

Community Facilities District

Goodyear City Hall - Council Chambers
1900 N. Civic Square
Goodyear, AZ 85395

**Monday, December 12, 2022****5:50 p.m.****Meeting Agenda****COMMUNITY FACILITIES DISTRICTS - CITY OF GOODYEAR, ARIZONA**

1. COMMUNITY FACILITIES GENERAL DISTRICT NO. 1
2. PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3
3. COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1
4. WILDFLOWER RANCH COMMUNITY FACILITIES DISTRICT
5. WILDFLOWER RANCH COMMUNITY FACILITIES DISTRICT NO. 2
6. COTTONFLOWER COMMUNITY FACILITIES DISTRICT
7. ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
8. KING RANCH COMMUNITY FACILITIES DISTRICT
9. CENTERRA COMMUNITY FACILITIES DISTRICT
10. CORTINA COMMUNITY FACILITIES DISTRICT

Board members of the ten above mentioned Community Facilities Districts will attend either in person or by telephone conference call or video communications.

CALL TO ORDER**ROLL CALL****CITIZEN COMMENTS**

Non-Agenda items: This is the time for citizens who would like to address the District Board on any non-agenda item within the jurisdiction of the Goodyear Community Facilities District Board. Please complete a speaker card and give it to the Secretary. Each speaker is limited to three (3) minutes. Before you begin to speak, identify yourself by clearly stating for the record your name and whether you are a Goodyear resident. The Board will listen to comments and may take any one of the following actions:

- Respond to criticism
- Request that staff investigate and report on the matter
- Request that the matter be scheduled for on a future agenda.

Agenda items: The Chairman will call for public comments as each agenda item is up for discussion. Please complete a speaker card for the Secretary, listing the agenda item on which you would like to speak. Each speaker is limited to three (3) minutes. Before you begin to speak, identify yourself by clearly stating for the record your name and whether you are a Goodyear resident.

CONSENT

The Community Facilities District Board may vote upon all matters contained within the consent agenda by a unanimous single vote of all those present at the meeting entitled to vote. Any matter may be removed from the consent agenda and considered as a singular item upon the request of any member of the District Board or any member of the public in attendance at the meeting.

1. **APPROVAL OF MINUTES**

Recommendation

Approve draft minutes from the December 5, 2022 Joint Community Facilities District Meeting.
(Darcie McCracken, City Clerk)

PUBLIC HEARINGS

The following actions will take place for each public hearing item:

- A. Open the Public Hearing
- B. Staff Presentation
- C. Applicant Presentation (if applicable)
- D. Receive Public Comment
- E. Close the Public Hearing

2. **HEARING FOR THE FINAL ASSESSMENT FOR THE LUCERO #2 ASSESSMENT DISTRICT WITHIN THE ESTRELLA MOUNTAIN RANCH CFD**

Recommendation

Final Assessment for the Lucero #2 Assessment District within the Estrella Mountain Ranch CFD. No Board action is required for this item. (Jared Askelson, Deputy Finance Director)

BUSINESS

3. **ADOPTING AND ORDERING COLLECTION OF THE SPECIAL ASSESSMENT FOR LUCERO #2**

Recommendation

ADOPT RESOLUTION EMRCFD RES 2022-154, APPROVING THE ASSESSMENT AND THE PROCEEDINGS HERETOFORE HAD AND TAKEN FOR THE ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) LUCERO ASSESSMENT DISTRICT NO. 2; DETERMINING THE WORK HAS BEEN COMPLETED IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS; AND ORDERING THE COLLECTION OF THE AMOUNT ASSESSED. (Jared Askelson, Deputy Finance Director)

4. **ADOPT ISSUANCE OF BONDS FOR LUCERO #2**

Recommendation

ADOPT RESOLUTION EMRCFD RES 2022-155, AUTHORIZING THE ISSUANCE OF ITS LUCERO ASSESSMENT DISTRICT NO. 2 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,429,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS. (Jared Askelson, Deputy Finance Director)

INFORMATION ITEMS

Comments, Commendations, Report on Current Events and Presentations by Chairman, Boardmembers, staff or members of the public. The Board may not propose, discuss, deliberate or take any legal action on the information presented pursuant to A.R.S. § 38-431.02.

ADJOURNMENT

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Commission and to the general public that the Commission will hold a meeting open to the public. Public body members of the city of Goodyear will attend either in person or by telephone conference call and/or video communication.

THE CITY OF GOODYEAR ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, special assistance can be provided for sight and/or hearing-impaired persons at this meeting. Reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (623) 882-7830 or Arizona Relay (TDD) 7-1-1 to request an accommodation to participate in this public meeting.

For Non-English assistance please contact the City Clerk at (623) 882-7830.

Si necesita asistencia o traducción en español, favor de llamar al menos 48 horas antes de la reunión al (623) 882-7830.

POSTING VERIFICATION

This agenda was posted on 12/07/2022 at 4:33 p.m. by PP.

ITEM #: 1.
DATE: 12/12/2022
AI #:1252



APPROVAL OF MINUTES

SUBJECT

APPROVAL OF MINUTES

Recommendation

Approve draft minutes from the December 5, 2022 Joint Community Facilities District Meeting. (Darcie McCracken, City Clerk)

Attachments

December 5, 2022 Draft CFD Meeting Minutes

Community Facilities District

Goodyear City Hall - Work Session Room

1900 N. Civic Square

Goodyear, AZ 85395

**Monday, December 5, 2022****5:00 p.m.****Meeting Minutes****COMMUNITY FACILITIES DISTRICTS - CITY OF GOODYEAR, ARIZONA**

1. COMMUNITY FACILITIES GENERAL DISTRICT NO. 1
2. PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3
3. COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1
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10. CORTINA COMMUNITY FACILITIES DISTRICT

Board members of the ten above mentioned Community Facilities Districts will attend either in person or by telephone conference call or video communications.

CALL TO ORDER

Chair Pizzillo called the Joint Community Facilities District Meeting to order at 5:00 p.m.

ROLL CALL

Present: Chairman Joe Pizzillo; Vice Chairman Brannon Hampton; Board Member Sheri Lauritano; Board Member Wally Campbell; Board Member Bill Stipp; Board Member Laura Kaino; Boardmember Patrick Bray

Staff District Manager Julie Karins; District Clerk Darcie McCracken

Present:

Attendees: Brandon Caywood, District Attorney, Gust Rosenfeld

CITIZEN COMMENTS

There were no citizen comments.

CONSENT

1. **APPROVAL OF MINUTES**

MOTION BY Board Member Bill Stipp, **SECONDED BY** Vice Chairman Brannon Hampton to APPROVE Consent Agenda Item 1. The motion carried as follows:

AYE: Chairman Joe Pizzillo, Vice Chairman Brannon Hampton, Board Member Sheri Lauritano, Board Member Wally Campbell, Board Member Bill Stipp, Board Member Laura Kaino, Boardmember Patrick Bray

Passed - Unanimously

PUBLIC HEARINGS

The following actions will take place for each public hearing item:

- A. Open the Public Hearing
- B. Staff Presentation
- C. Applicant Presentation (if applicable)
- D. Receive Public Comment
- E. Close the Public Hearing

2. HEARING FOR THE FEASIBILITY REPORT FOR THE LUCERO #2 SPECIAL ASSESSMENT DISTRICT WITHIN THE ESTRELLA MOUNTAIN RANCH CFD

Chair Pizzillo opened the Public Hearing at 5:01 p.m.

Jared Askelson, Deputy Finance Director, presented information on the formation of a new assessment district including a feasibility study, the assessment amount on the lots and the projects that would be reimbursed.

There being no speakers, Chair Pizzillo closed the Public Hearing at 5:06 p.m.

BUSINESS

3. LUCERO #2 ASSESSMENT DISTRICT FEASIBILITY REPORT APPROVAL

Council verified that the projects had already been completed. Deputy Finance Director Jared Askelson confirmed the projects had all been completed.

Council inquired on the assessments. Mr. Askelson responded that the assessments would be assessed on the lots and would be paid with the property tax bill.

MOTION BY Board Member Sheri Lauritano, **SECONDED BY** Board Member Bill Stipp to ADOPT RESOLUTION EMRCFD RES 2022-151, APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE CERTAIN IMPROVEMENTS DESCRIBED IN THE FEASIBILITY REPORT; FORMING LUCERO ASSESSMENT DISTRICT NO. 2; DETERMINING THAT SPECIAL ASSESSMENT REVENUE BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF AND DECLARING THE IMPROVEMENTS TO BE OF MORE THAN LOCAL OR ORDINARY PUBLIC BENEFIT

AND THAT THE COSTS OF SAID IMPROVEMENTS WILL BE ASSESSED UPON THE ASSESSMENT DISTRICT; PROVIDING THAT THE PROPOSED IMPROVEMENTS WILL BE PERFORMED AND DISTRICT SPECIAL ASSESSMENT REVENUE BONDS ISSUED UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO; AND RATIFYING ALL PRIOR ACTS INCLUDING THE EXECUTION AND DELIVERY OF A WAIVER AND DEVELOPMENT AGREEMENT. The motion carried as follows:

AYE: Chairman Joe Pizzillo, Vice Chairman Brannon Hampton, Board Member Sheri Lauritano, Board Member Wally Campbell, Board Member Bill Stipp, Board Member Laura Kaino, Boardmember Patrick Bray

Passed - Unanimously

4. **LUCERO #2 ASSESSMENT DISTRICT ORDERING THE PUBLIC INFRASTRUCTURE**

MOTION BY Board Member Laura Kaino, **SECONDED BY** Board Member Wally Campbell to ADOPT RESOLUTION EMRCFD RES 2022-152, ORDERING THE PUBLIC INFRASTRUCTURE PROJECT PERFORMED AS DESCRIBED IN EMRCFD RES 2022-151. The motion carried as follows:

AYE: Chairman Joe Pizzillo, Vice Chairman Brannon Hampton, Board Member Sheri Lauritano, Board Member Wally Campbell, Board Member Bill Stipp, Board Member Laura Kaino, Boardmember Patrick Bray

Passed - Unanimously

5. **LUCERO #2 ASSESSMENT DISTRICT APPROVING THE LEVYING OF ASSESSMENT**

MOTION BY Board Member Bill Stipp, **SECONDED BY** Board Member Sheri Lauritano to ADOPT RESOLUTION EMRCFD RES 2022-153, APPROVING THE LEVYING OF AN ASSESSMENT AND FORM OF ASSESSMENT DIAGRAM FOR THE ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA). The motion carried as follows:

AYE: Chairman Joe Pizzillo, Vice Chairman Brannon Hampton, Board Member Sheri Lauritano, Board Member Wally Campbell, Board Member Bill Stipp, Board Member Laura Kaino, Boardmember Patrick Bray

Passed - Unanimously

INFORMATION ITEMS

There were no information items.

ADJOURNMENT

There being no further business to discuss, Mayor Pizzillo adjourned the CFD Meeting at 5:14 p.m.

Darcie McCracken, District Clerk

Joe Pizzillo, District Chairman

Date:_____

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the JOINT COMMUNITY FACILITIES DISTRICT MEETING of the city of Goodyear, Arizona, held on December 5, 2022. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2022.

SEAL:

Darcie McCracken, District Clerk

ITEM #: 2.
DATE: 12/12/2022
AI #:1065



COMMUNITY FACILITIES DISTRICT REPORT

SUBJECT: HEARING FOR THE FINAL ASSESSMENT FOR THE LUCERO #2 ASSESSMENT DISTRICT WITHIN THE ESTRELLA MOUNTAIN RANCH CFD

STAFF PRESENTER(S): Jared Askelson, Deputy Finance Director

SUMMARY

The District Engineer has determined the public infrastructure benefiting the assessed residential lots is complete. No objections to the assessment or to the Project (as defined in EMRCFD RES 2022-151) have been submitted to the District. The Board will hold a public hearing regarding the assessment. Following the public hearing, the Board will consider resolution EMRCFD RES 2021-154, which is the final step in the procedures necessary to form the Lucero No. 2 Assessment District (the "Assessment District") and to provide for assessments to pay the debt service on special assessment revenue bonds.

Recommendation

Final Assessment for the Lucero #2 Assessment District within the Estrella Mountain Ranch CFD. No Board action is required for this item. (Jared Askelson, Deputy Finance Director)

FISCAL IMPACT

There is no direct fiscal impact of this action, however, it is a required step for the special assessment district to potentially issue revenue bonds in the principal amount of up to \$4,429,000. These bonds will acquire the infrastructure, pay appropriate capitalized interest, establish a reserve fund, and pay for costs of issuance of the bonds. Property owners within the Assessment District will pay the annual debt service payments for the special assessment revenue bonds. The intention is to have the annual debt service payment collected by the Maricopa County Treasurer by adding the amount due from each property owner on their annual property tax bill. Pursuant to an agreement between the Developer and homebuilders within the Assessment District, assessments on the 278 individual lots will not exceed \$16,000.

BACKGROUND AND PREVIOUS ACTIONS

The Estrella Mountain Ranch Community Facilities District (the "District"), Estrella North LLC, a Delaware limited liability company (the "Developer") and Taylor Morrison/Arizona, Inc., an Arizona corporation, as the sole landowners of the property within the Lucero Assessment District No. 2 (the "Assessment District"), have heretofore executed and delivered to the District, a Waiver and Development Agreement pertaining to the Assessment District wherein the parties thereto, including any party executing an Interested Party Consent (as defined therein), have: (i) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Project and the extent of the Assessment District; (ii) acknowledged that the District shall levy an assessment pursuant to Title 48, Arizona Revised Statutes, as amended; and (iii) waived certain procedural requirements.

The Developer has requested the District issue special assessment revenue bonds to finance the acquisition of the Project comprising various public infrastructure improvements including engineering, design, survey, review fees, construction permits, testing, grading, installation of wet utilities, dry utilities, storm drain, curb and gutter, asphalt pavement, landscaping and street lights within the Assessment District.

The Board of Directors of the District (the "Board") previously (i) conducted a public hearing on December 5, 2022 on the feasibility report relating to the District; (ii) adopted EMRCFD RES 2022-151, accepting the feasibility report, ordering the acquisition of public infrastructure and public infrastructure purposes, and indicating its intent to form the Assessment District; (iii) adopted EMRCFD RES 2022-152, ordering the work related to the Project; and (iv) adopted EMRCFD RES 2022-153, approving the assessment and form of assessment diagram based upon the estimated costs, and levying the assessment.

The District Engineer completed a review of the work related to the public infrastructure and public infrastructure purposes to be financed by the special assessment revenue bonds and determined (i) the work is complete for the purposes of confirming and approving the assessment amounts; (ii) the work benefits the residential lots subject to the assessment; and (iii) the amount of the assessment for each lot is in proportion to the benefit received. All owners of land in the Assessment District received notice of the public hearing regarding the confirmation and approval of the assessment. No land owners objected to the formation of the Assessment District, the work or the assessment.

STAFF ANALYSIS

District staff has reviewed the District Engineer's certificate regarding the work and has determined that it is proper for the District Board to hold a hearing on the assessment, and thereafter to consider EMRCFD RES 2022-154, completing the final step in the procedures necessary to form the Assessment District and to provide for assessments to pay the debt service on special assessment revenue bonds.

Attachments

Engineer's Assessment Methodology
Engineer's Estimated Costs
Hearing Notice
Presentation

**ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

**SPECIAL ASSESSMENT REVENUE BONDS SERIES 2023
LUCERO ASSESSMENT DISTRICT NO. 2**

ASSESSMENT METHODOLOGY

Prepared by:

**WILLDAN
1440 East Missouri Ave Suite 170C
Phoenix, Arizona 85014
(602) 870-7600**

Dated November 18, 2022

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT No. 2**

ASSESSMENT METHODOLOGY

TABLE OF CONTENTS

Project Description 1

Estrella Mountain Ranch CFD Special Assessment Area Map2

Description of Improvements2

 Street Improvements3

 Sewer and Water Line Improvements3

Preliminary Cost Estimate.....3

Assessment Methodology5

 Introduction5

 Roadway Improvements5

 Sanitary and Potable Water Costs.....6

 Project Incidentals and Bond Issuance Costs.....6

 Apportionment7

 Owner Prepayment7

 Estimated Special Assessment Liens7

 Conclusion8

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

Willdan, the District Engineer for the Estrella Mountain Ranch Community Facilities District ("Estrella Mountain Ranch CFD" or the "District"), makes this report of benefit as directed by the City of Goodyear, Arizona (the "City") staff in support of the *Feasibility Report for the Issuance of Estrella Mountain Ranch Community Facilities District Special Assessment Revenue Bonds Series 2023 Lucero Assessment District No.2*, prepared by Hilltop Securities Inc. and dated November 14, 2022. ("Feasibility Report").

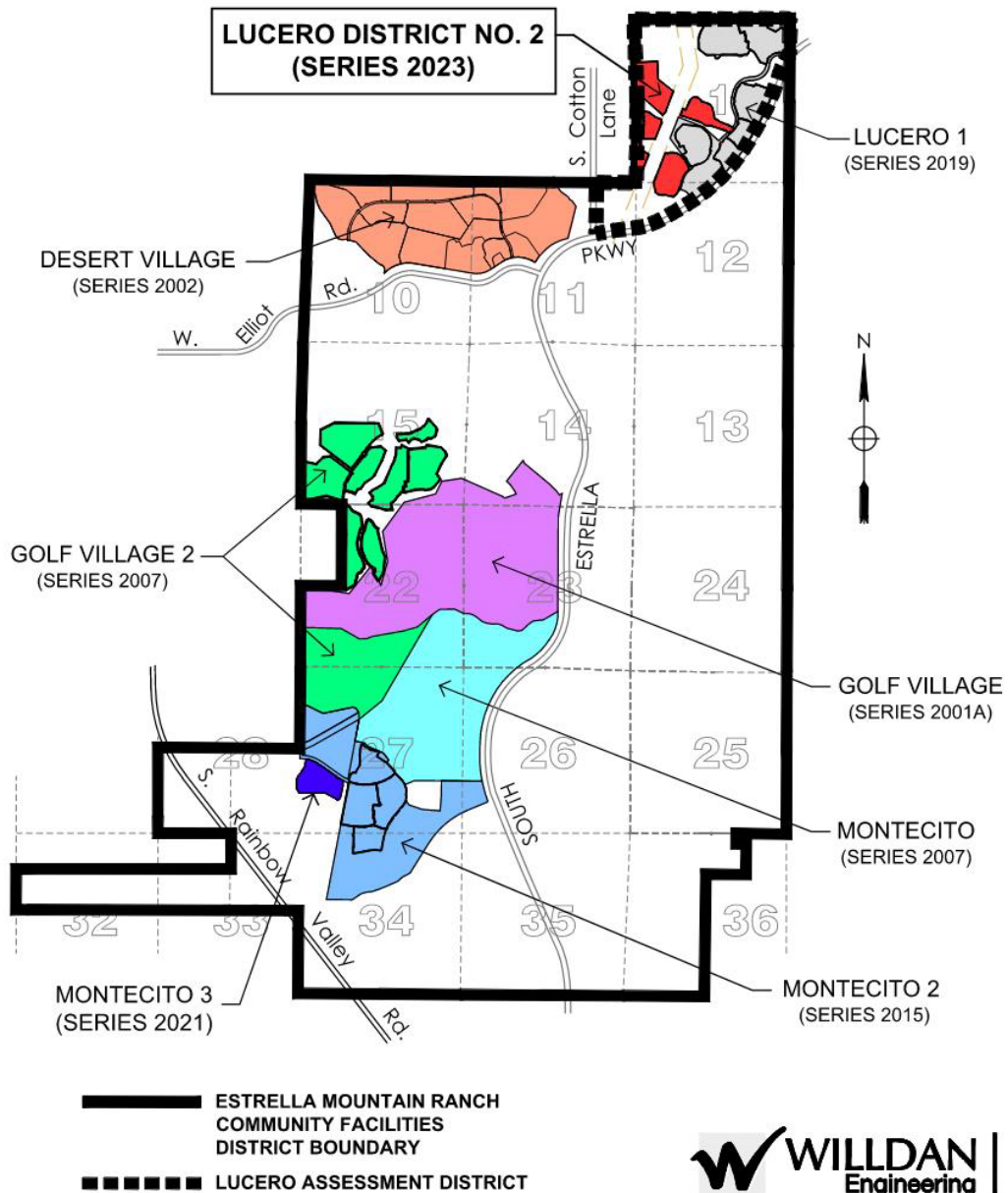
Project Description

The Estrella Mountain Ranch master planned community ("Development") consists of 9,771 acres and is located in Goodyear, Arizona. On November 22, 1999 the Estrella Mountain Ranch Community Facilities District was established to finance the construction and/or acquisition of public infrastructure that are part of the Development. Lucero Assessment District No. 2 consists of an estimated 87.13 acres within the larger 9,771acre Development. The Estrella Mountain Ranch Community Facilities District Special Assessment Revenue Bonds (Series 2023) Lucero Assessment District No.2 ("Bond Issue") relates to the acquisition of public infrastructure that will benefit development of Lucero Assessment District No. 2. Details related to the project area, infrastructure improvements, costs, and land use can be found in the Feasibility Report.

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

**ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA**

SPECIAL ASSESSMENT AREAS



**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

Description of Improvements

The improvements that will be funded by the Bond Issue and are the subject of this report will be constructed and acquired public infrastructure that are eligible for funding according to Arizona Revised Statutes Title 48, Chapter 4, Article 6, the Community Facilities Act of 1988. The improvements are more fully described in Section 2 of the Feasibility Study. Briefly, the improvements are described as follows:

Street Improvements

The design and construction of certain grading, trenching, staking, paving, concrete, base, intersection work, landscaping, storm drains, street lighting, signing and striping, sidewalks, curbs and gutters, parkways, medians, landscaping, permits and fees, together with appurtenances and appurtenant work and an allowance for contingencies for the following arterial roadways:

- Hillside Drive – approximately 7,550 total lineal feet has been constructed

Sewer and Water Line Improvements

The design and construction of wet utilities have been or being constructed to serve all parcels:

- Water Mains: 16-inch - approximately 3,900 lineal feet and
 12-inch - approximately 130 lineal feet
- Lost Lift Station and Parallel Force Main – approximately 3,250 lineal feet and 4,300 lineal feet, respectively
- Zone 2 Water System Upgrades

Preliminary Cost Estimate

The Bond Issue secured by remaining unpaid assessments is proposed to be issued in accordance with the Arizona Revised Statutes, the City Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, Development, Financing Participation and Intergovernmental Agreement No. 1 (Estrella Mountain Ranch Community Facilities District), and the Estrella Mountain Ranch Community Facilities District Waiver and Development Agreement Pertaining to Lucero Assessment District No. 2

Following the District's acquisition of Projects, the District will dedicate the Projects to the City. Accordingly, the District will have no operating or maintenance expenses in connection with the projects. Net Bond Proceeds (the estimated par amount of the Bonds of \$4,429,000 less the estimated debt service reserve fund of \$394,950), plus an assessment prepayment of \$19,000 by the property owner prior to delivery of the Bonds, are expected to fund infrastructure improvements.

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

A summary of the public infrastructure to be financed through the Bond Issue includes the following:

ESTIMATED COST ESTIMATE

<u>Improvement Projects</u>	<u>Estimated Costs Funded Through Bond Issue</u>
STREET IMPROVEMENT	
Hillside Drive	\$ <u>2,765,809</u>
Subtotal Street Improvements	\$ 2,765,809
WATER and SEWER IMPROVEMENTS	
16-Inch and 12-Inch Waterline	\$ 488,333
Lost Lift Station and Parallel Force Main	\$ 593,879
Zone 2 Water System	\$ <u>205,029</u>
Subtotal Wet Utility Improvements	\$ 1,287,241
TOTAL IMPROVEMENTS ⁽¹⁾	\$ <u>4,053,050</u>
RESERVE FUND (maximum annual debt service)	\$ 394,950
BOND FUND	\$ 139,513
COST OF ISSUANCE	\$ 236,507
TOTAL COSTS AND INCIDENTALS TO BE REIMBURSED (Total Improvements plus the Reserve Fund)	\$ 4,824,020(2) =====
COSTS OF ISSUANCE	
Underwriter Discount	\$ 77,508
Bond Counsel	\$ 77,225
Underwriter's Council	\$ 30,000
CFD Financial Advisor	\$ 35,000
CFD Appraisal	\$ N/A
Bond Registrar, Paying Agent	\$ 600
Printing Fees	\$ 1,750
OS Preparation	\$ 10,000
Assessment Billing	\$ 700
Miscellaneous/Excess Construction Costs	\$ <u>3,725</u>
Subtotal General Incidental	\$ 236,508

Detailed project costs for the infrastructure listed above are included as Section 4 of The Feasibility Report.

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

Footnotes

- (1) The cost estimate excludes private utility installation, entry monumentation, and total lot costs. All costs for construction above \$4,448,000 will be at the developer's expense. These costs were allocated to all planning areas based on the following assessment methodology.
- (2) The property owner will contribute an amount of \$19,000 as a portion of total costs to be reimbursed. The cash payment is a result of comparing the assessment liens to the Wayne Harding, MAI of Harding and Associates, Appraisal, updated November 14, 2022, of the wholesale (bulk) value of each of the Lucero Assessment District No. 2. The Applicant will advance all costs required above and beyond the amount in excess of \$5,000,000 required to install the improvements, except that pursuant to the terms of the CFD Development Agreement, the Applicant may seek reimbursement for such funds advanced to the District through subsequent issuances of special assessment and/or general obligation bonds. Any excess proceeds not used for its designated project cost or cost of issuance will be used to reduce the contribution shown above or any amounts advanced in excess of such amount for public improvement.

Assessment Methodology

The State of Arizona Revised Statutes provides that assessments be allocated in proportion to the benefits received by each lot from the improvements. For purposes of the Estrella Mountain Ranch Community Facilities District Special Assessment Revenue Bonds (Series 2023) Lucero Assessment District No. 2, the original assessed amount (prior to cash payments) and consequently the remaining assessments securing the proposed assessment bond amount of \$4,448,000 (prior to cash payments) is allocated to the lots within Lucero Special Assessment District 2 based upon the following benefit methodology.

Introduction

The improvements to be financed by the Bond Issue consist of backbone facilities that provide roadway improvements, sanitary sewer, and potable and nonpotable water for the properties within Lucero Assessment District No. 2. The improvements, which are more fully described in Section Two of the Feasibility Report, fall into the following categories:

- Roadway improvements
- Sanitary Sewer and Potable Water facilities and improvements

Roadway Improvements

The street-related improvements perviously installed within Lucero Phase 1 consist of new construction and/or acquisition of the arterial Hillside Drive. These roadways provide access to the residential and multi-family areas located within the Lucero Assessment District No. 2. The roadway improvements provide a direct and special benefit to the developable parcels to be assessed, in that direct ingress and egress is made available to all lots within the Lucero Assessment District No. 2 area. The cost estimate excludes ineligible costs such as dry utilities and monument structures.

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

The collector roadways provide an area-wide system of streets to serve the developable properties within Lucero Assessment District No. 2 and serve as primary and/or secondary ingress/egress to the parcels providing access for properties within the Lucero Assessment District No. 2 area and allowing travel to areas outside of the Lucero Phase 2 boundaries. The specific alignment of a collector streets has been determined and approved by the City. Therefore, the construction of Hillside Drive is a direct and special benefit to the properties addressed in this report.

The benefit of roadway improvements to properties within Lucero Assessment District No. 2 will be allocated to the respective properties based on a per lot basis.

Apportioning the benefit of roadway improvements to properties within the Lucero Assessment District No. 2 area, was based on a per lot equal benefit. Therefore, within each single-family residential tract, each lot will receive an equal assessment.

In the event development occurs differently than currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Sanitary Sewer and Potable Water (Wet Utility)

The wet utility improvements include sanitary sewer mains and potable water line improvements placed in the streets to serve the special assessment area. These improvements provide for an orderly development of infrastructure service to the area by providing sanitary sewer, water and non-potable water service for each developed parcel. The benefit of these improvements is allocated to each property based on the estimated number of lots in each planning area.

In apportioning the benefit of sewer and water improvements to property within Lucero Assessment District No. 2, the assessment of the cost and expenses will be allocated to the planning areas within the Lucero Assessment District No. 2 equally based on the estimated number of lots per planning parcel. Therefore, within a single-family residential tract, each lot will receive an equal assessment.

