which states that certain sections of the "General Public Improvements and Improvement Bonds Law" of the Arizona Revised Statutes are applicable. APPENDIX G includes portions of certain sections of such law. Generally, a representative of the District is required, within twenty days from the date any installment is due on the Special Assessments, to begin publication of the list of the Special Assessments on which any installment is delinquent. Such representative also is required to append to and publish with the list a notice that unless each delinquent installment, together with the penalty and costs thereon, is paid, the whole amount of the Special Assessment will be declared due, and the corresponding Assessed Lot or Assessed Parcel upon which the Special Assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The notice of the delinquent Special Assessments is required to be published and circulated in the District for a period of ten days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated. Before the date fixed for the sale or the date to which the sale has been postponed, the representative is required to obtain a record search that shows the names and addresses of all lien claimants on, and other persons with an interest in, the Assessed Lots or Assessed Parcels on which an installment of the Special Assessment is delinquent. At least ten days before the sale date or the date to which the sale has been postponed, the representative is required to mail notice of the sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the representative has mailed such notice. The time of sale shall not be less than five days after the last publication, and the place of sale shall be in or in front of the office of such representative, or in front of the usual place of meeting of the Board. The sale may be postponed.

To comply with certain notice requirements, it may be necessary to postpone or continue such sales from time to time until such requirements are satisfied.

On the day fixed for the sale, the representative of the District shall, at 10:00 a.m., or at a time thereafter to which the sale may be adjourned, begin the sale of the Assessed Lots or Assessed Parcels advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. The sale may be postponed or continued from day to day until all the property is sold. Each Assessed Lot or Assessed Parcel shall be offered for sale separately. The sale shall be for the entire Special Assessment including the delinquent installments, and the person who will take the Assessed Lot or Assessed Parcel and then and there pay the amount of the Special

Assessment, penalty and costs due, including 50 cents to the representative of the District for a certificate of sale, shall become the purchaser.

None of the District, the City nor owners of land in the District (including the Developer) are required to purchase delinquent land at any sale, even if there is no other purchaser.

Special Assessment Amounts and Land Values

Special Assessment Amounts. The Special Assessments have been levied based on the benefit to be received by the Assessed Lots and Assessed Parcels from the Public Infrastructure. See Table 7. The amounts of the Special Assessments have been agreed to pursuant to waiver agreements which are applicable to all of the Assessed Lots and Assessed Parcels and are recorded in the real property records against the Assessed Lots and Assessed Parcels.

Appraisal Values. An appraisal, dated September 26, 2018 (the “Appraisal”), was performed by Burke Hansen, LLC, Phoenix, Arizona (the “Appraiser”), at the request of the District for the purpose of determining, subject to the limitations, terms and conditions thereof, the “market value” of the Assessed Lots and Assessed Parcels as security for the Special Assessments as of the valuation date of August 31, 2018. The Executive Summary of Appraisal is included as APPENDIX C. **THE FULL TEXT OF THE APPRAISAL IS AVAILABLE FROM THE UNDERWRITER AND SHOULD BE REVIEWED IN ITS ENTIRETY.**

The Appraisal provides an “as is” market value, an “as if complete” market value of the Assessed Lots and Assessed Parcels. The “as is” value premise, as used in the Appraisal, is defined as “an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared. The hypothetical “as if complete” value premise, as used in the Appraisal, is defined as “an opinion of the market value of the proposed development, as if all lot construction were completed and product was available for retail sale, as of the current date of value. The “as is” and “as if complete” value estimates for each parcel reflect a wholesale (bulk) value of final platted residential lots within each planning. See Table 7 and also the map at page (iv). The wholesale value assumes the following:

- (1) A sale to a single purchaser; or
- (2) The discounted net present value reflecting the sale of various lots over a projected absorption period, taking into account the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the Assessed Lots and Assessed Parcels. The basis of the modified cost approach involves an opinion of the hypothetical “as if complete” market value of the Assessed Lots and Assessed Parcels. The hypothetical “as if complete” market value is the value of the Assessed Lots and Assessed Parcels upon completion of the proposed residential lots – a subdivision of finished residential lots. The “as if complete” value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor traditional cost approach were utilized to form opinions of the “as if complete” values of the Assessed Lots and Assessed Parcels due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the Assessed Lots and Assessed Parcels. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this particular segment of the population).

The starting point for the modified cost approach, which is utilized to form opinions of the Assessed Lots’ and Assessed Parcels’ “as is” values, is the “as if complete” values. The next step is to subtract all on and off-site development costs and market based profit. The final step is to add back any expended development cost and incurred profit.

“Market value” is defined in the Appraisal as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not

affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market (“exposure time”);
- (4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The sale of a property such as each of the Assessed Lots or Assessed Parcels, sold “as is”, would on average require an exposure time of 12 months or less, if adequately marketed at prices at or near the opinions of value presented in the Appraisal.

Value is as the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

As indicated in Table 7 herein, each of the Assessed Lots and Assessed Parcels has an overall as is lot value to assessment lien ratio of not less than 13.97 to 1 as of the valuation date of the Appraisal. See **“RISK FACTORS - Failure or Inability to Complete Proposed Development”** and **“- Completion of the Public Infrastructure and the Other Infrastructure.”**

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. See “RISK FACTORS - Appraised Value.”

Full Cash Values. It is estimated that the **“full cash value”** for tax year 2018 as determined by the County Assessor of Maricopa County, Arizona (the **“Assessor”**), for the Assessed Lots and Assessed Parcels is much less than the total of the values shown in the Appraisal. Estimated “full cash value” is the total market value as determined by the Assessor; in determining full cash value of the Assessed Lots and Assessed Parcels, the property was valued as “Vacant and Agricultural Land” by the Assessor. See **“OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES – Introduction”** for general information about this value.

OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES

Introduction

The District has no control over the amount of additional indebtedness or other amounts payable from taxes or assessments on all or a portion of the property within the District or the area that encompasses the Assessed Lots and Assessed Parcels which may be issued or levied in the future by other governmental entities or political subdivisions, including but not limited to the City, Maricopa County, Arizona (the **“County”**), school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District or such area. To the extent such indebtedness is payable from general property taxes or taxes are levied for other purposes, such taxes will have a lien on the property within the District paramount and superior to the lien of the

Special Assessments. Under current law, any special assessment lien securing indebtedness issued after the Bonds by any such entity would be subordinate and subject to the lien of the Special Assessments. See “Other Debt of the District” in this section. Currently, there are no prior special assessment liens in the area that encompasses the Assessed Lots and Assessed Parcels. **SEE ALSO, “RISK FACTORS - Direct and Overlapping Indebtedness and Taxes” FOR A DISCUSSION ABOUT THE IMPACT OF SUCH LIENS, EVEN IF SUCH LIENS ARE SUBORDINATE LIENS.**

For tax purposes in Arizona, real property is either valued by the assessor of the county or the Arizona Department of Revenue. Property valued by the Arizona Department of Revenue is referred to as “centrally valued” property and is generally owned by large mine and utility entities. 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.

While locally assessed property in the State has two different values, “limited property value” and “full cash value,” only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all *ad valorem* property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary *ad valorem* property tax purposes was limited property value and for secondary *ad valorem* tax purposes was full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year’s limited property value or 25% of the difference between the prior year’s limited property value and the current year’s full cash value. Increases in full cash value were not limited.

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the net limited assessed property value of the property (taxable value multiplied by the appropriate assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year’s levy 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. Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the net limited assessed property value of the property as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness or special district assessments. Pursuant to a statutory change effective in 2018, school districts subject to desegregation orders levy secondary property taxes in addition to secondary property taxes levied for debt service or budget overrides.

All taxes become a lien upon the property assessed (they are not a personal obligation of the property owner), attaching on the first day of January of each tax year. Generally, a tax lien is not satisfied or removed until the taxes are paid or the property is finally vested in a purchaser under a tax lien sale as hereinafter described. An *ad valorem* property tax lien is prior and superior to all the liens and encumbrances on the property, except liens and encumbrances held by the State.

If the *ad valorem* property taxes are not paid when due, the Treasurer is required to secure a payment through the sale of the tax lien. Not later than December 31 of each year, the Treasurer must prepare a list of all real property

upon which the *ad valorem* property taxes for prior years were unpaid and delinquent. The property so listed is advertised for sale, and the sale of the tax lien for delinquent *ad valorem* property taxes must be held by the Treasurer in February of the calendar year immediately following the publication of notice of the tax lien sale. The Treasurer will offer at the sale a tax lien on each delinquent property at a price equal to the amount of taxes, interest and penalties due on the property to the bidder willing to accept the lowest rate of interest on the amount paid by the bidder for the tax lien. If no bidder is willing to accept 16 percent per annum or less, the lien is assigned to the State and held for subsequent resale. If a tax lien is sold, the bidder is required to pay in cash at the time of sale a purchase price equal to the amount of taxes, interest and penalties due on the property. If the lien is assigned to the State, the *ad valorem* property taxes due will remain unpaid until subsequent resale or redemption of the property.

Accordingly, delinquent *ad valorem* property taxes should, if the assessed property has sufficient value to attract bidders at the tax lien sale, be recovered within 15 months after the end of the calendar year in which such taxes were levied and assessed.

The holder of a tax lien is entitled to foreclose the right to redeem the tax lien by judicial sale after the third anniversary of the tax lien sale.

