



## District Board Meeting Agenda

Pursuant to A.R.S. § 38-431.02 notice is hereby given to the public that the District Board of the Rancho Community Facilities District will hold a meeting at the date and time specified below at the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ. Members of the Rancho Sahuarita District Board will attend either in person or by telephone conference call.

To better serve our community, the Council Chambers is wheelchair accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the District Clerk's Office at 520-822-8801. Requests should be made no later than three (3) working days prior to the meeting to arrange the accommodation.

**June 26, 2017  
REGULAR MEETING AGENDA  
AT OR AFTER 6:30 P.M.**

- 1. Roll Call**
- 2. Call to the Public**

*At this time, any member of the public is invited to address the District Board on any issue which is on tonight's Agenda or any issue which the District Board can lawfully act upon at a future meeting. Written comments regarding any item on the agenda or any issue which the District Board can lawfully act upon may be submitted prior to the beginning of the meeting for distribution to the District Board. Pursuant to the Arizona Open Meeting Laws, the District Board may not discuss the items, but individual members of the District Board may respond to criticism made by those who have addressed the District Board, may ask staff to review the matter, or may ask that the matter be placed on a future agenda.*

- 3. Consent Agenda**

Action recommended: approve the consent agenda recommendations.

- A. Approval of the November 14, 2016 Rancho Sahuarita Community Facilities District Meeting Minutes and the June 12, 2017 Rancho Sahuarita Community Facilities District Meeting Minutes.**

- 4. Public hearing on feasibility report for certain public infrastructure to be constructed or acquired by the district.**

Action recommended: conduct the public hearing.

- 5. Consideration and possible adoption of Resolution No. 2017-0009 approving a feasibility report and the public infrastructure described therein; authorizing the sale and issuance of not to exceed \$7,800,000 aggregate principal amount of general obligation bonds, series 2017; approving the form and authorizing the execution and delivery of a first amendment to district development, financing participation and intergovernmental agreement, a series 2017 standby contribution agreement, a series 2017 depository agreement, a series 2017 indenture of trust and security**

agreement, and certain other documents; awarding the bonds to the purchaser thereof; delegating the determination of certain terms of the bonds and matters related thereto to the district manager and authorizing the subsequent levying of an ad valorem property tax with respect to the bonds.

Action recommended: adopt the resolution.

6. **Public Hearing and possible adoption of Resolution No. 2017-0008, approving a final budget for Fiscal Year 2018 in the amount of \$7,699,060, pursuant to Section 48-716, Arizona Revised Statutes, as amended; ordering that an ad valorem tax be fixed, levied and assessed on the assessed value of all the real and personal property within the boundaries of the District in amounts specified in the filed statements and estimates; providing for certified copies of this resolution and order to be delivered to the Pima County Board of Supervisors and the Arizona Department of Revenue; and providing that this resolution shall be effective after its passage and approval according to law.**

Action recommended: adopt the resolution.

#### 7. Adjournment

*Action may be taken by the District Board on any item listed on this agenda. The District Board may vote to go into executive session pursuant to A.R.S. § 38-431.03 (A) (3) for discussion or consultation for legal advice with the District Counsel concerning any matter listed on this agenda.*





## District Board Agenda Communication

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**TO:** Honorable Chairperson and District Board  
**FROM:** Lisa Cole, District Clerk  
**MEETING DATE:** June 26, 2017  
**SUBJECT:** Approval of the November 14, 2016 Rancho Sahuarita Community Facilities District Meeting Minutes and the June 12, 2017 Rancho Sahuarita Community Facilities District Meeting Minutes.

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### FINANCIAL / BUDGET SUMMARY

None.

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### STAFF RECOMMENDATION

Staff recommends approval of the attached minutes.

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### SUGGESTED MOTION

I move to approve the minutes as submitted or amended.

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### DISCUSSION

Draft minutes submitted for District Board approval.

### ATTACHMENTS

1. November 14, 2016 Draft Minutes
2. June 12, 2017 Draft Minutes



## DISTRICT BOARD MEETING MINUTES

### RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT MEETING MINUTES November 14, 2016

The District Board of the Rancho Sahuarita Community Facilities District met in the Town Hall Council Chambers, 375 West Sahuarita Center Way, Sahuarita, Arizona on Monday, November 14, 2016.

#### 1. Call to Order

Chairperson Blumberg called the meeting to order at approximately 6:35 p.m.

#### 2. Roll Call

**PRESENT:** District Board Members Melissa Hicks, Gil Lusk, Tom Murphy, Lynne Skelton, Vice Chairperson Bill Bracco and Chairperson Duane Blumberg

**ABSENT:** Board Member Kara Egbert

**ALSO**

**PRESENT:** District Manager L. Kelly Udall, District Counsel Daniel J. Hochuli, and District Clerk Lisa Cole

#### 3. Call to the Public

There were no speakers.

#### 4. Consent Agenda

**A. Approval of the October 10, 2016 Regular Meeting Minutes.**

**B. Approval of Amendment No. One (1) to Cooperative Purchasing Contract No. 170030 with EPS Group, Inc. for Rancho Sahuarita Community Facilities District Engineer Services, correcting an error amending the rates of the contract, effective November 15, 2016.**

**MOTION** was made by Board Member Skelton, seconded by Board Member Lusk, to approve the consent agenda. **MOTION CARRIED UNANIMOUSLY.** (Board Member Kara Egbert was absent).

#### 5. Adjournment

Chairperson Blumberg adjourned the meeting at approximately 6:36 p.m.

\_\_\_\_\_  
Chairperson Duane Blumberg

ATTEST:

\_\_\_\_\_  
Lisa Cole, MMC  
District Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Meeting of the District Board of the Rancho Sahuarita Community Facilities District held on the 14th day of November, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26<sup>th</sup> day of June, 2017.

\_\_\_\_\_  
Lisa Cole, MMC  
District Clerk  
LC:lv

DRAFT

Attachment: November 14, 2016 Draft Minutes (1391 : Approval of Minutes)



## District Board Meeting Minutes

### RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT MEETING MINUTES JUNE 12, 2017

The District Board of the Rancho Sahuarita Community Facilities District met in the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ on June 12, 2017.

**1. Call to Order**

The meeting was called to order at 6:35 p.m. by Chairperson Tom Murphy.

**2. Roll Call**

Attendee Name	Title	Status	Arrived
Tom Murphy	Chairperson	Present	
Melissa Hicks	Vice Chairperson	Present	
Duane Blumberg	Board Member	Present	
Bill Bracco	Board Member	Present	
Kara Egbert	Board Member	Remote	
Gil Lusk	Board Member	Present	
Lynne Skelton	Board Member	Present	

Board Member Egbert participated by phone.