In the event development occurs differently than currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Project Incidentals and Bond Issuance Costs

These costs increase the assessments for each assessment area in proportion to the special assessments allocated thereto for the improvement construction costs. This is deemed an appropriate charge related to the Community Facilities District. Therefore, Project Incidentals and Bond Issuance Costs are allocated to each parcel based on construction costs.

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

Apportionment

87.13 acres within the Lucero Assessment District No. 2 consist of large subdivided acreage, which is expected to be developed in conformance with the Estrella Mountain Ranch Vesting Tentative Tract Maps. Upon recordation of these maps, the initial method of assessing the eligible improvement costs to the properties will be in accordance with the above-described method of assessment.

The assessments for parcels within Lucero Assessment District No. 2 are fixed, but lot assessments can vary if the assumed number of lots differs from the assumed numbers that are based upon zoning allowances. All lots have been approved and plated. Upon recordation of subdivision, parcel or lot line adjustment maps, the assessment for residential parcels will be apportioned equally based on the number of similar assessable lots or multi-family units. Lot line adjustments may occur on areas that currently are defined as part of open space areas. Therefore, these parcels are included within the Assessment Diagram boundaries to allow future modifications to occur in the event that developable lots are created on any portion of these properties.

Owner Prepayment

The Owner has elected to prepay a portion (\$19,000) of the assessment attributable to parcel 11.I1 prior to closing on the Bond Issue, leaving \$589,000 to be assessed equally for all the lots in this parcel only. After payment of the cash prepayment, the Assessment for this parcel will be reduced to bring it in compliance with the LTV as required by the Feasibility Report.

Estimated Special Assessment Liens

Based upon the information presented above, the estimates of the assessments to be placed upon each of the parcels located within the Lucero Assessment District No. 2 (according to final plats recorded for Parcels 11.E, 11.F.1, 11.H, 11.I1, and 11.I.2 have been allocated as follows:

**LUCERO ASSESSMENT DISTRICT NO. 2
ASSESSMENT PER PARCEL/LOT**

ASSESSMENT NUMBER	PARCEL NUMBER	NUMBER OF ACRES	NUMBER OF LOTS	ASSESSMENT BY PARCEL	ASSESSMENT BY LOT
11.E	11.E	28.85	92	\$ 1,472,000	\$ 16,000
11.F.1	11.F1	17.51	58	\$ 928,000	\$ 16,000
11.H	11.H	25.11	67	\$ 1,072,000	\$ 16,000
11.I.1	11.I1	9.29	38	\$ 589,000	\$ 15,500
11.I.2	11.I2	6.37	23	\$ 368,000	\$ 16,000

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
CITY OF GOODYEAR, ARIZONA
SPECIAL ASSESSMENT REVENUE BONDS (SERIES 2023)
LUCERO ASSESSMENT DISTRICT NO. 2**

Footnotes

- (1) Special assessment liens will not be placed upon common areas, areas owned by the homeowner's associations, public rights-of-way, property owned by the District, or other governmental/public entities.
- (2) Special assessments per lot are subject to adjustment based upon changes in the number of developable lots ultimately established by the recording of the final subdivision plat. All numbers are rounded. Upon recordation of a plat map, the number of lots will be reviewed. If at that time the appraised value is not four times the lien amount, the amount of lien in excess of one-fourth of the valuation will be pre-paid by the property owner.
- (3) Values have been determined per the appraisal completed by Wayne Harding, MAI of Harding and Associates, dated November 14, 2022. Based upon that appraisal, the developer prepayment described above is required to meet the 4:1 value to lien ratio.
- (4) All lots have been approved and platted.

CONCLUSION

Based upon the information presented herein, it is our opinion that the special assessment allocation methodology results in assessments being allocated in proportion to the benefits received by each lot or parcel therein for the improvements to be provided thereby.



Grant I. Anderson, P.E.

ENGINEER'S ESTIMATED COSTS

ESTIMATED COSTS

Cost of Public Infrastructure	\$4,053,050.00
Debt Service Reserve Fund	394,950.00
Bond Fund (Cap. Interest)	139,513.50
Incidental Expenses	<u>236,507.50</u>
Total Cost	\$4,824,021.00
 (Less Developer Contribution)	 <u>(376,021.00)</u>
Net Cost	<u>\$4,448,000.00</u>

Total Cost shall not exceed the Engineer's Estimate; provided that the total Assessment is limited in the Waiver to not exceed the product of \$16,000 times the number of projected developable lots located within the Assessment District.

NOTICE OF PUBLIC HEARING

TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA):

NOTICE IS HEREBY GIVEN that the Board of Directors of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) will meet on December 12, 2022, at 5:50 p.m., in the Goodyear City Hall Council Chambers, 1900 N. Civic Square, Goodyear, Arizona 85395, to conduct a public hearing on and to consider and review assessments covering the costs and expenses of the construction of public improvements and issuance of special assessment bonds of the Estrella Mountain Ranch Community Facilities District (Lucero Assessment District No. 2). Any property owner and all other persons directly interested in the work or in the assessment having any objection to the assessment, the proceedings or the completion of the work (i) may, at any time prior to or at the time fixed for said hearing, file with the District Clerk a written notice specifying the grounds for such objection, and (ii) shall, if an objection notice is filed, appear and show cause why such protest should not be overruled. The Board of Directors of the District will pass upon the objections at the hearing.

Publish: Southwest Valley Republic – December 2, 2022 and December 7, 2022



Lucero #2 Special Assessment District

**District Board Meeting
December 12, 2022**

December 5th Actions

- Public Hearing on feasibility report
- Approved the feasibility report
- Ordered the work to be completed
- Levied the assessment

Lucero #2

Location

- Eighth district within Estrella Mountain Ranch
- 87 acres
- 278 single family lots



Lucero #2

Financing Plan

Uses of Funds	Amount
Project Acquisition	\$ 4,053,050
Reserve and Interest	534,463
Cost of Issuance and Underwriting	236,507
Total	\$ 4,824,021

Lucero #2

Financing Plan

Source of Funds	Amount
Bond Proceeds	\$ 4,429,000
Assessments Paid in Cash by Majority Landowner	19,000
Majority Landowner Contribution	376,021
Total	\$ 4,824,021

Lucero #2

Financing Plan

Bond Proceeds = \$4,429,000

LUCERO ASSESSMENT DISTRICT NO. 2 ASSESSMENT PER PARCEL/LOT

ASSESSMENT NUMBER	PARCEL NUMBER	NUMBER OF ACRES	NUMBER OF LOTS	ASSESSMENT BY PARCEL	ASSESSMENT BY LOT
11.E	11.E	28.85	92	\$ 1,472,000	\$ 16,000
11.F.1	11.F1	17.51	58	\$ 928,000	\$ 16,000
11.H	11.H	25.11	67	\$ 1,072,000	\$ 16,000
11.I.1	11.I1	9.29	38	\$ 589,000	\$ 15,500
11.I.2	11.I2	6.37	23	\$ 368,000	\$ 16,000

Lucero #2

- District Engineer has determined:
 - Work is complete
 - Work benefits the District
 - Assessments are in proportion to the benefit

Tonight's District Items

- Public hearing on assessment district
- Action on ordering collection of assessments
- Action on issuing bonds

Conduct Public Hearing

ITEM #: 3.
DATE: 12/12/2022
AI #:1244



COMMUNITY FACILITIES DISTRICT REPORT

SUBJECT: ADOPTING AND ORDERING COLLECTION OF THE SPECIAL ASSESSMENT FOR LUCERO #2

STAFF PRESENTER(S): Jared Askelson, Deputy Finance Director

SUMMARY

The District Engineer has determined the public infrastructure benefiting the assessed residential lots is complete. No objections to the assessment or to the Project (as defined in EMRCFD RES 2022-154) have been submitted to the Estrella Mountain Ranch Community Facilities District. The Board of Directors of the District will hold a public hearing regarding the assessment. Following the public hearing, the Board will consider resolution EMRCFD RES 2022-154, which is the final step in the procedures necessary to form the Lucero Assessment District No. 2 and to provide for assessments to pay the debt service on special assessment revenue bonds.

Recommendation

ADOPT RESOLUTION EMRCFD RES 2022-154, APPROVING THE ASSESSMENT AND THE PROCEEDINGS HERETOFORE HAD AND TAKEN FOR THE ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) LUCERO ASSESSMENT DISTRICT NO. 2; DETERMINING THE WORK HAS BEEN COMPLETED IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS; AND ORDERING THE COLLECTION OF THE AMOUNT ASSESSED. (Jared Askelson, Deputy Finance Director)

FISCAL IMPACT

The special assessment revenue bonds, if sold, are secured solely by the installment payments to be paid by owners of assessed property within the Assessment District. In the event of non-payment, the District may foreclose on assessed property and apply the foreclosure proceeds to repayment of the special assessment revenue bonds. Neither the City of Goodyear nor the District is required to purchase assessed property subject to a foreclosure action. Pursuant to prior Board action, assessments on individual lots will not exceed \$16,000.

BACKGROUND AND PREVIOUS ACTIONS

The Estrella Mountain Ranch Community Facilities District (the "District"), Estrella North LLC, a Delaware limited liability company (the "Developer") and Taylor Morrison/Arizona, Inc., an Arizona corporation, as the sole landowners of the property within the Lucero Assessment District No. 2 (the "Assessment District"), have heretofore executed and delivered to the District, a Waiver and Development Agreement pertaining to the Assessment District wherein the parties thereto, including any party executing an Interested Party Consent (as defined therein), have: (i) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Project and the extent of the Assessment District; (ii) acknowledged that the District shall levy an assessment pursuant to Title 48, Arizona Revised Statutes, as amended; and (iii) waived certain procedural requirements.

The Developer has requested the District issue special assessment revenue bonds to finance the acquisition of the Project comprising various public infrastructure improvements including engineering, design, survey, review fees, construction permits, testing, grading, installation of wet utilities, dry utilities, storm drain, curb and gutter, asphalt pavement, landscaping and street lights within the Assessment District.

The Board of Directors of the District (the "Board") previously (i) conducted a public hearing on the feasibility report relating to the District; (ii) adopted EMRCFD RES 2022-151, accepting the feasibility report, ordering the acquisition of public infrastructure and public infrastructure purposes, and indicating its intent to form the Assessment District; (iii) adopted EMRCFD RES 2022-152, ordering the work related to the Project; and (iv) adopted EMRCFD RES 2022-153, approving the assessment and form of assessment diagram based upon the estimated costs, and levying the assessment.

The District Engineer completed a review of the work related to the public infrastructure and public infrastructure purposes to be financed by the special assessment revenue bonds and determined (i) the work is complete for the purposes of confirming and approving the assessment amounts; (ii) the work benefits the residential lots subject to the assessment; and (iii) the amount of the assessment for each lot is in proportion to the benefit received. All owners of land in the Assessment District received notice of the public hearing regarding the confirmation and approval of the assessment. No land owners objected to the formation of the Assessment District, the work or the assessment.

STAFF ANALYSIS

District staff has reviewed the District Engineer's certificate regarding the work and has determined that, following the hearing on the assessment, it is proper for the Board to adopt EMRCFD RES 2022-154, completing the final step in the procedures necessary to form the Assessment District and to provide for assessments to pay the debt service on special assessment revenue bonds.

Attachments

Resolution

Certificate of District Engineer

RESOLUTION NO. EMRCFD 2022-154

RESOLUTION OF THE BOARD OF DIRECTORS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) APPROVING THE ASSESSMENT AND THE PROCEEDINGS HERETOFORE HAD AND TAKEN FOR THE ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) LUCERO ASSESSMENT DISTRICT NO. 2; DETERMINING THE WORK HAS BEEN COMPLETED IN ACCORDANCE WITH THE PLANS AND SPECIFICATIONS; AND ORDERING THE COLLECTION OF THE AMOUNT ASSESSED.

WHEREAS, the Board of Directors (the “*District Board*”) of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “*District*”), (i) initiated the establishment of Lucero Assessment District No. 2 (the “*Assessment District*”), (ii) initiated the acquisition and/or construction of certain public infrastructure improvements and purposes (the “*Project*”) as described in Resolution EMRCFD RES 2022-151 (Estrella Mountain Ranch) (the “*Resolution of Intention*”) adopted by the District Board on December 5, 2022, (iii) initiated the financing of said Project, including capitalized interest, a debt service reserve fund and other necessary Incidental Expenses (as defined in the Resolution of Intention) with the District’s special assessment revenue bonds, and (iv) ordered, pursuant to Resolution EMRCFD RES 2022-152, the acquisition of such Project as contemplated by the Resolution of Intention; and

WHEREAS, pursuant to the Waiver Agreement (as defined in the Resolution of Intention), the owners of all of the real property within the Assessment District consented to the inclusion of all of the real property in the Assessment District, subject to later deletions of real property relating to non-developable and publicly-owned land and other modifications, and acknowledged the levy of an assessment, as provided by law, in an amount not to exceed \$4,448,000 for the purpose of financing the Project and Incidental Expenses; and

WHEREAS, an assessment in the amount of \$4,448,000 (the “*Assessment*”) was prepared, \$19,000 of which assessment will, prior to delivery of any bonds related thereto, be prepaid, which will result in a total assessment certified to bond in the amount of \$4,429,000, and a warrant has been prepared as provided by law and the District’s Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023, in the amount of \$4,429,000, have been or shall be issued and sold; and

WHEREAS, the District Engineer (as defined in the Resolution of Intention) has reported to this District Board that all work relating to the Project has been completed in accordance with the approved plans and specifications; and

WHEREAS, a hearing was set for the consideration of the Assessment and notice of such hearing on the Assessment has been given to all persons owning real property in the Assessment District as the names appear upon the tax roll and such hearing has been held; and

WHEREAS, no objections to the District Engineer's determination that all work relating to the Project has been completed in accordance with the plans and specifications have been filed or presented at the hearing; and

WHEREAS, the District Engineer has caused to be prepared an estimate of all costs anticipated to be incurred in connection with the acquisition of the Project, including capitalized interest, debt service reserve fund and the costs of certain Incidental Expenses related thereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) as follows:

Section 1. The work relating to the Project as described in the Resolution of Intention has been completed in accordance with the approved plans and specifications and is hereby accepted as complete.

Section 2. Any and all objections to the Assessment, the legality of the Assessment and the legality of all proceedings related to the Assessment District are hereby overruled. The Assessment in the amount of \$4,448,000 as so made is hereby fully and finally confirmed and approved.

Section 3. All acts of the District Clerk, the Superintendent of Streets and any person acting for such officials in setting the date for the hearing on the Assessment and causing notice thereof to be mailed is hereby ratified and confirmed.

Section 4. The Superintendent of Streets is hereby directed to request the Treasurer of the District to collect the Assessment that has been levied against the real property in the Assessment District for an amount not greater than the grand total of costs set forth in the Assessment.

Section 5. With respect to any Assessment that bonds are issued against, the Treasurer of the District shall cause the Assessment to be billed and collected in installment payments sufficient to pay the amounts due on any bonds that are secured by such Assessment. The Assessment shall be collected and, if necessary, foreclosed in accordance with Arizona Revised Statutes Sections 48-601 through 48-607, inclusive, as amended, and in accordance with the Waiver Agreement.

Section 6. All acts of the District Clerk, the Treasurer of the District, the District Manager, the District Engineer and the Superintendent of Streets, and any person acting for such officials in furtherance of this resolution or in the collection of the Assessment are hereby approved, ratified and confirmed.

[Signature Page to Follow]

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) on December 12, 2022, with a vote of _____.

**ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

District Chair

ATTEST:

District Clerk

APPROVED AS TO FORM:

GUST ROSENFELD P.L.C.

District Bond Counsel

\$4,429,000
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

CERTIFICATE OF DISTRICT ENGINEER

Willdan is the District Engineer (the “District Engineer”) for Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “District”). All terms used but not otherwise defined herein shall have the meanings assigned in EMRCFD RES 2022-151, adopted by the Board of Directors (the “District Board”) of the District on December 5, 2022. The undersigned, an authorized representative acting for and on behalf of the District Engineer, hereby certifies as follows:

(1) The District Engineer has completed a review of costs incurred for the work relating to the Project as provided by NNP III - Estrella Mountain Ranch, LLC (the “Developer”). The District Engineer has taken no responsibility to audit or otherwise independently verify the Developer’s reported costs incurred.

(2) The District Engineer has reviewed the work relating to the Project solely to confirm and approve the Assessment.

(3) Based on the District Engineer’s review of the Project and review of the Developer’s reported costs incurred, the District Engineer has determined:

(i) The Project has been constructed in accordance with the Plans.

(ii) The Project benefits all of the residential lots within the Assessment District subject to the Assessment.

(iii) Based on the Developer’s reported costs incurred, as of the date of the District Engineer’s review of the Project, the amount of the Assessment for each residential lot is in proportion to the benefit received.

(iv) The work relating to the Project is complete to the extent applicable for purposes of the District Board’s final and conclusive confirmation and approval of the Assessment.

(4) The District Engineer’s review of the Project and review of the Developer’s reported costs incurred is not a determination of substantial completion or final acceptance of the Project. The City Engineer of the City of Goodyear, Arizona, is solely authorized to make such determinations of substantial completion and final acceptance of the Project.

Dated: December 12, 2022.

WILLDAN

By: 
Authorized Representative

[Signature Page to Certificate of District Engineer]

ITEM #: 4.
DATE: 12/12/2022
AI #:1245



COMMUNITY FACILITIES DISTRICT REPORT

SUBJECT: ADOPT ISSUANCE OF BONDS FOR LUCERO #2

STAFF PRESENTER(S): Jared Askelson, Deputy Finance Director

SUMMARY

Adoption of Resolution EMRCFD RES 2022-155 will authorize the sale, issuance, and delivery of special assessment revenue bonds of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2, in an amount not to exceed \$4,429,000.

Recommendation

ADOPT RESOLUTION EMRCFD RES 2022-155, AUTHORIZING THE ISSUANCE OF ITS LUCERO ASSESSMENT DISTRICT NO. 2 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,429,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AWARDED THE BONDS TO THE PURCHASER THEREOF; APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS. (Jared Askelson, Deputy Finance Director)

FISCAL IMPACT

The special assessment revenue bonds, if sold, are secured solely by the installment payments to be paid by owners of assessed property within the Assessment District. In the event of non-payment, the District may foreclose on assessed property and apply the foreclosure proceeds to repayment of the special assessment revenue bonds. Neither the City of Goodyear nor the District is required to purchase assessed property subject to a foreclosure action. Pursuant to prior Board action, assessments on individual lots will not exceed \$16,000.

BACKGROUND AND PREVIOUS ACTIONS

The Estrella Mountain Ranch Community Facilities District (the "District") and Estrella North, LLC, a Delaware limited liability company (the "Developer"), and Taylor Morrison/Arizona, Inc., an Arizona corporation, as the sole landowners of the property within the District's Lucero Assessment District No. 2 (the "Assessment District"), have heretofore executed and delivered to the District, a Waiver and Development Agreement wherein the parties thereto, including any party executing an Interested Party Consent (as defined therein), have: (i) waived any and all requirements for notice and time for protests and objections relating to, among other things, the Project and the extent of the Assessment District; (ii) acknowledged that the District shall levy an assessment pursuant to Title 48, Arizona Revised Statutes, as amended; and (iii) waived certain procedural requirements.

The Developer has requested the District issue special assessment revenue bonds to finance the acquisition of the Project comprising various public infrastructure improvements including engineering, design, survey, review fees, construction permits, testing, grading, installation of wet utilities, dry utilities, storm drain, curb and gutter, asphalt pavement, landscaping and street lights within the Assessment District.

The District Board previously (i) conducted a public hearing on the feasibility report relating to the Assessment District; (ii) adopted EMRCFD RES 2022-151, accepting the feasibility report, ordering the acquisition of public infrastructure and public infrastructure purposes, and indicating its intent to form the Assessment District; (iii) adopted EMRCFD RES 2022-152, ordering the work related to the Project; (iv) adopted EMRCFD RES 2022-153, approving the assessment and form of assessment diagram based upon the estimated costs, and levying the assessment; (v) conducted a public hearing on the assessments; and (vi) adopted EMRCFD RES 2022-154, approving the assessments and proceedings heretofore had and taken, determining the work has been completed in accordance with the plans and specifications, and ordering the collection of the amount assessed.

STAFF ANALYSIS

District staff has reviewed the foregoing proceedings and has determined it is proper for the Board to adopt EMRCFD RES 2022-155 authorizing the sale, issuance, and delivery of special assessment revenue bonds of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2, in an amount not to exceed \$4,429,000.

Attachments

Resolution
Draft Bond Registrar, Transfer and Paying Agent Contract
Draft Bond Purchase Agreement
Draft Continuing Disclosure Undertaking
Draft Preliminary Official Statement

EMRCFD RES 2022-155

A RESOLUTION OF THE BOARD OF DIRECTORS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA) AUTHORIZING THE ISSUANCE OF ITS LUCERO ASSESSMENT DISTRICT NO. 2 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$4,429,000; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT, A PURCHASE CONTRACT RELATING TO THE BONDS, A CONTINUING DISCLOSURE UNDERTAKING, AND CERTAIN OTHER DOCUMENTS SECURING THE PAYMENT OF OR RELATING TO THE BONDS; RATIFYING AND APPROVING A PRELIMINARY OFFICIAL STATEMENT RELATING TO THE BONDS; APPROVING A FINAL OFFICIAL STATEMENT RELATING TO THE BONDS; AWARDING THE BONDS TO THE PURCHASER THEREOF; APPOINTING A REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE BONDS; AND TAKING OTHER ACTIONS SECURING THE PAYMENT OF AND RELATING TO THE BONDS.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA), as follows:

Section 1. Findings.

(a) Pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, as amended (the “*Enabling Act*”), the Waiver and Development Agreement described below and Resolution EMRCFD RES 2022-151 adopted on December 5, 2022 (the “*Resolution of Intention*”), the Board of Directors (the “*District Board*”) of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “*District*”) has formed Lucero Assessment District No. 2 (the “*Assessment District No. 2*”), approved an assessment diagram and its recording in the Office of the Superintendent of Streets of the District (the “*Superintendent*”) and declared its intention to: (i) acquire certain public infrastructure and pay costs and expenses related thereto, including funding capitalized interest and a debt service reserve fund (the “*Project*”); (ii) assess the costs and expenses of the Project upon certain benefited real property within the boundaries of the District as described in the Resolution of Intention; (iii) issue the District’s special assessment revenue bonds (the “*Bonds*”) to finance the Project; and (iv) order the public infrastructure projects performed as described in the Resolution of Intention.

(b) Pursuant to the terms and provisions of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Waiver and Development Agreement Pertaining to Lucero Assessment District No. 2, recorded with the Maricopa County, Arizona, at Docket 2022-_____ (the “*Waiver Agreement*”), Estrella North LLC (“*Estrella North*”) and the other persons who have an interest in all the real property to be assessed (collectively with Estrella North, the “*Owner*”) have waived, among other things, certain requirements relating to the notices, protests and hearings relating to, among other things, the formation of Assessment District No. 2, levying of the Assessments (as hereinafter defined), and the time period for cash payments.

(c) The District Board has caused a report of the feasibility and benefits of the Project to be prepared, such report included a description of certain public infrastructure to be acquired and all other information useful to understand the Project, a map showing, in general, the location of the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Project, and a plan for financing the Project (the “*Report*”). A public hearing on the Report was held December 5, 2022, as provided by law, and, pursuant to the Enabling Act and the Resolution of Intention, the Report was ratified and approved in all respects.

(d) Pursuant to and in reliance upon the Waiver Agreement, the District Board adopted Resolution EMRCFD RES 2022-152 on December 5, 2022, ordering the public infrastructure projects performed as described in the Resolution of Intention.

(e) Pursuant to and in reliance upon the Waiver Agreement, the District Board adopted Resolution EMRCFD RES 2022-153 on December 5, 2022, approving the levying of an assessment (the “*Assessment*” or the “*Assessments*”) against the real property in Assessment District No. 2. Pursuant to the Waiver Agreement and other agreements by the Owner, the Owner waived the requirement for notices of cash demands, the opportunity to make cash payments and requested the unpaid Assessments go to bond.

(f) Pursuant to the terms and provisions of the Waiver Agreement, the Owner, among other things, approved the: (i) proceedings relating to the Assessment and the Bonds, (ii) Assessment and assessment diagram, (iii) assessment methodology, (iv) method of collection and foreclosure of Assessments and (v) terms of the Bonds.

(g) The District Board has determined to authorize the issuance of the Bonds described herein to provide funds for the Project and any and all of the public infrastructure purposes provided for in the Enabling Act and the General Plan of the District.

(h) Pursuant to the Enabling Act, the District has also determined to enter into a Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of January 1, 2023, or such other date as set forth in the hereinafter defined Purchase Contract for the sale of the Bonds (the “*Registrar/Paying Agent Contract*”), between the District and U.S. Bank Trust Company, National Association, as bond registrar, transfer agent and paying agent (the “*Registrar*” and “*Paying Agent*” as the case may be), to process the issuance, registration, transfer and payment of, the Bonds. The District Board has determined by this Resolution to authorize the issuance of the Bonds and, in order to provide terms for, to provide for authentication and delivery of the Bonds by the Registrar, to authorize the execution and delivery of the Registrar/Paying Agent Contract.

(i) There have been placed on file with the District Clerk and presented in connection herewith (i) the proposed form of the Registrar/Paying Agent Contract, (ii) the proposed form of the Purchase Contract relating to the Bonds (the “*Purchase Contract*”), by and between the District and Stifel, Nicolaus & Company, Incorporated (the “*Underwriter*”), (iii) the Preliminary Official Statement relating to the Bonds, dated the date thereof (the “*Preliminary Official Statement*”), and which, with such completions and changes as may be necessary will constitute the form of the Final Official Statement for the Bonds (the “*Final Official Statement*”), and (iv) the proposed form of Continuing Disclosure Undertaking relating to the Bonds, to be dated

the date of delivery thereof. The documents described in Clauses (i) through (iv) of this paragraph are hereinafter referred to, collectively, as the “*Bond Documents*.”

(j) The District Board hereby finds and determines that: (i) the amount of the Bonds does not exceed the estimated cost of the Project plus all costs connected with the public infrastructure purposes, capitalized interest, a debt service reserve fund and issuance and sale of the Bonds to be financed therewith (collectively the “*Costs*”); (ii) the Costs are less than or equal to the benefits derived from the Project; and (iii) based upon an appraisal completed by Wayne Harding & Associates, dated November 2, 2022, the wholesale (bulk) value of each of the assessed parcels comprising Assessment District No. 2 is at least four times the principal amount of the Bonds allocated to each such assessed parcel, after prepayment by Estrella North of \$19,000 of the Assessments related to Parcel 11.11 (the “*Estrella North Prepayment*”).

Section 2. Approval of Issuance and Sale of Bonds; Payment of Bonds.

(a) The Bonds are hereby authorized to be issued as a series of tax-exempt assessment bonds of the District to be designated “*Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023*.” The Bonds shall be issued and delivered in an aggregate principal amount of not to exceed \$4,429,000, shall be in fully registered form only, shall be dated as of their date of initial issuance, shall bear interest at the rate or rates set forth in the Purchase Contract (not to exceed 8.00%) from their date and shall mature on July 1 in some or all of the years 2023 through 2046, inclusive (each, a “*Principal Payment Date*”). Interest will be payable semiannually, commencing on July 1, 2023 (or on such other date as set forth in the Purchase Contract), and on each succeeding January 1 and July 1 (each such date shall be referred to as an “*Interest Payment Date*”) during the term of the Bonds. As initially issued, the Bonds shall be in the Book-Entry-Only System described herein and in the denomination of \$25,000 each or integral multiples of \$1,000 in excess thereof and shall be in fully registered form. If necessary, to accommodate a special redemption of Bonds pursuant to Section 3(a) hereof, Bonds may be in the denomination of less than \$25,000 in integral multiples of \$1,000. Costs of issuance shall be paid by the Owner.

(b) The principal of and premium, if any, on the Bonds shall be payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Interest due on the Bonds on each Interest Payment Date shall be payable by check mailed, when due, to the persons (the “*Bondholders*”) in whose names the Bonds are registered by the Registrar at the close of business on the fifteenth 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 (a “*Business Day*”)) next preceding the applicable Interest Payment Date; if such day is not a Business Day, then the previous Business Day (the “*Record Date*”).

(c) In the event that interest is not paid on an Interest Payment Date, the Registrar shall establish a special record date for the payment of such interest, if and when funds for the payment of such interest have been received. Notice of the special record date and of the scheduled payment date of the past due interest will be sent at least 10 days prior to the special record date, to the address of each Bondholder appearing on the Register (as such term is hereafter defined).