Existing, Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes

Overlapping, general obligation bonded indebtedness and tax levies for other purposes with respect to land which encompasses the District, the lien for which is paramount and superior to that of the Bonds, is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net limited assessed property value and combined tax rate per \$100 of net limited assessed property value. (Comparable information for the Assessed Lots and Assessed Parcels is not yet available. See footnote (d) to Table 1.) The applicable percentage of each jurisdiction's assessed value which lies within such area was derived from information obtained from the Assessor. The District has authorized the issuance of up to \$175,000,000 principal amount of general obligation bonds, of which \$29,545,000 has been sold and issued. In addition, certain amounts of net premium on the District's general obligation bonds reduces the voter authorized but unissued amount of District general obligation bonds. See "Overlapping, Superior, General Obligation Bonded Indebtedness and Maintenance and Operations Tax of the District."

OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS

TABLE 1

Direct and Overlapping Jurisdiction	2018/19 Net Limited Assessed Property Value	General Obligation Bonded Debt Outstanding (a)	Proportion Applicable to the District Based on 2018/19 Net Limited Assessed Property Value		2018/19 Combined Primary and Secondary Tax Rates Per \$100 Net Limited Assessed Property Value
			Approximate Percent	Net Debt Amount	
State of Arizona	\$ 62,328,357,186	None	0.10%	None	None
Maricopa County (b)	40,423,232,423	None	0.15	None	\$2.2605
Maricopa County Community College District	40,423,232,423	\$ 380,740,000	0.15	\$ 571,110	1.3754
Maricopa County Special Health Care District	40,423,232,423	497,125,000	0.15	745,688	0.2941
Western Maricopa Education Center District No. 402	14,779,081,648	126,600,000	0.42	531,720	0.1494
Wickenburg Unified School District No. 9	183,780,454	10,938,000	31.40	3,434,532	4.6353
City of Buckeye	432,220,285	None	15.51	None	1.8000
The District (c)	65,890,092	23,990,000	100.00	23,990,000	3.1291
Total Net Direct and Overlapping General Obligation Bonded Debt				<u>\$ 29,273,050</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.*

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in Table 2. Authorized but unissued amounts in Table 2 may be subject to additional reductions based on net premium amount of future bond sales. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

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 will be fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona’s Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues

(i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this 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. This table does also does not include the obligation of the Flood Control District of Maricopa County (the "County Flood Control District") to contribute \$80 million to the CAP. The County Flood Control District's sole source of revenue to pay the contribution will be raised from the levy of ad valorem taxes on real property and improvements.

- (b) The County's tax rate includes the \$0.1400 tax rate of CAWCD, the \$0.1792 tax rate of the County Flood Control District, the \$0.0556 tax rate of the Maricopa County Free Library and the \$0.0107 tax rate of the Maricopa County Fire District contribution. Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at \$0.4741 per \$100 of net limited assessed property value for fiscal year 2018/19. Such amount is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (c) Proportion applicable to the Assessed Lots and Assessed Parcels is not available. Proportion applicable to the District was used instead. Because the area that encompasses the Assessed Lots and Assessed Parcels only encompasses the area shown on the map at page (iv), which is a smaller area than the area of the District, these amounts are greater than what actually overlaps such area. If the assessed value within the District increases at a faster rate than the overlapping jurisdictions, the amount of overlapping debt allocated for payment within the District will increase. Does not include special assessment revenue bonds outstanding in the aggregate principal amount described in Table 3 herein. Includes the Maintenance and Operations Tax.

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.

Overlapping, Superior, General Obligation Bonded Indebtedness and Maintenance and Operations Tax of the District

Pursuant to an election held on May 25, 2005, the District is authorized to incur general obligation bonded indebtedness in an amount not to exceed \$175,000,000 in principal amount, of which \$145,455,000 remains authorized but unissued, payable from *ad valorem* taxes levied on all property within the District without limit as to rate or amount. Such remaining authorized but unissued amount is subject to further reduction based on the amount of net premium on the general obligation bonds of the District. Such bonds will be issued over time in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. (Additional bonds payable from such source could be authorized by elections in the future.) The District also levies the Maintenance and Operations Tax. The lien for taxes for both purposes would be superior and paramount to that for the Special Assessments with respect to the Bonds. See "**RISK FACTORS - Direct and Overlapping Indebtedness and Taxes.**"

Other Additional, Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes

As noted above, the District has no control over the amount of additional debt payable from taxes or tax levies for other purposes on all or a portion of the property within the District that may be issued or levied in the future by other political subdivisions, including but not limited to the City, the County, school districts, certain other special districts or other entities having jurisdiction over all or a portion of the land within the District. To the extent such obligations are payable from general property taxes, such taxes will have a lien on the taxable property within the District superior and paramount to that for the Special Assessments with respect to the Bonds. Additional indebtedness or tax levies for other purposes could be authorized for such overlapping jurisdictions in the future. See "**RISK FACTORS - Direct and Overlapping Indebtedness and Taxes.**"

TABLE 2

Authorized but Unissued General Obligation Bonds

<i>Overlapping Jurisdiction</i>	<i>General Obligation Bonds Authorized but Unissued</i>
<i>Maricopa County Special Health Care District</i>	<i>\$304,000,000</i>
<i>Western Maricopa Education Center District No. 402</i>	<i>61,000,000</i>
<i>The District</i>	<i>145,455,000</i>

Source: Overlapping jurisdictions.

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 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 3
OTHER ASSESSMENT DISTRICT DEBT OF THE DISTRICT**

Series Designation	Original Principal Amount	Date Issued	Acres Assessed	Assessment District No.	Assessment Per Lot	Total Outstanding
2005	\$1,448,000	11/17/2005	152.2	1	\$2,000	\$ 11,000
2007	1,868,000	04/04/2007	275.8	2&3	2,000	869,000
2007	1,784,000	10/17/2007	245.2	4&5	2,000	889,000
2009	356,000	11/19/2009	43.5	6	2,000	158,000
2011	404,000	04/07/2011	79.3	7	2,000	201,000
2013	186,000	07/31/2013	25.6	8	2,000	117,387
2015	288,000	07/21/2015	36.1	9	2,000	187,000
2016	200,000	03/24/2016	37.7	10	2,000	136,247
2017	2,738,000	02/16/2017	518.0	11	2,000	2,627,000
2018	210,000	02/07/2018	100.0	12	2,000	210,000

Table 3 does not include special assessment revenue bonds the District intends to issue in the fourth quarter of calendar year 2018 or the first quarter of calendar year 2019 for its Assessment District No. 14 in the approximate principal amount of \$722,000.

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 per lot assessment was \$2,000 payable with interest in installments on special assessment revenue bonds issued before the Bonds. The per lot assessment with respect to the Bonds is \$3,500 payable with interest in installments. 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. None of the Developer, the District nor the City is obligated to bid at the sale. 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 and Taxes.”**

SOURCES AND APPLICATIONS OF FUNDS

TABLE 4

Sources	
Par Amount of Bonds	\$3,920,000.00
Developer Contribution	<u>275,400.00</u>
Total	<u><u>\$4,195,400.00</u></u>
Applications	
Payment of Costs of Public Infrastructure	\$3,492,312.50
Deposit to Bond Fund (representing capitalized interest)	112,675.00
Deposit to Reserve Fund	315,012.50
Payment of Costs of Issuance (a)	<u>275,400.00</u>
Total	<u><u>\$4,195,400.00</u></u>

(a) *Includes compensation and costs of the Underwriter with respect to the Bonds.*

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer and none of the District, the Underwriter or the Financial Advisor 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 to finance the Public Infrastructure, which is comprised of regional drainage improvements. Such infrastructure was substantially completed in August 2018 and an easement is in the process of being granted to the City. The total estimated cost of such infrastructure is greater than the amount to be available from proceeds of the sale of the Bonds; the balance of the cost of such infrastructure has been paid by the Developer. Unreimbursed costs of such infrastructure 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.

THE OTHER INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Developer and none of the District, the Underwriter or the Financial Advisor 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 OVERLAPPING AND OTHER OVERLAPPING TAXES – Other Debt of the District,” certain infrastructure is being constructed in connection with the development and construction of residential and commercial development as described herein below. Except as set forth under the heading “THE PUBLIC INFRASTRUCTURE,” none of such infrastructure is being financed with proceeds of the sale of the Bonds, 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 an additional MAG 208 Amendment that includes areas outside the District and allows for a significant increase in the size of the WRF in the future. The primary effluent discharge method will be re-use for irrigation purposes on the golf courses. Such discharge is currently being used by the City and will require certain permits before it will be available for irrigation use. Until additional effluent is available, the golf course will be irrigated in part with a portion of the CAP water leased by the Developer from other parties. 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.

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 5,200 residential units within the District. Current development plans include commencement of planning and construction of the second phase (an additional 1.0 million gallons per day capacity) with construction to commence, depending upon market conditions and demand. 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 2,500 additional residences without construction of any additional expansion phases of the WRF, depending upon the split of usage between active adult and conventional uses.

Water Production Campus

Water service for the District is provided by three water production campuses which are 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 is planned for 2.4 million gallons of total storage (constructed in two phases of 1.2 million gallons), and contains a production well and booster pumps. Construction of the second phase of Water Plant #1 is underway, with substantial completion expected by December of 2018. The timing of further facilities will be dependent upon demand, market conditions, and physical water source characteristics. The current water system is capable of supporting approximately 5,200 active adult and 1,350 conventional residential units. As with wastewater usage and capacity, 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 (except for the second phase storage tank of 1.2 million gallons and certain ancillary equipment) and the three production wells have been substantially completed.