Also in attendance were District Manager L. Kelly Udall, District Counsel Dan Hochuli, District Treasurer A.C. Marriotti and District Clerk Lisa Cole.

**3. Call to the Public**

There were no speakers.

**4. Consent Agenda**

**MOTION** was made to approve the consent agenda recommendations.

<b>RESULT:</b>	<b>APPROVED [UNANIMOUS]</b>
<b>MOVER:</b>	Duane Blumberg, Board Member
<b>SECONDER:</b>	Bill Bracco, Board Member
<b>AYES:</b>	Murphy, Hicks, Blumberg, Bracco, Egbert, Lusk, Skelton

- A. Approval of the June 13, 2016 Rancho Sahuarita Community Facilities District Meeting Minutes and the May 22, 2017 Rancho Sahuarita Community Facilities District Executive Session (Public Portion) Meeting Minutes.**

Attachment: June 12, 2017 Draft Minutes (1391 : Approval of Minutes)

- 5. **Presentation and possible adoption of Resolution No. 2017-0007, approving a tentative budget for fiscal year 2018 in the amount of \$7,699,060 pursuant to Section 48-716, Arizona Revised Statutes, as amended; setting a public hearing date on said tentative budget; filing statements and estimates of the operation and maintenance expenses of the district, the costs of capital improvements to be financed by the approved ad valorem tax levy, and the amount of all other expenditures for public infrastructure and enhanced municipal services proposed to be paid from the tax levy and of the amount to be raised to pay general obligation bonds of the district, all of which shall be provided for by the levy and collection of ad valorem taxes on the assessed value of all the real and personal property in the district; providing for notice of filing the statements and estimates and notice of a public hearing on the portions of the statements and estimates not relating to debt service on general obligation bonds; and providing that this resolution shall be effective after its passage and approval according to law.**

A.C. Marriotti, District Treasurer, reviewed the tentative budget for fiscal year 2018 in the amount of \$7,699,060.

A copy of the presentation was distributed during the meeting.

**MOTION** was made to adopt Resolution No. 2017-0007.

<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Duane Blumberg, Board Member
<b>SECONDER:</b>	Gil Lusk, Board Member
<b>AYES:</b>	Murphy, Hicks, Blumberg, Bracco, Egbert, Lusk, Skelton

6. **Adjournment**

Chairperson Tom Murphy adjourned the meeting at 6:45 p.m.

\_\_\_\_\_  
Chairperson Tom Murphy

ATTEST:

\_\_\_\_\_  
Lisa Cole, MMC  
District Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Meeting of the District Board of the Rancho Sahuarita Community Facilities District held on the 12<sup>th</sup> day of June 2017. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26<sup>th</sup> day of June, 2017.

\_\_\_\_\_  
Lisa Cole, MMC  
District Clerk

Attachment: June 12, 2017 Draft Minutes (1391 : Approval of Minutes)



## District Board Agenda Communication

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**TO:** Honorable Chairperson and District Board  
**FROM:** A.C. Marriotti, District Treasurer  
**MEETING DATE:** June 26, 2017  
**SUBJECT:** Public hearing on feasibility report for certain public infrastructure to be constructed or acquired by the district.

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### FINANCIAL / BUDGET SUMMARY

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### STAFF RECOMMENDATION

### SUGGESTED MOTION

### DISCUSSION



## District Board Agenda Communication

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**TO:** Honorable Chairperson and District Board

**FROM:** A.C. Marriotti, District Treasurer

**MEETING DATE:** June 26, 2017

**SUBJECT:** Consideration and possible adoption of Resolution No. 2017-0009 approving a feasibility report and the public infrastructure described therein; authorizing the sale and issuance of not to exceed \$7,800,000 aggregate principal amount of general obligation bonds, series 2017; approving the form and authorizing the execution and delivery of a first amendment to district development, financing participation and intergovernmental agreement, a series 2017 standby contribution agreement, a series 2017 depository agreement, a series 2017 indenture of trust and security agreement, and certain other documents; awarding the bonds to the purchaser thereof; delegating the determination of certain terms of the bonds and matters related thereto to the district manager and authorizing the subsequent levying of an ad valorem property tax with respect to the bonds.

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### FINANCIAL / BUDGET SUMMARY

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### STAFF RECOMMENDATION

Approve Resolution No. 2017-0009.

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### SUGGESTED MOTION

I move to approve Resolution No. 2017-0009.

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### DISCUSSION

ADDITIONAL INFORMATION WILL BE PROVIDED WHEN AVAILABLE.

**Lisa Cole**

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**From:** Daniel Hochuli  
**Sent:** Thursday, June 22, 2017 2:19 PM  
**To:** Mayor and Council  
**Cc:** Kelly Udall; A.C. Marriotti; Lisa Cole  
**Subject:** Rancho Sahuarita CFD Packet Materials  
**Attachments:** Feasibility Report Rancho Sahuarita CFD ec 6-14-17.pdf; 332447190\_v 3\_FIRST AMENDMENT TO DISTRICT DEVELOPMENT AGREEMENT-Rancho Sahuarita.pdf

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Mayor & Council

As you know, Monday's Rancho Sahuarita CFD agendas reflect an executive session, a public hearing, and Board discussion of various items. The developer has notified staff that it is no longer willing to consent to the anticipated first bond issuance. Prior to the withdrawal of consent, your staff prepared various documents, including a Feasibility Report (the subject of the public hearing and Board discussion), and the First Amendment to the CFD Development Agreement (the subject of the Executive Session and Board discussion).

I have recommended that, since the Board advertised official notice of the Public Hearing, that the Board still conduct the Public Hearing, in case anyone wishes to address the Board. Since that item and the First Amendment to Development Agreement will still be the subject of discussion, I am providing you with copies of both documents. Note that these are only drafts, and were never finalized. Furthermore, they are not approved by the developer, so they should not be adopted. I am providing them for informational purposes only.

For the purposes of possible discussion, I suggest you focus on Section Two, which is on pages 3 and 4. That lists the infrastructure that the developer had proposed to be acquired with CFD funds. On the First Amendment to DA, I suggest you look at Section 2.4, which deals with the park that the Developer had proposed.

If you have any questions about any of this, feel free to contact me.