(d) Reserved.

(e) The Bonds shall have such additional terms and provisions as are set forth in the Purchase Contract and in the form of Bond attached hereto as Exhibit A, which is a part of this Resolution.

Section 3. Prior Redemption.

(a) Special Redemption. All Bonds are subject to redemption prior to their stated maturity, at random, at the option of the District, on any Interest Payment Date, from proceeds received by the District from: (i) if and to the extent on or after the completion of the Project, upon direction given to the Registrar by the District, amounts transferred from the Acquisition Fund for such purpose; (ii) the prepayment of any assessment by the owner of any assessed real property plus amounts in the hereinafter defined Debt Service Reserve Fund in excess of the hereinafter defined Reserve Fund Requirement as a result of such prepayment and which are available for such purpose or (iii) the proceeds of any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, to the extent such foreclosure sale proceeds are not used to replenish the Debt Service Reserve Fund to an amount equal to the Reserve Fund Requirement. Such proceeds shall be deposited with the Bond Registrar and Paying Agent at least two business days prior to the date of redemption. The special redemption shall be at a redemption price of par plus interest accrued to the date of redemption, without premium.

(b) Optional Redemption. The Bonds shall be subject to call for redemption prior to their stated maturity dates, at the option of the District, on such dates and at such price (the “Redemption Price”) as are set forth in the Purchase Contract.

(c) Mandatory Redemption. The Bonds shall be subject to mandatory redemption prior to their stated maturity dates, by lottery, at a Redemption Price of par plus interest accrued to the date of redemption, but without premium, on such dates and in such amounts as are set forth in the Purchase Contract. Whenever Bonds which are subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or are delivered by the District to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against any mandatory redemption requirements for the Bonds for such years as the District may direct.

(d) Notice of Redemption. So long as the Bonds are held under the Book-Entry-Only System described below, notices of redemption will be sent to The Depository Trust Company (“DTC”) in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar not more than 60 nor less than 30 days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally-accepted by the respective securities depository. Neither the failure of DTC nor any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

(e) MSRB Notice. Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the “MSRB”), currently through the MSRB’s Electronic Municipal

Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District, or a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

(f) Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds on such date, and, if moneys for payment of the Redemption Price are held in separate accounts by the Paying Agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the Bondholders shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and such Bonds shall be deemed paid and no longer outstanding.

(g) Redemption of Less Than All of a Bond. The District may redeem an amount which is included in a Bond in the denomination in excess of \$25,000, but divisible by, \$1,000. However, in order to accommodate a special redemption of Bonds pursuant to Section 3(a) hereof, Bonds may be in a denomination of less than \$25,000 in integral multiples of \$1,000. In that event, the registered Bondholder shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered Bondholder thereof.

Section 4. Form of Bonds. The Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Contract and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval. The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall be dated the date of its authentication and registration.

Section 5. Execution of Bonds and Other Documents.

(a) Execution of Bonds. The Bonds shall be executed for and on behalf of the District by the Chair of the District Board (the “*Chair*”) and attested by the Clerk of the District Board (the “*District Clerk*”) by their manual or facsimile signatures. If the signatures are affixed or imprinted by facsimile, the Chair and the District Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid. A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this Resolution.

(b) Other Documents. The District Board hereby approves the form and orders and directs the execution of the Bond Documents, each in substantially the form presented to the

District Board. The Treasurer of the District (the “*District Treasurer*”) is authorized and directed to determine and approve the actual dated date, maturity dates and amounts, interest rates, redemption provisions and the purchase price to be paid by the Underwriter, and the Chair and the District Treasurer are authorized to execute and deliver the Bond Documents in substantially the form presented to this District Board with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing such agreements on behalf of the District. Execution of the documents by the Chair or the District Treasurer shall be conclusive evidence of such approval. The District Clerk is authorized and directed to attest such signatures. Where applicable, any of the foregoing officers may affix their signatures by manual, mechanical or photographic means.

Section 6. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered Bondholder’s paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the District Clerk by the registered Bondholder evidence satisfactory to the District that such Bond was destroyed or lost, and furnishing the District with a sufficient indemnity bond pursuant to A.R.S. § 47-8405, as amended.

Section 7. Acceptance of Proposal. The Bonds are hereby sold to the Underwriter in accordance with the terms of the Purchase Contract. The Underwriter has agreed to sell the Bonds in a public offering. The actual terms of the Bonds and the Purchase Contract shall be reviewed and approved by the District Treasurer (which approval shall be deemed conclusive by the execution and delivery of the Purchase Contract by the Chair, any member of the District Board or the District Treasurer). The District Treasurer is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale and to indicate how such proceeds and the Owner contribution (as described in the hereinafter defined Tax Certificate) shall be deposited in the funds described in Section 8 hereof.

Section 8. Funds and Accounts. The District Treasurer shall create the following funds and accounts which shall be held separate and apart from other funds and accounts of the District and used only as provided herein:

- (a) “*Bond Fund*”, as described in Section 9 hereof, which shall include:
 - (i) Principal Account
 - (ii) Interest Account
 - (iii) Prepayment Account
- (b) “*Acquisition Fund*”, as described in Section 10 hereof.
- (c) “*Issuance and Expenses Fund*”, as described in Section 11 hereof.
- (d) “*Debt Service Reserve Fund*”, as described in Section 12 hereof.

The money deposited to the various funds and accounts created hereby, together with all investments thereof and investment income therefrom, shall be held in trust by the District and applied solely as provided herein.

Section 9. Deposits to and Application of Bond Fund.

(a) The District shall deposit or shall cause, at the applicable times set forth below, to be immediately deposited to the Bond Fund to the credit of the applicable accounts:

(i) to the Principal and Interest Accounts, as applicable, upon receipt, all amounts collected by or remitted to the District from the collections of the installments of principal and interest, respectively, on the Assessments;

(ii) to the Prepayment Account, upon receipt (A) those amounts designated for deposit to the Prepayment Account from proceeds of the Bonds upon closing and (B) all amounts remitted to the District as prepayments of the Assessments;

(iii) to the Prepayment Account, upon receipt, all amounts remitted to the District as proceeds from any foreclosure sale of any assessed real property and not used to replenish the Reserve Fund to an amount equal to the lesser of: (A) 10% of the outstanding principal amount of the Bonds to be outstanding after redemption from such account; (B) an amount equal to, at the time of computation, the greatest annual payment of principal and interest of the Bonds to be outstanding after redemption from such account occurring in the then-current, or any subsequent, fiscal year (the “*Maximum Annual Debt Service*”); or (C) 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 (the “*Reserve Fund Requirement*”);

(iv) to the Prepayment Account, amounts transferred from the Acquisition Fund to the extent hereinafter provided;

(v) to the Principal and Interest Accounts, as the case may be, amounts transferred from the Debt Service Reserve Fund as hereinafter provided pursuant to Section 12(b), (d) and (f);

(vi) to the Prepayment Account, any amounts transferred from the Debt Service Reserve Fund as hereinafter provided pursuant to Section 12(e); and

(vii) such other funds as the District shall, from time to time, at its option deem advisable.

(b) The Principal, Interest and Prepayment Accounts of the Bond Fund shall be applied solely to pay principal of (including any mandatory redemption amount then due), interest on and the Redemption Price with respect to the Bonds, respectively.

Section 10. Acquisition Fund.

(a) The District shall deposit the Estrella North Prepayment and Bond proceeds to the Acquisition Fund in the amount provided in the District's Tax Certificate relating to the Bonds (the "*Tax Certificate*").

(b) The date of completion of the Project (the "*Completion Date*") shall be evidenced to the District by a certificate signed by Estrella North stating that:

(i) The Project has been completed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by Estrella North), 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

(ii) All other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the plans and specifications therefor (such certification can rely upon the opinion of an inspector or consultant retained by Estrella North), and all costs of acquisition of the Project have been paid.

Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being. 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 Prepayment Account in the Bond Fund for application to the redemption of Bonds.

Notwithstanding anything contained in this Section 10, on April 1, 2023, any amounts remaining in the Acquisition Fund shall be transferred to the Prepayment Account of the Bond Fund and applied to the redemption of Bonds.

Section 11. Issuance and Expenses Fund. The money deposited to the Issuance and Expenses Fund, together with all investments thereof and investment income therefrom, shall be held in trust by the District. The District shall deposit to the Issuance and Expenses Fund Bond proceeds and an Owner contribution in the amounts provided in the Tax Certificate. Upon a request for disbursement, amounts on deposit in the Issuance and Expenses Fund shall be applied to pay all costs of the issuance and sale of the Bonds identified in a request signed by either the Chair, the District Manager or the District Treasurer. On April 1, 2023, the District shall transfer any moneys in the Issuance and Expenses Fund to the Prepayment Account of the Bond Fund for application to the redemption of the Bonds.

Section 12. Debt Service Reserve Fund.

(a) The District shall deposit Bond proceeds to the Debt Service Reserve Fund in the amount of the Reserve Fund Requirement as provided in the Tax Certificate.

(b) On, or, if either day is not a Business Day, before December 30, 2023, and before June 29 and December 30 each year thereafter, the District shall, to the extent the moneys in the Debt Service Reserve Fund exceed the Reserve Fund Requirement, transfer from the Reserve Fund to the Principal and Interest Accounts of the Bond Fund the difference between the amount in the Bond Fund on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding July 1 or January 1, as the case may be.

(c) If, after a Debt Service Reserve Fund withdrawal, the Debt Service Reserve Fund is less than the Reserve Fund Requirement, the District shall reimburse the Debt Service Reserve Fund, to the extent moneys are realized, from either: (i) the proceeds from the sale of delinquent Assessments, which sales are conducted in the manner described in A.R.S. §§ 48-601 through 48-607, inclusive, as amended from time to time; provided, however, A.R.S. § 48-607 is revised to require the sales proceeds to be deposited to the Debt Service Reserve Fund and neither the District nor the City of Goodyear, Arizona (the “City”) shall be required under any circumstances to purchase, or make any payment for the purchase of the delinquent Assessment and corresponding assessed parcel or lot; or (ii) from all future installment payments on the Assessments; provided, however, only to the extent that such portion of such installment payments is not required for the timely payment of principal of and interest on the Bonds.

(d) Any investment profits realized from the investment of moneys in the Debt Service Reserve Fund shall remain in and be part of the Debt Service Reserve Fund; provided, however, if moneys in the Debt Service Reserve Fund are in excess of the Reserve Fund Requirement, such excess amount attributed to investment earnings shall be transferred to the Interest Account of the Bond Fund and applied from time to time pursuant to Section 9 hereof.

(e) 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 outstanding Bonds on a date of redemption thereof, together with the interest accrued on such Bonds as of such date of redemption, the moneys shall be transferred to the Prepayment Account of the Bond Fund and thereafter used to redeem all Bonds as of such date of redemption.

(f) On, or, if either day is not a Business Day, before December 30, 2023, and before June 29 and December 30 each year thereafter, the District shall, to the extent the moneys in either the Principal Account or Interest Account are insufficient to pay the principal of or interest on the Bonds on the next succeeding Interest Payment Date or Principal Payment Date, as applicable, after any transfer required pursuant to Section 12(b) hereof, 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 on such date and the amount necessary to pay the principal of and interest, respectively, on the Bonds on the next succeeding Interest Payment Date or Principal Payment Date, as the case may be.

Section 13. Investment of and Security for Funds. Money held for the credit of any fund or account herein created shall be invested pursuant to A.R.S. § 35-323.

Section 14. Registrar and Paying Agent. Pursuant to the Registrar/Paying Agent 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.

(a) Initially, U.S. Bank Trust Company, National Association, Phoenix, Arizona, will act as Registrar and Paying Agent with respect to the Bonds. The District may change the Registrar or Paying Agent without notice to or consent of the Bondholders and the District may act in any such capacity.

(b) 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.

(c) 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 herein 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.

(d) 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 books of the Registrar as of the close of business on the Record Date.

(e) The Registrar may, but need not, register the transfer of a Bond that has been selected for redemption and need not register the transfer of any Bond for a period of 15 days before a selection of Bonds to be redeemed; if the transfer of any Bond that has been called or selected for call for redemption in whole or in part is registered, any notice of redemption that 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.

(f) The Registrar shall authenticate Bonds for original issue up to \$4,429,000 in aggregate principal amount upon the written request of the District Treasurer or other authorized District officer. 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.

(g) The amounts that 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 owner of such Bonds. Amounts so segregated or deposited and held in trust shall constitute a separate trust fund for the benefit of the owner 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.

(h) 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.

(i) 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 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 (as defined herein), 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 years and six 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.

(j) So long as the Bonds are administered under DTC's Book-Entry-Only System of registration of the Bonds with DTC as securities depository for the Bonds 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 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.

(k) 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.

(l) 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.

(m) 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. Upon written request of a registered Bondholder of at least \$100,000 in principal amount of Bonds not less than 20 days prior to an Interest Payment Date, all payments of interest and, if adequate provision for surrender is made, principal shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Bondholder.

(n) Notwithstanding any other provision of this 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”.

(o) Reserved.

Section 15. Other Actions Necessary. The Chair (or any other member of the District Board in the event the Chair is absent or unable to take the desired action), the District Manager, the District Treasurer, the District Clerk and the officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by the Bond Documents and the Final Official Statement, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale and delivery of the Bonds.

Section 16. Distribution of Disclosure Documents. The District hereby approves, ratifies and authorizes the use by the Underwriter of copies of the Preliminary Official Statement and the Final Official Statement, which shall be in substantially the form of the Preliminary Official Statement presented at the meeting at which this Resolution was adopted, with such completions and changes as may be acceptable to the District Manager or District Treasurer as are necessary in connection with the offering and sale of the Bonds. The District hereby authorizes the Chair, the District Manager and the District Treasurer to execute the instruments deeming the Preliminary Official Statement as “final” as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The Chair, the District Manager and the District Treasurer are hereby authorized and directed to execute, when completed, the Final Official Statement.

Section 17. Assessment Levy and Procedures.

(a) An Assessment has been levied and recorded in the office of the Superintendent against each lot comprising the parcels of real property in Assessment District No. 2 and described in the Resolution of Intention. The Assessment levied and recorded may hereafter be reduced to the actual principal amount of Bonds issued and any such reduction is hereby approved by the District Board.

(b) For each year while any Bond is outstanding, the District Board shall semi-annually cause to be collected such portion of the Assessment, sufficient, together with any moneys from any sources in the Enabling Act, to pay principal and interest on the Bonds when due. Moneys received from the collection of the Assessment when collected constitute funds to pay principal and interest on the Bonds when due and shall be kept separately from other funds in the Bond Fund of the District. The amounts due pursuant to the Assessment and unpaid are and shall be a first lien on the property so assessed in Assessment District No. 2, subject only to general property taxes and prior special assessments and shall be collected as prescribed by A.R.S. §§ 48-

599 and 600, as amended, as nearly as practicable or such other procedures as the District Board may prescribe. Notwithstanding the foregoing, the Assessments may be collected by the Maricopa County Treasurer in a similar manner and together with the collection of real property taxes, should the District Treasurer of the District so direct. In the event of nonpayment of amounts due pursuant to the Assessment, the procedures for collection of delinquent amounts and sale of delinquent property prescribed by A.R.S. §§ 48-601 through 48-607, as amended, apply, as nearly as practicable, except that neither the District nor the City is required to purchase the delinquent land at the sale if there is no other purchaser.

(c) Pursuant to A.R.S. § 48-721, the provisions and procedures pertaining to the prepayment of Assessments, the payment of Assessments and the reallocation and modification of Assessments among the assessed parcels as development occurs, set forth in this Resolution are hereby approved and adopted.

(d) If any Assessment is either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District is satisfied that any such Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District omitted to make such Assessment when it might have done so, the District shall either (i) take all necessary steps to cause a new Assessment to be made for the whole or any part of a Project or against any property benefited by said Project, or (ii) in its sole discretion, request Owner to make up the amount of such Assessment, which moneys is deposited into the Bond Fund, as applicable. In case such second Assessment is annulled, the District shall obtain and make other Assessments until a valid Assessment is made.

Section 18. No Obligation of City. Nothing contained in this Resolution, the Bond Documents or any other instrument shall be construed as obligating the City or the State of Arizona (the “State”) or any political subdivision of either (other than the District) or as incurring a charge upon the general credit of the City and the State nor shall the breach of any agreement contained herein, the Bond Documents or any other instrument or documents executed in connection therewith impose any charge upon the general credit of the City and the State.

Section 19. Repeal of Resolution. After any of the Bonds are delivered by the District to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Bonds and the interest thereon have been fully paid, canceled and discharged.

Section 20. Severability. If any section, paragraph, clause or provision of this Resolution is, for any reason, held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 21. Ratification of Prior Acts. All acts of the District Chair, District Engineer, the Superintendent of Streets, and any person acting for such official, in furtherance of this Resolution are hereby ratified and confirmed, including the splitting of certain parcels within the District in compliance with A.R.S. § 48-272.

Section 22. Compliance with Federal Law.

(a) The District recognizes that the purchasers of the Bonds will have accepted them on, and paid therefore a price which reflects, the understanding that interest thereon is

excludable from gross income of the Bondholder thereof for federal income tax purposes under laws in force at the time the Bonds are delivered. In this connection the District agrees that it shall take no action that may render the interest on any of the Bonds to be includable in gross income for federal income tax purposes. The District agrees that, to the extent possible under State law, it will comply with whatever federal law is now in effect or which is adopted in the future that applies to the Bonds and is necessary to prevent interest on the Bonds from becoming included as gross income for purposes of calculating federal income taxes.

(b) The District authorizes the creation of a fund which is hereinafter referred to as the “*Rebate Fund*”. The District will comply with the rebate requirement (“*Rebate*”) set forth in the certificate as to tax matters delivered in connection with the delivery of the Bonds.

(c) The Chair or her designee is hereby authorized to make certain truthful certifications, representations, agreements and elections as required by law to assure the purchasers and Owner of the Bonds that the proceeds of the Bonds will not be used in a manner that would or might result in the Bonds being “arbitrage bonds” under Section 148 of the Code or the regulations of the United States Treasury Department currently in effect or proposed. The certifications, representations and agreements of the District may be made by executing and delivering certificates and agreements required by the District’s bond counsel, Gust Rosenfeld P.L.C. The certificates and agreements shall constitute an agreement of the District to follow covenants and requirements set forth therein that may require the District to take certain actions (including the payment of certain amounts to the United States Treasury) or that may prohibit certain actions (including the establishment of certain funds) under certain conditions.

(d) The District further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the time the Bonds are delivered. In this connection, the District agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Bonds to be included in gross income for federal income tax purposes.

Section 23. Qualified Tax-Exempt Obligations. In the event the Chair, any member of the District Board, the District Manager or the District Treasurer determines that the District reasonably expects to issue less than \$10,000,000 in principal amount of tax-exempt obligations in this calendar year, the District hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. If applicable, the Chair, any member of the District Board, the District Manager or the District Treasurer are each hereby authorized to certify in the closing certificates that it is reasonably anticipated that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which shall be issued for or by the District in the current calendar year shall not exceed \$10,000,000.

Section 24. Defeasance.

(a) Any Bond shall be deemed to be no longer outstanding when payment of the principal of such Bond, plus interest thereon to the maturity thereof (whether such maturity be by reason of the stated maturity thereof or call for redemption, if notice of such call has been given or waived or irrevocable arrangements therefor satisfactory to the Registrar have been made) have been provided for by depositing for such payment from funds of the District under the terms

provided in this Section (i) money sufficient to make such payment or (ii) money and direct or indirect obligations of the United States of America (as approved by the District's bond counsel) ("*Government Obligations*") certified by an independent accountant of national reputation to mature as to principal and interest in such amounts and at such times as shall, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom be sufficient to make such payment, provided that all necessary and proper fees, compensation, and expenses of the Registrar and Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Registrar. Any such deposit shall be made either with the Paying Agent or, if notice of such deposit is given to the Registrar and Paying Agent, with a state or nationally chartered bank with a minimum combined capital and surplus of \$50,000,000, as escrow agent, with irrevocable instructions to transfer the amounts so deposited and investment income therefrom to the Registrar or the Paying Agent in the amounts and at the times required to pay principal of and interest on the Bonds with respect to which such deposit is made at the maturity thereof and of such interest or the stated maturity, as the case may be. In the event such deposit is made with respect to some but not all of the Bonds then outstanding, the outstanding Bonds shall be selected in the same manner as provided in Section 14 for the selection of Bonds to be redeemed.

(b) Notwithstanding anything herein to the contrary however, no such deposit shall have the effect hereinabove described (i) if made during the existence of default hereunder unless made with respect to all of the Bonds then outstanding and (ii) unless there shall be delivered to the Registrar an opinion of counsel to the effect that such deposit shall not adversely affect any exemption from federal income taxation of interest on any Bond. Any money and Governmental Obligations deposited with the Paying Agent for such purpose shall be held by the Paying Agent in a segregated account in trust for the Bondholders with respect to which such deposit is made and together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on the Bonds when due. No money or Governmental Obligations so deposited pursuant to this Section shall be invested or reinvested unless in Governmental Obligations and unless such money not invested, such Governmental Obligations not reinvested, and such new investments are together certified by an independent accountant of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Resolution, except for purposes of any such payment from such money or Governmental Obligations.

Section 25. Resolution a Contract. This resolution shall constitute a contract between the District and the registered Bondholders and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the Bondholders of the Bonds then outstanding.

Section 26. Effective Date. This Resolution shall be effective immediately.

[Signatures on following page]

PASSED AND ADOPTED by the Board of Directors of Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) on December 12, 2022, with a vote of _____.

**ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

District Chair

ATTEST:

District Clerk

APPROVED AS TO FORM:

Gust Rosenfeld P.L.C.

District Attorney/Bond Counsel

EXHIBIT A

[FORM OF BOND]

REGISTERED

No. R-____

REGISTERED

\$_____

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“DTC”) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA

STATE OF ARIZONA

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

(CITY OF GOODYEAR, ARIZONA)

LUCERO ASSESSMENT DISTRICT NO. 2

SPECIAL ASSESSMENT REVENUE BOND, SERIES 2022

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP No.</u>
____%	July 1, 20__	_____, 2022	29758R ____

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS (\$_____)

Estrella Mountain Ranch Community Facilities District, a community facilities district formed by the City of Goodyear, Arizona, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the “*Issuer*”), for value received, hereby promises to pay to the “Registered Owner” specified above or registered assigns (herein referred to as the “*Holder*”), on the “*Maturity Date*” specified above, the “*Principal Amount*” specified above and to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid portion thereof from the “*Original Issue Date*” specified above, or from the most recent “*Interest Payment Date*” (as such term is hereinafter defined) to which interest has been paid or duly provided for, until paid or the payment thereof is duly provided for at Maturity, semiannually on each January 1 and July 1, commencing July 1, 2023 (each an “*Interest Payment Date*”), at the per annum “*Interest Rate*” specified above.

As provided in the Issuer’s Resolution EMRCFD RES 2022-155, adopted on December 12, 2022 (the “*Bond Resolution*”), the interest, principal and Redemption Price (as such term and all other terms used herein and not defined are defined in the Bond Resolution) payable on the Bonds shall be paid to CEDE & Co. or its registered assigns in same-day funds no later than the time established by DTC on the date due (or in accordance with then existing arrangements between the Issuer and DTC).

If the specified date for any such payment is not a business day, then such payment may be made on the next succeeding day which is a business day without additional interest and with the same force and effect as if made on the specified date for such payment, except that in the event of a moratorium for banking

institutions generally, such payment may be made on such next succeeding day except that the Bonds on which such payment is due shall continue to accrue interest until such payment is made or duly provided for.

Neither the full faith and credit nor the general taxing power of the Issuer, the City of Goodyear, Arizona, Maricopa County, Arizona or the State of Arizona or any political subdivision thereof is pledged to the payment of the Bonds.

Unless the Certificate of Authentication hereon has been executed by the Registrar, by manual signature, this Bond shall not be entitled to any benefit under the Bond Resolution or be valid or obligatory for any purpose.

This Bond is one of a duly authorized issue of assessment revenue bonds of the Issuer having the designation specified in its title (herein referred to as the “*Bonds*”), issued in one series, with the limitations described herein, pursuant the Bond Resolution to which Bond Resolution reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder of the registered owner (the “*Bondholder*”) of the Bonds and the Issuer, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Bondholder of this Bond hereby consents. All Bonds issued under the Bond Resolution are equally and ratably secured by the amounts thereby pledged and assigned. Pursuant to the Bond Resolution, the District Board of the Issuer authorized the issuance and sale of not to exceed \$4,429,000 aggregate principal amount of Bonds for the purpose of financing the costs of acquiring certain public infrastructure, including particularly the acquisition by the Issuer of the improvements and public infrastructure purposes (the “*Improvements*”) described in Resolution EMRCFD RES 2022-152 which was adopted by the District Board of the Issuer on December 5, 2022.

The Bonds are limited obligations of the Issuer payable only out of the special fund to be collected from a special assessment (the “*Assessment*”) levied only against the lots or parcels of land fronting on or benefited by the Improvements (the “*Assessed Property*”) and from amounts held by the Issuer in the Reserve Fund (the “*Debt Service Reserve Fund*”). The Assessed Property represents approximately 278 residential lots over 87.13 acres of land within the Estrella Mountain Ranch Community Facilities District. Said special fund is set apart in accordance with the laws of the state and pursuant to the Bond Resolution for the payment of the Bonds and can be used for no other purpose.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond have been performed, exist, and have been done, in regular and due time, form, and manner as required by law, and that the Assessments from which said Bonds are to be paid are first liens on the Assessed Property, subject only to the lien for general taxes and prior special assessments. For the levy of the Assessment, collection and payment of said Assessments, the full faith and diligence of the Issuer are hereby irrevocably pledged. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona.

The amount required to be held in the Debt Service Reserve Fund (the “*Reserve Fund Requirement*”) may be reduced from time to time if Maximum Annual Debt Service on the Bonds is reduced. Any amount held in the Debt Service Reserve Fund in excess of the Reserve Fund Requirement may be transferred to the Bond Fund and used to make payment of principal and interest on the Bonds either at stated Maturity or prior redemption.

Investment earnings on the Debt Service Reserve Fund, to the extent not needed to return the Debt Service Reserve Fund to the Reserve Fund Requirement, to pay debt service on the Bonds, or to pay rebate to the United States, will be deposited into the Bond Fund.

The Bonds are issuable as fully registered bonds only in the denominations of \$25,000 or any integral multiple of \$1,000 in excess thereof. However, in order to accommodate a special redemption of the Bonds, Bonds may be in a denomination of less than \$25,000 in integral multiples of \$1,000.

Notwithstanding any provision hereof or of the Bond Resolution, the obligation of the Issuer to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect obligations of the United States of America (such obligations to be approved by the Issuer's bond counsel) sufficient for such purposes, as described in the Bond Resolution.

The Bonds are subject to special redemption prior to maturity, in whole or in part, on any Interest Payment Date upon payment of the applicable Redemption Price which shall consist of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date from proceeds received by the Issuer from: (i) if and to the extent on or after the completion of the Project, upon direction given to the Registrar by the Issuer, amounts transferred from the Acquisition Fund for such purpose; (ii) the prepayment of any assessment by the owner of any assessed real property plus amounts in the Debt Service Reserve Fund in excess of the Reserve Fund Requirement as a result of such prepayment and that are available for such purpose or (iii) the proceeds of any foreclosure sale of any assessed real property due to a failure to pay an assessment installment, to the extent such foreclosure sale proceeds are not used to replenish the Debt Service Reserve Fund to an amount equal to the Reserve Fund Requirement.

The Bonds maturing on or after July 1, 20__ are subject to optional redemption on or after July 1, 20__, at the option of the Issuer, in whole on any date or in part on any Interest Payment Date, upon payment of the Redemption Price of 100% of the principal amount of the Bonds so redeemed plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the redemption date, without premium.

The Bonds will be subject to mandatory sinking fund redemption as randomly determined by the Registrar on the following redemption dates and in the following amounts upon payment of the Redemption Price, which will consist of the principal amount of the Bonds so redeemed plus accrued interest on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date but without premium.

Redemption Date (July 1)	Principal Amount
<u>20__ Term Bond</u>	
20__	\$
20__	
20__	
20__	
20__ (maturity)	

Whenever Bonds of such maturity are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the Issuer to the Registrar 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.