Assured Water Supply

Currently, the City is not designated as having an assured water supply service area pursuant to applicable Arizona law. The City has submitted an application with the ADWR to obtain a designation of having an assured water supply. If the City receives such designation, the City will 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 of Assured Water Supply (a “Certificate”) from ADWR. Obtaining Certificates requires, among other things, 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, that any projected groundwater use is consistent with the water management plan approved by ADWR and achievement of the management goal for the area, and that the financial capability to construct the delivery system exists. As with past applications, the Developer will request City assistance in connection with additional applications for Certificates for portions of such area and entering into such contracts as may reasonably be required by the Central Arizona Groundwater Replenishment District pursuant to applicable Arizona law which are required in order for the area to qualify as “member land” under applicable Arizona law. See “RISK FACTORS.”

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

On January 22, 2004, 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.

The Analysis is used in support of applications for Certificates. With respect to the property covered by the Analysis, six Certificates have been 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. Applications for Certificates for the remainder of the property within the District will be dependent upon market conditions and demand.

On November 13, 2012 an Extension of the Analysis of Assured Water Supply 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, 2019, and established that the remaining groundwater capacity of 4,045.70 acre feet per year shall be available for future applications. The extension also indicated that all other conditions of the original Analysis shall continue to apply.

Maintaining sufficient water supplies in the Lower Hassayampa Groundwater Sub-Basin may require efforts to supplement the groundwater supply through purchase of water for use or recharge and through recharge and reuse of treated effluent, all at levels greater than currently in place. The cost of facilities for effluent recharge and reuse are substantial. Failure to maintain sufficient supplies in the Lower Hassayampa Groundwater Sub-Basin may prevent further development from obtaining Certificates. 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 and February 5, 2009, for 608 lots, and April 8, 2009 for 259 lots, at least one lot has been sold in such areas. Loss of, or inability to obtain, necessary Certificates may have adverse effects on development of 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 44,998 lineal feet of trunk sewer, approximately 69,754 lineal 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 17,992 linear feet of collector roadway (3.4 miles) have been constructed in the District by the Developer. Such infrastructure also includes approximately 153,521 linear feet of local streets (29.08 miles). Such "public infrastructure" was completed as of September 2018 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 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.

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Developer and none of the District, the Underwriter or the Financial Advisor 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 (iv) and the aerial photograph on page (v). 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." Certain amenities such as a golf course and recreation centers have been constructed by the Developer and more are planned. 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 \$265,309,740 to provide water, sewer, streets, curbs, gutters, a golf course, a recreation center, 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 2,000 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 of as to when, if ever, such other owners will be developing their property in the District in the foreseeable future. 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 updated in 2016 for Planning Unit E South of Sun Valley Parkway.

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 5

Total Project	Approximate District Acres
Single Family Residential	3,190
18 hole Golf Course / 9 hole Golf Course	600
Commercial	150
Recreation Centers	75
Total	<u>4,015</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. Development of the property within the District and construction of homes and other infrastructure is subject to obtaining various development and construction approvals and permits. As a condition to the sale of homes, homebuilders will be required to obtain building 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 (4) years (until 2020). 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 23 final plats (not including replatting of existing final plats) that include 4,135 lots within the District. The Developer also has obtained approval of preliminary plats for approximately 1,856 residential lots on property within the District. Combining preliminary plats and final plats there are approximately 5,991 entitled lots. Of those lots included in final plats, 3,709 have been improved with utilities and paved streets, and of those, 3,338 have had homes constructed and closed on them as of June 30, 2018, while the balance of those lots (approximately 433 lots) are ready and available for immediate residential construction. The Developer is in the process of obtaining final plats for the lots which are subject to preliminary plats. See “RISK FACTORS.”

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 3,343 square feet; and such homes are priced from \$224,990 to \$340,000 prior to purchaser-selected upgrades. The Developer ceased building and sales in the conventional home area marketed as Festival Foothills in mid-2011 due to market conditions and recommenced sales and building in that area in early 2013. Based on consumer feedback, the Developer introduced new models to meet market expectations as to style and features. The new models and updates were made available to consumers in early 2014. The conventional residences currently constructed by the Developer range in size from 1,792 to 3,489 square feet; and such homes are priced from \$213,990 to \$293,990 prior to purchaser-selected upgrades. The following table shows the number of “active adult” and “conventional” home sales the Developer has closed for the periods indicated:

TABLE 6

<u>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 (a)(b)	131	82	213
Cumulative Totals	<u>2,546</u>	<u>792</u>	<u>3,338</u>

(a) Through August 31, 2018.

(b) As of August 31, 2018, there were 186 homes under construction in the District.

The Developer operates one model home complex located in Sun City Festival. In 2013, new model homes were introduced into the community and previous models were discontinued. The new model home complex is located within the District and is adjacent to the existing model home complex, and the existing 12,000 square foot Sun City Festival Sales Center. The 18-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. This year construction of a new model complex and a 9-hole golf course commenced in the area of the Project south of the Sun Valley Parkway. Construction should be completed before year end.

Assessment Area

The location of the parcels containing the Assessed Lots and the Assessed Parcels is shown on the map at page (iv). Final plats have been approved for 123 of the 1,120 Assessed Lots and preliminary plats have been approved for 997 of the 1,120 Assessed Lots. While the lot sizes vary, there are typically three sizes/types of lot: 53 feet x 115 feet, 65 feet x 115 feet or 75 feet x 115 feet, with homes ranging in size from 1,573 to 3,343 square feet and with starting base prices of approximately \$224,990 to over \$340,000. The acquisition of the Public Infrastructure is consistent with the City's approved General Plan for the Project. **The Developer owns all of the Assessed Lots and the Assessed Parcels.**

The Assessed Parcels will be assessed on a blanket basis pending final plat approval. Once the final plat is recorded for any Assessed Parcel, the blanket assessment will be modified to apply on a lot by lot basis for the lots established within the Assessed Parcel. To the extent there are fewer Assessed Lots than the amount of the Special Assessment on an Assessed Parcel divided by \$3,500.00, the Developer shall pay such excess Special Assessment upon recording of the final plat for the relevant Assessed Parcel.

Neither the current owner nor any subsequent owners of any Assessed Lot or Assessed Parcel are obligated to pay the Special Assessments, and the assets of the current owners or any subsequent owners, other than the Assessed Lots and the Assessed Parcels, do not secure such payment. The Special Assessments are secured only by the Assessed Lots and the Assessed Parcels. The Special Assessments are not cross-defaulted. Any owner, current or subsequent, could choose to pay one Special Assessment and not another for Assessed Lots or Assessed Parcels it owns.

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TABLE 7

Owner of Assessed Lots (a)	Location of Assessed Lots (b)	Projected Number of Assessed Lots	Typical Lot Sizes	Assessment		Units Per Net Acre	Estimated Market Value "As Is"	Estimated Market Value "As If Complete"	Estimated Appraised Value Per Assessed Lot (c) "As Is"	Per Lot Value to Assessment Lien "As Is"
				Assessed Lot	Assessable Acreage					
Developer	Sun City Festival A2 (d)	109	53/65/75 x 115	\$3,500	37.19	2.93	\$10,400,000	\$12,400,000	\$95,413	27.26
Developer	Sun City Festival C2 (e)	133	53/65 x 115	3,500	55.78	2.38	7,800,000	11,200,000	58,647	16.76
Developer	Sun City Festival D2 (e)	132	53/65/75 x 115	3,500	55.36	2.38	9,000,000	12,800,000	68,182	19.48
Developer	Sun City Festival B2/E2 (e)	138	53/65/75 x 115	3,500	57.88	2.38	8,500,000	13,200,000	61,594	17.60
Developer	Sun City Festival F2 (e)	135	53/65 x 115	3,500	56.62	2.38	6,800,000	11,000,000	50,370	14.39
Developer	Sun City Festival H2 (e)	159	53/65/75 x 115	3,500	66.68	2.38	11,200,000	16,400,000	70,440	20.13
Developer	Sun City Festival G2/I2 (e)	132	53/65/75 x 115	3,500	55.36	2.38	7,200,000	11,600,000	54,545	15.58
Developer	Sun City Festival J2 (e)	49	53/65/75 x 115	3,500	20.55	2.38	4,200,000	5,800,000	85,714	24.49
Developer	Sun City Festival K2 (e)	45	53/65 x 115	3,500	18.87	2.38	2,200,000	3,900,000	48,889	13.97
Developer	Sun City Festival L2 (e)	33	53/65/75 x 115	3,500	13.84	2.38	2,750,000	3,900,000	83,333	23.81
Developer	Sun City Festival N2 (e)	29	53/65 x 115	3,500	12.16	2.38	1,870,000	2,500,000	64,483	18.42
Developer	Sun City Festival M2 (d)	26	53/65/75 x 115	3,500	6.04	4.30	2,450,000	2,950,000	94,231	26.92
Total		1,120			456.33					

- (a) The Developer is a wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation formerly known as Pulte Homes, Inc., which is a publicly traded company listed on the New York Stock Exchange. PulteGroup (as defined herein) is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files 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 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 ("NYSE") 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 Underwriter, the Financial Advisor (as defined herein), Bond Counsel (as defined herein) or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, or examined similar information for entities or the parent company that are not subject to same or similar informational reporting requirements.
- (b) The location of these parcels is depicted on the map at page (iv). The estimated appraised values per Assessed Lot or planned lot are based on the parcel values determined in the Appraisal divided by the applicable number of Assessed Lots or anticipated Assessed Lots, as applicable. See APPENDIX C - "EXECUTIVE SUMMARY OF APPRAISAL."
- (c) See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Special Assessment Amounts and Land Values" and, particularly, APPENDIX C - "EXECUTIVE SUMMARY OF APPRAISAL."
- (d) Final plats have been approved for Sun City Festival Ranch Parcel A2 and Parcel M2, Phase 1, for a total of 123 lots. 12 lots will not be subject to final plats until the second phase of Parcel M2 is processed and approved. See APPENDIX C - "EXECUTIVE SUMMARY OF APPRAISAL" for a summary of the status of the development of lots.
- (e) Preliminary plats have been approved; no significant changes expected. This parcel is an Assessed Parcel as described under the subheading "INTRODUCTION – Assessment Area". See APPENDIX C - "EXECUTIVE SUMMARY OF APPRAISAL" for a summary of the status of the development of lots.