Thanks.  
Dan

**NOTICE: Your email is subject to disclosure under Arizona's Public Records Laws and is not privileged or confidential except to the extent it contains attorney/client privileged material, or is otherwise exempt from disclosure.**

◆ ◆ ◆ ◆  
**Daniel J. Hochuli, Esq.**  
Town Attorney  
Town of Sahuarita, Arizona

◆ ◆ ◆ ◆  
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375 W. Sahuarita Center Way  
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**FEASIBILITY REPORT**  
**For the Issuance of**  
**Not to Exceed \$8,000,000 Principal Amount**  
**OF**  
**RANCHO SAHUARITA**  
**COMMUNITY FACILITIES DISTRICT**  
**(SAHUARITA, ARIZONA)**  
**GENERAL OBLIGATION BONDS,**  
**SERIES 2017**

**Submitted**  
**June 15, 2017**

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## **SECTION ONE**

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

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#### **INTRODUCTION**

This Feasibility Report (this "Report") was prepared for the Board of Directors of the Rancho Sahuarita Community Facilities District (the "District") in connection with the issuance by the District of its General Obligation Bonds, Series 2017 (the "Series 2017 Bonds") in an aggregate principal amount of not to exceed \$8,000,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes, specifically in accordance with the provisions of Section 48-715, Arizona Revised Statutes ("A.R.S.") with respect to the feasibility and benefits of certain "public infrastructure" (as defined in A.R.S. 48-701) described herein (the "Public Infrastructure") and the plan for financing the costs of the Public Infrastructure with proceeds from the Series 2017 Bonds.

Pursuant to an election held August 12, 2014, the District is authorized to issue not to exceed \$60,000,000 in principal amount of general obligation bonds. The Town of Sahuarita, Arizona (the "Town"), the District, Interchange Opportunity Fund L.L.P. and Rancho Sahuarita Management Company, L.L.C. (the "Developer") and other parties entered into the District Development, Financing Participation and Intergovernmental Agreement, dated as of April 1, 2014, as amended by a First Amendment to District Development, Financing Participation and Intergovernmental Agreement, to be dated as of July 1, 2017 (as so amended, the "Development Agreement"), which provides for the financing of the costs of certain portions of the public infrastructure necessary for the development of an approximately 3,089 acre master-planned development comprised of residential, commercial and recreational uses, which is located entirely within the boundaries of the Town (the "Development"), being developed by the Developer.

#### **PURPOSE OF FEASIBILITY REPORT**

Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be acquired [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and area to be benefited by the Public Infrastructure [Section Three]; (iii) an estimate of the costs to acquire, and the estimated schedule of completion, the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Series 2017 Bonds. This Report does not attempt to address the quality of the Series 2017 Bonds as investments or the likelihood of repayment of the Series 2017 Bonds.

## **GENERAL DESCRIPTION OF DEVELOPMENT AND DISTRICT**

The Development is located in the northern portion of the Town, on the eastern and western boundaries of Interstate 19, approximately 10 miles south of Tucson, and approximately 12 miles south of Tucson International Airport. The approximate Development boundaries are bounded by the community of Valle Verde Del Norte to the south, Pima Mine Road to the north, Farmers Investment Company's pecan groves to the east and American Smelting and Refining Company's mine tailings to the west.

Not all of the Development is contained within the boundaries of the District. The land within the District represents only approximately 943 acres of the overall Development (the "Property").

The District was created to finance the construction and/or acquisition of certain public infrastructure including Public Infrastructure which relates to the development of portions of the Property being developed by the Developer. The Property has been entitled for the development of residential single family homes, multi-family homes, commercial, industrial and mixed use development. Upon build out, it is anticipated that the District will include over 3,250 single family units over approximately 738 acres and approximately 1.25 million square feet of commercial (retail, office, multi-family, industrial and other mixed use) and/or industrial gross leasable area over approximately 140 acres. The balance of acreage in the District will be roadways, rights-of-way, open space, and parks.

See Table One in Section Five for a current estimated absorption schedule for the District. A map of the District is included in Section and a legal description depicting the boundaries of the District is included in Appendix A.

## SECTION TWO

### DESCRIPTION OF COST OF PUBLIC INFRASTRUCTURE

#### **1A: Avenida Mitla Ph. 1 Road Improvements**

~1,100 linear feet west and north of Rancho Sahuarita Blvd. at Avenida Mitla Rd. including: improvement costs for the grading/retaining walls, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, landscaping, public sewer improvements, curb cuts to access adjacent parcels, and required regulatory signage. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

#### **1B: Placita Fara Road Improvements**

~180 linear feet west of La Villita Rd., approximately one-quarter mile north of Sahuarita Rd. and west of La Villita Rd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, northbound left-turn lane into the Entrada la Villita subdivision, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete arch structure including decorative masonry columns and steel railing, landscape improvements, public sewer improvements, required regulatory signage. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

#### **1C: Calle Las Tunas/Rancho Sahuarita Blvd. Crosswalk**

To facilitate pedestrian crossing on Rancho Sahuarita Blvd. at Calle Las Tunas/Avenida Mitla including: regulatory signage, dusk to dawn lighting improvements, crosswalk striping, and median improvements. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

#### **1D: Avenida Mitla Ph. 2 Road Improvements**

~1,800 linear feet north of Rancho Sahuarita Blvd. extending Avenida Mitla Rd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, the extension of two concrete arch structures including decorative masonry columns and steel railing, landscaping, public sewer improvements, curb cuts to access adjacent parcels, and required regulatory signage. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

#### **1E: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 7A)**

~1,800 lineal feet south of Sahuarita Road Including: improvement costs for the grading, subgrade material, four-lane roadway section surface pavement, curbs, 8' sidewalks including handicap ramps on both sides of roadway, drainage facilities, three (3) concrete arch structures including decorative masonry columns and steel railing, median and curb to sidewalk landscaping, public sewer improvements, conduit for future fully signalized traffic light

intersection at the future Sahuarita Center Way intersection, curb cuts to access both future commercial and residential projects, required regulatory signage. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

**1F: Traffic Calming Watch Post**

Traffic calming hardscape improvements placed in the median of Rancho Sahuarita Blvd. (~Sta.15+00). Shall also include costs concerning the engineering and architectural design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

**1G: Sahuarita Center Way Phase 1 “T” Road Improvements**

~420 linear feet east of Rancho Sahuarita Blvd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, landscaping, public sewer improvements, and required regulatory signage. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

**1H: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 7B)**

~700 lineal feet south of Phase 7A Rancho Sahuarita Blvd. Road Improvements including: improvement costs for the grading, subgrade material, surface pavement, curbs, 8’ sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, median and curb to sidewalk landscaping, public sewer improvements, curb cuts to access adjacent parcels, and required regulatory signage. Shall also include costs concerning the engineering design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