Notice of redemption shall be mailed not less than 30 nor more than 60 days prior to the date fixed for redemption to each Bondholder of Bonds to be redeemed, at the address appearing in the Bond Register.

Bonds may be redeemed in integral multiples of \$25,000 or, in the event of a special redemption based upon a prepayment of an assessment or from the proceeds of a foreclosure sale, in integral multiples of \$1,000. Bonds (or portions thereof) for whose redemption and payment provision is made in accordance with the Bond Resolution shall thereupon cease to be entitled to the benefits of the Bond Resolution and shall cease to bear interest from and after the date fixed for redemption.

The Bonds shall initially be issued as a single fully-registered bond for each Maturity and so long as the ownership of the Bonds is maintained in book-entry form by DTC or a nominee thereof, this Bond may be transferred in whole but not in part only to DTC or a nominee thereof or to a successor to DTC or its nominee.

The Issuer will not have any responsibility or obligation to any direct participant, indirect participant or any beneficial owner or any other person not shown on the registration books of the Registrar as being a Bondholder with respect to: (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any direct participant or indirect participant; (iii) the timely or ultimate payment by DTC or any direct participant or indirect participant of any amount due to any beneficial owner in respect of the principal or Redemption Price of or interest on the Bonds; (iv) the delivery by any direct participant or indirect participant of any notice to any beneficial owner which is required or permitted under the terms of the Bond Resolution to be given to the Bondholders; (v) the selection of the beneficial owner to receive payment in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as the Bondholder.

If Ownership of this Bond is not maintained in book-entry form, as provided in the Bond Resolution and subject to certain limitations therein set forth, this Bond is transferable on the Bond Register of the Issuer, upon surrender of this Bond for transfer to the Paying Agent at the place of payment duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Paying Agent duly executed by, the registered Bondholder hereof or such Bondholder's attorney duly authorized in writing, and thereupon one or more new fully registered Bonds of authorized denominations and for the same aggregate principal amount shall be issued to the designated transferee or transferees.

If Ownership of this Bond is not maintained in book-entry form, as provided in the Bond Resolution and subject to certain limitations therein set forth, Bonds are exchangeable for a like aggregate principal amount of Bonds in authorized denominations, as requested by the Bondholder, upon surrender of the Bonds to be exchanged to the Paying Agent at the place of payment. The Paying Agent may require payment of a sum sufficient to cover any tax or other charges payable in connection therewith.

The Issuer, the Registrar, the Paying Agent, and any agent of any of them may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and none of the Issuer, the Registrar, the Paying Agent, and any such agent shall be affected by notice to the contrary.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the Assessments from which said Bonds are to be paid are first liens on the property assessed, subject only to the lien for general taxes and prior special assessments. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This Bond shall be construed in accordance with and governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed.

**ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)**

By _____
District Chair

ATTEST:

District Clerk

Dated: _____, 2022

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within-mentioned Bond Resolution.

U.S. Bank Trust Company, National Association, as Registrar

By _____

Authorized Representative

DATE: _____, 2022

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of
survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT _____
(Cust.)
Custodian for _____ (Minor)
Under Uniform Gifts/Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)

(Print or typewrite Social Security or other identifying number of transferee: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints (Print or typewrite name of attorney) _____, attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____
Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Registrar

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered owner(s) appearing on the face of the within Bond in every particular

DISTRICT FEDERAL TAXPAYER I.D. NO. 86-0977650

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT CONTRACT FOR BONDS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA)

This Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of January 1, 2023 (this “*Contract*”), is made and entered into between the **ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA)** (the “*District*”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, Phoenix, Arizona (the “*Bank*”), in its capacity as Bond Registrar, Transfer Agent and Paying Agent, and witnesseth as follows:

Pursuant to Resolution No. EMRCFD RES 2022-155 (the “*Bond Resolution*”), the District will issue its Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023 (the “*Bonds*”) in the aggregate principal amount of \$4,429,000. The Board of Directors of the District has determined that the services of a bond registrar, transfer agent and paying agent are necessary and in the best interests of the District. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company (“*DTC*”) and, so long as the book-entry-only system (the “*Book-Entry-Only System*”) is in effect, the Bonds will be registered in the name of Cede & Co., the nominee of DTC.

The Bank desires to perform bond registrar, transfer agent and paying agent services during the life of the Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services.** The Bank hereby agrees to provide the following services:

A. Bond Registrar services, which shall include, but not be limited to: (i) initially authenticating and verifying the Bonds; (ii) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the “*Code*”); (iii) recording transfers of ownership of the Bonds promptly as such transfers occur; (iv) protecting against double or overissuance; (v) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; (vi) informing the District of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate; and (vii) lodging with the District the signatures of the persons authorized and designated from time to time to authenticate the Bonds upon request.

B. Transfer agent services, which shall include, but not be limited to: (i) receiving and verifying all Bonds tendered for transfer; (ii) preparing new Bonds for delivery to transferees and delivering the same either by delivery or by mail, as the case may be; (iii) destroying Bonds submitted for transfer; and (iv) providing proper information for recordation in the registration books.

C. Paying agent services, which shall include, but not be limited to: (i) providing a billing to the District at least 30 days prior to a Bond interest payment date setting forth the amount of principal and interest due on such date; (ii) preparing, executing, wiring or mailing all interest

payments to each registered owner of the Bonds on or before the scheduled payment date or as soon as money for payment of such interest has been transferred to the paying agent but in no event later than the time established by DTC, on the date such payments are due (unless sufficient funds to make such payments have not been received by the Bank); (iii) verifying all matured Bonds upon their surrender; (iv) paying or causing to be paid all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (v) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the District; (vi) inventorying all documentation of payments made, including the amount, payee and wire confirmation or imaged information, for six years after payment; and (vii) making proof of such payments available to the District or any owner or former owner.

2. **Record Date.** The “*Record Date*” for the payment of interest will be the close of business on the 15th day of the calendar month (other than a Saturday, a Sunday, or a legal holiday or equivalent (other than a moratorium) or which banking institutions generally are required or authorized by law or other governmental action to be closed (a “*Business Day*”)) next preceding the applicable Interest Payment Date, or if such day is not a Business Day, the previous Business Day. Normal transfer activities will continue after the Record Date but the interest payments will be mailed to the registered owners of Bonds as shown on the books of the Bank on the close of business on the Record Date. Principal (and premium, if any) shall be paid only on surrender of the particular Bond at or after its maturity or prior redemption date, if applicable.

3. **Redemption Notices.** The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the Bond Resolution of the District approving the issuance, sale and delivery of the Bonds. So long as the Book-Entry-Only System is in effect, the Bank shall send notices of redemption to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, the Bank shall mail notice of redemption of any Bond to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bank not more than 60 nor less than 30 days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of DTC nor any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given.

The Bank also agrees to send notice of any redemption to the Municipal Securities Rulemaking Board (the “MSRB”), currently through the MSRB’s Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If the moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the District or a paying agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of release to the general public, or the date of general mailing of notices to Bond owners and information services), redemption date,

redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person. Such redemption notices may contain a statement that no representation is made as to the accuracy of the CUSIP numbers printed therein or on the Bonds.

4. **Issuance and Transfer of Bonds.** The Bank will issue the Bonds to registered owners, require the Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of the Bonds.

5. **Payment Deposit.** The District will transfer immediately available funds to the Bank no later than one Business Day prior to or, if agreed to by the parties hereto, on the date on which the interest, principal and premium payments (if any) are due on the Bonds, but in no event later than the time established by DTC, on the date such payments are due. The Bank shall not be responsible for payments to Bond owners from any source other than moneys transferred, or caused to be transferred, to it by the District.

6. **Collateral.** The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time.** The Bank will comply with the three Business Day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee.** For its services under this Contract, the District will pay the Bank in accordance with the fee schedule set forth in the attached Exhibit A, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the District's current fiscal year (2022/2023) is \$600.00 and shall be due at the initial delivery of the Bonds and shall be paid from proceeds of the Bonds. Subsequent payments shall be made by the District in accordance with this Contract.

9. **Fees for Services in Subsequent Fiscal Years.** The Bank will bill the District prior to June 1, 2023, and prior to each June 1 thereafter.

10. **Costs and Expenses.** The District hereby agrees to pay all costs and expenses of the Bank pursuant hereto. If, for any reason, the amounts the District agrees to pay herein may not be paid from the assessments levied for debt service on the Bonds, such costs shall be paid by the District from any funds lawfully available therefor and the District agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

11. **Hold Harmless.** The Bank shall indemnify and hold harmless the District, its Chairman and Board members, its Treasurer and all boards, commissions, officials, officers and employees of the District, individually and collectively, for claims determined by a court of competent jurisdiction to have directly resulted from the Bank's failure to perform to its standard of care as herein stated, provided that the District shall be required to deliver to the Bank written notice of any such claim within 30 calendar days of the District becoming aware of such claim.

12. **Standard of Care Required.** In the absence of bad faith on its part in the performance of its services under this Contract, the Bank shall not be liable for any action taken or omitted to be

taken by it in good faith and believed by it to be authorized hereby or within the rights and powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and in accordance with advice of counsel, and shall not be liable for any mistakes of fact or errors of judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

13. **Entire Contract.** This Contract and Exhibit A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

14. **Amendment.** The Bank and the District each reserve the right to amend any individual service set forth herein or all of the services upon providing a 60 day prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor bond registrar, transfer agent and paying agent under this Contract and vested with all of the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

15. **Resignation or Replacement.** The Bank may resign or the District may replace the Bank as bond registrar, transfer agent and paying agent at any time by giving 30 days' written notice of resignation or replacement to the District or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor bond registrar, transfer agent and paying agent. A successor bond registrar, transfer agent and paying agent will be appointed by the District; provided, that if a successor bond registrar, transfer agent and paying agent is not so appointed within 10 days after a notice of resignation is received by the District, the Bank may apply to any court of competent jurisdiction to appoint a successor bond registrar, transfer agent and paying agent.

In the event the Bank resigns or is replaced, the District reserves the right to appoint a successor bond registrar, transfer agent and paying agent who may qualify pursuant to A.R.S. § 35-491, et seq., or any subsequent statute pertaining to the registration, transfer and payment of bonds. In such event the provisions hereof with respect to payment by the District shall remain in full force and effect, but the District shall then be authorized to use the funds collected for payment of the costs and expenses of the Bank hereunder, provided that the Bank shall have been paid its fees and expenses due and owing to it, to pay the successor bond registrar, transfer agent and paying agent or as reimbursement if the District acts as bond registrar, transfer agent and paying agent. Any resignation or replacement of the Bank pursuant to this Section shall be without cost to the District.

16. **Reports to Arizona Department of Administration.** The Bank shall make such reports to the Arizona Department of Administration or any other party designated to receive such reports pursuant to the applicable laws of the State (as defined herein) pertaining to the retirement of any Bonds and of all payments of interest thereon, within 30 days of a request therefor, from the District, or the its agents, to comply with the requirements of the Arizona Department of Administration pursuant to A.R.S. § 35-502.

17. **Form of Records.** The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the MSRB, the requirements of the Code and any other securities industry standard. The Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service.

18. **Advice of Counsel and Special Consultants.** When the Bank deems it necessary or reasonable, it may apply to Gust Rosenfeld P.L.C. or such other law firm or attorney approved by the District for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. **Examination of Records.** The District, or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the District, the Bank or the Auditor General of the State of Arizona (the "State").

20. **Payment of Unclaimed Amounts.** In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two years from its payment date, or any Bond is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owners thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owners of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation to hold such funds shall continue for two years and six months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the District, whereupon any claim of whatever nature by the owners of such Bonds arising under such Bond shall be made upon the District and shall be subject to the provisions of applicable law.

21. **Invalid Provisions.** If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions of this Contract shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. **Mutilated, Lost or Destroyed Bonds.** With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges of the Bank and the District in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the District of evidence satisfactory to the Bank and the District that such Bond was destroyed or lost, and furnishing the Bank and the District with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

23. **Conflict of Interest.** Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State, its political subdivisions or any department or agency of either, may within three years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of

the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. **Covenants.** The District has agreed in the Bond Resolution to take all necessary actions required to preserve the tax-exempt status of the Bonds. Such actions may require the calculation of amounts of arbitrage rebate which may be due and owing to the United States of America. The calculation of such rebate amount may be performed by an individual or firm qualified to perform such calculations and who or which may be selected and paid by the District. If the District does not retain a consultant to do the required calculations concerning arbitrage rebate and if, in the sole discretion of the District, a rebate calculation is required to permit interest on the Bonds to be and remain exempt from gross income for federal income tax purposes, the District may include, in addition to all other bills payable under this Contract, the costs and expenses and fees of an arbitrage consultant. The District may contract with a consultant to perform such arbitrage calculations as are necessary to meet the requirements of the Code. All fees, costs and expenses so paid may be deducted from moneys of the District or from assessment levies made to pay the interest on the Bonds. Such costs, fees and expenses shall be considered as interest payable on the Bonds. The Bank shall have no responsibilities in connection with this Section.

25. **Arbitrage Rebate Expenses.** Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the District agrees to include the same in the assessments levied for interest debt service during each of the ensuing fiscal years.

26. **Waiver of Trial by Jury.** Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Contract, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

27. **Governing Law.** This Contract is governed by the laws of the State.

28. **Transfer Expenses.** The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership of the Bond.

29. **E-verify Requirements.** To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or its subcontractors', breach of the above-mentioned warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by the District. The District retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who work on this Contract to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep such papers, information and records necessary to verify compliance with the above-mentioned warranty (collectively, the “*Information*”) open for random inspection by the District during the Bank’s normal business hours. The Bank and its subcontractors shall reasonably cooperate with the District’s random inspections, including granting the District entry rights onto their property to perform the random inspections, granting the District access to, and use of, the Information, provided that the District agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 29 and, subject to the requirements of law, including the public records law of the State, the District will preserve the confidentiality of any information, records or papers the District views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

30. **Electronic Storage.** The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproduction of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law

31. **No Boycott of Israel.** To the extent A.R.S. §§ 35-393 through 35-393.03 is applicable, the Bank hereby certifies that it is not currently engaged in, and agrees for the duration of this Contract to not engage in, a “boycott” of goods or services from Israel, as that term is defined in A.R.S. § 35-393.

32. **Written Certification; Forced Labor of Ethnic Uyghurs Ban.** To the extent A.R.S. § 35-394 is applicable, the Bank hereby certifies it does not currently, and for the duration of this Contract shall not use: (A) the forced labor of ethnic Uyghurs in the People’s Republic of China, (B) any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China, and (C) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China.

The foregoing certification is made to the best knowledge of the Bank without any current independent investigation or without any future independent investigation for the duration of this Contract. If the Bank becomes aware during the duration of this Contract that it is not in compliance with such certification, the Bank shall take such actions as provided by law, including providing the required notice to the District. If the District determines that the Bank is not in compliance with the foregoing certification and has not taken remedial action, the District shall terminate the Bank’s role as registrar, transfer agent and paying agent pursuant to Section 15 hereunder.

33. **Counterparts.** This Contract may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

(Signatures on following pages)

This Contract is dated and effective as of January 1, 2023.

**ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

By _____
Chairman, Board of Directors

ATTEST:

District Clerk

[Signature page of District to Bond Registrar, Transfer Agent and Paying Agent Contract]

This Contract is dated and effective as of January 1, 2023.

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**, as Bank

By _____
Authorized Representative

Attach as Exhibit A the fee schedule of the Bank.

[Signature page of Bank to Bond Registrar, Transfer Agent and Paying Agent Contract]

Exhibit A

Fee Schedule

\$____,000
**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

PURCHASE CONTRACT

January __, 2023

Board of Directors
Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona)
c/o City of Goodyear, Arizona
190 North Litchfield Road
Goodyear, Arizona 85338

Attention: District Treasurer

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), offers to enter into the following purchase contract (this “Contract”) with Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “Issuer”), which, upon the Issuer’s written acceptance of such offer, will be binding upon the Issuer and upon the Underwriter. Such offer is made subject to the Issuer’s written acceptance hereof on or before 11:59 p.m., Arizona Time, on the date indicated above, and, if not so accepted, shall be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Contract shall have the same meanings set forth in the Official Statement and the Bond Resolution (each as defined herein).

In addition to acceptance of this Contract by the Issuer as provided hereinabove, the obligations of the Underwriter under this Contract shall be conditioned on the execution and

delivery of the Indemnity Letter, dated the date hereof (the “Indemnity Letter”), by Estrella North LLC (“Estrella North”) attached as the Attachment hereto.

The purchase and sale of the herein defined Bonds pursuant to this Contract is an “arm’s-length,” commercial transaction between the Issuer and the Underwriter. In connection therewith and with the discussions, undertakings and proceedings leading up to the consummation of such transaction, the Underwriter is and has been acting for and on behalf of itself, solely as a principal for its own account and is not acting as the agent or fiduciary of the Issuer or as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended). The Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters). The Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract and Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”). The Underwriter has financial and other interests that differ from those of the Issuer. The Underwriter has provided to the Issuer prior disclosures under MSRB Rule G-17, which have been received by the Issuer. The Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

1. Purchase and Sale of the Bonds. (a) Subject to the terms and conditions and in reliance upon the representations, warranties, covenants and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer’s Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023 (the “Bonds”).

(b) The principal amount, maturities, redemption provisions and interest rates per annum effecting yields with respect to the Bonds are set forth in the Schedule attached hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of, the resolution adopted by the Board of Directors of the Issuer (the “District Board”) on December 12, 2022 (the “Bond Resolution”).

(c) The purchase price for the Bonds shall be \$_____, representing the principal amount of the Bonds, less underwriting compensation of \$_____ (paid from amounts contributed by Estrella North).

2. Public Offering; Establishment of Issue Price. (a) The Underwriter intends to make an initial *bona fide* public offering of all of the Bonds at not in excess of the public offering prices (or not less than the yields) set forth in the Schedule attached hereto and on the inside front cover page of the Official Statement and may subsequently change such offering prices (or yields). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices (or higher than the yields) set forth in the Schedule attached hereto and on the inside front cover page of the Official Statement. The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level

above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

(b) (i) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer on the Closing Date (as defined herein), an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached as Exhibit A hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Gust Rosenfeld P.L.C. (“Bond Counsel”), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Issuer under this section to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(ii) [Except as otherwise set forth in the Schedule attached hereto,] the Issuer will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel.] For purposes of this section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(iii) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the Schedule attached hereto, except as otherwise set forth therein. The Schedule attached hereto also sets forth, as of the date of this Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(I) the close of the fifth (5th) business day after the sale date; or

(II) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(iv) The Underwriter confirms that:

(I) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

1) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

2) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

3) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(II) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price

rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(v) The Issuer acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(vi) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(I) “public” means any person other than an underwriter or a related party,

(II) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(III) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the

capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(IV) “sale date” means the date of execution of this Contract by all parties.

(vii) Notwithstanding anything herein to the contrary, any reporting obligation with respect to maturities subject to the hold-the-offering-price rule will terminate at the end of the Holding Period (as defined in the form of Underwriter’s Certificate attached as Exhibit A hereto) even if such date is prior to the Closing Date.

(c) The undersigned, on behalf of the Underwriter, but not individually, hereby represents and warrants that:

(i) the Underwriter is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) this Contract has been duly authorized, executed and delivered by the Underwriter and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriter enforceable in accordance with its terms, except as the enforceability of this Contract may be limited by application of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution (collectively, “Creditors’ Rights Laws”);

(iii) the Underwriter is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer; and

(iv) by entering into this Contract, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, and for the duration of this Contract will not engage in, a boycott of goods or services from the State of Israel, companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or persons or entities doing business in the State of Israel. The Underwriter understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

3. The Official Statement.

(a) The Issuer has caused the Preliminary Official Statement, dated January __, 2023 (the “Preliminary Official Statement”), relating to the Bonds to be prepared for use in connection with the public offering, sale and distribution of the Bonds by the

Underwriter. An authorized officer of the Issuer, acting for and on behalf of the Issuer, deemed the Preliminary Official Statement to be “final” as of its date for all purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”), by execution of the Certificate Deeming the Preliminary Official Statement Final, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion as permitted to be excluded by paragraph (b)(1) of the Rule.

(b) The Issuer hereby authorizes the preparation of the Official Statement, to be dated of even date herewith (the “Official Statement”), of the Issuer relating to the Bonds and the use of the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. WHILE THE UNDERWRITER HAS PARTICIPATED AND WILL PARTICIPATE WITH THE ISSUER IN THE PREPARATION AND ASSEMBLAGE OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT, RESPECTIVELY, THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CONTENT OF THE PRELIMINARY OFFICIAL STATEMENT AND THE OFFICIAL STATEMENT. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer’s acceptance of this Contract (but, in any event, not later than seven business days after the Issuer’s acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies (including electronic copies) of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with paragraph (b)(4) of the Rule and the rules of the MSRB.

(c) If, after the date of this Contract to and including the date the Underwriter is no longer required to provide the Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer shall notify the Underwriter (and provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement, as so amended and supplemented, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement shall comply with law. If such notification shall be subsequent to the Closing Date, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem

necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the Closing Date.

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, hereby represents and warrants to, and the Issuer hereby covenants with, as applicable, the Underwriter that:

(a) The Issuer is a community facilities district of the State of Arizona (the “State”), duly created, organized and existing under the laws of the State, specifically Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “Act”) and has full legal right, power and authority under the Act, and at the Closing Date shall have full legal right, power and authority under the Act and the Bond Resolution (i) to adopt, enter into, execute and deliver, as applicable, this Contract, the Bond Resolution, the Bond Registrar, Transfer Agent and Paying Agent Contract, to be dated as of February 1, 2023 (the “Paying Agent/Registrar Agreement”), by and between the Issuer and U.S. Bank Trust Company, National Association, as paying agent and registrar (the “Paying Agent/Registrar”), a written undertaking by the Issuer to provide certain continuing disclosure for the benefit of the owners of the Bonds in form and substance satisfactory to the Underwriter which shall be substantially in the form set forth in the Official Statement with such changes as may be agreed in writing by the Underwriter (the “Undertaking”), the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Waiver and Development Agreement Pertaining to Lucero Assessment District No. 2, recorded on December __, 2022, at File 2022-_____ of the Maricopa County Recorder by the Issuer and as consented to by certain other interested parties (the “Waiver Agreement”), the Assessment Collection Agreement, dated as of July 10, 2019 (the “Collection Agreement”), by and between the Issuer and the Maricopa County Treasurer, the Letter of Representations (the “Letter”), by and between the Issuer and The Depository Trust Company (“DTC”) and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Bond Resolution, the Paying Agent/Registrar Agreement, the Undertaking, the Waiver Agreement, the Collection Agreement, the Letter and the other documents referred to in this clause (i), collectively, the “Issuer Documents”); (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein; (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement; and (iv) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement), and the Issuer has complied, and shall on the Closing Date be in compliance in all respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the sale and issuance of the Bonds; (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents; and (iii) the consummation by it of all other transactions contemplated by the Preliminary Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Bond Resolution (i) authorizes the authorization, execution, delivery and issuance, as applicable, of the Issuer Documents and the Bonds as well as the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) and the selling of the Bonds to the Underwriter; (ii) has been duly and validly adopted by the Issuer; and (iii) is in full force and effect;

(d) The Issuer Documents shall constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to Creditors' Rights Laws; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Contract, shall constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to Creditors' Rights Laws and upon the issuance, authentication and delivery of the Bonds as aforesaid and the Bond Resolution shall provide, for the benefit of the registered owners, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth therein;

(e) The Issuer is not in breach of or default in any respect under any applicable constitutional provision, statute or administrative rule or regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein shall not conflict with or constitute a breach of or default under any constitutional provision, statute, administrative rule or regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor shall any such execution, delivery, adoption or compliance result in the creation or imposition of

any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such statute, rule or regulation or instrument, except as provided by the Bond Resolution;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the “blue sky” or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(g) The Bonds and the Issuer Documents conform to the descriptions thereof contained in the Official Statement, and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement;

(h) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy or collection of the Special Assessments from which principal of and interest on the Bonds are to be paid pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or, when finalized, the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(i) The Preliminary Official Statement did not and, as of the date hereof, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) At the time of the Issuer’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract) at all times subsequent thereto during the period up to

and including the Closing Date, the Official Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement, as so supplemented or amended, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Issuer shall apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal or State income tax purposes of the interest on the Bonds;

(m) The Issuer shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; and (ii) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and shall advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The financial information regarding the Issuer in the Preliminary Official Statement fairly presents, and in the Official Statement shall fairly present, the financial position and results of the Issuer as of the dates and for the periods therein set forth, and, prior to the Closing Date, there shall be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer;

(o) The Issuer is not a party to any litigation or other proceeding pending or overtly threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and except as disclosed in the Official Statement, the Issuer is not a party to any

contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the Issuer or ability of the Issuer to materially comply with all the requirements set forth in the Official Statement, the Issuer Documents and the Bonds;

(p) Prior to the Closing Date, the Issuer shall not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Underwriter;

(q) The Issuer has fully submitted the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Issuer pursuant to Section 35-501(B), Arizona Revised Statutes, and will file the information relating to the Bonds required to be submitted pursuant thereto within sixty (60) days of the Closing Date, and, except as otherwise indicated in the Official Statement, the Issuer has been and is in full compliance with the terms of all continuing disclosure undertakings previously executed by the Issuer pursuant to the Rule; and

(r) The officers and officials of the Issuer executing the Official Statement, the Issuer Documents and the Bonds and the officers and officials of the Issuer listed on the certificate of the Issuer to be delivered on the Closing Date have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and any certificate signed by any officer or official of the Issuer authorized to do so in connection with the transactions contemplated by this Contract shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing. (a) At 9:00 a.m., Phoenix, Arizona Time, on February __, 2023, or at such other time or on such other date as shall have been mutually agreed upon by the Issuer and the Underwriter (the “Closing Date”), the Issuer shall, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter shall, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Contract by a certified or bank cashier’s check or checks or wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of DTC in New York City, New York, or, if by the means of a “Fast Automated Securities Transfer,” with the Paying Agent/Registrar. The Bonds shall be printed or lithographed, shall be prepared and delivered as fully registered bonds, one Bond for the full amount maturing on each maturity date, and shall be registered in the name of “Cede & Co.” and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection.

6. Closing Conditions. The Underwriter has entered into this Contract in reliance upon the representations, warranties, covenants and agreements of the Issuer contained herein and of Estrella North contained in the Indemnity Letter and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Issuer of its obligations hereunder and by Estrella North of its obligations pursuant to the Indemnity Letter, both as of the date hereof and on the Closing Date. Accordingly, the Underwriter's obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and by Estrella North of its obligations pursuant to the Indemnity Letter and under such documents and instruments on or prior to the Closing Date and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein and of Estrella North contained in the Indemnity Letter shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all covenants and agreements required by this Contract to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter (as defined herein) to deliver their respective opinions referred to hereinafter;

(d) On the Closing Date, all official action of the Issuer relating to the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) Prior to or on the Closing Date, the Bond Resolution shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered, and the Paying Agent/Registrar shall have duly authenticated, the Bonds;

(f) Prior to or on the Closing Date, no "event of default" shall have occurred or be existing under this Contract nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under this Contract;

(g) Prior to or on the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or Estrella North, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) Prior to or on the Closing Date, the Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) Prior to or on the Closing Date, all steps to be taken and all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Contract shall be reasonably satisfactory in legal form and effect to the Underwriter; and

(j) Prior to or on the Closing Date, the Underwriter shall have received an electronic copy of the transcript of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, certified, as necessary, by appropriate officials of the Issuer, including, but not limited to, the following documents:

(i) An unqualified approving opinion of Bond Counsel, as to the Bonds, dated the Closing Date, addressed to the Issuer and substantially in the form included in the Official Statement;

(ii) The supplemental opinion of Bond Counsel, as Bond Counsel and Counsel to the Issuer, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit B;

(iii) The opinion of Berens Blonstein PLC, Counsel to Estrella North, dated the Closing Date, addressed to the Underwriter and the Issuer and substantially in the form attached hereto as Exhibit C;

(iv) The opinion of Greenberg Traurig, LLP, Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit D;

(v) A consent of Harding & Associates, dated the Closing Date, addressed to the Underwriter and substantially in the form attached hereto as Exhibit E;

(vi) A certificate from Estrella North, dated the Closing Date, signed by an authorized official of Estrella North and in form and substance satisfactory to the Issuer and the Underwriter, to the effect that the representations and warranties contained in the Indemnity Letter and in

the documents executed by Estrella North in connection with the issuance of the Bonds are true and correct in all material respects as of the Closing Date;

(vii) A certificate or certificates of the Issuer, dated the Closing Date, signed by an authorized official or officials of the Issuer and in form and substance satisfactory to the Underwriter, in which such official states that:

(I) the representations and warranties contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;

(II) except as described in the Official Statement, no litigation is pending or overtly threatened before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the issuance or delivery of the Bonds, the application of the proceeds thereof or the performance by the Issuer of the provisions of the Issuer Documents or the levy and collection of the Special Assessments for payment of the Bonds; (B) in any way contesting or affecting the authority for, or the validity of, this Contract or the application of the proceeds of the Bonds or (C) in any way contesting the existence or powers of the Issuer;

(III) no authority or proceedings for the issuance of the Bonds has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Bonds has been filed with or received by any of the signors;

(IV) the Issuer has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied prior to or on the Closing Date; and

(V) the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, are true, correct and complete in all material respects and do not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and no event has occurred since the respective dates of the Preliminary Official Statement and the Official Statement which should be disclosed therein which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect, provided that, as to information related to DTC and its book-entry

only system, the Issuer relies solely on the information so provided by DTC;

- (viii) A specimen of the Bonds;
- (ix) A certified copy of the Bond Resolution;
- (x) A counterpart original of the Official Statement manually executed on behalf of the Issuer by the Chairman of the District Board;
- (xi) A non-arbitrage certificate of the Issuer, in form and substance satisfactory to Bond Counsel;
- (xii) The filing copy of the Information Return Form 8038-G (IRS) and of the Report of Bond and Security Issuance pursuant to Section 35-501(B), Arizona Revised Statutes;
- (xiii) An executed copy of each of the Issuer Documents; and
- (xiv) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to satisfy conditions to the issuance of the Bonds required by the Bond Resolution, to evidence the truth and accuracy on the Closing Date, or prior to such date, of the representations and warranties of the Issuer and Estrella North and the due performance or satisfaction by the Issuer and Estrella North of all agreements and covenants then to be performed and all conditions then to be satisfied by the Issuer and Estrella North.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriter.