Table 8 reflects the Developer’s projection for sale of the Assessed Lots in 2018 through 2020. See “LAND DEVELOPMENT – The District.”

TABLE 8

Calendar Year	Estimated Single-Family Lot Closings
2018	0
2019	207
2020	217

The Developer may sell parcels (or portions thereof) to other subsequent owners. There can also be no assurance that build-out will occur at the rates indicated hereinabove or if in fact any such sales will be consummated. Moreover, as the ownership of the Assessed Lots and Assessed Parcels is subject to change, the development plans may not be continued by the subsequent owner if the Assessed Lots or Assessed Parcels are sold; however, development by any subsequent owner will be subject to the policies and requirements of the City. The projections above are also subject to the timely completion of the Public Infrastructure and the Other Infrastructure. The amounts due with respect to the Special Assessments are not personal obligations of the owners of the Assessed Lots or Assessed Parcels; the Bonds will be secured solely by the Special Assessments. See “RISK FACTORS - General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences,” “- Failure or Inability to Complete Proposed Development” and “- Completion of the Public Infrastructure and the Other Infrastructure.”

THE DEVELOPER

The information contained in this section relates to and has been obtained from the Developer and none of the District, the Underwriter or the Financial Advisor 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 (collectively the “Filings”), 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 NYSE 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 relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) are intended to compensate the investor for such risks. INVESTMENT IN THE BONDS SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. 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.

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 (currently concentrated in the Developer) will be subject to the risks generally incident to real estate investments and development including those described herein below.

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 to buyers of the homes to be built in Festival Ranch, 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; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; 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 could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the City, over which the District has no control.)

The residential development business, particularly with respect to communities such as Festival Ranch, 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 slowdown 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.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF OWNER OF THE ASSESSED LOTS AND ASSESSED PARCELS AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. AS NOTED IN TABLE 7, OWNERSHIP OF THE ASSESSED LOTS AND ASSESSED PARCELS IS CURRENTLY CONCENTRATED IN THE DEVELOPER. ANY OR ALL OF THE FOREGOING FACTORS COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE SPECIAL ASSESSMENTS ON ANY ONE OR ALL OF THE ASSESSED LOTS OR ASSESSED PARCELS THEY OWN AND COULD GREATLY REDUCE THE VALUE

OF THE ASSESSED LOTS OR ASSESSED PARCELS IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. IN THAT EVENT, THERE COULD BE A DEFAULT IN THE PAYMENT OF THE BONDS.

The land encompassing the Assessed Lots and Assessed Parcels is partially developed and, if any or all of the foregoing occurs, the undeveloped portion could continue as such. Vacant land provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of the Special Assessments. An inability to develop the remaining land within such area will likely reduce the potential future diversity of ownership of the Assessed Lots and Assessed Parcels.

Development, including the phase of the development plan for the Assessed Lots and Assessed Parcels, 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 or any 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 consequences to the present owner of the Assessed lots.

Concentration of Ownership; Subsequent Transfer

There can be no assurance that the Developer has the financial capability to complete development within the Project. Because there can be no assurance that bank loans will be available to the Developer sufficient to pay all costs attributable to the Project, the Developer may have to depend on revenues from sales of lots and parcels to generate cash flow and otherwise make funds available to pay all costs associated with the ownership, operation and development of the Project. If the Developer has to depend on sales of lots and parcels to generate cash flow, there can be no assurance that sufficient funds will be available to the Developer to pay all of its obligations and liabilities, including, without limitation, Special Assessments (including those relating to property then owned by the Developer to be applied to pay the Bonds), as such obligations and liabilities become due and payable.

See Table 7 with regard to the concentration of ownership of property in, and obligation for payment of Special Assessments of, the District in the Developer.

Failure or Inability to Complete Proposed Development

The development of each phase of Festival Ranch (including that encompassing the Assessed Lots and Assessed Parcels) will be staged so that a particular phase will not be developed at one time. The funding for development of Festival Ranch will be provided by the Developer and other sources. The availability of funding for the completion of Festival Ranch will depend upon the demand for residential lots or units within Festival Ranch and local, regional and national market and economic conditions. No assurance is given that funding will be obtained for development of Festival Ranch, or, if obtained, will be in an amount sufficient to complete development of Festival Ranch. If satisfactory funding is unavailable, completion of the development of the balance of Festival Ranch may be delayed or suspended.

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

Completion of the Public Infrastructure and the Other Infrastructure

The construction of infrastructure for development of the land in the District (including in the Assessed Lots and Assessed Parcels) is not yet complete. See “LAND DEVELOPMENT.” The cost and time for completion of all of such improvements is uncertain and may be affected by changes like those described herein. If cost overruns result in delay of construction, or if other delays are experienced, the 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.

Availability of Utilities

Water and sewer service to the District will be provided by the City as described under the heading “THE OTHER INFRASTRUCTURE.” Failure or inability to complete proposed development, including development of necessary utilities, could affect adversely development of the land in the District, including the Assessed Lots and Assessed Parcels. See “RISK FACTORS - Failure or Inability to Complete Proposed Development.” 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.

Direct and Overlapping Indebtedness and Taxes

The ability of an owner of an Assessed Lot or Assessed Parcel to pay the Special Assessments could be affected by the existence of other taxes and assessments imposed upon the property. The District and other public entities 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 OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES.”) The lien created on the property within the District through the levy of ad valorem taxes would be superior and paramount to that for the Special Assessments securing the Bonds. The imposition of additional superior and paramount liens, or subordinate liens in the case of future special assessments, or for that matter for private financing, may reduce the ability or willingness of the landowners to pay the Special Assessments. In that event, there could be a default in the payment of the Bonds.

Appraised Value

The Appraisal was prepared for the purpose of providing the opinion of the Appraiser of market value with the assumptions stated in the Appraisal. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Special Assessment Amounts and Land Values - Appraisal Values.”

Subject to the limitations, terms and conditions thereof, the Appraisal provides the opinion of the Appraiser of market value with the assumptions as described therein and summarized in the Executive Summary of Appraisal. Each of the Assessed Lots has an overall as is lot value to assessment lien ratio of not less than 13.97 to 1 as of the valuation date described in the Appraisal. The lot value to assessment lien ratio of each individual lot is different though. See “RISK FACTORS - Failure or Inability to Complete Proposed Development” and “- Completion of the Public Infrastructure and the Other Infrastructure.”

There can be no assurance that the values described in the Executive Summary of Appraisal are accurate or that the assumptions relied upon in the Appraisal were accurate. There can be no assurance that the values determined in the Appraisal are related in any way to future value or the value as of the date of any default under the Bonds. No assurance can be given that should any Assessed Lot become delinquent due to unpaid Special Assessments, and be foreclosed upon and sold for the amount of such delinquency, that any bid would be received or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Assessment or would approximate the appraised value.

Non-Payment of Assessments

As discussed below, payments with respect to the Special Assessments could be insufficient to pay the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is necessary that the Special Assessments be paid in a timely manner. Should a Special Assessment not be paid on time, the District has established a Reserve Fund in the amount of

the Reserve Fund Requirement to pay debt service on the Bonds to the extent other funds are not available therefor.

Foreclosure proceedings will be instituted against any property with a delinquent Special Assessment in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Assessment to protect its security interest. See "SECURITY FOR AND SOURCES OF PAYMENTS OF THE BONDS - Foreclosure Process" for provisions which apply if foreclosure is required and which the District is required to follow in the event of delinquency in the payment of a Special Assessment.

If amounts are withdrawn from the Reserve Fund to make payments on the Bonds on account of a default in a Special Assessment, the amount received by the District from the corresponding Assessed Lot or Assessed Parcel, after the deduction of the expenses of sale, will be paid over and credited to the Reserve Fund.

Bankruptcy and Foreclosure Delays

The payment of the Special Assessments and the ability of the District to foreclose the lien of delinquent, unpaid Special Assessments may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of Arizona relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due.

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.

Although bankruptcy proceedings would not cause the Special Assessments to become extinguished, bankruptcy of a property owner could result in a delay in foreclosure proceedings and could result in the possibility of a delinquent Special Assessment not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal and interest on the Bonds.

Depletion of Reserve Fund

Failure of the owner of the Assessed Lots and Assessed Parcels to pay the Special Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resales of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of, and interest on, the Bonds if sufficient amounts are not available in the Reserve Fund.

Environmental Matters

Festival Ranch, including the phase of the development plan which represents the real estate development encompassing the Assessed Lots and Assessed Parcels, will be subject to risks arising out of environmental, archeological, 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 Ranch resulting from any contamination on the site or from the proximity of the site to other contaminated areas; or discovery of archeological 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. 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 (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act.

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 Assessed Lots and Assessed Parcels is in the early phases. Circumstances could change as the development process continues and other issues are raised or new developers, homebuilders 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 Assessed Lots and Assessed Parcels and 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.