**1I: Public Park**

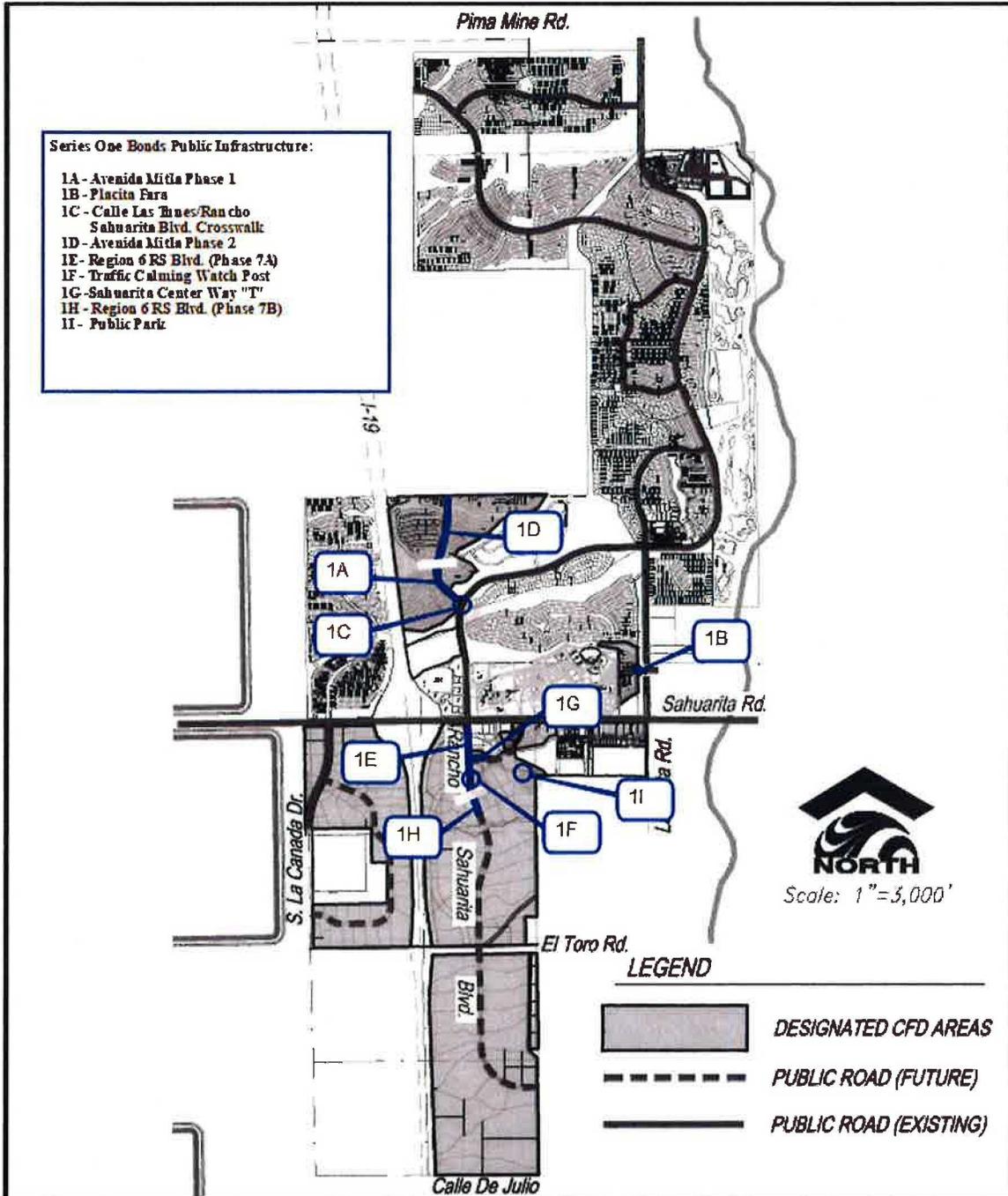
In addition to utilizing a portion of the Sahuarita Unified School District dedicated property, the park shall include the acquisition of up to 2 acres at \$100,000 per acre, up to two shaded tot-lots with play equipment, a performing arts pavilion that will include a splash pad, terraced lawn (either grass or artificial turf), stage, restroom facility, and parking, one concrete arch structure including decorative masonry columns and steel railing, pedestrian footbridge and trails, drainage improvements, landscaping and hardscaping. It shall also include costs concerning the engineering and landscape design, survey, construction observation, material testing, applicable State and municipal fees, associated with the project.