If the Issuer and Estrella North shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Section 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Contract by written notice to the Issuer if, at any time after the execution of this Contract to and including the Closing Date, in the Underwriter's sole and reasonable judgment, any of the following events shall occur:

(a) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

(i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Bonds; or

(ii) there shall have occurred (a) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (b) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis, (c) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (d) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission ("SEC") or any other governmental authority having jurisdiction; or

(iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the

general character of the Bonds or the Bond Resolution, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended, or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer or Estrella North shall have occurred; or

(vi) any rating on bonds of the Issuer is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(d) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as

amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended.

8. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay or cause to be paid from the proceeds of the sale of the Bonds or amounts contributed by Estrella North for such purpose, the expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to: (1) the cost of printing, engraving or typewriting and mailing or delivering the definitive Bonds, the Preliminary Official Statement, the Official Statement and the Issuer Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (2) the fees and disbursements of the Paying Agent/Registrar in connection with the issuance of the Bonds; (3) the fees and disbursements of Bond Counsel and Counsel to the Underwriter in connection with the issuance of the Bonds; (4) the fees and disbursements of any other experts or consultants retained by the Issuer in connection with the transactions contemplated hereby; and (5) reasonable miscellaneous, normally occurring, "out-of-pocket" expenses (including, but not limited to, meals, transportation and lodging) incurred by the Underwriter in connection with the sale and issuance of the Bonds. The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(b) The Underwriter shall pay: (i) the cost of preparation and printing of this Contract; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds, except the fees and disbursements of Counsel to the Underwriter and the other expenses provided for in the immediately preceding paragraph.

(c) If this Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Contract, or if for any reason the Issuer shall be unable to perform its obligations under this Contract, the Issuer will reimburse the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Contract or the offering contemplated hereunder.

9. (a) Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same to the address set forth on the first page of this Contract, and any notice or other communication to be given to the Underwriter pursuant to this Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, Suite 300, 2801 East Camelback Road, Phoenix, Arizona 85016, Attention: Mr. Robert A. Casillas, Managing Director.

(b) Parties in Interest. This Contract as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by

the Issuer. All of the Issuer's representations, warranties, covenants and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Contract and (iii) any termination of this Contract.

(c) Effectiveness. This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

(d) Choice of Law. This Contract shall be governed by and construed in accordance with the law of the State.

(e) Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

(f) Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

(g) Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

(h) Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

10. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract 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. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating,

negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section 10 is not intended to expand or enlarge the rights of the Issuer hereunder except as required by Section 38-511, Arizona Revised Statutes. Each of the parties hereto hereby certifies that it is not presently aware of any violation of Section 38-511, Arizona Revised Statutes, which would adversely affect the enforceability of this Contract and covenants that it shall take no action which would result in a violation of Section 38-511, Arizona Revised Statutes.

11. Electronic Signature. The electronic signature of a party to this Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Contract. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“PDF”) or other replicating image attached to an electronic mail or internet message.

[Signature page follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Underwriter. This Contract shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By:
Robert A. Casillas, Managing Director

Accepted atm., Phoenix, Arizona Time,
on January, 2023

ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)

By
District Treasurer

APPROVED AS TO FORM:

GUST ROSENFELD P.L.C., Attorney
for the Issuer

.....

SCHEDULE

\$____,000

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

Aggregate Principal Amount: \$____,000

Interest Payment Dates: July 1, 2023, and each January 1 and July 1 thereafter

Maturity Schedule:

Maturity Date (July 1)	Principal Amount	Per Annum Interest Rate	Yield
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Redemption Provisions:

Special Optional Redemption. The Bonds will be redeemed at the option of the Issuer 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 shall 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 amounts are transferred from the Acquisition Fund for such purpose, (ii) from the prepayment of any Special Assessment by the owner of any Assessed Lot, or (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.

Optional Redemption. The Bonds maturing on or after July 1, 20__, will also be redeemable, on or after July 1, 20__, at the option of the Issuer prior to the applicable maturity in whole on any date or, from time to time, in part on any Interest Payment Date as randomly determined by the Paying Agent/Registrar within the applicable maturity 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 on July 1 of the following years will be redeemed from funds of the Issuer, including amounts deposited in the Prepayment Account at Closing, prior to the applicable maturity on the following redemption dates and in the following (sinking fund) amounts upon not more than sixty (60) nor less than thirty (30) days' prior notice, upon payment of the applicable redemption price which consists of the principal amount of the Bonds so redeemed, without premium, plus accrued interest, if any, on the Bonds so redeemed from the most recent Interest Payment Date to the applicable redemption date:

Redemption Date (July 1)	Principal Amount
Bonds Maturing in 20__	

*

* Maturity

Bonds Maturing in 20__

*

*Maturity

Bonds Maturing in 20__

*

*Maturity

Whenever Bonds of such maturity are purchased, redeemed (other than pursuant to a mandatory redemption) or delivered by the Issuer to the Paying Agent/Registrar 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.

EXHIBIT A

FORM OF UNDERWRITER’S CERTIFICATE

\$____,000

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Purchase Contract. On January __, 2023 (the “Sale Date”), Stifel and Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “Issuer”) executed a Purchase Contract (the “Purchase Contract”) in connection with the sale of the Bonds. Stifel has not modified the Purchase Contract since its execution on the Sale Date.

2. Price.

(a) As of the date of this Certificate, for each [Maturity] [of the _____ Maturities] of the Bonds, the first price or prices at which at least 10% of [each] such Maturity of the Bonds was sold to the Public (the “10% Test”) are the respective prices listed in Schedule A attached hereto.

(b) **[To be used if not using Hold-the-Offering-Price Rule and 10% was not sold for all Maturities]** [** With respect to each of the _____ Maturities of the Bonds:

(i) As of the date of this Certificate, Stifel has not sold at least 10% of the Bonds of these Maturities at any price or prices.

(ii) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the “Reasonably Expected Sale Prices for Undersold Maturities.”

(iii) Stifel will provide actual sales information (substantially similar to the information contained on Schedule B) as to the price or prices at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.

(iv) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, Stifel will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

(b) **[To be used if using Hold-the-Offering-Price Rule] [Alternative 1 - All Maturities Use Hold-the-Offering-Price Rule:** Stifel offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] **[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:** Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

[Alternative 1 - All Maturities use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. **[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. Defined Terms.

- (a) *[Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]
- (b) *[Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]
- (c) *Issuer* means Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona).

- (d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [January __, 2023].
- (g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Exemption Certificate of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Gust Rosenfeld P.L.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
[banker]

By: _____
[underwriter]

Dated: [Closing Date]

SCHEDULE A

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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[Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date**

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
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**]

SCHEDULE B

[Actual Sales for Undersold Maturities as of the Closing Date]

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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**]

[PRICING WIRE OR EQUIVALENT COMMUNICATION]

(Attached)

[SCHEDULE C

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

\$____,000

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. *Issue Price.*

(a) Stifel sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Bonds, Stifel had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. *Defined Terms.*

(a) “Issuer” means Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona).

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling

group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [closing date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Gust Rosenfeld P.L.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
[banker]

By: _____
[underwriter]

Dated: _____

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GUST ROSENFELD, P.L.C.]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

Re: \$____,000 Estrella Mountain Ranch Community Facilities
District
(City of Goodyear, Arizona) Lucero Assessment District No. 2
Special Assessment Revenue Bonds, Series 2023

WE HAVE ACTED as Bond Counsel to Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (hereinafter referred to as the “*District*”) in connection with the issuance this date by the District of bonds designated its Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023, in the aggregate principal amount of \$____,000 (hereinafter referred to as the “*Bonds*”) and otherwise as counsel to the District including for purposes relating to execution and delivery of the “Waiver Agreement” and the “Collection Agreement” as such terms are defined in the hereinafter described Purchase Contract. The Bonds (i) are issued under and secured by a resolution authorizing issuance and delivery of, and certain other matters related to, the Bonds adopted by the Board of Directors of the District on December 12, 2022 (the “*Resolution*”); (ii) are the subject of an Official Statement, dated January __, 2023 (the “*Official Statement*”) and (iii) are being sold pursuant to a Purchase Contract, dated January __, 2023 (the “*Purchase Contract*”), by and between the District and Stifel, Nicolaus & Company, Incorporated (the “*Underwriter*”). (You may rely on our opinion as Bond Counsel, dated of even date herewith, with regard to the Bonds as if addressed to you.)

IN OUR CAPACITY as Bond Counsel, and as counsel as described hereinabove to the District, we have examined and relied upon:

- (i) An executed copy of each of the Waiver Agreement and the Collection Agreement;
- (ii) An executed copy of the Purchase Contract;
- (iii) An executed copy of the Official Statement;

- (iv) A certified copy of the Resolution (which authorized, among other matters, execution and delivery of the Purchase Contract);
- (v) An executed copy of the Bond Registrar, Transfer Agent and Paying Agent Contract, dated as of February 1, 2023 (the “*Registrar Contract*”), by and between the District and U.S. Bank Trust Company, National Association (the “*Registrar/Paying Agent*”);
- (vi) An executed copy of a Letter of Representations (hereinafter referred to as the “*Letter*”), by and between the District and The Depository Trust Company;
- (vii) An executed copy of a Continuing Disclosure Undertaking, dated of even date hereof (hereinafter referred to collectively with the Waiver Agreement, the Collection Agreement, the Purchase Agreement, the Registrar Contract and the Letter as, the “*District Documents*”), from the District;
- (viii) Such other agreements, certificates (including particularly, but not by way of limitation, representations of Estrella North LLC (hereinafter referred to as “*Estrella North*”), provided in the Waiver Agreement), opinions (including particularly, but not by way of limitation, an opinion of Berens Blonstein PLC, counsel to Estrella North), letters and other documents, including all documents delivered or distributed at the closing of the sale of the Bonds, as we have deemed necessary or appropriate in rendering the opinions set forth herein; and
- (ix) Such provisions of the Constitution and laws of the State of Arizona and the United States of America as we believe necessary to enable us to render the opinions set forth herein.

IN OUR EXAMINATION, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified, electronic or photostatic copies, the authenticity of the originals of such latter documents and the accuracy of the statements contained in such certificates. In connection with our representation of the District in the capacities described above, we have also participated in conferences from time to time with representatives of the District, the Underwriter, the City of Goodyear, Arizona, the Registrar/Paying Agent and Estrella North relating to the Official Statement and the District Documents.

WE ARE OF THE OPINION, based upon the foregoing and subject to the qualifications hereinafter set forth, that under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The District is duly organized and validly existing as a community facilities district pursuant to the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder (a) to adopt the Resolution, (b) to authorize, execute, deliver and issue, as applicable, the District Documents, and the Bonds, (c) to approve, execute and authorize the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement, dated January __, 2023 (the “*Preliminary Official Statement*”), with respect to the Bonds) and (d) to carry out and consummate the transactions contemplated by the Official Statement, the Resolution, the District Documents and the Bonds (including performing the applicable obligations thereunder).

2. Adoption of the Resolution; authorization, execution, delivery and issuance, as applicable, of, and the due performance of the obligations of the District under, the District Documents and the Bonds and the approval, execution and authorization of the use and distribution of the Official Statement (including, as applicable, the Preliminary Official Statement) by the District under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or of any existing law, ordinance, administrative regulation, court order or consent decree to which the District is subject.

3. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Bonds), is required in connection with the adoption by the District of the Resolution or the authorization, execution, delivery, issuance and performance, as applicable, by the District of the District Documents and the Bonds and the consummation of the transactions contemplated by the Official Statement.

4. The District has duly (a) adopted the Resolution, (b) authorized (i) the authorization, execution, delivery and issuance, as applicable of, and the performance of its obligations under, the District Documents and the Bonds and (ii) the taking of the actions required on the part of the District to carry out, give effect to and consummate the transactions contemplated by the Official Statement, the Resolution, the District Documents and the Bonds and (c) levied the special assessments from which the Bonds are payable. The liens with respect to such special assessments have been perfected pursuant to applicable law and as described in the Official Statement. The District has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents.

5. The District Documents have been duly authorized, and duly executed and delivered by the District and, assuming due and valid authorization, execution and delivery by the other parties thereto, the District Documents constitute legal, valid and binding obligations of the District enforceable in accordance with their terms.

6. Based solely upon a search of the available records of the Superior Court of Maricopa County, Arizona, and the U.S. District Court for the District of Arizona for the five-year period ending, 2023 and, 2023, respectively, and upon inquiry of District officials, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or overtly threatened against or affecting the District, and there is no basis therefor, (i) which in any way questions the powers of the District referred to hereinabove or the validity of the proceedings taken by the District in connection with the sale and issuance of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Official Statement, the Resolution, the District Documents or the Bonds or would in any way adversely affect the validity or enforceability of the Resolution, the District Documents or the Bonds (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby or hereby or by the Official Statement) or (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement. Further, there are no lawsuits pending or threatened against the District which question the right of the District to levy, receive and pledge special assessments or taxes, nor lawsuits pending or overtly threatened against the District which, if decided adversely to the District, would, individually or in the aggregate, have a material adverse effect on the financial condition of the District or impair the ability of the District to comply with all the requirements set forth in the Official Statement, the Resolution, the District Documents or the Bonds.

7. The information contained in the Preliminary Official Statement and the Official Statement in the tax caption on the cover thereof, under the headings "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "LITIGATION," "TAX EXEMPTION," "CONTINUING DISCLOSURE" (except as it relates to compliance with prior continuing disclosure obligations of the District) and "RELATIONSHIPS AMONG PARTIES" (solely as it relates to Bond Counsel) therein and in Appendix B - "FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL," Appendix D - "FORM OF CONTINUING DISCLOSURE UNDERTAKING," and Appendix F - "CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS" thereto, insofar as such information purports to summarize certain provisions of federal or state law or of the Bonds, fairly summarizes the information which it purports to summarize. Furthermore, based solely on our participation in the transaction as Bond Counsel, nothing has come to our attention that would lead us to believe that the information and statements in the Preliminary Official Statement, as of its date and as of the date of sale of the Bonds, and the Official Statement, as of its date and as of the date hereof, contained or contain any untrue statement of a material fact or omitted or omit, respectively, to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not

misleading; provided that, no view is expressed as to the financial statements of the District, any other financial, forecast, technical or statistical data, and any information in the Preliminary Official Statement or the Official Statement respecting The Depository Trust Company.

8. It is not necessary in connection with the sale and issuance of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Resolution under the Trust Indenture Act of 1939, as amended.

Our opinions expressed in paragraph 5 hereof are qualified to the extent that the enforceability of the District Documents is dependent upon the due authorization, execution and delivery of (and authority to perform lawfully) the District Documents by the other party thereto and to the extent that the enforceability of the District Documents may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights and the exercise of judicial discretion in accordance with general principles of equity, including possible refusal by a particular court to grant certain equitable remedies such as specific performance with respect to the enforcement of any provision of such documents. We express no opinion as to the enforceability of any provisions of the District Documents (i) restricting access to legal or equitable remedies, (ii) purporting to establish evidentiary standards or waiving or otherwise affecting any rights to notice, demand or exhaustion of collateral, (iii) relating to self-help, subrogation, indemnification, delay or omission to enforce rights or remedies, severability or marshalling of assets or (iv) purporting to grant to the owners of the Bonds or to any party to the District Documents (other than the District) any rights or remedies not specifically set forth therein.

This opinion is furnished by us as Bond Counsel. No attorney-client relationship has existed or exists between our firm and the addressee in connection with the Bonds or by virtue of this opinion. This opinion is solely for the addressee's benefit and, except as specifically stated herein, is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This opinion speaks only as of its date, and no republication is intended upon the sale, assignment, conveyance or transfer of the Bonds by the initial purchaser.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO ESTRELLA NORTH

[LETTERHEAD OF BERENS BLONSTEIN PLC]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 750
2325 East Camelback Road
Phoenix, Arizona 85016

District Board
Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona)
c/o City of Goodyear, Arizona
190 North Litchfield Road
Goodyear, Arizona 85338

Re: Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023

We have acted as special counsel to Estrella North LLC, a Delaware limited liability company (“Company”), in connection with the establishment of Lucero Assessment District No. 2 (“Lucero SAD 2”) and levy of assessments (the “Assessment”) against the assessed parcels in Lucero SAD 2, and the sale and issuance of the captioned Bonds sold pursuant to the Purchase Contract, dated January __, 2023 (hereinafter referred to as the “Bond Purchase Contract”), by and between Stifel, Nicolaus & Company, Incorporated, as underwriter (hereinafter referred to as the “Underwriter”) and the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (hereinafter referred to as the “District”). Any capitalized term used herein and not defined shall have the meaning assigned to it in the Bond Purchase Contract.

For purposes of this opinion, we have examined the following documents:

1. Official Statement issued by the District dated January __, 2023;
2. Bond Purchase Contract;
3. Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Waiver and Development Agreement Pertaining To The Lucero Assessment District

Stifel, Nicolaus & Company, Incorporated
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)
[Closing Date]
Page 2

No. 2, recorded on _____, 2022, as Instrument No. 2022_____ in the Official Records of the Maricopa County Recorder, by and between the District and the Company (the “Waiver and Development Agreement”);

4. Indemnity Letter of the Company dated January __, 2023 (the “Company Indemnity Letter”);

5. Closing Certificate of the Company dated [Closing Date], 2023 (the “Company Closing Certificate”);

6. The Articles of Organization and Limited Liability Company Agreement of Company, as amended;

7. Certain authorizing resolutions of Company;

8. Certificates of Good Standing from Delaware and Arizona, dated, 2023 for Company;

9. Such other documents and instruments as to Company and Landowner as we have considered necessary or appropriate to render this opinion as to Company herein.

We have also received such other information from representatives of Company as we have deemed necessary for the purposes of this opinion (hereinafter referred to, collectively, as “due inquiry”). (The documents listed in paragraphs (3), (4) and (5) above are hereinafter referred to collectively as the “Company Documents.” The documents listed in paragraphs (6) through (9) above are hereinafter referred to as the “Organizational Documents.”).

[For purposes of this opinion, we have acted as special counsel to William Ryan Homes of Arizona, Inc., relating to the following:

10. William Ryan Homes of Arizona, Inc., an Arizona corporation, as to a Consent, Waiver and Agreement, signed by Heather Davenport, Vice President, as of, 20.... and recorded on, 20.... as Document No. 20....-..... in the Official Records of the Maricopa County Recorder (the “Builder Document”). For purposes of opinions as to the Builder Document, we have reviewed such documents, certificates and instruments as we have considered necessary or appropriate to render the opinions as to Builder and the Builder Document, including a Closing Certificate from Builder.]

In rendering the following opinions, we have assumed:

(a) The genuineness of all signatures to the Company Documents, except for the signatures of Company on the Company Documents, and the legal capacity of each natural person executing the Company Documents;

(b) The genuineness of all signatures to the Builder Document, except for the signatures of Builder on the Builder Document, and the legal capacity of each natural person executing the Builder Document;

(c) The authenticity and completeness of documents submitted as originals and the conformity to originals of documents submitted as copies;

(d) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Company Documents with regard to the parties to that agreement other than Company;

(e) The due authorization, execution, acknowledgment where necessary, and delivery, and the validity and binding effect, of the Builder Document with regard to the parties to that agreement other than Builder;

(f) The Company Documents accurately describe and contain the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Company Documents;

(g) The Builder Document accurately describes and contains the agreement and mutual understanding of the parties thereto and that there are no oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms of the Builder Document;

(h) That any certificate, representation (oral or otherwise), telegram, telex, telecopy, email or other documents on which we have relied, whether or not given or dated earlier than the date hereof, is authentic and remains accurate insofar as relevant to this opinion from such earlier date through and including the date hereof, and we are not aware of any facts inconsistent with this assumption; and

(i) After due inquiry, the parties' representations and warranties contained in the Company Documents are truthful and accurate and all reports and other documents prepared

by third party consultants, relating to the transactions contemplated by the Company Documents or any of the property within the District are truthful and accurate.

Based on the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Company is a limited liability company duly formed and validly existing under the laws and Constitution of the State of Delaware.
2. Company is qualified to transact business under the laws of the State of Arizona.
3. Builder is duly formed and validly existing in the state listed with its name above, and Builder not formed in Arizona is qualified to transact business under the laws of the State of Arizona.
4. Company has the requisite power and authority under the laws of the State of Arizona as well as all consents, approvals, authorizations and other actions by, and filings with, all federal, State and local governmental authorities required (i) to execute and deliver the Company Documents and carry out the terms and conditions applicable to them under, and consummate all transactions contemplated by the Company Documents; (ii) to own and operate their respective properties and assets as described in the Official Statement and (iii) to carry out their business as such business is currently being conducted as described in the Official Statement.
5. Builder has the requisite power and authority under the laws of the State of Arizona as well as all consents, approvals, authorizations and other actions by, and filings with, all federal, State and local governmental authorities required to execute and deliver the Builder Document and carry out the terms and conditions applicable to it under, and consummate all transactions contemplated by, the Builder Document.
6. The execution, delivery and performance of the Company Documents by Company and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of Company, and the Company Documents have been duly executed and delivered by Company.
7. The execution, delivery and performance of the Builder Document by Builder and the carrying out, giving effect to and consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of Builder, and the Builder Document has been duly executed and delivered by Builder.

8. The Company Documents are in full force and effect as of the date hereof and constitute legal, valid and binding obligations of Company, enforceable in accordance with their terms.

9. The Builder Document is in full force and effect as of the date hereof and constitute a legal, valid and binding obligation of Builder, enforceable in accordance with its terms.

10. The execution and delivery of the Company Documents by Company, and the performance of their obligations thereunder, do not and will not conflict with or result in a violation of, or a default pursuant to, the Organizational Documents.

11. To our actual knowledge, the execution and delivery of the Company Documents by Company will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which either Company is a party or by which it or its properties are bound.

12. To our actual knowledge, no consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by Company of the Company Documents which consent, approval, authorization or other action has not already been obtained.

13. To our actual knowledge, the execution and delivery of the Builder Document by Builder will not conflict with or result in a violation of any contract, indenture, instrument or other agreement to which Builder is a party or by which it or its properties are bound.

14. To our actual knowledge, no consent, approval, authorization or other action by, or filing with, any federal, State or local governmental authority is required in connection with the execution and delivery by Builder of the Builder Document which consent, approval, authorization or other action has not already been obtained.

15. We have no actual knowledge that Company is in violation of any provision of, or in default under, its Organizational Documents or any agreement or other instrument, violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of Company.

16. We have no actual knowledge of any legal or governmental actions, proceedings, inquiries or investigations pending or overtly threatened by any governmental authorities or to which Company is a party or of which any property of Company is subject, except as described in the Official Statement.

17. To our knowledge, the information contained in the Official Statement pertaining to the Company, its affiliates and the planned community (referred to therein as the “Project”) under the headings “INTRODUCTION,” “THE PUBLIC INFRASTRUCTURE,” “THE ASSESSMENT AREA,” “LAND DEVELOPMENT” and “RISK FACTORS” and in Appendix C - “APPRAISAL” (but not the other information, opinions, assumptions or projections contained therein), respectively, does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements were made, not misleading. In connection with our review, we have not undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement except as and to the extent otherwise provided in this paragraph and the knowledge available to us is such that we are unable to assume, and do not assume, any responsibility for the accuracy, completeness or fairness of such information. However, we have not acquired any knowledge that the Official Statement (except for the financial information and notes thereto and schedules and other financial or statistical data included therein, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which the statements are made, not misleading.

The opinions set forth above are subject to the following qualifications and limitations: (i) enforceability of the Company Documents may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, arrangement or laws or court decisions affecting the enforcement of creditors’ rights generally; (ii) enforceability of the Company Documents are subject to general principles of equity, whether remedies are sought in equity or at law; (iii) enforceability of the Company Documents are further subject to the qualification that certain waivers, procedures, remedies, indemnities and other provisions of the Company Documents may be unenforceable under or limited by Arizona law; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by the Company Documents; (iv) we are expressing no opinion as to the enforceability of any indemnity provision with respect to any claims or other matters that result from the negligence or misconduct of any indemnitee or the failure of any indemnitee to act in a commercially reasonable manner and (v) we are expressing no opinion as to the compliance of the Company Documents or the offer and sale of the Bonds with any securities law or regulation, except as provided in paragraph 7 hereof.

Whenever we indicate that our opinion is based on “our knowledge,” or words of similar import, such opinion is based solely on the current actual knowledge of the firm’s attorneys who have devoted substantive attention to matters related hereto after due inquiry. Except as specifically set forth herein, we have not made any independent investigation, verification, or

Stifel, Nicolaus & Company, Incorporated
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)
[Closing Date]
Page 7

review of any matters whatsoever and we are relying solely on such specifically stated investigation or review. We express no opinion concerning the legal validity and sufficiency of the acts of any of the other parties to the Company Documents or the Builder Document.

We are qualified to practice law in the State of Arizona, and we do not purport to express any opinion herein concerning any law other than the laws of the State of Arizona and, for the limited subject of the corporate authority and corporate existence of Company, Landowner and each Builder, of the state of their formation and/or incorporation, as applicable. Our opinions are as to what the law is or might reasonably be expected to be at the date hereof, and we assume no obligation to revise or supplement this opinion due to any change in the law by legislative action, judicial decision or otherwise. Any opinion as to the enforceability of any document is limited to enforceability as between the original parties thereto.

This opinion is being furnished to you solely for your benefit and only with respect to the captioned Bonds. Accordingly, it may not be relied upon or quoted to any person or entity without, in each instance, our prior written consent.

Respectfully submitted,

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE UNDERWRITER

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Suite 300
2801 East Camelback Road
Phoenix, Arizona 85016

Re: Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023

We have acted as counsel to you in connection with the purchase by you of the captioned Bonds (the “Bonds”). This opinion is rendered pursuant to the Purchase Contract, dated January __, 2023 (the “Purchase Contract”), between you and Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Purchase Contract.

As your counsel, we have examined the Preliminary Official Statement, the Official Statement, the Bond Resolution, the Undertaking, the Securities Act of 1933, as amended (the “1933 Act”), the Trust Indenture Act of 1939, as amended (the “1939 Act”), the rules, regulations and interpretations under the 1933 Act and the 1939 Act, and Rule 15c2-12 (the “Rule”) prescribed under the Securities Exchange Act of 1934, as amended. In addition, we have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and other documents.