Cancellation of Contracts

The State, its political subdivisions, including the District, or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, including the District or any of the departments or agencies of either is, while the contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. Cancellation of contracts entered into by the District may adversely affect the Bonds.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Projections and Appraisals

Included in this Official Statement are various projections for lot closings, estimated lot and parcel values, completion dates, completion costs and other items. The projections are based on assumptions concerning future events and should be viewed with an abundance of caution. Circumstances that may not yet be ascertainable, which the Developer believes to be significant and which the Developer 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 projections set forth in this Official Statement can be achieved.

No Review of Filings

As described in footnote (a) to Table 7 and under the heading "THE DEVELOPER", none of the District, the Underwriter, the Financial Advisor, Bond Counsel or counsel to the Underwriter have 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.

LITIGATION

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued 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 opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as APPENDIX B attached hereto.

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. 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 issuance. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability, and an event of taxability does not cause an acceleration of the principal of the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants, restrictions, conditions and requirements.

The Code also imposes an “alternative minimum tax” (“AMT”) 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 AMT of individuals.

Federal legislation passed in December 2017 eliminates the AMT paid by corporations for tax years beginning on or after January 1, 2018. However, interest income on the Bonds may need to be taken into account for federal income tax purposes as an adjustment to AMTI for certain corporations with tax years beginning before January 1, 2018.

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 bondholder’s federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing 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 or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective bondholder. The nature and extent of these other tax consequences will depend upon the bondholder’s particular tax status and the bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such 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, could alter or amend the federal tax matters referred to above or adversely affect the market value 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. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Code, and, in that regard, will represent and warrant that they do not anticipate that the aggregate amount of qualified tax-exempt bonds (as defined in Section 265(b)(3)(b) of the Code) which will be issued by or on behalf of the District in calendar year 2018 will exceed \$10,000,000.

NO CREDIT RATING

The District has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds. See “RISK FACTORS - No Credit Rating.”

NO AUDITED FINANCIAL STATEMENTS

Audited financial statements are not, by State law or otherwise, required to be prepared of the activities or funds of the District. The Board has not, in past, on its own accord, caused such statements to be prepared.

As indicated in footnote 1A of the comprehensive annual financial report of the City for the most recent fiscal year (the “CAFR”), the District is considered a “component unit” of the City. Although a legally separate entity, the District is, in substance, part of the operations of the City, and the City is considered to be financially accountable for it.

The CAFR presents the City and all its component units as the “reporting entity”. Included within the reporting entity are the District and other community facilities districts created by the City. For financial reporting purposes, transactions of all such districts are combined together and blended as if they were part of the operations of the City; the District’s are not separate from the other districts. The CAFR is publicly available and is also available directly upon request from the District Treasurer.

Should the Board, in the future, cause financial statements that are separately audited to be prepared, the continuing disclosure undertaking of the District described under the heading “CONTINUING DISCLOSURE” requires such audited financial statements to be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access system (“EMMA”).

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds, and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. (See “TAX EXEMPTION” herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds in substantially the form of APPENDIX B hereto. Certain legal matters will be passed upon for the District by Bond Counsel, for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona, and for the Developer by its counsel, Berens Blonstein PLC, Scottsdale, Arizona.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue 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 parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at a purchase price of \$3,841,600.00 (reflecting the aggregate principal amount of the Bonds and less Underwriter's compensation of \$78,400.00). The prices or yields set forth on the inside front cover page hereof may be changed after the initial offering 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 not later than February 1 of each year (the "District Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "District Notices of Listed Events"). The District Annual Reports, the District Notices of Listed Events and any other document or information required to be filed by the District will be filed with the MSRB through, EMMA, as described in APPENDIX D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the District Annual Reports and the District Notices of Listed Events is also set forth in APPENDIX D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING." These covenants will be made in order to assist the Underwriter in complying with the Commission'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 its continuing disclosure undertakings in all material respects.

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.

RELATIONSHIPS AMONG PARTIES

Gust Rosenfeld P.L.C., Bond Counsel, has acted as counsel to the underwriter in other transactions underwritten by the Underwriter and by the Financial Advisor and as bond counsel in other transactions underwritten by the Underwriter and by the Financial Advisor. Greenberg Traurig, LLP, counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter and by the Financial Advisor. Greenberg Traurig, LLP and Gust Rosenfeld P.L.C. have also acted as bond counsel and/or counsel to the underwriter with respect to bonds issued by the City and other overlapping political subdivisions.

The Underwriter and the Financial Advisor have underwritten or acted as financial advisor with respect to bonds issued by the City and other overlapping political subdivisions. The Underwriter and the Financial Advisor have underwritten or acted as financial advisor on other transactions together and expect to do so in the future.

This Official Statement has been approved, executed and delivered by the District.

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

By.....
Chairman, District Board

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

The following information is given as background information concerning the City. THE BONDS WILL NOT BE AN OBLIGATION OF THE CITY. The Bonds will be secured and payable only as described under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein. The holders of the Bonds will have no right to payment except as described therein.

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 it sits at an elevation of 888 feet above sea level. Not all property within the perimeter boundaries of the City are 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>
2017 Estimate (a)	69,947	4,221,684	6,965,897
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
1970 Census	2,599	971,228	1,775,399

(a) Estimate as of July 1, 2017 (released December 2017).

Source: Arizona Department of Commerce, Population Statistics Unit and the U.S. Census Bureau.

Transportation

State Route 85, connecting the City with Phoenix, runs north to south just west of the City’s downtown. Interstate 10 also traverses the northern portion of the City. The City has an airport adjacent to Interstate 10 with plans for a future runway extension. Buckeye Municipal Airport is used by small, general aviation aircraft. Sky Harbor International Airport in Phoenix provides passenger air service. Bus lines are also available in the Phoenix metropolitan area.

Government

The City operates under a Council-Manager form of government. The Mayor and six council members are elected at large to four-year terms. The City Council for the City 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 and Buckeye Irrigation 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 outside the boundaries of the City approximately 20 miles west. 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
State of Arizona	Government	1,220
Wal-Mart Distribution Center	Distribution center and retail	1,120
Buckeye Union High School District No. 210	Education	500
City of Buckeye	Government	472
Litchfield Elementary School District No. 79	Education	470
Buckeye Elementary School District No. 33	Education	320
Clayton Homes Inc.	Manufactured homes	300
Liberty Elementary School District No. 25	Education	230
Agua Fria Union High School District No. 216	Education	160
Lowe’s Home Improvement	Retail	130
Fry’s Food Store	Grocery	110

Source: The City of Buckeye, Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017 and Hoover’s Inc., a D&B Company.

The table below illustrates the unemployment rate averages for the City, the County, the State and the United States.

UNEMPLOYMENT RATE AVERAGES

Calendar Year	City of Buckeye (a)	Maricopa County (a)	State of Arizona (a)	United States of America
2018 (b)	5.2%	4.1%	4.8%	4.0%
2017	5.1	4.2	4.9	4.4
2016	5.5	4.6	5.4	4.9
2015	6.1	5.1	6.0	5.3
2014	7.2	5.8	6.8	6.2
2013	8.5	6.6	7.7	7.4

(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. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) *Data through August 2018.*

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

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 (a) Maricopa County, Arizona

	2018 Percent of Total (a)
Mining and construction	6.1%
Manufacturing	6.2
Trade, transportation and utilities	19.2
Information	1.8
Financial activities	9.3
Professional and business services	17.0
Educational and health services	15.4
Leisure and hospitality	11.0
Services and miscellaneous	3.2
Government	10.8
	<hr/>
Total	100.0%

(a) *Data through August 2018.*

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT
Maricopa County, Arizona

	<u>2018 (a)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Mining and construction	122,563	113,200	105,300	99,200	95,800	93,800
Manufacturing	124,838	119,200	116,500	116,200	114,900	113,800
Trade, transportation and utilities	385,913	382,300	375,100	366,700	355,600	347,200
Information	35,938	35,200	35,300	35,200	34,300	32,600
Financial activities	187,263	184,100	175,200	165,100	160,200	156,800
Professional and business services	342,275	337,500	331,400	317,500	303,600	296,400
Educational and health services	309,775	300,100	286,600	275,800	263,300	255,200
Leisure and hospitality	221,438	215,700	209,000	202,600	194,200	186,600
Other services	63,525	63,500	63,200	61,200	61,700	61,200
Government	215,975	215,200	213,200	211,900	213,000	211,800
Total:	<u>2,009,500</u>	<u>1,966,000</u>	<u>1,910,800</u>	<u>1,851,400</u>	<u>1,796,600</u>	<u>1,755,400</u>

(a) Data through August 2018.

Source: Arizona Department of Commerce, Research Administration and the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates taxable sales collections for Buckeye.

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

<u>Fiscal Year</u>	<u>Amount</u>
2016/17	\$26,356
2015/16	22,078
2014/15	19,677
2013/14	17,042
2012/13	16,349

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

Educational Facilities

Elementary and high school education is available through five elementary school districts, two unified school districts and two union high school districts. Higher education is provided by Estrella Mountain Community College ten miles east of the City; Arizona State University located in the eastern part of the greater Phoenix area in the City of Tempe, Arizona; and Arizona State University's west campus located in the northwestern part of the greater Phoenix area in the City of Glendale, Arizona.

Bank Deposits

The following table illustrates bank deposits for the County.

BANK DEPOSITS
Maricopa County, Arizona
(in millions)

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$98,288
2017	92,568
2016	84,103
2015	76,889
2014	70,254

Source: Federal Deposit Insurance Corporation.