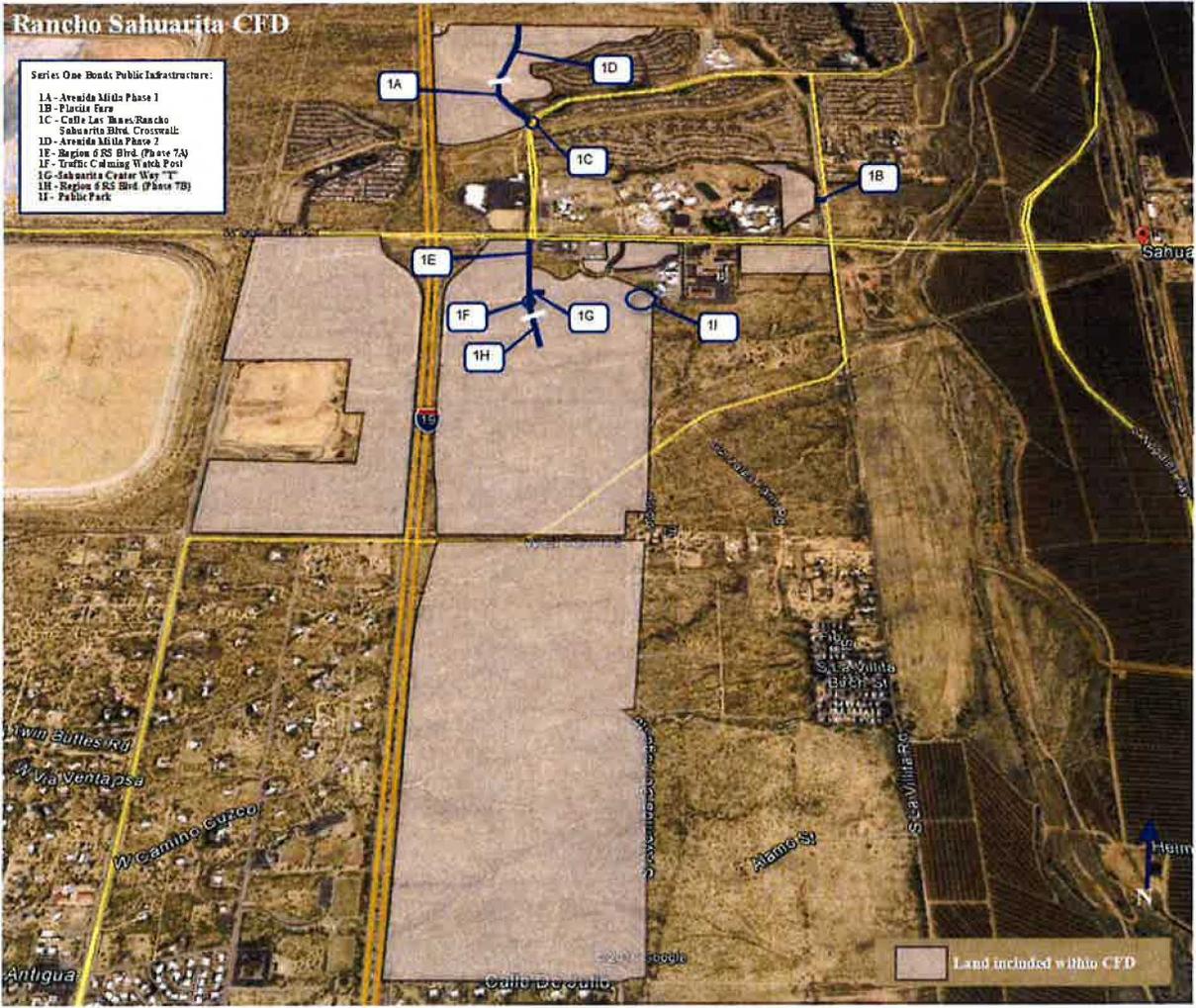
**SECTION THREE**

**MAPS SHOWING  
LOCATION OF PUBLIC INFRASTRUCTURE AND  
AREA TO BE BENEFITED**

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**See maps on following page.**





## SECTION FOUR

### ESTIMATE OF COST AND SCHEDULE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

Listed below are estimated costs of site acquisition, design and construction and the anticipated dates for completion of the construction of the Public Infrastructure. The Developer will pay additional costs necessary to complete construction of the Public Infrastructure.

Upon acquisition by the District, the District will dedicate or otherwise transfer all portions of the Public Infrastructure to the Town for on-going operations and maintenance as outlined in the CFD Development Agreement. The District has levied an operations and maintenance tax of \$0.30 per \$100 of limited assessed valuation to fund the costs of the expenses thereof as outlined in the CFD Development Agreement.

<b>Description</b>	<b>Estimated Cost <sup>(a)</sup></b>	<b>Estimated Completion Date <sup>(a)</sup></b>
1A: Avenida Ph. 1 Road Improvements	\$970,000	August 2017
1B: Placita Fara Road Improvements	550,000	August 2017
1C: Calle Las Tunas/Rancho Sahuarita Blvd. Crosswalk	95,000	May 2017
1D: Avenida Mitla Ph. 2 Road Improvements	1,200,000	July 2018
1E: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 7A)	1,700,000	July 2018
1F: Traffic Calming Watch Post	100,000	July 2018
1G: Sahuarita Center Way Phase 1 "T" Road Improvements	570,000	July 2018
1H: Region 6 Rancho Sahuarita Blvd. Road Improvement (Phase 7B)	1,030,000	July 2018
1I: Public Park	1,035,000	August 2018
<b>TOTAL</b>	<b>\$7,250,000</b>	

<sup>(a)</sup> Costs for the Public Infrastructure and Completion Dates are estimated and once under contract are subject to change due to change orders and unforeseen events.

<sup>(b)</sup> These will be constructed pursuant to joint development agreements with the Town and other developers. Amounts reflect proportionate share for the Public Infrastructure under those agreements.

## **SECTION FIVE**

### **PLAN OF FINANCE**

The acquisition of the Public Infrastructure will be financed by the District as described in the Plan of Finance below.

#### **Existing and Future Debt.**

The District is authorized to issue not to exceed \$60,000,000 in principal amount of general obligation bonds.

#### **The Series 2017 Bonds.**

The Series 2017 Bonds will be issued to finance the construction and/or acquisition of the Public Infrastructure. The Series 2017 Bonds mature on July 15, 2042 and will be structured such that the total debt service will be approximately level. (See Table Two for the debt service requirements on the Series 2017 Bonds).

#### **Target Tax Rate, Standby Contribution Agreement and Depository Agreement.**

Any general obligation bonds of the District are, by law, to be paid from a property tax which is unlimited as to rate and amount. The Development Agreement establishes a "target" tax rate of \$4.69 per \$100 of limited property value.

Given that the existing and short term future tax base of the District will be insufficient to support aggregate debt service given the District's target tax rate, the Developer, pursuant to a Standby Contribution Agreement, is obligated to pay amounts necessary to maintain \$4.69 tax rate given the then current tax base and the debt service requirements of the Series 2017 Bonds. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Series 2017 Bonds, subject to termination if certain conditions are met, principally that the \$4.69 tax rate alone is sufficient to provide for maximum annual debt service of the Bonds for a period of time provided in the Standby Contribution Agreement.

As additional security for the Series 2017 Bonds, the Developer will deposit with a depository pursuant to a Depository Agreement, for the benefit of the District, a standby letter of credit equal to three times the maximum annual debt service of the Series 2017 Bonds. If amounts are not available pursuant to the Standby Contribution Agreement pursuant to its terms or if such letter of credit is not timely renewed before its expiration, such depository will be obligated to draw upon such letter of credit in the full amount thereof. Once drawn upon, the proceeds of such letter of credit will be held and disbursed as a cash deposit pursuant to the terms of the Depository Agreement, and will not be subject to reinstatement. The letter of credit held pursuant to the Depository Agreement is subject to reductions and may be released to the Developer under circumstances similar to those in the Standby Contribution Agreement, principally that the \$4.69 tax rate alone is sufficient to provide for maximum annual debt service of the Bonds for a period of time provided in the Depository Agreement.

Once amounts available from the Standby Contribution Agreement and the Depository Agreement are exhausted, the tax rate would, if necessary, have to be increased to pay debt service on the Series 2017 Bonds.

**Homeowner’s Obligation and Disclosure of Property Tax Payments.**

At the \$4.69 target tax rate, assuming an average market value of \$250,000, the initial fiscal year taxes for the Series 2017 Bonds would equal approximately \$55 per month or \$660 annually. Subsequent year taxes for each property owner will depend upon the taxable value established by the County Assessor’s office (limited to 5% annual growth on existing properties) applied to the \$4.69 per \$100 of net assessed property value.

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report.

In addition to the foregoing minimum requirement, the Developer proposes a more comprehensive program of homebuyer disclosure for initial homebuyers:

First, all sales contracts between the Developer and homebuilders that purchase from the Developer will include a provision that states that the homebuilder agrees to comply with the disclosure requirements of State law referenced above, plus the additional requirements which follow.

Second, general marketing materials used by the Developer related to the development of the Project will reference the District.