In providing the statement of belief set forth in the paragraph immediately below, reference is made to the Preliminary Official Statement and the Official Statement. As your counsel, we reviewed the Preliminary Official Statement and the Official Statement and participated in conferences in which the contents of the Preliminary Official Statement and the Official Statement and other matters were discussed. The purpose of our professional

engagement was not to establish or to confirm factual matters set forth in the Preliminary Official Statement or in the Official Statement, and we have not undertaken to verify independently any of such factual matters.

Subject to the foregoing, and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that no facts have come to the attention of the attorneys in our firm rendering legal services in connection with this matter that cause them to believe that the Preliminary Official Statement, as of its date or as of the date of the Purchase Contract, or the Official Statement, as of its date or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, we do not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, nor do we express any belief with respect to any financial and statistical data and forecasts, projections, numbers, estimates, assumptions, and expressions of opinion, information concerning The Depository Trust Company and the book-entry system for the Bonds, and information under the heading “TAX EXEMPTION” and in APPENDIX B – “FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL,” APPENDIX C – “APPRAISAL,” APPENDIX E – “BOOK-ENTRY-ONLY SYSTEM” and APPENDIX F – “CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS” contained or incorporated by reference in the Preliminary Official Statement or the Official Statement and its Appendices, which we expressly exclude from the scope of this paragraph.

Based upon our examination of the items referenced in this letter, we are further of the opinion that it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the 1939 Act. For purposes of rendering such opinion, we have relied on the legal conclusions expressed by Gust Rosenfeld P.L.C., as Bond Counsel, as to the validity of the Bonds and the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

We have not investigated independently the accuracy of any legal conclusions upon which we have relied that are expressed by other counsel; however, attorneys in our firm rendering legal services in connection with this matter are not presently aware of any information that leads us to believe that it would be unreasonable to rely upon those legal conclusions.

References in this letter to “attorneys in our firm rendering legal services in connection with this matter” refer only to those attorneys now with this firm who rendered legal services in connection with our representation of you in this matter.

Our engagement with respect to the matters addressed in this letter is concluded upon the delivery of this letter. The views expressed in this letter are as of, and are based upon the law in effect on, the date of this letter. Those views may be affected by actions taken or

omitted or events occurring after the date of this letter, and we assume no obligation to revise or supplement this letter or to determine or to inform any person if such law changes or if any such actions are taken or omitted or any such events occur.

This letter is furnished solely for your benefit in connection with your purchase of the Bonds, and this letter may not, without our prior express consent, be used, circulated, quoted or otherwise referred to (except in lists or sets of closing documents), or be relied upon by any other person or for any other purpose.

Respectfully submitted,

EXHIBIT E

FORM OF CONSENT OF HARDING & ASSOCIATES

CONSENT OF HARDING & ASSOCIATES

Harding & Associates hereby consents to the inclusion in the Preliminary Official Statement and the Official Statement related to the sale of Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023 of the Appraisal prepared by Wayne Harding & Associates and addressed to City of Goodyear, Arizona/Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona), dated November 14, 2022 (the "Appraisal"), and further represents and warrants that, as of the date of the Preliminary Official Statement and as of January __, 2023, and, as of the date of the Official Statement and as of the date hereof, the Appraisal is true and correct in all respects and does not include any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which such statements were made, not misleading, and, to the best of our knowledge, as of the date of the Preliminary Official Statement and as of January __, 2023, and as of the date of the Official Statement and as of the date hereof, no event affecting the Appraisal has occurred which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

HARDING & ASSOCIATES

By.....

Dated: [Closing Date]

ATTACHMENT

INDEMNITY LETTER
FOR
NOT TO EXCEED \$____,000
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

January __, 2023

Stifel, Nicolaus & Company, Incorporated
Suite 300
2801 East Camelback Road
Phoenix, Arizona 85016

Board of Directors
Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona)
c/o City of Goodyear, Arizona
190 North Litchfield Road
Goodyear, Arizona 85338

Attention: District Treasurer

Re: Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023

This Indemnity Letter is delivered by Estrella North LLC, a Delaware limited liability company (hereinafter referred to as “Company”), in order to induce Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the “Underwriter”), and Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona), a community facilities district organized and existing pursuant to the laws of the State of Arizona (the “District”), to enter into the Purchase Contract, dated even date herewith (hereinafter referred to as the “Purchase Contract”) related to the purchase by the Underwriter and sale by the District of the captioned Bonds (hereinafter referred to as the “Bonds”). Terms which are defined in the Purchase Contract have the meanings ascribed to them therein when used herein.

Stifel, Nicolaus & Company, Incorporated
District Board
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)

1. In consideration of the execution and delivery of the Purchase Contract, Company represents and warrants to the Underwriter and the District that:

(a) Company is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and is qualified to transact business in the State of Arizona.

(b) As of the date of the Official Statement, the information in the Official Statement pertaining to Company, its affiliates and the Project (as defined in the Official Statement) under the headings “INTRODUCTION,” “THE PUBLIC INFRASTRUCTURE,” “THE ASSESSMENT AREA,” “LAND DEVELOPMENT” and “RISK FACTORS” and in Appendix C – “APPRAISAL” (but not the other information, opinions, assumptions or projections contained therein) is true and correct in all material respects for the purposes for which its use is or was authorized, and such information does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein in light of the circumstances under which they are or were made, not misleading.

(c) Neither the execution or delivery of this Indemnity Letter or the Waiver Agreement (hereinafter referred to, together, as the “Company Documents”) nor the consummation of any other of the transactions herein contemplated, nor the fulfillment of, or compliance with, the terms hereof, shall contravene the organizational documents of Company or conflict with or result in a breach by Company of any of the terms, conditions or provisions of, or constitute a default by Company under, any bond, debenture, note, mortgage, indenture, agreement or other instrument to which Company is a party or by which it is bound or to which any of the property or assets of Company is subject, or any law or any order, rule or regulation applicable to Company of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over Company or any of the properties or operations of Company, or (except as contemplated by the Company Documents) will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of Company under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(d) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of Company, threatened against Company wherein an adverse decision, ruling or finding would (i) result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of Company, or which would materially and adversely affect the properties (taken as a whole) of Company, and which has not been disclosed in the Official Statement, (ii) materially adversely affect the transactions contemplated by the Purchase

Stifel, Nicolaus & Company, Incorporated
District Board
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)

Contract or the Company Documents or (iii) adversely affect the validity or enforceability of the Company Documents.

(e) Company has the full power and authority to execute and deliver the Company Documents and perform its obligations hereunder and engage in the transactions contemplated by the Purchase Contract and the Company Documents, and the Company Documents has been duly authorized by Company and, when executed and delivered by the respective parties thereto, will constitute a valid, binding and enforceable obligation of Company except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and except as the indemnification provisions hereof may be limited by applicable securities laws or public policy.

(f) No consent, approval, authorization or other action by any governmental or regulatory authority that has not been obtained is or will be required for the consummation by Company of the transactions contemplated by the Purchase Contract and the Company Documents.

2. Company shall indemnify and hold harmless the Underwriter, the District, the Financial Advisor and, as applicable each director, trustee, partner, member, officer, official, legal counsel, independent contractor or employee thereof and each person, if any, who controls the Underwriter, the District or the Financial Advisor within the meaning of the Securities Act of 1933, as amended (any such person being herein sometimes called an "Indemnified Party"), for, from and against any and all losses, claims, damages or liabilities, joint or several, (i) to which an Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, to the extent, and only to the extent, such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact pertaining to Company or the Project set forth in the sections identified in the Official Statement in Section 1(b) above or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact pertaining to Company or the Project required to be stated in such section(s) or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, except such indemnification shall not extend to any other statements in the Official Statement and (ii) with respect to an Indemnified Party only, to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from, and only to the extent of, a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission pertaining to Company or the Project, the indemnity provided by Company shall only apply if such settlement is effected with the written consent of Company (which consent shall not be unreasonably withheld). The indemnification obligation of Company hereunder (and/or any defense obligation) shall not extend to any other statements in the Official Statement or to claims based upon the action of any other parties, including the Indemnified Parties, or to such losses, claims,

Stifel, Nicolaus & Company, Incorporated
District Board
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)

damages or liabilities or defense costs that arise from such other statements in the Official Statement or to claims based upon the action of any other parties, including the Indemnified Parties.

An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be due from Company, notify Company in writing of the commencement thereof. Failure of the Indemnified Party to give such notice shall reduce the liability of Company by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Company, but the omission to notify Company of any such action shall not relieve Company from any liability that it may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify Company of the commencement thereof, Company may, or, if so requested by such Indemnified Party, shall, participate therein or assume the defenses thereof (to the extent of Company's portion of such claims, if additional claims are made beyond those for which indemnity is provided hereunder), with counsel satisfactory to such Indemnified Party and Company (it being understood that, except as hereinafter provided, Company shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action or for the cost of the portion of any defense of any additional claims beyond those for which indemnity is provided hereunder), and after notice from Company to such Indemnified Party of an election so to assume the defenses thereof, Company shall not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that unless and until Company assumes the defense of any such action at the request of such Indemnified Party, Company shall have the right to participate at its own expense in the defense of any such action. If Company shall not have employed counsel to have charge of the defense of any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Company (in which case Company shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, reasonable legal and other necessary expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by Company, but only if and to the extent liability is found or based upon a matter for which Company is liable hereunder.

3. All of the representations, warranties, and agreements of Company contained in the Company Documents shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriter, the District, the Financial Advisor, any controlling person referred to in paragraph 2 hereof or Company or (ii) delivery of and payment for the Bonds.

Stifel, Nicolaus & Company, Incorporated
District Board
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)

4. This letter is solely for the benefit of the Underwriter, the District, the Financial Advisor and their successors or assigns, and, to the extent provided in paragraph 2 hereof, each Indemnified Party, and no other person shall acquire or have any right under or by virtue hereof. The terms “successors” and “assigns” as used in this letter shall not include any purchaser, as such purchaser, from the Underwriter of the Bonds.

5. Company shall pay all costs with respect to the issuance and delivery of the Bonds.

6. Company consents to the references to Company in the Official Statement.

7. The letter shall be governed by, and construed in accordance with, the laws of the State of Arizona.

[Remainder of page left blank intentionally.]

Stifel, Nicolaus & Company, Incorporated
District Board
Estrella Mountain Ranch Community Facilities
District (City of Goodyear, Arizona)

Respectfully submitted,

ESTRELLA NORTH LLC, a Delaware limited liability
company

By: Estrella Partners, LP, a Delaware limited partnership

Its: Sole Member and Manager

By: Goodyear EMR GP, LLC, a Delaware limited liability
company

Its: General Partner

By: EMR Harvard LLC, an Arizona limited liability
company

Its: Administrative Member

By: Harvard Ventures, Inc., a Nevada corporation

Its: Manager

By:.....

Name:.....

Title:

By:.....

Name:.....

Title:

CONTINUING DISCLOSURE UNDERTAKING

\$____,000
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(CUSIP BASE NUMBER 29758R)

This Undertaking is executed and delivered by Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “Issuer”) in connection with the issuance of the captioned municipal securities (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>.

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

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

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

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

Section 2. Contents and Provision of Annual Reports.

(a) (i) **THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2024, 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 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 5 of the Official Statement, dated _____, 2023; provided, however, if there are no such delinquencies nothing need be included in the Annual Report.

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

(C) 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 after such audited financial statements become available, the audited financial statements shall be provided through EMMA within 30 days of receipt thereof by the District.***

Section 3. Reporting of Listed Events.

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

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (vii) Modifications to rights of security holders, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the securities, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar events of the obligated person, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or

officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

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

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

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

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

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

(c) **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: _____, 2023

ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)

By
Chairperson, Board of Directors

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2023**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. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See “TAX EXEMPTION” herein.

\$4,429,000*

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

DATED: Date of Initial Delivery**DUE: July 1, as shown on inside front cover page**

The Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023 (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, 2023*. 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 E – “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, and will be issued pursuant to a resolution of the Board of Directors of Estrella Mountain Ranch Community Facilities District (City of Goodyear, 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 within the District in accordance with a method of apportionment based on the benefit received by such lots from public infrastructure acquired with the proceeds of the sale of the Bonds and agreed to by the owners of such lots, each of which assessments constitutes 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 will be offered for sale for nonpayment of the special assessment levied and assessed by the District on such lot 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 and amounts contributed by the hereinafter defined Major Landowner will be used to (i) pay a portion of the costs of acquisition of certain public infrastructure, (ii) pay capitalized interest on the Bonds through July 1, 2023, (iii) fund a debt service reserve fund for the Bonds, and (iv) pay costs of issuance relating to the Bonds. See “THE PUBLIC INFRASTRUCTURE” and “SOURCES AND APPLICATIONS OF FUNDS” 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 NOT RATED AND SHOULD NOT BE DEEMED TO BE INVESTMENT GRADE. THE “RISK FACTORS” SECTION OF THIS 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 GOODYEAR, ARIZONA, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF, NOR THE CREDIT OF THE MAJOR LANDOWNER, 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 HEREIN-DESCRIBED SPECIAL ASSESSMENTS AND AMOUNTS HELD IN THE HEREIN-DESCRIBED RESERVE FUND.

The Bonds will be 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, for certain homebuilders by their respective counsel, and for the Major Landowner and its affiliates by their 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 February 2, 2023*.

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

STIFEL

* Subject to change.

\$4,429,000*
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

MATURITY SCHEDULE*
Base CUSIP®^(a) No. 29758R

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ^(a) No. 29758R
2024	\$ 84,000	%	%	
2025	90,000			
2026	95,000			
2027	100,000			
2028	110,000			
2029	115,000			
2030	125,000			
2031	135,000			
2032	140,000			
2033	150,000			
2034	165,000			
2035	175,000			
2036	185,000			
2037	200,000			
2038	215,000			
2039	230,000			
2040	245,000			
2041	260,000			
2042	280,000			
2043	300,000			
2044	320,000			
2045	345,000			
2046	365,000			

* Subject to change.

(a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2022 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Underwriter, the Financial Advisor (each as defined herein) or their agents or counsel assume responsibility for the accuracy of such numbers.

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

DISTRICT BOARD

Joe Pizzillo, *District Chairperson*
Brannon Hampton, *District Vice Chairperson*
Sheri Lauritano, *District Board Member*
Wally Campbell, *District Board Member*
Bill Stipp, *District Board Member*
Laura Kaino, *District Board Member*
Patrick Bray*, *District Board Member*

DISTRICT STAFF

Julie Karins, *District Manager*
Doug Sandstrom, *District Treasurer*
Darcie McCracken, *District Clerk*

FINANCIAL ADVISOR

Hilltop Securities Inc.
Phoenix, Arizona

DISTRICT ENGINEER

Willdan Engineering
Goodyear, Arizona

APPRAISER

Wayne Harding & Associates
Scottsdale, Arizona

BOND COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

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

* District Board Member Bray's term runs through December 2022. Mr. Bray will be replaced by Vicki Gillis in January 2023.

REGARDING THIS OFFICIAL STATEMENT

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 (each as defined herein), the security for the Bonds, Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (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 2801 East Camelback Road, Suite 300, 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 representations 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 information set forth herein has been obtained from the District, the Developer and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District, the Financial Advisor or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District, the Financial Advisor or the Underwriter.

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

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District, the Financial Advisor or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

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

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

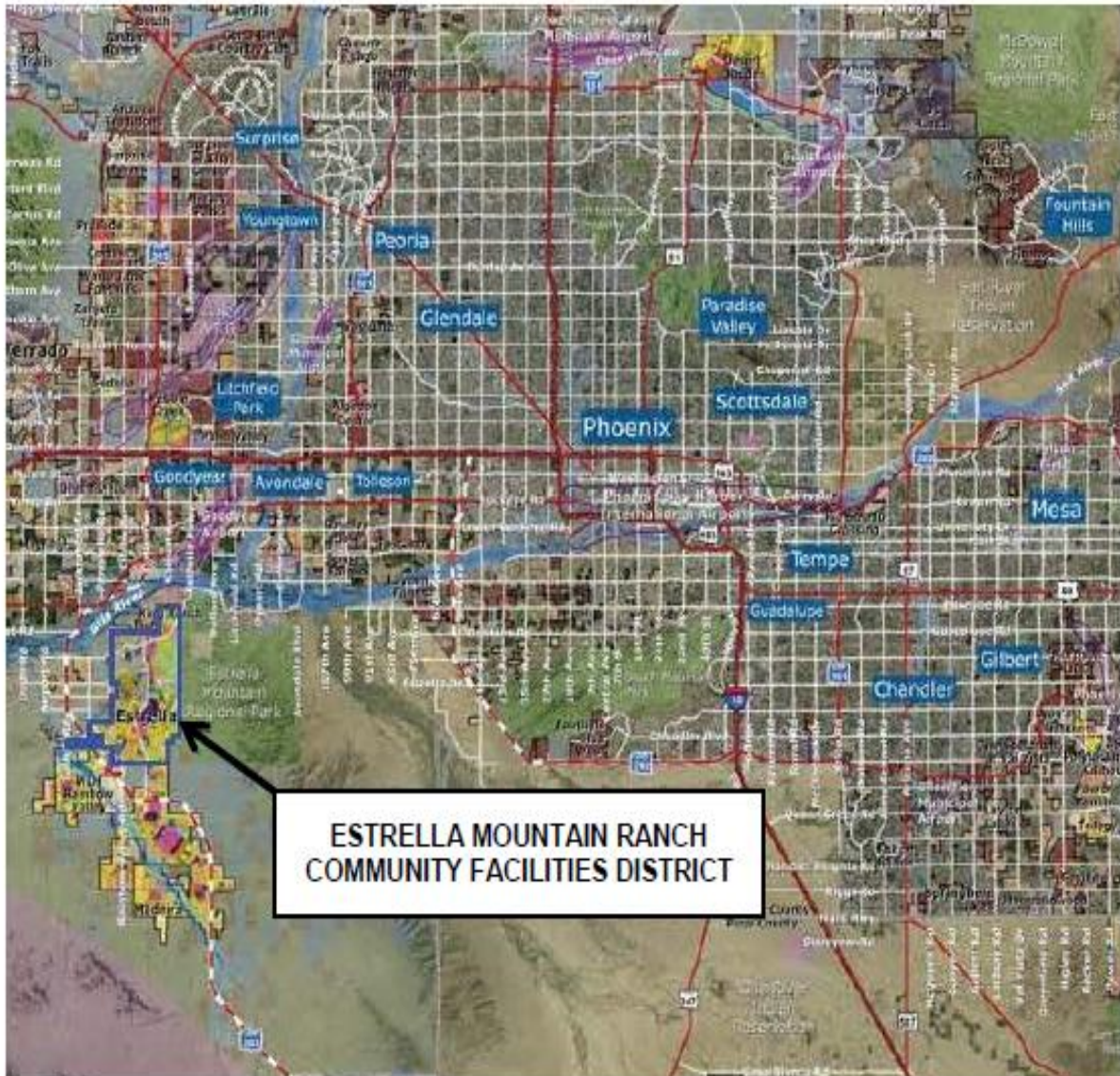
The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX D - “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to the Rule.

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

TABLE OF CONTENTS

	<u>Page</u>
MAP SHOWING LOCATION OF THE DISTRICT WITHIN METROPOLITAN PHOENIX AREA	(v)
MAP SHOWING LOCATION OF THE DISTRICT	(vi)
AERIAL PHOTOGRAPH SHOWING LOCATION OF THE ASSESSMENT DISTRICT AND IN THE CONTEXT OF THE DISTRICT AND FUTURE DEVELOPMENT	(vii)
INTRODUCTION	1
General	1
Assessment Area	2
THE BONDS	2
Authorization and Purpose	2
General Description	2
Bond Registrar and Paying Agent	3
Redemption Provisions	3
ESTIMATED DEBT SERVICE REQUIREMENTS	4
SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS	5
Bond Fund and Special Assessments	5
Reserve Fund	6
Foreclosure Process	6
Special Assessment Amounts and Land Values	7
OVERLAPPING, ADDITIONAL OVERLAPPING AND OTHER DEBT AND OTHER OVERLAPPING TAXES	8
Introduction	8
Existing, Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes	10
Overlapping, Superior, General Obligation Bonded Indebtedness and Maintenance and Operations Tax of the District	11
Other Additional, Overlapping, Superior, General Obligation Bonded Indebtedness and Taxes	12
Other Debt of the District	12
SOURCES AND APPLICATIONS OF FUNDS	13
THE PUBLIC INFRASTRUCTURE	13
THE ASSESSMENT AREA	15
LAND DEVELOPMENT	17
The Overall Project	17
Prior Project Ownership	21
Current Project Ownership	21
RISK FACTORS	22
General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences	22
Concentration of Ownership; Subsequent Transfer	23
Failure or Inability to Complete Proposed Development	24
Completion of the Public Infrastructure and the Other Infrastructure	24
Availability of Utilities	24
Direct and Overlapping Indebtedness and Taxes	24
Appraised Value	25
Non-Payment of Assessments	25
Bankruptcy and Foreclosure Delays	25
Depletion of Reserve Fund	26
Environmental Matters	26
Amendment of Documents Referenced	26
Risk of Internal Revenue Service Audit	26
Risks Related to Coronavirus Disease 2019 ("COVID-19")	27
No Credit Rating	27
Projections and Appraisals	27
No Review of Filings	27
LITIGATION	28
TAX EXEMPTION	28
NO CREDIT RATING	29
FINANCIAL STATEMENTS	29
LEGAL MATTERS	29
UNDERWRITING	29
CONTINUING DISCLOSURE	29
FINANCIAL ADVISOR	30
RELATIONSHIPS AMONG PARTIES	30
APPENDIX A - INFORMATION REGARDING THE CITY OF GOODYEAR, ARIZONA	
APPENDIX B - FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL	
APPENDIX C - APPRAISAL	
APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING	
APPENDIX E - BOOK-ENTRY-ONLY SYSTEM	
APPENDIX F - CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS	
APPENDIX G - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2022	

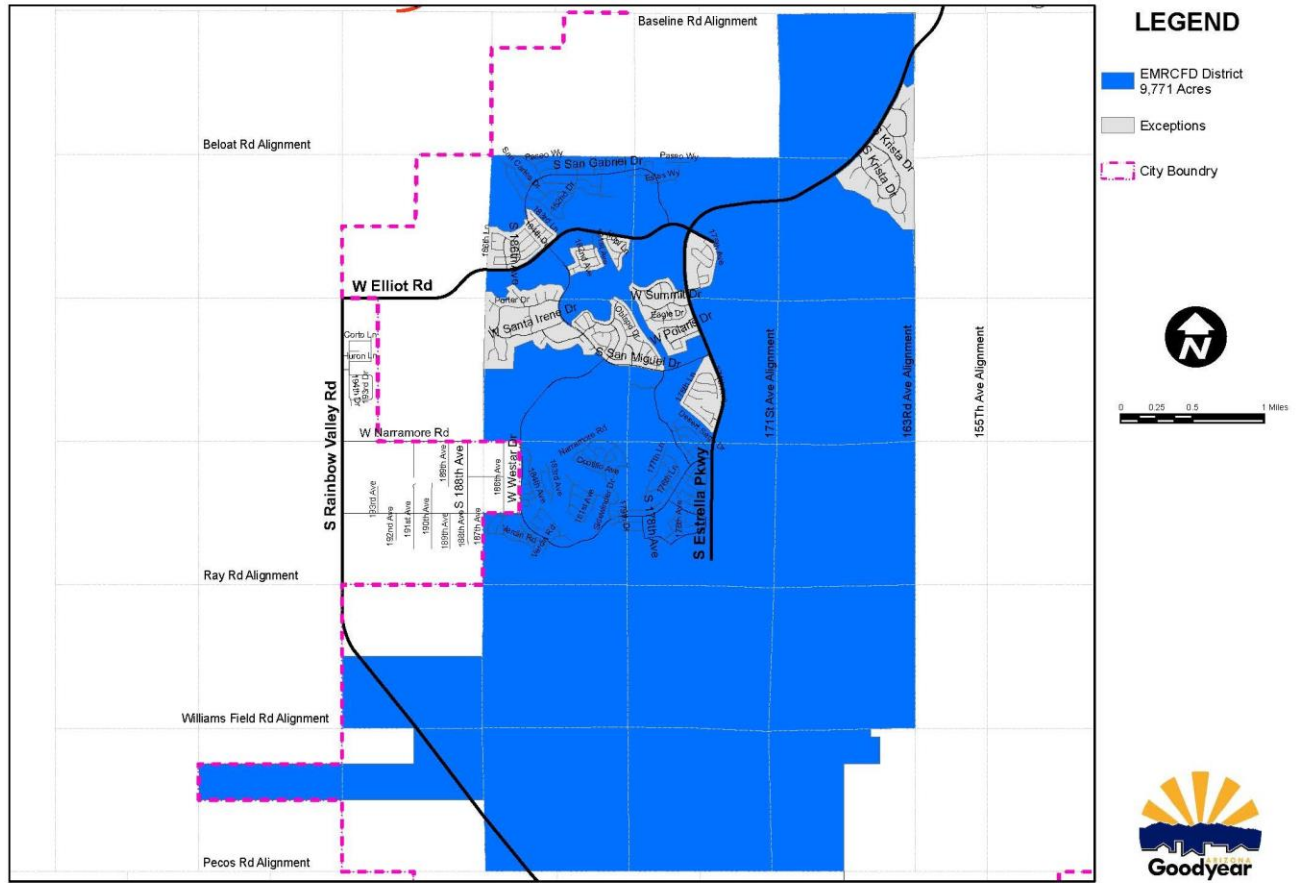
**MAP SHOWING LOCATION OF THE DISTRICT
WITHIN METROPOLITAN PHOENIX AREA**



MAP SHOWING LOCATION OF THE DISTRICT

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

Formed November 22, 1999



W:\GIS\CFD\EMR.mxd
FROM THE CITY OF GOODYEAR GIS

**AERIAL PHOTOGRAPH SHOWING LOCATION OF THE ASSESSMENT DISTRICT AND
IN THE CONTEXT OF THE DISTRICT AND FUTURE DEVELOPMENT**

OFFICIAL STATEMENT

\$4,429,000*

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023**

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 Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023 (the “Bonds”), in the aggregate principal amount of \$4,429,000*. Copies of any of the documents referenced herein are available upon request to the Underwriter (as defined herein) at: Stifel, Nicolaus & Company, Incorporated, 2801 East Camelback Road, Suite 300, 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 “Act”), and in response to a petition by SunChase Estrella Limited Partnership, a Delaware limited partnership (“SunChase”), the Mayor and Council (the “City Council”) of the City of Goodyear, Arizona (the “City”), adopted a resolution on November 22, 1999, which formed Estrella Mountain Ranch Community Facilities District (the “District”). See APPENDIX A - “INFORMATION REGARDING THE CITY OF GOODYEAR, ARIZONA” hereto for information about the City.

The District encompasses approximately 9,771 acres within the City and is located generally south of the Gila River, approximately six miles south of Interstate 10 (the “District Land”). See the map on page (v) with respect to the location of the District and the aerial photograph of the District on page (vii). The boundaries of the District are shown on the map on page (vi).

The Bonds will be payable from the hereinafter defined Special Assessments on approximately 87 acres of property within the District (the “Assessment Area”).

See “LAND DEVELOPMENT – Prior Project Ownership” for a discussion of the disposition of the District Land since 1999. See “LAND DEVELOPMENT – Current Project Ownership” for a discussion of the current ownership of the District Land, particularly with respect to Estrella North LLC, a Delaware limited liability company (the “Major Landowner”).

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 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 District and certain of the owners of land within the District and certain related entities, 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

* *Subject to change.*

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 December 5, 2022, the Board adopted a resolution approving 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 December 12, 2022, the Board adopted a resolution levying special assessments (collectively, the “Special Assessments” and, individually, as the Special Assessments relate to a particular lot, a “Special Assessment”) on 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 Lots. See the maps on pages (v) and (vi). **The Assessed Lots make up only a portion of the District and together make up “Lucero Assessment District No. 2.”** See “LAND DEVELOPMENT – Assessment Area.”

Lucero Assessment District No. 2 consists of 278 Assessed Lots, all of which have been established by the final plats approved by the City, and is 87.13 acres. See “THE ASSESSMENT AREA” and, particularly, TABLE 5 thereunder, as well as the maps on pages (v) and (vi) with respect to the location of the District and the area encompassing the Assessed Lots. As described under “LAND DEVELOPMENT – Current Project Ownership” herein, the Major Landowner sold a portion of the Assessed Lots in Lucero Assessment District No. 2 to homebuilder Taylor Morrison/Arizona, Inc. (the “Homebuilder”).