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FORM OF APPROVING LEGAL OPINION 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) Assessment
District No. 13 Special Assessment Revenue Bonds, Series 2018 (Bank Qualified)

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$3,920,000 aggregate principal amount of Festival Ranch Community Facilities District (City of Buckeye, Arizona) Assessment District No. 13 Special Assessment Revenue Bonds, Series 2018 (Bank Qualified) (the "*Bonds*"), dated the date hereof, issued by Festival Ranch Community Facilities District (City of Buckeye, Arizona) (the "*District*") initiated under Resolution of Intention No. 09-18.

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution No. 13-18, passed and adopted by the District Board on October 2, 2018 (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 obligation payable by the District from the Bond Fund provided for that purpose.

4. The Bonds are payable at the office of the Paying Agent, Zions Bancorporation, National Association. The Bonds are payable solely from the funds established pursuant to the Resolution and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvement which have been validly levied, which assessments may be subject to reduction to the extent the improvement is not completed and the land assessed does not receive benefits commensurate with the amount assessed.

5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded 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 of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations whose income is subject to federal alternative minimum tax for taxable years beginning before January 1, 2018. 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 assessments 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.

EXECUTIVE SUMMARY OF APPRAISAL

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September 26, 2018

Mr. Larry Price
 District Treasurer
 FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
 530 East Monroe Avenue
 Buckeye, Arizona 85326

Subject: Appraisal of twelve residential parcels consisting of partially developed residential land within **FESTIVAL RANCH**, in Buckeye, Arizona in connection with The Festival Ranch Community Facilities District Proposed Special Assessment #13 (Burke Hansen, LLC File No. 18081D).

Dear Mr. Price:

Pursuant to your request and authorization, the above-referenced properties have been appraised 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. The subject properties were last inspected on August 31, 2018, which represents the effective date of both the "as is" and "as if complete" market value indications.

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	109	53 x 115	65 x 115	75 x 115	2.93
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	26	53 x 115	65 x 115	75 x 115	4.30
Total	456.33	1,120				2.45

As of August 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 the parcels are partially developed with supporting infrastructure consisting of sewer, water, utilities, roads, etc. with stages ranging from preliminary site work (Parcels B2/E2, F2, G2/I2, H2, J2, K2, L2 and N2) to substantial completion (Parcel M2).

The values addressed in this appraisal are the "as is" and "as if complete" market values of each of the planning areas. The **"as is" value premise**, as used in this appraisal report, is defined as an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

The hypothetical **"as if complete" value premise**, as used in this appraisal, is defined as "an opinion of the market value of the proposed development, as if all lot construction were completed and product was available for retail sale, as of the current date of value. The value estimates for each parcel reflect a **wholesale (bulk) value** of final platted residential lots within each planning area. The wholesale value assumes the following:

- ◆ A sale to a single purchaser; or
- ◆ The discounted net present value reflecting the sale of various lots over a projected absorption period, considering the cost involved in marketing the respective lots.

The modified cost approach or residual analysis was utilized to value the subject parcels. The basis of the modified cost approach involves an opinion of the hypothetical "as if complete" market value of the subject property. The hypothetical "as if complete" market value is the value of the property upon completion of the proposed residential lots – a subdivision of finished residential lots. The "as if complete" value is estimated using the income approach, more specifically static analysis and yield analysis (discounted cash flow). Neither the sales comparison nor the traditional cost approach was utilized to form opinions of the "as if complete" values of the parcels due to the lack of bulk lot or raw land sales which have similar location and physical characteristics as the subject property. While there are sales of bulk finished lots in the marketplace, there are no sales of bulk lots within an age-restricted master planned community (which typically have very significant front-loaded infrastructure costs to accommodate this segment of the population).

The starting point for the modified cost approach, which is utilized to form opinions of the subject's "as is" values, is the "as if complete" values. The next step is to subtract all on and off-site development costs and market-based profit. The final step is to add back any expended development cost and incurred profit.

The intended use of this appraisal 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 user(s) of this report include 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).

The analyses, opinions, and conclusions were developed in conformity with the requirements of the Appraisal Foundation as set forth in the currently effective 2018-2019 edition of the Uniform Standards of Professional Appraisal Practice (USPAP), and with the supplemental standards set forth by the Appraisal Institute. In accordance with Standards Rule 2-2(a) of USPAP, the complete written Appraisal Report, which is incorporated herein by reference in its entirety, sets forth the most pertinent data gathered, the techniques used, and a summary of the reasoning leading to

the opinions of value, as well as the Certification, General Assumptions and Limiting Conditions, and Extraordinary Assumptions and Hypothetical Conditions affecting the analyses, opinions, and conclusions. We are not responsible for any unauthorized use of the Appraisal Report.

The definition of Market Value adopted for purposes of this report is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and each is acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The interest being addressed in this appraisal report is that of the Fee Simple Estate. The fee simple estate is defined as follows:

"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

As a result of our investigation and analysis, it is our opinion that the wholesale bulk "as is" and "as if complete" market values of the unencumbered fee simple estate of the parcels included in the proposed Special Assessment District #13, on a cash equivalent basis and subject to the Extraordinary Assumptions and Hypothetical Conditions defined on Page 6 of the Appraisal Report, as of August 31, 2018, are as follows:

¹ The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, Chicago, Illinois, 2015, p. 90.

PARCEL	MARKET VALUES	
	"AS IS"	"AS IF COMPLETE"
Sun City Festival A2	\$10,400,000	\$12,400,000
Sun City Festival C2	\$7,800,000	\$11,200,000
Sun City Festival D2	\$9,000,000	\$12,800,000
Sun City Festival B2/E2	\$8,500,000	\$13,200,000
Sun City Festival F2	\$6,800,000	\$11,000,000
Sun City Festival H2	\$11,200,000	\$16,400,000
Sun City Festival G2/I2	\$7,200,000	\$11,600,000
Sun City Festival J2	\$4,200,000	\$5,800,000
Sun City Festival K2	\$2,200,000	\$3,900,000
Sun City Festival L2	\$2,750,000	\$3,900,000
Sun City Festival N2	\$1,870,000	\$2,500,000
Sun City Festival M2	\$2,450,000	\$2,950,000

The sale of a property such as each of the subject parcels, sold "as is", would on average require an exposure time of 6 months or less, if adequately marketed at prices at or near the opinions of value presented herein.

At the client's request, we have provided in the following exhibit the Per Lot Value To Loan for each Parcel based on our concluded market values.

PARCEL	MARKET VALUE "AS IS"	LOTS	MARKET VALUE PER LOT	ASSESSMENT PER LOT	PER LOT VTL
Sun City Festival A2	\$10,400,000	109	\$95,413	\$3,500	27.26
Sun City Festival C2	\$7,800,000	133	\$58,647	\$3,500	16.76
Sun City Festival D2	\$9,000,000	132	\$68,182	\$3,500	19.48
Sun City Festival B2/E2	\$8,500,000	138	\$61,594	\$3,500	17.60
Sun City Festival F2	\$6,800,000	135	\$50,370	\$3,500	14.39
Sun City Festival H2	\$11,200,000	159	\$70,440	\$3,500	20.13
Sun City Festival G2/I2	\$7,200,000	132	\$54,545	\$3,500	15.58
Sun City Festival J2	\$4,200,000	49	\$85,714	\$3,500	24.49
Sun City Festival K2	\$2,200,000	45	\$48,889	\$3,500	13.97
Sun City Festival L2	\$2,750,000	33	\$83,333	\$3,500	23.81
Sun City Festival N2	\$1,870,000	29	\$64,483	\$3,500	18.42
Sun City Festival M2	\$2,450,000	26	\$94,231	\$3,500	26.92

Disclosure of the contents of this appraisal report is governed by the By-laws and Regulations of the Appraisal Institute. Neither all, nor any part, of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm of Burke Hansen, LLC, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, or any other public means of communication, without prior written consent and approval of the undersigned.

THIS LETTER MUST REMAIN ATTACHED TO THE ACCOMPANYING REPORT IN ORDER FOR THE VALUE OPINIONS SET FORTH TO BE CONSIDERED VALID.

Mr. Larry Price
September 26, 2018
Page 5

We thank you for this opportunity to be of service and look forward to your continued patronage in the future.

Respectfully submitted,

BURKE HANSEN, LLC



William M. Dominick
Certified General Real Estate Appraiser
(Arizona Certificate No. 30129, Exp. 8/31/20)



Mark M. Grumley, MAI
Certified General Real Estate Appraiser
(Arizona Certificate No. 30655, Exp. 4/30/19)

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	109	53 x 115	65 x 115	75 x 115	2.93
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	26	53 x 115	65 x 115	75 x 115	4.30
Total	456.33	1,120				2.45

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

OWNERSHIP : All 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 September 26, 2018.

DATES OF VALUE

"As Is" Market Value

: August 31, 2018

"As If Complete" Market Value

: August 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 the parcels are located within the age-restricted community of Sun City Festival.