Third, each homebuyer that purchases a home from a homebuilder described in the first item above will sign a Rancho Sahuarita Community Facilities District Disclosure Statement detailing the existence of the District and its financial impact on ownership of the home.

Fourth, receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy kept on file with the Town Clerk.

**Sources and Uses of Funds.**

The sources and uses of funds of the Series 2017 Bonds are shown below.

<b>SOURCES OF FUNDS</b>	
Par Amount of Bonds	\$8,000,000
	<u>TOTAL SOURCES</u> <u>\$8,000,000</u>
<b>USES OF FUNDS</b>	
Costs of Public Infrastructure	\$7,250,000
Costs of Issuance	<u>750,000</u>
	<u>TOTAL USES</u> <u>\$8,000,000</u>

**TABLE ONE****RANCHO SAHUARITA PROJECTED HOME CLOSING SCHEDULE <sup>1</sup>**

<u>Calendar Year Ending</u>	<u>Units</u>	<u>Cumulative Units</u>
2017	12	12
2018	172	184
2019	335	519
2020	280	799
2021	30	829

Source: The Developer

<sup>1</sup> Series 2017 Bond Public Infrastructure improvements include Public Infrastructure necessary for home construction/sales. Home Closing Schedule Unit count is based upon the number of units that will be available for sale as a result of the Series 2017 Public Infrastructure improvements and reflects a portion of the overall anticipated 3,200 Units within the District upon build out. Subsequent bond issuance(s) are necessary to support additional Public Infrastructure improvements needed to open up additional units for construction/sale as contemplated within the District. Home sales absorption is estimated at 4 Units/month per lot size segment per neighborhood.

**TABLE TWO**

**RANCHO SAHUARITA COMMUNITY FACIITEIS DISTRICT (SAHUARITA, ARIZONA)**

*Estimated Debt Service Requirements and Estimated Projected Impact on the Bond Tax Rate*

Fiscal Year	Total/ Projected Net Limited Assessed Valuation (a)(b)	\$8,000,000 General Obligation Bonds, Series 2017 Bonds Dated: 7/18/2017			Estimated Shortfall (c)	Estimated Bond Tax Rate (d)
		Principal	Estimated Interest at 5.0%	Est. Debt Service		
2016/17	\$766,533					
2017/18	818,856		\$396,667	\$396,667	\$360,183	\$4.69
2018/19	867,985		400,000	400,000	361,327	4.69
2019/20	2,449,909	\$195,000	400,000	595,000	485,844	4.69
2020/21	6,407,299	205,000	390,250	595,250	309,773	4.69
2021/22	10,403,060	215,000	380,000	595,000	131,492	4.69
2022/23	11,965,076	225,000	369,250	594,250	61,146	4.69
2023/24	12,429,638	235,000	358,000	593,000	39,197	4.69
2024/25	12,912,783	245,000	346,250	591,250	15,921	4.69
2025/26	13,415,254	260,000	334,000	594,000		4.66
2026/27	13,937,824	270,000	321,000	591,000		4.46
2027/28	14,481,296	285,000	307,500	592,500		4.31
2028/29	15,046,508	300,000	293,250	593,250		4.15
2029/30	15,634,327	315,000	278,250	593,250		3.99
2030/31	16,245,660	330,000	262,500	592,500		3.84
2031/32	16,881,446	345,000	246,000	591,000		3.69
2032/33	17,542,663	365,000	228,750	593,750		3.56
2033/34	18,230,329	380,000	210,500	590,500		3.41
2034/35	18,945,502	400,000	191,500	591,500		3.29
2035/36	19,689,281	420,000	171,500	591,500		3.16
2036/37	20,462,812	440,000	150,500	590,500		3.04
2037/38	21,267,284	465,000	128,500	593,500		2.94
2038/39	22,103,934	490,000	105,250	595,250		2.83
2039/40	22,974,051	510,000	80,750	590,750		2.71
2040/41	23,878,973	540,000	55,250	595,250		2.62
2041/42	24,820,091	565,000	28,250	593,250		2.52
		\$8,000,000				

- (a) Fiscal year 2016/17 is actual, fiscal year 2017/18 is preliminary, provided by the Assessor of the County.
- (b) Projected homes and estimated home prices provided by the Developer.
- (c) Estimated shortfall to be contributed.
- (d) Assumes District levies \$4.69 for the Series 2017 Bonds. Tax rates are per \$100 of net limited assessed property. Subsequent years are estimates and include a 5% delinquency factor, but do not include arbitrage rebate payments or earnings (if any) and are subject to change.

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**APPENDIX A**

**LEGAL DESCRIPTION**

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**Parcel 1:**

Lots 1-564 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada Del Rio recorded in Book 61 at Page 36 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

**Parcel 2:**

Lots 1-74 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada La Villita recorded in Book 62 at Page 14 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

**Parcel 3:**

Block 36B recorded in Book 48 at Page 30 of Record of Surveys in the office of the Recorder, a County, Arizona as more particularly described as follows:

DESCRIPTION of a parcel of land, being a portion of Block 36, per the plat of Rancho Sahuarita, as recorded in Book 52 of Maps & Plats, Page 77 in the office of the Pima County Recorder, Pima County, Arizona, said parcel being located in Section 13, Township 17 South, Range 13 East, Gila and Salt River Meridian.

Said parcel being more fully described as follows:

COMMENCING at the North Quarter Corner of said Section 13, being a found brass stern, from which the Northwest corner of said section bears North 89°38'30" West a distance of 2600.43 feet;

Thence, along the north line of said section, North 89°38'30" West a distance of 1274.83 feet;

Thence, departing said line South 00°0'00" East a distance of 75.00 feet to a point on the south right-of-way line of Sahuarita Road said point being the **TRUE POINT OF BEGINNING**.

Thence, along said right-of-way, South 89°38'30" East a distance of 1232.75 feet to a point on the west right-of-way line of La Villita Road;

Thence, along said right-of-way, South 00°55'39" East a distance of 551.45 feet;

Thence, departing said right-of-way, North 89°38'30" West a distance of 1251.68 feet;

Thence, North 00°00'00" West a distance of 161.32 feet;

Thence, South 89°38'30" East a distance of 10.00 feet;

Thence, North 00°00'00" West a distance of 390.00 feet to the **TRUE POINT OF BEGINNING**.

**Parcel 4:**

Block 37C as recorded in Book 78 at Page 01 of Record of Surveys in the office of the Recorder, Pima County, Arizona.

**Parcel 5:**

Blocks 38, 39 and 40 as recorded in Book 78 at Page 1 of Record of Surveys in the office of the Recorder, Pima County, Arizona together with Blocks 41, 42, 43, 44, 46, 47, 48, 49, 50, 51 and 53, together with Common Area 'B' and Common Area 'C' adjacent to these Blocks, excluding any and all well, booster sites and any property

condemned by Pima County on Block 48 described below, as recorded in Book 52 at Page 77 of Maps and Plats, in the office of the Pima County Recorder, Pima County, Arizona.