THE BONDS

Authorization and Purpose

The Bonds are authorized pursuant to the Act and will be issued, sold and delivered pursuant to a resolution adopted by the Board on December 12, 2022 (the “Bond Resolution”). Proceeds of the sale of the Bonds and amounts contributed by the Major Landowner will be used to (i) pay a portion of the costs of the Public Infrastructure, (ii) pay capitalized interest on the Bonds through July 1, 2023, (iii) fund a debt service reserve fund for the Bonds (the “Reserve Fund”), and (iv) pay costs of issuance relating to the Bonds. 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, 2023* (each such date being referred to herein as an “Interest Payment Date”). The Bonds will bear interest from the most recent Interest Payment Date on 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 (a “Business Day”)) next preceding the applicable Interest Payment Date or, if such day is not a Business Day, then 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 E - “BOOK-ENTRY-ONLY SYSTEM.”

Bond Registrar and Paying Agent

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

Redemption Provisions*

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 60 nor less than 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 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, 20__, will also be redeemable, on or after July 1, 20__, 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 60 nor less than 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 in the following years will be redeemed on the following redemption dates and in the following amounts upon not more than 60 nor less than 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:

Redemption Date <u>(July 1)</u>	Principal <u>Amount</u>
<u>20__ Term Bond</u>	
20__	\$
20__	
20__ (maturity)	

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 monies 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 monies held for such portion of the Bonds by the Bond Registrar and Paying Agent.

* Subject to change.

ESTIMATED DEBT SERVICE REQUIREMENTS

The following table sets forth the estimated debt service requirements for the Bonds.

Schedule of Estimated Annual Debt Service Requirements* (a)

Fiscal Year	The Bonds		Total Annual Debt Service Requirements
	Principal	Interest (b)	
2022/23		\$ 128,318(c)	\$ 128,318
2023/24	\$ 84,000	310,030	394,030
2024/25	90,000	304,150	394,150
2025/26	95,000	297,850	392,850
2026/27	100,000	291,200	391,200
2027/28	110,000	284,200	394,200
2028/29	115,000	276,500	391,500
2029/30	125,000	268,450	393,450
2030/31	135,000	259,700	394,700
2031/32	140,000	250,250	390,250
2032/33	150,000	240,450	390,450
2033/34	165,000	229,950	394,950
2034/35	175,000	218,400	393,400
2035/36	185,000	206,150	391,150
2036/37	200,000	193,200	393,200
2037/38	215,000	179,200	394,200
2038/39	230,000	164,150	394,150
2039/40	245,000	148,050	393,050
2040/41	260,000	130,900	390,900
2041/42	280,000	112,700	392,700
2042/43	300,000	93,100	393,100
2043/44	320,000	72,100	392,100
2044/45	345,000	49,700	394,700
2045/46	365,000	25,550	390,550
	<u>\$4,429,000</u>		

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

(b) Interest is estimated at 7.00%.

(c) The first interest payment on the Bonds will be due on July 1, 2023*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until maturity or prior redemption.

* Subject to change.

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 on Assessed Lots and, initially, amounts contributed by the Major Landowner representing capitalized interest for the July 1, 2023, interest payment. (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 Lots 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 the Treasurer collect some or all of that year’s installment payments collected with respect to the Special Assessments 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 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 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, do not secure such payment. The Special Assessments and the Bonds will be secured only by the Assessed Lots. 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 District, the City or owners of land in the District (including the Major Landowner) is required to purchase the Assessed Lots 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,” “RISK FACTORS - Non-Payment of Assessments” and APPENDIX F - “CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS.”** Any Assessed Lot will be offered for sale pursuant to the Foreclosure Process for nonpayment of the Special Assessment on such Assessed Lot and, if sold, the proceeds thereof will be deposited in the Bond Fund or will be used 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 MAJOR LANDOWNER, 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," \$_____ * 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) 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) 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 causes 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 monies 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 waiver agreements applicable to the Assessed Lots) which states that certain sections of the "General Public Improvements and Improvement Bonds Law" of the Arizona Revised Statutes are applicable. APPENDIX F - "CERTAIN STATUTORY PROVISIONS APPLICABLE TO THE FORECLOSURE PROCESS" includes portions of certain sections of such law. Generally, a representative of the District is required, within 20 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 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 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 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 on which an installment of the Special Assessment is delinquent. At least 10 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. MST, or at a time thereafter to which the sale may be adjourned, begin the sale of the Assessed Lots 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 shall be offered for sale separately. The sale shall be for the entire

* Subject to change.

Special Assessment including the delinquent installments, and the person who will take the Assessed Lot 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 or owners of land in the District (including the Major Landowner) 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 from the Public Infrastructure. See TABLE 5. The amounts of the Special Assessments have been agreed to pursuant to waiver agreements which are applicable to all of the Assessed Lots; such waiver agreements are recorded in the real property records against the Assessed Lots.

Appraisal Values. An appraisal report, dated November 14, 2022 (the “Appraisal”), was prepared by Wayne Harding & Associates, Scottsdale, 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” and “disposition value” of the Assessed Lots as security for the Special Assessments as of the valuation date of September 27, 2022. **THE FULL TEXT OF THE APPRAISAL IS INCLUDED AS APPENDIX C AND SHOULD BE REVIEWED IN ITS ENTIRETY.** See TABLE 5.

The Appraisal provides an “as is” market value and an “as complete” market value of the Assessed Lots.

“Market value” is defined in the Appraisal as the most probable price, as of a specified date, in cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

The Appraisal also provides an “as is” disposition value and an “as complete” disposition value of the Assessed Lots. These values are based on a marketing time of six months or less. These “disposition values” are discounted from the market values by 12% to reflect the reduced marketing period.

“Disposition value” is defined in the Appraisal as the most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a specified time, which is shorter than the typical exposure time for such a property in the market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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 value conclusions in the Appraisal are made subject to the hypothetical conditions that the improvements to be financed with proceeds of the Bonds are completed and all lot and subdivision improvements are complete.

The sales comparison approach was utilized to value the Assessed Lots. As described in the Appraisal, the sales comparison approach is a method of estimating value that examines transfers of land that are similar to a subject site, both physically and in terms of utility and highest and best use. By comparing the sales on a common unit basis, a trend in values can usually be identified. By analyzing the most similar sales and making adjustments for factors that

affect value, a value is indicated from each. Since these are the most likely alternative sites that would be considered by a potential buyer of the subject site, they are the most logical indications of its market value. The value indications are then reconciled into a single value estimate based upon the relative strengths of each adjusted sale. The process is applied to each of the subject properties in order to arrive at an opinion of market value.

The fee simple estate of each Assessed Lot is appraised, which is defined in the Appraisal as 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.

As described in the Appraisal, the appraisal process involved the following steps: (i) inspection of each subject property to identify the physical, locational and economic characteristics of the property relative to competing properties; (ii) research and investigation of public records relating to the property and competing properties to identify legally permitted uses and availability of public amenities; (iii) performing a search of public records to identify sales of competing property in the market; (iv) analysis of the sales data to identify the sales most similar to the subject property; (v) formulating an opinion of the highest and best use of each of the subject parcels; and (vi) analysis of the sales comparison approach as it applies to each of the subject parcels.

As indicated in TABLE 5 herein, each of the Assessed Lots has an overall as is lot value to assessment lien ratio of not less than 4:1 as of the valuation date of the Appraisal, taking into account the partial cash payment by the Major Landowner of \$19,000 with respect to the Special Assessments for Parcel 11.11 as described in footnote (b) to TABLE 5. **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 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 2022 as determined by the County Assessor of Maricopa County, Arizona (the “Assessor”) for all of the Assessed Lots is much less than the total of the values shown in the Appraisal. Estimated “full cash value” is statutorily defined to mean “that value determined as prescribed by statute” or if no statutory method is prescribed it is “synonymous with market value” which means that estimate of value that is derived annually by using standard appraisal methods and techniques. The Assessor generally uses a market approach to value residential property such as the Assessed Lots. In determining full cash value of the Assessed Lots, the property generally was valued as “agricultural and vacant land” by the Assessor.

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 ad valorem property taxes or assessments on all or a portion of the property within Lucero Assessment District No. 2 or the area that encompasses the Assessed Lots that 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 Lucero Assessment District No. 2 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 within Lucero Assessment District No. 2 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 Lucero Assessment District No. 2. **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 in which such property is located 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 in which such property is located 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. 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.

All property both real and personal is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the limited property value or full cash value of the property, as applicable, to obtain the limited assessed property value and the full cash assessed value, respectively. The assessment ratio for agricultural and vacant land is currently 15%; the assessment ratio for owner-occupied residential property is currently 10%. Net assessed limited property value (“Net Assessed Limited Property Value”) is determined by excluding the value of property exempt from taxation from limited assessed property value and from full cash assessed value of centrally valued property and combining the resulting two amounts.

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 assessed valuation 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, 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 assessed valuation of the property as described above. There is no constitutional or statutory limitation on annual levies for secondary taxes for voter-approved bond indebtedness or special district assessments.

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% 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 Assessed Limited Property Value and combined tax rate per \$100 of Net Assessed Limited Property Value. **(While such indebtedness and tax levies also encompass Assessed Lots, comparable information for the Assessed Lots based on the Net Assessed Limited Property Value is not yet available. See footnote (c) to TABLE 1.)** The District has authorized the issuance of up to \$200,000,000 principal amount of general obligation bonds, of which \$18,105,000 has been sold and issued. In addition, certain amounts of net premium on the District's future issues of general obligation bonds may reduce 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."

**TABLE 1
OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS**

Direct and Overlapping Jurisdiction	2022/23 Net Limited Assessed Property Value	Net Outstanding General Obligation Bonded Debt (a)	Proportion Applicable to the District (c)		2022/23 Combined Primary and Secondary Tax Rates Per \$100 Net Limited Assessed Property Value
			Approximate Percent	Net Amount	
State of Arizona	\$78,405,598,978	None	0.19	None	None
Maricopa County	51,575,018,185	None	0.29	None	\$ 1.2473 (b)
Maricopa County Community College District	51,575,018,185	\$ 135,585,000	0.29	\$ 388,239	1.1894
Maricopa County Special Health Care District	51,932,898,351	600,335,000	0.28	1,707,174	0.2488
City of Goodyear	1,293,848,816	150,555,000	11.41	17,184,554	1.7350
Buckeye Union High School District No. 201	952,234,728	64,865,000	15.51	10,059,885	2.9459
West Maricopa Education Center	19,300,490,997	130,195,000	0.77	996,214	0.1538
Liberty Elementary School District No. 25	380,322,967	51,580,000	38.83	20,028,821	3.8069
Estrella Mountain Ranch Community Facilities District	147,681,674	7,795,000	100.00	7,795,000	1.3000 (d)
				<u>\$ 58,159,886</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. 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 amounts 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 \$0.14 per \$100 of Net Limited Assessed Property Value, of which \$0.14 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 \$0.1592 tax rate of the County Flood Control District, the \$0.0505 tax rate of the Maricopa County Free Library District and the \$0.0082 tax rate of the Maricopa County Fire District contribution. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (c) Proportion applicable to Lucero Assessment District No. 2 is not available. Proportion applicable to the District was used instead. Because Lucero Assessment District No. 2 only encompasses the area shown on the map at page (vii), 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.
- (d) Includes \$0.30 Maintenance and Operations Tax of the District for maintenance and operations expenses.

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 December 13, 1999, the District is authorized to incur general obligation bonded indebtedness in an amount not to exceed \$200,000,000 in principal amount, of which \$181,895,000 remains authorized but unissued, payable from *ad valorem* property taxes levied on all taxable property within the District without limit as to rate or amount. Such remaining authorized but unissued amount may be subject to further reduction based on the amount of net premium on the future issues of general obligation bonds of the District. Such bonds may 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**

Overlapping Jurisdiction	General Obligation Bonds Authorized but Unissued
City of Goodyear, Arizona	\$ 44,446,616
Liberty Elementary School District No. 25	3,270,000
The District	181,895,000

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 as described in the table below. See the map on page (vii) for the location of the areas assessed. 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	Assessment District	Final Maturity Dates	Total Outstanding
2015	\$4,980,000	3/19/2015	Montecito AD No. 2	7/1/2039	\$4,051,000
2018	1,785,000	1/25/2018	Golf Village AD No. 1	7/1/2024	430,000
2018	1,985,000	1/25/2018	Desert Village	7/1/2026	986,000
2018	5,329,000	1/25/2018	Montecito AD No. 1	7/1/2031	3,754,000
2018	4,789,000	1/25/2018	Golf Village AD No. 2	7/1/2030	3,234,000
2019	6,913,000	4/26/2019	Lucero AD No. 1	7/1/2043	6,355,000
2021	598,000	10/21/2021	Montecito AD No. 3	7/1/2046	584,000

Other series of special assessment revenue 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. 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 Major Landowner, the District or 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	\$4,429,000.00*
Major Landowner Contribution to Pay Down Special Assessments	19,000.00
Major Landowner Contribution for Costs of Issuance	
Total	<u>\$</u>

Applications

Deposit to Acquisition Fund	\$
Deposit to Bond Fund (Representing Capitalized Interest) (a)	
Deposit to Reserve Fund	
Payment of Costs of Issuance (a)	
Total	<u>\$</u>

(a) To be paid by a contribution from the Major Landowner. Costs of issuance will include compensation and costs of the Underwriter with respect to the Bonds.

* Subject to change.

THE PUBLIC INFRASTRUCTURE

The information contained in this section relates to and has been obtained from the Major Landowner 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 portions of the Public Infrastructure, as described below. Such Public Infrastructure is complete and has been accepted by the City. If the total estimated cost of such Public Infrastructure that is eligible to be paid from proceeds of the sale of the Bonds is greater than the amount of proceeds from the sale of the Bonds, the balance of the cost of such Public Infrastructure has been or will be paid by the Major Landowner. Unreimbursed costs of such Public 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 Public Infrastructure was publicly bid in compliance with the process required by State law and the District; completion bonds have been obtained to secure completion of the Public Infrastructure described below. The Public Infrastructure was constructed or will be constructed by the Major Landowner and then acquired by the District and transferred to the City pursuant to a Map of Dedication.

Hillside Drive

This portion of the Public Infrastructure begins approximately 3,200 feet north of the existing intersection of Cotton Lane and Estrella Parkway. The Hillside Drive alignment provides access to the Assessed Lots and includes a median-separated road with two lanes of traffic that extends approximately 7,550 feet and terminates just north of the existing

Star Tower entry feature for the Project (as defined herein), which is approximately 9,230 feet north of the existing intersection of Cotton Lane and Estrella Parkway. Costs include engineering, design, survey, review fees, construction permits, testing, native plant salvage, blasting, grading, sanitary sewer installation, potable water installation, storm drain installation, curb and gutter placement, sidewalk placement, installation of trails, asphalt pavement placement, landscaping and streetlight installation. Construction of this project is complete and was accepted by the City on June 5, 2020.

16" & 12" Waterline

This portion of the Public Infrastructure consists of two potable waterlines constructed within or adjacent to the Estrella Parkway alignment. Also included with this project is the installation of a pressure reducing valve. Approximately 3,900 lineal feet of 16" potable waterline is installed between approximately just west of the existing intersection of Cotton Lane and Estrella Parkway and the southernmost intersection of Estrella Parkway and Hillside Drive. Approximately 130 lineal feet of 12" potable waterline is installed approximately between the existing intersection of Estrella Parkway and Santa Elizabeth Drive and southeast corner of Lucero Parcel 11.B. The pressure reducing valve is installed at the southernmost intersection of Estrella Parkway and Hillside Drive. Costs include engineering, design, survey, review fees, construction permits, testing, native plant salvage, potable water installation, curb and gutter placement, existing sidewalk removal and replacement, landscaping, and installation of the pressure-reducing valve. Construction of this project is complete and was accepted by the City on December 21, 2020.

Lost Lift Station & Parallel Force Main

This portion of the Public Infrastructure consists of improvements to an existing sanitary sewer lift station known as the Lost Sewer Lift Station, which is owned and operated by the City. The Lost Sewer Lift Station is located approximately 250 feet west of the northwest portion of Lucero Parcel 11.C in the Tucson Electric Power easement. Costs include engineering, design, survey, review fees, construction permits, testing, installation of flow meter, a vault, back-up generator, an odor control system, electrical panels, perimeter wall and gate, force main within the sewer lift station facility and water supply line. Also included in the project costs is the installation of approximately 3,250 lineal feet of all-weather road to provide access to the Lost Sewer Lift Station. Construction of this project is complete and was accepted by the City on May 28, 2020.

This portion of the Public Infrastructure consists of sanitary sewer improvements. Approximately 4,300 lineal feet of 8" sanitary sewer force main is installed to a point located approximately 1,450 feet northeast of the existing intersection of Cotton Lane and Estrella Parkway and is connected to the Lost Sewer Lift Station. Costs include engineering, design, survey, review fees, construction permits, testing, and installation of the sanitary sewer force main. Construction of this project is complete and was accepted by the City on May 22, 2020.

Zone 2 Water System

This portion of the Public Infrastructure consists of infrastructure necessary to provide potable water service. The project includes upgrades to the City Site 13 Zone 2 Booster Pump Station. The upgrades consist of minor demolition, removal of an existing pump, installation of two new 2,000 gallons per minute vertical turbine pumps, a variable frequency drive for one of the new pumps and appurtenances on the discharge side of pump manifold, new electrical equipment and instrumentation and a new pressure relief valve. Construction of this project is complete and was accepted by the City on October 7, 2019.

THE ASSESSMENT AREA

The information contained in this section relates to and has been obtained from the Major Landowner 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.

The location of the area containing the Assessed Lots is shown on the map at page (vii). Final plats have been approved and recorded for all of the 278 Assessed Lots. The Assessed Lots vary in size, ranging from 47 feet x 90 feet to 60 feet x 120 feet. Additional information about the Assessed Lots is set forth in TABLE 5. ***Only the Assessed Lots, and not the remaining area in the Project or the District, represent security for the Bonds.***

The Major Landowner currently owns all of the Assessed Lots, except for 67 Assessed Lots in Parcel 11.H that have been sold to, and are owned by, the Homebuilder. Currently, the Major Landowner has not entered into any contracts with other homebuilders to sell the remaining Assessed Lots. The remaining Assessed Lots have been graded, but no other improvements have been commenced. Any homebuilders acquiring Assessed Lots in the future will be required to close on the sale of the Assessed Lots after a short review period, but prior to completion of improvements. After any closing, Major Landowner will complete the required improvements. There is no estimated closing date for the sale of the remaining Assessed Lots at this time.

There can be no assurance that any such sales of the remaining Assessed Lots will be consummated. Moreover, as the ownership of the Assessed Lots is subject to change, the development plans may not be continued by the subsequent owner if the Assessed Lots are sold; 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 other infrastructure in the District. The amounts due with respect to the Special Assessments are not personal obligations of the owners of the Assessed Lots; 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.”

Neither the current owners nor any subsequent owners of any Assessed Lot 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, do not secure such payment. The Special Assessments and the Bonds will be secured only by the Assessed Lots. The Special Assessments are not cross-defaulted.

TABLE 5

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
PARCEL (a)	ACREAGE	ASSESSED LOTS	SPECIAL ASSESSMENT PER LOT	TOTAL SPECIAL ASSESSMENT	DISPOSITION AS IS VALUE (c)	VALUE TO LIEN RATIO	STATUS OF REGULATORY APPROVALS	CURRENT OWNER (d)
11.E	28.85	92	\$16,000	\$1,472,000	\$6,727,600	4.57:1	Recorded Plat	Major Landowner
11.F1	17.51	58	16,000	928,000	4,312,000	4.64:1	Recorded Plat	Major Landowner
11.H (e)	25.11	67	16,000	1,072,000	5,940,000	5.54:1	Recorded Plat	Taylor Morrison
11.I1	9.29	38	15,500 (b)	589,000 (b)	2,371,600	4.02:1	Recorded Plat	Major Landowner
11.I2	6.37	23	16,000	368,000	1,597,200	4.34:1	Recorded Plat	Major Landowner
Total	87.13	278		\$4,429,000				

- (a) See APPENDIX C - “APPRAISAL” for additional details regarding these parcels.
- (b) “SPECIAL ASSESSMENT PER LOT” and “TOTAL SPECIAL ASSESSMENT” represent Special Assessments for the Bonds after, in the case of the Special Assessments for Parcel 11.I1, a partial cash payment by the Major Landowner of \$19,000. See “SOURCES AND USES OF FUNDS.” Such payment by the Major Landowner will be applied to pay costs of the Public Infrastructure.
- (c) See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – Special Assessment Amounts and Land Values” and, particularly, APPENDIX C - “APPRAISAL” for detail regarding these values, along with a definition of “disposition value.” Such disposition values are discounted from the market values by 12% to reflect a reduced marketing period of six months or less.
- (d) Some of the entities or their parent companies are subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and in accordance therewith file the reports, proxy statements and other information (collectively, the “Filings”) with the Securities and Exchange Commission (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 Underwriter, the Financial Advisor, Bond Counsel (as defined herein) or counsel to the Underwriter or their agents or counsel have examined the information set forth in the Filings for accuracy and completeness, or examined similar information for entities or the parent company that are not subject to the same or similar information reporting requirements.** See “RISK FACTORS – No Review of Filings.”
- (e) The Homebuilder is the current owner of all 67 lots (Parcel H).

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Major Landowner 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.

The following pertains to development within the Project and the District as a whole. Only the Assessed Lots, and not the remaining area in the Project or the District, represent security for the Bonds.

The Overall Project

Introduction. The project consists of over 20,000 acres, of which 9,771 acres are the District Land (the “Project”). Located south of the Gila River, the Project was annexed into the City in 1986 and acquired by SunChase in 1994. Thereafter the ownership of the Project changed as described below under the heading “Current Project Ownership.” Initial entitlement efforts began with the preliminary planned area development (“PAD”) approved by the City in 1986. Over the years, as revisions and updates were made to the development strategy, a number of amendments have been submitted and approved in order to refine entitlements and associated zoning. Most of the master planned community, including most of the District, has been the subject of some form of PAD zoning since the time of its annexation.

The current conceptual master plan for the Project is dated 2007 (the “Current Conceptual Master Plan”) and provides for the development of several separate “communities” within the Project, each containing a mixture of planned land uses and densities. The Current Conceptual Master Plan conforms to the City’s current General Plan for the mixed use, master planned community known as Estrella Mountain Ranch. The Current Conceptual Master Plan is revised periodically to reflect changes in market conditions, planning ideas, political and economic environments, costs and other factors, and the Major Landowner is presently studying changes to the Current Conceptual Master Plan. The number of acres devoted to each particular type of land use may ultimately vary from those presented in the following table. The Current Conceptual Master Plan is expected to include the following land uses:

**TABLE 6
LAND USES AT BUILD OUT**

<u>Type of Land Use</u>	<u>Gross Acres</u>
Residential	10,768
Commercial	1,272
Schools	565
Campus	93
Civic/Public/Institutional	526
Worship	53
Open Space	4,031
Roadway	1,460
Parks	592
<u>Golf Courses</u>	<u>690</u>
Total Acreage	<u>20,050</u>

Source: The Major Landowner.

A number of major arterial and collector roadways throughout the Project have been completed and dedicated to the City, including Estrella Parkway, Hillside Drive, Elliot Road, San Gabriel Drive, San Miguel Avenue, Golf Club Drive, Calistoga Drive (Phases 1, 2 and 3-1), West Mountain Vista Drive Phase 1, 182nd Drive and Westar Drive. Water lines, sewer lines, utilities, streetlights and landscaping associated with these roadways have also been completed and dedicated to the City. Several private community amenities have been constructed within the Project,

which, although not included in the District, will be available to all residents of the District. The private community amenities include the following:

- A public 18-hole championship golf course, clubhouse and related facilities.
- Bike paths.
- Natural trail system.
- North and South Lakes which are artificial lakes that were built in the 1980's by the original developer of the Project. The surface area of the lakes is approximately 72 acres. The current source of water for the lakes is groundwater from wells located within the Project, as well as treated effluent from the Corgett Treatment Facility and the Rainbow Valley Treatment Facility.
- North Lake amenities include Starpointe Residents Club, a 24,300 square foot facility including fitness, a youth club and outside basketball court, a café, multipurpose meeting facilities, a board room and expansive areas for gathering. Amenities also include StarSplash waterpark, which includes a 12,000 square foot play pool, a heated lap pool, two slides and "Big Dipper" water toy. Other lakeside amenities include a boathouse, pump station, dock with ramp, sundial, pedestrian bridge, cooking ramada and a floating fountain.
- South Lake Amenities include ramadas with picnic tables and barbecue grills, 2,500 square foot open pavilion, tennis court, maintenance building, horseshoe pits, sand volleyball courts, pickleball court, basketball court, playground area with equipment and restroom.
- Bougainvillea Park which consists of approximately 4.7 acres, includes a basketball court, tennis courts, a tot-lot, a sand volleyball court, ramadas and grass area for soccer and baseball and restrooms.
- 18,500 square foot residents club at the Montecito Community called Presidio. This facility includes management offices, café/wine bar, exercise area, gathering room, swimming pool and splash pad, a ramada and an event lawn.

The construction and sale of residential product in portions of the Project outside the boundaries of the District has been in process since the late 1980's. The Major Landowner estimates close to 7,500 homes have been built within the Project as of June 2022. The number of active builders within the Project varies from time to time, with close to 20 different production builders having constructed homes within the Project to date. There are currently nine different production neighborhoods in the Project offering homes for sale to retail customers. In addition, CantaMia by Taylor Morrison Homes (CantaMia), which opened in February 2010, is a private gated community for those 55 years and older. CantaMia's 30,500 square foot Village Center features an indoor pool, outdoor resort-style pool and lakes as well as a state of the art fitness center, demonstration kitchen and library. CantaMia is planned for 1,716 units.

Mountain Ranch Marketplace, located in the Project, the first LEED Gold certified shopping center in Arizona opened in 2010. It is anchored by a Safeway grocery store and provides several other neighborhood services including a dentist, Chase Bank, Walgreens, a day care center, an urgent care facility, McDonald's, Taco Bell, Subway and a bagel shop. Mountain Ranch Medical Commons, located in the Project, is home to Banner Health and provides medical care and other health services at a 13,500 square foot Class A medical office facility.

The base prices for new homes in the Project currently range from approximately \$350,000 to \$700,000 for a standard production home.

The following is a summary of historical housing market activity at the Project:

TABLE 7
HISTORICAL MARKET ACTIVITY IN THE PROJECT

<u>Year</u>	<u>Housing Starts/Permits</u>	<u>Builder Home Sales</u>	<u>Builder Home Closings</u>
2016	296	270	261
2017	428	400	349
2018	447	490	429
2019	505	452	397
2020	588	645	522
2021	557	442	421
2022 ^(a)	187	209	224

Source: The Major Landowner.

^(a) Data through July 31, 2022.

Government Approvals. The Project is the subject of a Master Development Agreement approved by the City on August 11, 1986, which addresses rights to develop the property as provided in and subject to the conditions of such agreement. The Master Development Agreement has been updated and supplemented from time to time through amendments and additional development agreements. These development agreements collectively address various issues that are typically made the subject of development agreements in Arizona, such as City services, reimbursements for certain public infrastructure, City’s processing of plans and permits, and public bidding. These agreements also address required capital and operations contributions to the City for police and fire services within the District.

Sales of residential lots or units within the District cannot be closed until the Arizona Department of Real Estate (“ADRE”) issues a public report with respect to the development in accordance with Arizona law. Public reports have already been obtained from ADRE for those parcels currently conducting sales of residential lots in the Project.

The Major Landowner’s predecessors procured from the Army Corps of Engineers a permit under Section 404 of the Clean Water Act for the discharge of dredged and/or fill materials at the Project. The permit has been assigned to the Major Landowner. The permit has been extended to December 2033. The permit is subject to certain conditions and limitations, none of which will impair the development of the Project in the manner described herein. In addition, predecessors of the Major Landowner acquired a 401 permit from Arizona Department of Environmental Quality which has been extended to December 2033. The 401 permit addresses quality standards of water discharged into to waters of U.S. These permits cover approximately 10,000 acres in the north half of the Project, which includes all of the District Land.

Development of the District Land and construction of the residential units will be subject to obtaining various other routine approvals and permits. Each successful bidder for each project will be required to obtain building, grading and any additional permits required for the development of the construction projects.