DEVELOPMENT STATUS

: As of August 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 the parcels are partially developed with supporting infrastructure consisting of sewer, water, utilities, roads, etc. with stages ranging from preliminary site work (Parcels B2/E2, F2, G2/I2, H2, J2, K2, L2 and N2) to substantial completion (Parcel 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 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	\$10,400,000	\$12,400,000
Sun City Festival C2	\$7,800,000	\$11,200,000
Sun City Festival D2	\$9,000,000	\$12,800,000
Sun City Festival B2/E2	\$8,500,000	\$13,200,000
Sun City Festival F2	\$6,800,000	\$11,000,000
Sun City Festival H2	\$11,200,000	\$16,400,000
Sun City Festival G2/I2	\$7,200,000	\$11,600,000
Sun City Festival J2	\$4,200,000	\$5,800,000
Sun City Festival K2	\$2,200,000	\$3,900,000
Sun City Festival L2	\$2,750,000	\$3,900,000
Sun City Festival N2	\$1,870,000	\$2,500,000
Sun City Festival M2	\$2,450,000	\$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	\$10,400,000	109	\$95,413	\$3,500	27.26
Sun City Festival C2	\$7,800,000	133	\$58,647	\$3,500	16.76
Sun City Festival D2	\$9,000,000	132	\$68,182	\$3,500	19.48
Sun City Festival B2/E2	\$8,500,000	138	\$61,594	\$3,500	17.60
Sun City Festival F2	\$6,800,000	135	\$50,370	\$3,500	14.39
Sun City Festival H2	\$11,200,000	159	\$70,440	\$3,500	20.13
Sun City Festival G2/I2	\$7,200,000	132	\$54,545	\$3,500	15.58
Sun City Festival J2	\$4,200,000	49	\$85,714	\$3,500	24.49
Sun City Festival K2	\$2,200,000	45	\$48,889	\$3,500	13.97
Sun City Festival L2	\$2,750,000	33	\$83,333	\$3,500	23.81
Sun City Festival N2	\$1,870,000	29	\$64,483	\$3,500	18.42
Sun City Festival M2	\$2,450,000	26	\$94,231	\$3,500	26.92

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
(DISTRICT)

\$3,920,000

FESTIVAL RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF BUCKEYE, ARIZONA)
ASSESSMENT DISTRICT NO. 13
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2018
(BANK QUALIFIED)

(CUSIP BASE NUMBER 315599)

This Undertaking is executed and delivered by Festival Ranch Community Facilities District (City of Buckeye, Arizona) (hereinafter referred to as the “Issuer”) in connection with the issuance of the captioned municipal securities (hereinafter referred to as 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 Documents” shall mean, collectively, the 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>.

“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) **THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2019, 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 contained in TABLES 1 and 2 of the Official Statement, dated October 10, 2018, with respect to the Securities.

(B) Information with respect to status of amounts of delinquencies and parcels delinquent (including amount of penalties and interest) and status of foreclosure sales by tax parcel identification number as such matters relate to the “Special Assessments” which are the subject of TABLE 7 of the Official Statement; provided, however, if there are no such delinquencies nothing need be included in the Annual Report.

(C) Current balances in the funds held pursuant to the “Reserve Fund” described in the Official Statement.

(D) 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 offering document, 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, in each case, with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities.
- (vii) Modifications to rights of holders, if material.
- (viii) Bond calls, if material, or 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 Issuer, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, 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 Issuer.
- (xiii) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 trustee or an additional trustee or the change of the name of the trustee, if material.

(xv) Notice of a failure of the Issuer 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) ***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. ***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 Documents 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 Documents, 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, District Board

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SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

Definitions of Certain Terms

The following is a summary of certain provisions of the Bond Resolution to which reference is hereby made for a more complete description of its terms. The following are certain terms defined in the Bond Resolution and used in this Official Statement.

“Costs” means the cost of the Project plus all costs connected with the public infrastructure purposes (as such term is defined in the Enabling Act) and the issuance and sale of the Bonds.

“Project” means the acquisition of public infrastructure (as such term is defined in the Enabling Act), described in the Feasibility Report dated September 18, 2018, on file with the District Clerk, including particularly, the financing by the District of the public infrastructure described in the Resolution of Intention (Resolution No. 09-18) adopted by the District on September 18, 2018.

“Reserve Fund Requirement” means the lesser of: (i) ten percent (10%) of the outstanding principal amount of the Bonds; (ii) an amount equal to at the time of computation, the greatest annual payment of principal and interest of the Bonds occurring in the then-current, or any subsequent, fiscal year (the “Maximum Annual Debt Service”); or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the Bonds outstanding, or such amount as required by the Internal Revenue Code of 1986, as amended (the “Code”), to obtain or maintain the exclusion of interest from gross income for federal income tax purposes for the Bonds, pursuant to an opinion of bond counsel.

Funds

Bond Fund. The money deposited to the Bond Fund shall be held by the District Treasurer and applied solely as provided in the Bond Resolution. The Bond Fund will be comprised of the Principal Account and the Interest Account.

The District shall deposit to the Bond Fund to the credit of the applicable accounts or subaccounts:

- (1) to the Principal and Interest Accounts, as applicable, all amounts collected by the District from collections of the Special Assessments, to be applied to pay principal and interest then due on the Bonds;
- (2) to the Principal and Interest Accounts, as applicable, all prepayments of the Special Assessments;
- (3) to the Principal and Interest Accounts, as applicable, all proceeds from any foreclosure sale of any assessed property not used to replenish the Debt Service Reserve Fund to an amount equal to the Reserve Fund Requirement; and
- (4) to the Principal and Interest Accounts, as applicable, amounts transferred from the Acquisition Fund to the extent provided in the Bond Resolution;
- (5) to the Principal and Interest Accounts, amounts transferred from the Debt Service Reserve Fund pursuant to the Bond Resolution;
- (6) to the Principal and Interest Accounts, as applicable, any amounts transferred from the Debt Service Reserve Fund as a result of a reduction in the Reserve Fund Requirement due to

prepayment of Special Assessments or in the event the amount in the Debt Service Reserve Fund and Bond Fund is sufficient to pay all Bonds; and

- (7) such other funds as the District shall, from time to time, deem advisable.

The Principal and Interest Accounts shall be applied solely to pay principal of, interest on and redemption price with respect to the Bonds.

Acquisition Fund. Deposits to the Acquisition Fund shall be applied as follows:

Moneys in the Acquisition Fund shall be used to pay the Costs of acquiring the Project.

The date of completion of the Project or any portion thereof (the "Completion Date") shall be evidenced to the District by a certificate signed by the Developer stating that:

1. The Project has been completed in accordance with the plans and specifications therefor and all labor, services, materials and supplies used in the Project have been paid for and acknowledgments of such payments have been obtained from all contractors and suppliers; and

2. All other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the plans and specifications therefor and all costs of acquisition have been paid.

Within 10 days following the Completion Date, the District shall transfer any balance in the Acquisition Fund (except moneys retained for expenses not yet due and payable) into the Principal and Interest Accounts of the Bond Fund for application to the redemption of Bonds.

On October 1, 2021, any amounts remaining in the Acquisition Fund shall be transferred to the Prepayment Account of the Bond Fund.

Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund and investments thereof shall be applied solely to pay all Costs of Issuance identified in a District Request. On February 1, 2019, the District shall transfer any balance to the Acquisition Fund.

Debt Service Reserve Fund. The money deposited to the Debt Service Reserve Fund and investments thereof shall be held in trust and applied solely as follows:

A. The District shall deposit to the credit of the Debt Service Reserve Fund Bond proceeds in the amount provided in the Purchase Contract or Tax Certificate of the District pertaining to the Bonds.

B. On, or before June 29 and December 30 of each year, the District shall, to the extent there are sufficient moneys in the Debt Service Reserve Fund, transfer from the Debt Service Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund and the amount necessary to pay the principal of and interest on the Bonds on the next succeeding July 1 or January 1, as the case may be.

C. If at any time it appears to the District Treasurer that the collection of installments of Special Assessments will not raise money sufficient to pay the then forthcoming principal or interest payment on the Bonds, the District Treasurer is authorized to liquidate any or all investments in the Debt Service Reserve Fund and transfer such amounts to the Principal or Interest Accounts as is necessary to make timely payments of principal or interest or both on the Bonds.

D. After a Reserve Fund withdrawal, if the Debt Service Reserve Fund is less than the Reserve Fund Requirement, the District shall reimburse the Reserve Fund from either the proceeds from the sale of delinquent assessments, or from all future installment payments on the Special Assessments, but only to the extent that such portion of such installment payments is not required for the payment of Debt Service.

E. Any investment profits realized from the investment of moneys in the Debt Service Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Interest Account.

F. If the amount held in the Debt Service Reserve Fund together with the amount held in the Bond Fund is sufficient to pay the principal amount of all Bonds outstanding on a redemption date, together with accrued interest on such Bonds as of such redemption date, the moneys shall be transferred to the Principal and Interest Accounts of the Bond Fund and applied to pay principal and interest on the Bonds.

G. On the final maturity date of the Bonds, the District Treasurer shall use any moneys remaining in the Debt Service Reserve Fund to pay the final maturities of principal and interest on the Bonds.

Investment of and Security for Funds.

All money held for the credit of any fund or account created by the Bond Resolution will be invested pursuant to Arizona Revised Statutes Section 35-323.

Concerning the Registrar and Paying Agent.

Pursuant to the Registrar Contract, the Registrar will maintain an office or agency where Bonds may be presented for registration of transfer and the Paying Agent will maintain an office or agency where Bonds may be presented for payment. The District may appoint one or more co-registrars or one or more additional paying agents. The Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the Bondholders.

Initially, Zions Bancorporation, National Association, will act as the Registrar and the Paying Agent with respect to the Bonds. The District may change the Registrar or the Paying Agent without notice to or consent of the Bondholders and the District may act in any such capacity.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the Bondholders all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a register of the Bonds (the "Register"), the registered Bondholders and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered Bondholders shown on the Register maintained by the Registrar as of the close of business on the Record Date.