**EXCLUDING THAT PORTION OF BLOCK 48 DESCRIBED AS FOLLOWS:**

A portion of Section 14, Township 17 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

The south 150.00 feet of the southwest quarter of the northwest quarter, except the west 75.00 feet;

The south 150.00 feet of the west 150.00 feet of the southeast quarter of the northwest quarter;

The west 150.00 feet of the northwest quarter of the northeast quarter of southwest quarter, except the south 200.00 feet;

The west 150.00 feet of the south 200.00 feet of the northwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the southwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the north 300.00 feet of the northwest quarter of the southeast quarter of southwest quarter;

The north 300.00 feet of the southwest quarter of the southwest quarter except the west 75.00 feet;

**ALSO EXCLUDING A PORTION OF BLOCK 48** including that portion of La Cañada Road Public Right of Way conveyed to the Town of Sahuarita in Docket 13534 at Page 1804, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of Rancho Sahuarita Blocks 47a and 47b as recorded in Book 24 of Surveys at Page 100 and a portion of Rancho Sahuarita Block 48 as recorded in Book 52 of Maps and Plats at Page 77, records of Pima County, Arizona. Reference herein noted to the La Cañada Drive Phase III Monument Study as recorded in Book 67 of Surveys at Page 76, and lying within Section 14, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

**COMMENCING** at the one-quarter corner between Section 14 and Section 15 of said Township, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet as shown in said La Cañada Drive Phase III Monument Study;

**THENCE** upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 160.44 feet;

**THENCE** leaving said section line, North 89 degrees 13 minutes 05 seconds East a distance of 74.96 feet to the east right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

**THENCE** upon said east right-of-way line, North 00 degrees 46 minutes 37 seconds West a distance of 756.97 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 68 degrees 21 minutes 36 seconds East;

**THENCE** northeasterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 03 degrees 34 minutes 28 seconds for an arc distance of 123.83 feet;

**THENCE** North 25 degrees 12 minutes 52 seconds East a distance of 250.42 feet to a point of curvature;

**THENCE** northeasterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 833.31 feet;

**THENCE** North 00 degrees 48 minutes 17 seconds West a distance of 476.68 feet to a point of curvature;

THENCE northwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 90 degrees 04 minutes 19 seconds for an arc distance of 39.30 feet to the south right-of-way line of Helmet Peak - Sahuarita Road as shown in Book 8 of Road Maps at Page 97, from which the northwest corner of said property described in Docket 11139 at Page 306 bears South 89 degrees 07 minutes 24 seconds West, a distance of 321.00 feet;

THENCE upon said south right-of-way line, North 89 degrees 07 minutes 24 seconds East, a distance of 200.00 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 00 degrees 52 minutes 36 seconds East;

THENCE southwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 89 degrees 55 minutes 41 seconds for an arc distance of 39.24 feet;

THENCE South 00 degrees 48 minutes 17 seconds East, a distance of 476.93 feet to a point of curvature;

THENCE southwesterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 901.43 feet;

THENCE South 25 degrees 12 minutes 52 seconds West, a distance of 250.42 feet to a point of curvature;

THENCE southwesterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 25 degrees 59 minutes 29 seconds for an arc distance of 832.42 feet to the **POINT OF BEGINNING**.

TOGETHER WITH A PORTION OF PUBLIC RIGHT OF WAY including that portion of the former La Cañada Road Public Right of Way to be abandoned, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of La Cañada Drive as shown in Book 9 of Road Maps at Page 75 and lying in Sections 14 and 15, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between said Sections 14 and 15, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 171.83 feet;

THENCE leaving said section line, South 89 degrees 13 minutes 05 seconds West a distance of 75.00 feet to the west right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said west right-of-way line, North 00 degrees 46 minutes 58 seconds West a distance of 2389.50 feet to its intersection with the south right-of-way line of Helmet Peak Road as shown in Book 8 of Road Maps at Page 97;

THENCE North 89 degrees 07 minutes 05 seconds East a distance of 150.03 feet to the intersection of said south right-of-way line of Helmet Peak Road with the east right-of-way line of said La Cañada Drive;

THENCE upon said east right-of-way line, South 00 degrees 46 minutes 57 seconds East a distance of 652.82 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 47 minutes 09 seconds East a distance of 780.71 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 46 minutes 37 seconds East a distance of 210.65 feet to a point of curvature of a non-tangent curve, from which the radius point bears South 68 degrees 21 minutes 36 seconds East;

THENCE southerly along said curve, to the left, having a radius of 1985.00 feet and a central angle of 22 degrees 05 minutes 19 seconds for an arc distance of 765.25 feet to the **POINT OF BEGINNING**.

**Parcel 6:**

That portion of the Northeast quarter of Section 23, Township 17 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona; more particularly described as follows:

**BEGINNING** at a point on the East line of said Section 23, from which the Northeast corner of said Section 23 bears North 00°46'20" East, a distance of 200.00 feet;

THENCE South 00°46'20" West along the East line of said Section 23, a distance of 2222.93 feet (2222.00 feet, recorded);

THENCE North 89°09'28" West (N. 86°50'00" W., recorded), a distance of 202.00 feet;

THENCE North 00°35'20" East (N. 01°21'33" E., recorded) along a line parallel with and 30.00 feet Easterly of the West line of the parcel of land recorded in Docket 2966, at Page 20 of Pima County, Arizona records, a distance of 2217.50 feet (2211.13 feet, recorded), to a point on a line which is 200.00 feet South of the North line of said Section 23;

THENCE North 89°05'24" East (N. 89°52'08" E., recorded) along the aforesaid line parallel with and 200 feet south of said North line a distance of 149.25 feet to the **POINT OF BEGINNING**

*Note- Legal descriptions provided above now differ from those provided in the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahaurita Community Facilities District) as areas have subsequently been re-platted following approval of the Agreement.*

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**APPENDIX B**

**FORM OF DISCLOSURE PAMPHLET**

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**FORM OF DISCLOSURE PAMPHLET  
RANCHO SAHUARITA  
COMMUNITY FACILITIES DISTRICT**

Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "Town"), have established a community facilities district ("CFD") in part of the development known as "Rancho Sahuarita". The CFD has financed and, in the future, will finance certain beneficial public infrastructure improvements, which will result in a property tax liability for each property owner as a result of their property being within the boundaries of the CFD.