Utilities. There are two wastewater treatment facilities serving the Project. The first wastewater treatment facility, Corgett Wastewater Treatment Facility, is located northwest of Elliot Road and San Gabriel Drive and operated by the City to service the Project. It has a current capacity of 0.8 million gallons per day. Corgett Wastewater Treatment Facility is presently providing capacity for 3,527 dwelling units, 190,000 square feet of commercial space and two schools while processing 0.516 million gallons of wastewater per day on average. The second wastewater treatment facility, Rainbow Valley Wastewater Treatment Facility, is located at Rainbow Valley Road and Willis Road and operated by the City to service the Project. It has a capacity of 0.75 million gallons per day. Rainbow Valley Wastewater Treatment Facility is currently serving 4,520 dwelling units, 59,000 square feet of commercial space and one school while processing approximately 0.559 million gallons of wastewater per day on average. This facility is in process of operational improvements and an expansion of 0.50 million gallons per day to bring the plant to 1.25 million gallons per day. Expected completion is second quarter 2024.

The City is serving potable water to the developed portion of the District. The City also will serve potable water to the remainder of the District.

In order to subdivide and sell lots, the City has relied upon a designation by the Arizona Department of Water Resources (“ADWR”) as having an assured water supply. An assured water supply means that sufficient water of adequate quality 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 the management goals for the active groundwater management area and that financial capability to construct the delivery system and any necessary treatment works has been demonstrated to ADWR.

On May 31, 2016, ADWR issued a Decision and Order designating the City as having an assured water supply and concluding that the annual volume of water that is available to the City for a minimum of 100 years exceeds the projected demand through the calendar year 2028. That Decision and Order requires the City to file with ADWR an application to modify the City’s assured water supply designation by the earlier of December 31, 2026, or when the sum of the City’s current water demand, committed water demand and two years of projected water demand exceeds 18,621.79 acre-feet per year. The City’s designation of assured water supply can be terminated or modified by ADWR should circumstances warrant. If ADWR subsequently terminates the City’s assured water supply designation, the developers of residential parcels would need to obtain from ADWR individual certificates of assured water supply for each future subdivision in order to continue to subdivide and sell lots.

The City recently finished construction of an 8.0 million gallon per day surface water treatment facility. This facility is providing additional potable water to the Project.

Within the District, Arizona Public Service Company provides electricity, Century Link provides telephone service, Cox Cable System provides phone and cable television and Southwest Gas Company provides natural gas.

Schools. The Project currently has two elementary schools serving students in kindergarten through 8th grade (Estrella Mountain Elementary School and Westar Elementary School, which are part of Liberty Elementary School District No. 25 of Maricopa County, Arizona) and one high school serving students in 9th through 12th grade (Estrella Foothills High School, which is part of Buckeye Union High School District No. 201 of Maricopa County, Arizona). While based upon the existing level of school services, it is expected that these schools will be sufficient to meet the immediate elementary and secondary educational needs of residents within the District, the Liberty Elementary School District has expressed interest in procuring the next elementary school site over the next 6-12 months so it can begin planning for the next elementary school.

Police, Fire and Sanitation. Police, fire and sanitation services are provided to the District by the City. The City has constructed an approximately 18,000 square foot facility at the Project to house both fire and police. A second, 12,587 square foot fire only station, also at the Project, was put into service in 2021. Additional fire and police facilities are anticipated as the Project is developed.

Environmental Matters. Since 1994, one or more environmental site assessments have been obtained with respect to the lands within the District. None of the environmental site assessments have disclosed material environmental conditions within the District that would require further action or evaluation.

Marketing. There is an Information Center for the Project. The Information Center is approximately 5,500 square feet and encompasses an internet cafe, sitting areas, display areas, a topographical model and a bike shop. The Project has a website (www.estrella.com) and generally advertises on television, radio, newspaper and magazine, outdoor billboards, electronic media and through a variety of other means. The Major Landowner also uses the services of real estate brokers in connection with the marketing and sale of the property within the Project and will pay fees and commissions in connection therewith. The Major Landowner intends to continue to market improved and unimproved lots within the Project and does not itself anticipate building or marketing homes.

Prior Project Ownership

The Project was originally commenced in the mid 1980s by Continental Homes. The Project was acquired by SunChase as the owner of all the land within the District as of formation on November 22, 1999. Residential Funding Corporation, a Delaware corporation, consented to the formation of the District as a holder of a lien interest in such land as of formation. Subsequent to the formation of the District, a Development, Financing Participation and Intergovernmental Agreement No. 1 (the “CFD Development Agreement”) was entered into between the District, the City, SunChase and Residential Funding Corporation. The initial and subsequent public infrastructure was described in the General Plan, which was recorded on November 23, 1999, as document no. 99-1063338. Ryland Group, Inc. (which subsequently obtained a contractual interest in certain property contained within the District) consented and agreed to the CFD Development Agreement.

In 2003, SunChase conveyed the Project and assigned its interests in the CFD Development Agreement to Sun MP, LLC (“Sun MP”), a limited liability company formed in connection with a restructuring and a new capital investment in the mixed-use, master-planned community known as Estrella Mountain Ranch (“Estrella Mountain Ranch”) by an unrelated party. In October 2003, the City and the District consented to the assignment of SunChase’s interests to Sun MP.

Pursuant to an option agreement, in a series of transactions from May 16, 2005, through July 31, 2013, Sun MP conveyed all of its interest in the District Land and in the various agreements related to the District (all of which were consented to by the City and the District), to NNP III-Estrella Mountain Ranch, LLC and its affiliated entities. NNP III-Estrella Mountain Ranch, LLC acquired a total of approximately 6,461 acres from Sun MP. Of this total, 6,130 acres were within the District and 331 acres were near but outside the District. NNP III-EMR 3, LLC acquired approximately 2,750 acres from Sun MP. Of this total, 2,430 acres were within the District and 320 acres were near but outside the District. NNP III-EMR 4, LLC acquired approximately 9,058 acres from Sun MP. Of this total, 177 acres were within the District and 8,881 acres were near but outside the District. Combined, NNP III-Estrella Mountain Ranch, LLC and its affiliated entities acquired approximately 18,269 acres from Sun MP. Of the total, approximately 8,737 acres were within the District and 9,532 acres were near but outside the District. NNP III – Estrella Mountain Ranch, LLC and NNP III-EMR 3, LLC were wholly-owned by NNP III – Estrella, LLC, a Delaware limited liability company (“NP III – Estrella”). NNP III – Estrella and NNP III-EMR 4, LLC, a Delaware limited liability company were wholly-owned by Estrella Mountain Ranch Developers LLC, a Delaware limited liability company (“NP III”). NNP III was wholly owned by Land Management Company, LLC.

Current Project Ownership

In 2021, pursuant to a purchase and sale agreement, NNP III-Estrella Mountain Ranch, LLC, and its affiliated entities referenced above (collectively, the “NP Entities”) sold their entire holdings within the District and all additional properties outside the District to Estrella Partners, LP, and affiliated entities. In particular, all property and interests of the NP Entities within the District were conveyed to the Major Landowner and all properties and interests outside the District were conveyed to Estrella South LLC. All documents related to the District, including the CFD Development Agreement, were assigned to the Major Landowner in October 2021, and such assignment was consented to by the District and the City. The Major Landowner and Estrella South LLC are both wholly owned subsidiaries of Estrella Partners, LP.

The parties that, through affiliates, own a portion of Estrella Partners, LP and together own all of its general partner, Goodyear EMR GP, LLC, are Harvard Investments, Inc., a Nevada corporation, and Toll Southwest LLC, a Delaware limited liability company, a subsidiary of homebuilder, Toll Bros., Inc., a Pennsylvania corporation (collectively, “Toll Brothers”).

Harvard Investments, Inc. and its affiliates (collectively, “Harvard”), are headquartered in Scottsdale, Arizona, and are the United States real estate investment and development arm of the Hill Companies, a Canadian land development company, which has operated as a privately held company since its inception in 1903. Harvard’s real estate holdings, through its affiliates and various joint ventures, are located throughout the southwestern United States. Harvard’s current and past real estate holdings include more than 80 projects including residential master planned communities, golf courses, custom home site projects and commercial developments. Since 1982, Harvard is currently developing, or has developed, more than 20 residential master planned communities, which includes entitlement development and

sale of over 30,000 residential lots through Arizona, Texas and New Mexico. Harvard will manage the day-to-day operations of the land development within the District.

Toll Brothers is a national homebuilder based in Horsham, Pennsylvania. Toll Brothers is the eighth largest homebuilder in the U.S. based on closings and builds to the higher end of the homebuilding market. Toll Brothers has also undertaken development in other real estate sectors including multi-family. Toll Brothers operates in hundreds of communities across 20 states. Toll Brothers is publicly traded on the New York Stock Exchange. Toll Brothers is subject to reporting the information required by the Exchange Act, 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 400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. None of the District, the Financial Advisor, 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.

The primary investor in Estrella Partners, LP is an affiliate of Varde Partners, Inc., a Minnesota corporation (collectively, "Varde Partners"). Varde Partners is a global investment manager founded in 1993 specializing in alternative investments with discretionary fund assets of approximately US \$15 billion and over 300 employees. Varde Partners maintains 14 offices across the globe. Headquarter offices are located in Minneapolis for North America, London for Europe, and Singapore for the Asia Pacific region. The firm invests across five segments: corporate and traded credit, financial services, real estate, mortgages and real assets and infrastructure. Varde Partners benefits from a broad and diverse investor base, including endowments and foundations, pension funds, insurance companies, private clients and other institutional investors. Since its founding, Varde Partners has focused on making and managing investments in real estate, mortgages, homebuilding and infrastructure. In the United States, since 2009, Varde Partners has invested and managed over \$4.7 billion of fund capital in residential development, homebuilding and residential mortgages.

The remaining land within the District is owned by various parties including home builders, homeowners, homeowners' associations, commercial and civic users and other investors. The Homebuilder owns 67 Assessed Lots in the Assessment Area denoted as Parcel 11.H. See TABLE 5.

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 like Lucero Assessment District No. 2 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 Major Landowner and its affiliates) will be subject to the risks generally incident to real estate investments and development including those described herein.

Construction of houses on the lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Project, 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 master planned residential communities such as the Project, 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 the current and/or future slowdowns could adversely affect land values and reduce the ability or desire of the property owners to pay ad valorem property taxes and assessments. In that event, there could be a default in the payment of principal of and interest on the Bonds.

THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF AN OWNER OF AN ASSESSED LOT AND ANY SUBSEQUENT OWNERS TO PAY THE SPECIAL ASSESSMENTS WHEN DUE. AS NOTED IN TABLE 5, OWNERSHIP OF THE ASSESSED LOTS IS CURRENTLY CONCENTRATED IN THE MAJOR LANDOWNER AND THE HOMEBUILDER. 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 THEY OWN AND COULD GREATLY REDUCE THE VALUE OF THE ASSESSED LOTS IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. IN THAT EVENT, THERE COULD BE A DEFAULT IN THE PAYMENT OF THE BONDS.

Portions of the Project have been encumbered by the Major Landowner to provide security for certain private acquisition and development loans. In the event there is a default on such loans, the lender could foreclose and obtain ownership of those portions of the Project, which in turn could delay development.

The land encompassing the Assessed Lots 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.

Development, including the phase of the development plan for the Assessed Lots, 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 owners of the Assessed Lots.

Concentration of Ownership; Subsequent Transfer

There can be no assurance that the Major Landowner has the financial capability to complete development within the Project. Because there can be no assurance that bank loans will be available to the Major Landowner sufficient to pay all costs attributable to the Project, the Major Landowner 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 Major Landowner 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 Major Landowner to pay all of its obligations and liabilities, including, without limitation, Special Assessments (including those relating to property then owned by the Major Landowner or its affiliates to be applied to pay the Bonds), as such obligations and liabilities become due and payable.

See “Current Project Ownership” with regards to concentration of ownership of property within the District and See TABLE 5 with regard to the concentration of ownership of property in, and obligation for payment of Special Assessments in the Major Landowner and the Homebuilder. Although the Major Landowner intends to sell the remainder of the Assessed Lots (see TABLE 5), there can be no assurances that any sales will actually be completed, which in turn will leave the ownership of remainder of the Assessed Lots in the Major Landowner.

Failure or Inability to Complete Proposed Development

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

Public and private on-site and off-site improvements may increase the public and private debt for which District Land including the Assessed Lots is security. The burden of additional debt would be placed on the District Land 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 District Land (including in the Assessed Lots) 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 District Land and the Project.

Availability of Utilities

Water and sewer service to the District will be provided by the City as described under the subheading “LAND DEVELOPMENT - The Project.” Failure or inability to complete proposed development, including development of necessary utilities, could affect adversely development of the District Land, including the Assessed Lots. 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 to pay a Special Assessment 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 property 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 property 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 owners of Assessed Lots 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 the Appraisal. Each of the Assessed Lots has an overall "as is" disposition lot value to assessment lien ratio of not less than 4:1, 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 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 the 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 PAYMENT 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, 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.

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 of and interest on the Bonds.

Depletion of Reserve Fund

Failure of the owner of the Assessed Lots 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

The Project, including the phase of the development plan which represents the real estate development encompassing the Assessed Lots, 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 the District resulting from any contamination on the site or from the proximity of the site to other contaminated areas; discovery of archeological artifacts located on the site or in the vicinity of the site; or discovery of endangered species of animals, plants or other habitat for endangered species. Liability may arise under a variety of federal, state or local 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 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 Major Landowner and its affiliates anticipate 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 the Project; however, the Major Landowner and its affiliates do not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the "Service") has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (a) with the determination of Bond Counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (b) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Bond Resolution does not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Owners of the Bonds should note that, if the Service audits the Bonds, under current audit procedures the Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will

have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including the District, the Financial Advisor, Bond Counsel, counsel to the Underwriter, or the Underwriter is obligated to pay or reimburse the owner of any of the Bonds for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.

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

Risks Related to Coronavirus Disease 2019 ("COVID-19")

The spread of COVID-19 continues to affect the nation and the State with ongoing concerns related to health and safety, appropriate preventative protocols, fiscal and economic issues. Government and business operations in the State, following the rescindment of numerous COVID-19 related Executive Orders by Arizona Governor Doug Ducey in March 2021, presently function essentially without government-imposed restrictions related to the global pandemic.

The District does not anticipate that COVID-19 will have a material adverse effect on the collection of the Special Assessments, the security and source of payment of principal and interest due on the Bonds, or the collection of property taxes, which may be a significant revenue source for operating purposes. Should adverse economic conditions caused by COVID-19 have a material adverse effect on the collection of the Special Assessments, it could negatively affect the District's ability to pay debt service on 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 Assessed Lot 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 Major Landowner and its affiliates believe to be significant and which the Major Landowner and its affiliates 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 (c) to TABLE 5, 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 (“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 initial delivery of the Bonds. The 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 and the opinion of Bond Counsel assumes continuing compliance with such covenants. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of 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 Code also imposes an “alternative minimum tax” upon certain corporations and individuals. A taxpayer’s “alternative minimum taxable income” (“AMTI”) is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMTI. Notwithstanding the preceding sentence, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a 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 advisors 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 or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value and marketability (liquidity) of the Bonds. Any such change that occurs before initial delivery of the Bonds could cause Bond Counsel to deliver opinions

substantially different from the opinions shown in APPENDIX B. The extent of change in Bond Counsel's opinions cannot be determined at this time. 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 the enactment or effective date. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

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."

FINANCIAL STATEMENTS

The audited financial statements of the District for the period ended June 30, 2022, a copy of which are included in APPENDIX G of this Official Statement have been audited by HintonBurdick, PLLC, Certified Public Accountants, to the extent and for the period indicated in their report thereon. The District has neither requested nor obtained the consent of HintonBurdick, PLLC to include their report herein, and HintonBurdick, PLLC has performed no procedures subsequent to rendering their opinion on the audited financial statements.

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 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, for certain homebuilders by their respective counsel, and for the Major Landowner and its affiliates by their counsel, Berens Blonstein PLC, Scottsdale, Arizona. See "RELATIONSHIPS AMONG PARTIES" herein.

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 will be purchased by the Underwriter at an aggregate purchase price of \$_____, pursuant to a purchase contract (the "Purchase Contract") entered into by and between the District and the Underwriter. If the Bonds are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter's compensation will be \$_____. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page hereof may be changed, from time to time, by the Underwriter without amendment of this Official Statement.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District not later than February 1 of each year commencing February 1, 2024 (the "Annual

Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the Electronic Municipal Market Access System (“EMMA”), as described in APPENDIX D - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX D - “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (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 did not associate certain continuing disclosure filings on EMMA with the CUSIP numbers for certain of the District’s bonds. Such filings have since been associated with such CUSIP numbers. The District did not timely file Annual Reports for the fiscal years ended June 30, 2017, and June 30, 2018, to certain of the District bonds. Such Annual Reports were filed on March 5, 2019. The District has implemented written procedures to facilitate compliance with its continuing disclosure undertakings.

FINANCIAL ADVISOR

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

RELATIONSHIPS AMONG PARTIES

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 Bond Counsel 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.

ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)

By.....
Chairperson, Board of Directors

INFORMATION REGARDING THE CITY OF GOODYEAR, 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 (also referred to herein as “Goodyear”), which incorporated in 1946, is a suburban community that lies approximately 17 miles southwest of metro Phoenix. The City was founded in 1916 by the Goodyear Tire & Rubber Company for the farming of cotton. Later, a naval air station was established in Goodyear and a subsidiary, Goodyear Aircraft (now Lockheed Martin), began manufacturing flight decks for Navy sea planes. The City has grown from a one-industry, agricultural-based community into a diversified manufacturing and service center for the far west valley area.

The City annexed 67 square miles south of its former southern boundary, which annexation expanded the City to approximately 190 square miles. The annexed area is expected to be primarily utilized in future years for residential land uses.

**TABLE A-1
POPULATION STATISTICS**

Year	City of Goodyear	Maricopa County	State of Arizona
2021 Estimate (a)	101,662	4,507,419	7,285,370
2020 Census	95,294	4,420,568	7,151,502
2010 Census	65,275	3,817,117	6,392,017
2000 Census	18,911	3,072,149	5,130,632
1990 Census	6,258	2,122,101	3,665,339

(a) Estimate as of July 1, 2021 (published December 2021).

Source: Arizona Office of Economic Opportunity and U.S. Census Bureau (2020, 2010, 2000 and 1990) – *Census of Population and Housing*.

Municipal Government Organization and Services

The City’s charter government provides for six Council Members and a Mayor elected at large. A Vice Mayor is elected by the Mayor and Council Members. Council Members serve four-year staggered terms and the Mayor serves a four-year term. The Mayor is limited to two four-year terms and Council Members are limited to three four-year terms. The City Manager, who is appointed by the City Council, is responsible for the overall operation and supervision of all governmental functions. The operations of City government are provided by a staff of approximately 706 employees.

The City, along with other private utilities, provides refuse collection and public safety (police and fire) to its residents. The City and Liberty Water Company provide water and sewer service to a majority of the City’s residents. Electricity is provided by Arizona Public Service Company, and natural gas is supplied by Southwest Gas Corporation.

The following are certain members of the administrative staff of the City:

Julie Karins, City Manager. Julie Karins was appointed City Manager in February 2018. Ms. Karins has more than 18 years local government experience and is a Credentialed City Manager (ICMA-CM) through the International City

Management Association. Prior to joining the City, Ms. Karins served as a deputy city manager for the City of Peoria, Arizona. She joined that organization in 2012 as the human resources director after 12 years with Yavapai County, Arizona, first as human resources director, and in 2007, as county administrator. Ms. Karins was an executive-level human resources professional in the private sector before transitioning to local government. Ms. Karins earned a Master's degree in public administration from Grand Canyon University and a Bachelor's degree in business management from Arizona State University. She was honored to attend the Senior Executives in Local Government Program at JFK School of Government at Harvard University, is a Certified Public Manager through Arizona State University and is a Senior Professional in Human Resources (SPHR) through the Society for Human Resources Management.

Doug Sandstrom, Finance Director. Mr. Sandstrom was appointed Finance Director in May 2016. Mr. Sandstrom previously served as the Finance Director for the City of Casa Grande, Arizona from 2013 to 2016, Administrative Services Director for the City of Show Low, Arizona from 2010 to 2013 and in various capacities for the City of Surprise, Arizona, from 1999 to 2009 including Budget/Grant Analyst, Budget Manager, Management & Budget Director and Assistant City Manager. Mr. Sandstrom has also served as Finance Director for the Town of Gila Bend, Arizona and as a Financial Analyst for the City of Rockford, Illinois. Mr. Sandstrom holds a Master's degree in public administration from the University of Wisconsin-Milwaukee and a Bachelor's degree in political science/economics from St. Cloud State University in Minnesota.

Economy

Historically agriculture was a major contributor to the City's economic base. Agriculture still plays a role in the City's economy, however, it no longer dominates the area's economy. Today much of the City's economy centers around the aerospace industry and retail services. Arizona's Airline Training Center and Lockheed Martin are located on the Phoenix-Goodyear Airport Campus. Industrial, commercial and residential developments have also become a significant part of the economy.

Goodyear Ballpark is the spring training and player development home of both of Ohio's Major League Baseball teams – the Cleveland Guardians and the Cincinnati Reds. The Cleveland Guardians started spring training in the City in 2009; the Cincinnati Reds started spring training in the City in 2010. Each team has a year-round presence in Arizona, through Spring Training, extended Spring Training, Rookie League, Fall Instructional League and rehabilitation of injured players at their training complexes. The teams' development complexes each include a 42,000 square foot clubhouse, six full-size practice fields, two infields, batting cages, pitching mounds, hitting tunnels and observation towers. Both teams have made Arizona their second home, and are actively engaged in the City and surrounding communities, participating in charity activities, youth sports programs and other events.

TABLE A-2 (a)
UNEMPLOYMENT RATE AVERAGES

Year	City of Goodyear	Maricopa County	State of Arizona	United States
2022 (b)	3.3%	3.0%	3.5%	3.7%
2021	4.5	4.5	4.9	5.4
2020	6.8	7.2	7.7	8.1
2019	4.4	4.2	4.9	3.7
2018	4.2	4.1	4.8	3.9

- (a) *This table includes restated data: Local Area Unemployment Statistics (“LAUS”) program data is intermittently revised to incorporate new population controls, updated inputs, re-estimation of models, and adjustment to new census division and national control totals.*
- (b) *Data is not seasonally adjusted, is preliminary and is an average through July 2022 for the National Unemployment rate; through July 2022 for LAUS data.*

Source: *Local Area Unemployment Statistics and National Labor Force Statistics, U.S. Department of Labor, Bureau of Labor Statistics. Data accessed September 1, 2022.*

A list of major employers located within the City is set forth in the following table.

TABLE A-3
MAJOR EMPLOYERS – CITY OF GOODYEAR, ARIZONA

Employer (a)	Product/Service	Approximate Employment
Amazon	Retail	4,165
United Parcel Service	Transportation & Distribution	1,852
Macy’s Inc.	Transportation & Distribution	1,550
Chewy	Transportation & Distribution	1,547
Abrazo Healthcare	Health Care	1,003
Cancer Treatment Center’s of America	Health Care	768
City of Goodyear	Government	706
Subzero Freezer Co.	Consumer Goods Manufacturing	693
Cavco Industries	Housing Construction	385
McLane Sunwest	Transportation & Distribution	375
AerSale	Aviation	358

- (a) Some of such employers or their parent companies are subject to the informational requirements of the Exchange Act and in accordance therewith file 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 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 the parent company that are not subject to same or similar informational reporting requirements.

Source: City of Goodyear Fiscal Year 2020/21 CAFR.

Construction

The following tables illustrate a building permit summary for residential and non-residential construction and new housing starts for the City. Values shown in thousands.

TABLE A-4
VALUE OF BUILDING PERMITS – CITY OF GOODYEAR, ARIZONA

Fiscal Year	Residential	Commercial and Industrial	Total
2022/23 (a)	\$ 62,575	\$101,428	\$ 164,004
2021/22	402,088	237,597	639,685
2020/21	655,377	295,009	950,386
2019/20	465,608	758,832	1,224,440
2018/19	284,955	250,906	535,861

(a) Partial year data through August 31, 2022.

Source: The City. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

TABLE A-5
NEW HOUSING STARTS – CITY OF GOODYEAR, ARIZONA

Fiscal Year	Total New Housing Starts
2022/23 (a)	174
2021/22	1,235
2020/21	2,062
2019/20	1,490
2018/19	1,230

(a) Partial year data through August 31, 2022.

Source: The City. The date of new housing starts is the date on which the permit is issued and is not to be construed as the date of construction.

Transportation

The City is readily accessible via ground and air transportation. Highway access is provided by County Highway 85, State Route 303 and Interstate 10. Other freeways, including State Route 101, Interstate 17 and Interstate 8 are readily accessible to the City. The City is approximately 25 miles from Phoenix Sky Harbor International Airport, which offers service from major airlines, commuter airlines and charter companies. The Phoenix-Goodyear Airport, located within the City is classified as a reliever airport to Phoenix Sky Harbor International Airport. The airport has an 8,500-foot lighted and paved runway and offers various airport-related facilities. The City is also served by the major bus companies and rail service is provided by the Union Pacific Railroad.

Education

Elementary and secondary education is provided to residents of the City by Mobile Elementary School District, Avondale Elementary School District, Liberty Elementary School District, Litchfield Elementary School District, Littleton Elementary School District, Buckeye Union High School District, Tolleson Union High School District and Agua Fria Union High School District. Post-secondary education is provided by the Maricopa County Community College District, which provides two-year and professional degrees through a number of facilities located throughout

the County and the greater Phoenix metropolitan area, including the campus of Estrella Mountain Community College located in the neighboring City of Avondale. Four-year degrees are attainable through Arizona State University located in Phoenix, Glendale, Mesa and Tempe, Grand Canyon University located in Phoenix and other universities located in the greater Phoenix metropolitan area that offer flexible class schedules to the working individuals of the County. Franklin Pierce University located in Goodyear offers doctorate programs through its College of Graduate and Professional Studies.

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[Closing Date]

District Board
Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona)

Re: Estrella Mountain Ranch Community Facilities District
(City of Goodyear, Arizona) Lucero Assessment District No. 2
Special Assessment Revenue Bonds, Series 2023

Honorable Board:

At your request we have examined the official proceedings leading to the issuance of \$4,429,000* aggregate principal amount of Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) Lucero Assessment District No. 2 Special Assessment Revenue Bonds, Series 2023 (the “Bonds”), dated [Closing Date], issued by the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “District”).

We have examined the law and such documents and matters as we have deemed necessary to render this opinion including, without limitation, Resolution EMRCFD RES 2022-____, passed and adopted by the Board of Directors of the District (the “District Board”) on December 12, 2022 (the “Resolution”). As to questions of fact material to our opinion we have relied upon, and assumed due and continuing compliance with the provisions of, the proceedings and other documents, and have relied upon certifications, covenants and representations furnished to us without undertaking to verify the same by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

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

1. The District is duly created and validly existing as a community facilities district and political subdivision of the State of Arizona with power to pass and adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly passed and adopted by the District Board and is valid and binding upon and enforceable against the District.
3. The Bonds and the proceedings leading to and including the issuance thereof are legal and constitute a valid and binding special assessment obligations of the District.
4. The Bonds are payable solely from the funds pledged pursuant to the Resolution and from payments of the unpaid assessments upon the real property within the boundaries of the District assessed for the improvements which have been validly levied.
5. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excludable from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code (as defined herein)) for the purpose of computing the

* Subject to change.

alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

GUST ROSENFELD P.L.C.

APPRAISAL

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

\$4,429,000*

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
LUCERO ASSESSMENT DISTRICT NO. 2
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

(CUSIP BASE NUMBER 29758R)

This Undertaking is executed and delivered by Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the “Issuer”) in connection with the issuance of the captioned municipal securities (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>.

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

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

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

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

* *Subject to change.*

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, 2024, 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 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 5 of the Official Statement, dated _____, 2023; provided, however, if there are no such delinquencies nothing need be included in the Annual Report.

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

(C) 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 after such audited financial statements become available, the audited financial statements shall be provided through EMMA within 30 days of receipt thereof by the District.**

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.

difficulties.

(iv) Unscheduled draws on credit enhancements reflecting financial

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

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

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

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

(ix) Defeasances.

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

(xi) Rating changes.

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

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

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

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

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

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

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

(c) **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]

ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT (CITY OF GOODYEAR,
ARIZONA)

By.....
Chairperson, Board of Directors

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

APPENDIX G

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**