The Registrar may but need not register the transfer of a Bond which has been selected for redemption and need not register the transfer of any Bond for a period of fifteen (15) days before a selection of Bonds to be redeemed; if the transfer of any Bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the Bond or Bonds.

The Registrar shall authenticate Bonds for original issue up to \$3,920,000 in aggregate principal amount upon the written request of the District Treasurer. The aggregate principal amount of Bonds outstanding at any time

may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met.

The amounts which are segregated by the District or deposited with the Paying Agent to pay the principal of or interest on any Bonds becoming due on any due date shall be held in trust for the benefit of the owners of such Bonds. Amounts so segregated or deposited and held in trust shall constitute a separate trust fund for the benefit of the owners of such Bonds entitled to such principal or interest, as the case may be. Amounts held by the District or Paying Agent for the payment of the principal of (and premium, if any) or interest on the Bonds need not be segregated from other funds, except to the extent required by law.

The District may at any time direct any Paying Agent to pay to the District all money held by such Paying Agent, such amounts to be held by the District upon the same trusts as those upon which such money was held by such Paying Agent, and, upon such payment by any Paying Agent to the District, such Paying Agent shall be released from all further liability with respect to such money.

In the event any check for payment of interest on a Bond is returned to any Paying Agent unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at maturity or redemption date, if amounts sufficient to pay such interest or principal due upon such Bond shall have been made available to such Paying Agent for the benefit of the bondholder thereof, it shall be the duty of such Paying Agent to hold such funds or invest the same in Governmental Obligations, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. Such obligation of the Paying Agent to hold such funds shall continue for two (2) years and six (6) months following the date on which such interest or principal payment became due, whether at maturity or stated maturity, or at the redemption date, or otherwise, at which time such Paying Agent shall surrender such unclaimed funds so held to the District, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the District.

So long as the Bonds are administered under The Depository Trust Company's ("DTC") book entry-only system of registration of the Bonds with DTC as securities depository for the Bonds (the "Book-Entry-Only System") described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time of payment established by DTC on each interest or principal payment date (or in accordance with then existing arrangements between the District and DTC). The District has previously entered into an agreement (the "Letter of Representations") with DTC in connection with the issuance of its bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

If the Book-Entry-Only System is discontinued, the Registrar's registration books will show the registered Bondholders. While the Bonds are subject to the Book-Entry-Only System, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. The Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by check mailed to the Bondholder thereof at the Bondholder's address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the Record Date.

If the Book-Entry-Only System is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent.

Notwithstanding any other provision of the Bond Resolution, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a Book-Entry-Only System may be paid by the Paying Agent by wire transfer in "same day funds."

BOOK-ENTRY-ONLY SYSTEM

This information concerning DTC and DTC's book-entry system has been obtained from DTC and the District takes no responsibility for the accuracy thereof. The Beneficial Owners (defined below) should confirm this information with DTC or the DTC participants.

DTC, the world's largest 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 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 Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who 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 Participant's and Indirect Participant's 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the 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 the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect 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 Participants 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 of the Bonds shall be sent to DTC. If less than all of the Bonds 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar and Paying Agent 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 the 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 Bonds 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 and information funds and corresponding detail information from the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Bond Registrar and Paying Agent, 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 the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants 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 Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

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

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.

**CERTAIN STATUTORY PROVISIONS APPLICABLE
TO THE FORECLOSURE PROCESS**

The following constitutes a summary of the “Foreclosure Process,” specifically portions of certain sections of the General Public Improvements and Improvement Bonds Law, Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended (the “Act”), deemed applicable to the Bonds pursuant to the Bond Resolution. The summaries do not purport to be complete and reference is hereby made to the full text of each section and the Bond Resolution.

Section 48-601. List of delinquent installments; publication of notice; sale of delinquent property

The representative of the District (the “Superintendent”) shall, within 20 days from the date of the delinquency, begin the publication of the list of the assessments on which any installment is delinquent. The Superintendent shall append to and publish with the list, a notice that unless each delinquent installment, together with the penalty and cost thereon, is paid, the whole amount of the assessment will be declared due by him, and the property upon which the assessment is a lien will be sold at public auction at a time and place to be specified in the notice. The publication shall be published and circulated in the District for a period of 10 days in a daily newspaper, or for two weeks in a weekly newspaper so published and circulated.

Before the date fixed for the sale or before the date to which the sale has been postponed, the Superintendent shall obtain a record search that shows the names and addresses of record of all lien claimants on, and other persons with an interest in, all lots or parcels on which an installment of the assessment is delinquent.

At least 10 days before the sale date or the date to which the sale has been postponed, the Superintendent shall serve by first-class mail a notice of the date and place of the sale or postponed sale to the owner and to each of the lien claimants and other interested persons. A final sale may not be held unless the Superintendent has provided notice by mail to all lien claimants discovered in the search of records.

The time of sale shall not be less than five days after the last publication, and the place of the sale shall be in or in front of the office of the Superintendent, or in front of the usual place of meeting of the City Council. The sale may be postponed.

Section 48-602. Payment after delinquency and before sale

At any time prior to the sale of any lot assessed, any person may pay the delinquent installment on the lot together with the penalty and costs then due, including the cost of advertising, whereupon the Superintendent shall note on his records the date of payment, the name of the person by or for whom it is paid and the amount paid.

Section 48-603. Sale procedure

On the day fixed for the sale, the Superintendent shall, at 10 o’clock a.m., or at any time thereafter to which the sale may be adjourned, begin the sale of the property advertised, commencing at the head of the list and continuing in the numerical order of lots, until all are sold. The Superintendent may postpone or continue the sale from day to day until all the property is sold. Each lot separately assessed shall be offered for sale separately. The sale shall be for the entire assessment including the delinquent installments, and the person who will take the least

quantity of land and then and there pay the amount of the assessment, penalty and costs due, including 50 cents to the Superintendent for a certificate of sale, shall become the purchaser.

The Superintendent shall record the date of the payment and mark the installment of principal or interest paid. In the event the owner does not pay the balance due on the installment or principal or interest, and the property is sold for the full amount of the assessment, the Superintendent shall refund to the owner all money received by him from the owner by way of partial payments.

Section 48-604. Certificate of sale; lien

After making the sale, the Superintendent shall execute, in duplicate, a certificate of sale stating the description of the property sold, the name of the owner thereof as given on the record of the assessment, that the property was sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which the property was sold, the date of sale, the name of the purchaser, and the time when the purchaser will be entitled to a deed. The Superintendent shall file one copy of the certificate in his office, and deliver the other to the purchaser.

On filing the copy of the certificate in the office of the Superintendent, the lien of the assessment shall vest in the purchaser, and is only divested by a redemption of the property, as provided in the Enabling Act.

The Superintendent shall also enter on the record of the assessment, opposite the description of each lot offered for sale, a description of the part thereof sold, the amount for which it was sold, the date of sale, and the name of the purchaser.

Section 48-605. Redemption

Redemption may be made by any party having an interest in the lot at any time before the execution and delivery of a deed therefor by paying to the Superintendent the amount for which the property was sold and 5% thereon if paid within three months from the date of sale, 10% if paid within six months, 12% if paid within nine months, 15% if paid within 12 months, or 20% if paid after 12 months. When redemption is made, the Superintendent shall note that fact on the duplicate certificate of sale in his office and deposit the amount paid with the District Treasurer, who shall credit the purchaser named in the certificate of sale with the amount, and pay the amount to such purchaser or his assignee, upon the surrender of the certificate of sale.

Section 48-606. Deed to purchaser; notice to owner; redemption after notice; effect of deed

After the expiration of 12 months from the date of sale, the Superintendent shall execute to the purchaser, or his assignee, on his application, if he has fully complied with Section 48-606 of the Enabling Act, a deed to the property sold in which shall be recited substantially the matters contained in the certificate, any assignment thereof, and that no person has redeemed the property. The Superintendent shall receive from the applicant for a deed, \$1.00 for making the deed.

The purchaser shall, at least 30 days before he applies for a deed, serve by first-class mail to the owner, all lien claimants of records, all persons of record with an interest in the property and, if occupied, the occupant of the property, a written notice that the property, giving the description, has been sold for a delinquent assessment, specifying the improvement for which the assessment was made, the amount for which it was sold, the amount necessary to redeem at the time of giving notice, the time when the purchaser or assignee will apply to the Superintendent for a deed and that, on issuance of the deed, all interest in the property, whether of record before or after the assessment lien, will be extinguished, except for the lien for general property taxes and prior special assessments. If the owner cannot be found after due diligence, the notice shall be

posted in a conspicuous place upon the property at least 30 days before the time stated therein of the application for a deed.

The applicant shall file with the Superintendent an affidavit showing that notice of the application has been given, and if the notice was not served on the owner personally, that due diligence was used to find the owner. If redemption of the property is made after the affidavit is filed, and more than 11 months from the date of sale, the person making redemption shall pay, in addition, for payment to the purchaser, \$3.00 for the service of notice and the making of the affidavit.

The deed of the Superintendent shall be prime facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the execution thereof, and of title in the grantee. The deed of the Superintendent shall convey to the purchaser fee title to the lands described therein, free and clear of all interests, liens, claims and encumbrances whether of record before or after the assessment lien, except for the lien for general property taxes and prior special assessments.

Section 48-607. Disposition of sale proceeds

The Superintendent shall promptly pay to the District Treasurer all moneys collected by him from sales. The District Treasurer, on receipt thereof, shall place the moneys in the special fund hereby created for the payments of the bonds issued for the improvement.