**BACKGROUND**

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

**HOW THE CFD WORKS**

On March 24, 2014, the Mayor and Council of the Town formed the CFD which includes your property. An election was held on August 25, 2014, at which time the then owners of the property within the CFD voted to authorize up to \$60,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure improvements. The improvements have been or will be dedicated to the Town after acquisition of such improvements by the District. The Town will operate and maintain such improvements.

**WHAT WILL BE FINANCED?**

The CFD has been established to finance up to \$60,000,000 in beneficial public infrastructure improvements within the CFD including financing costs related to such improvements. The Series One bond issue is expected to be in 2017 for approximately \$8,000,000. The proceeds from the bond series issue is currently expected to be utilized to finance the engineering, design and construction of roads, drainage, landscaping, monumentation, and sewer line improvements.

**BENEFITS TO RESIDENTS**

The bond issues by the CFD will benefit all property owners and other residents within the CFD by providing such improvements. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is to be located. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. The CFD tax is deductible for purpose of calculating federal and state income taxes (please consult with your tax advisor in relation to issue).

**PROPERTY OWNERS' TAX LIABILITY**

The obligation to retire the bonds will become the responsibility of any property owner in the CFD through the payment of property taxes collected by the Pima County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE TOWN (OTHER THAN QUAIL CREEK COMMUNITY FACILITIES DISTRICT) IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 2018/19, the CFD levied a not to exceed \$4.99 per \$100.00 of net limited assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith and for the expenses of the CFD and of operation and maintaining the infrastructure it finances.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed \$4.99 per \$100.00 of limited assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$4.99 level by means of agreements with the Developer which require the Developer to provide for the difference above such \$4.99 rate. **(There can be no guarantee that the Developer will be**

able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.) As growth of the tax base occurs within the CFD, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the debt service portion of such \$4.99 tax rate at which time the District may release the Developer from such obligations.

**IMPACT OF ADDITIONAL CFD PROPERTY TAX**

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within the CFD and a \$4.99 tax rate:

Market Value of Residence	Estimated Annual Additional Tax Liability*
\$200,000	\$550
\$225,000	\$625
\$250,000	\$675
\$275,000	\$750
\$300,000	\$815
\$325,000	\$875

**\*Assumptions:**

1. Market value is not the same as limited assessed value as reported by the County Assessor. Full cash value assumes 74% of market value for residential properties. Limited assessed value assumes 73% of full cash value..
2. Assumes residential property assessment ratio will remain at 10%.
3. Tax amount is computed by multiplying the tax rate per \$100 of assessed value by limited assessed value times the assessment ratio.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the Town Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property in the CFD and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

.....  
Home Buyer(s) Signature/Date

.....  
Home Buyer(s) Printed Name(s)

.....  
Home Buyer(s) Signature/Date

..... Parcel  
No. .... Lot No. ....

DRAFT  
06/14/17  
06/16/17

When recorded, return to:

Michael Cafiso, Esq.  
Greenberg Traurig, LLP  
2375 East Camelback Road, Suite 700  
Phoenix, Arizona 85016

Amends 20141250450  
Recorded at 14:57  
on May 5, 2014

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FIRST AMENDMENT  
TO  
DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND  
INTERGOVERNMENTAL AGREEMENT  
(RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT)

THIS FIRST AMENDMENT, dated as of \_\_\_\_\_ 1, 2017  
(hereinafter referred to as this "Amendment"), TO DISTRICT  
DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT  
(RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT), dated as of April 1,  
2014, by and among Rancho Sahuarita Community Facilities District, a  
community facilities district formed by the Municipality, and duly  
organized and validly existing, pursuant to the laws of the State of  
Arizona (hereinafter referred to as the "District"); Interchange  
Opportunity Fund L.L.L.P., an Arizona limited liability limited  
partnership, which has an interest in certain property in the District  
and is an investor, guarantor and indemnitor but is not a developer  
(hereinafter referred to as the "LLLP") and Rancho Sahuarita  
Management Company, L.L.C., an Arizona limited liability company which  
has an interest in certain property in the District and is a

developer, guarantor and indemnitor (hereinafter referred to as the "LLC");

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Town of Sahuarita, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "Municipality"), the District, the LLLP and the LLC entered into a District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District, dated as of April 1, 2014 (hereinafter referred to as the "Agreement"), as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the real property described in Exhibit "A" hereto (hereinafter referred to as the "Property") which makes up the real property included within the District, some of such matters are specified in the Agreement, particularly matters relating to the acquisition of certain public infrastructure by the District, the acceptance thereof and the reimbursement or repayment with respect thereto, all pursuant to the Act, such public infrastructure being necessary to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, the Agreement, including as amended by this Amendment, as a "development agreement" is consistent with the "general plan" of the Municipality (as defined in Section 9-461, Arizona Revised Statutes) applicable to the Property on the date the Agreement and on the date this Amendment was and is, respectively, executed; and

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, and subject to the conditions set forth herein, the parties hereto agree that:

Section 1. (a) The following definition is added to Section 1.1 of the Agreement in proper alphabetical order and replacing the one currently in its place in its entirety:

"Infrastructure" means, collectively, the public infrastructure described in Exhibit "B" to this Amendment.

, and the following definitions are added to Section 1.1 of the Agreement in proper alphabetical order:

"Park" means the Project described in item 1I of Exhibit "B" hereto.

"Park Related Site" means the up to two acre site to be located on all of Pima County Assessor Tax Parcel No. 330-80-0470 and the portion of the south portion of Pima County Assessor Tax Parcel No. 330-80-0210 approved by the District Manager.

(b) The following is added as Section 2.4 of the Agreement:

Section 2.4. Subject to other commercially reasonable terms for similar transactions, the Park Related Site shall be acquired in fee simple, free and clear of all liens and encumbrances, by the District from the Infrastructure Seller for \$100,000 per acre upon acquisition of the Segment which is the Park, from, and only from, available, unrestricted proceeds of the sale and delivery of the first series of the Bonds. For purposes of such acquisition and notwithstanding anything herein to the contrary, all of the parts making up the Segment which is the Park shall be considered and acquired as a single Segment for all purposes of this Agreement, and no Conveyance shall be necessary in connection with such acquisition. If any part of the Segment which is the Park is not on land for which a Conveyance could otherwise be provided but is on land owned by the District or the Municipality at the time of acquisition of the Segment, such part may be acquired as part of the Segment which is the Park as long as it is functionally related and integral to the Park. (The District Manager shall coordinate the disposition of land on which any such part is to be located from the owner thereof to the District or the Municipality under circumstances which he deems appropriate but at no cost to the District.) The Infrastructure Seller shall

provide vehicular and pedestrian access to the Park Related Site acceptable to the District Manager in connection with, and at the same time as acquisition of, the Segment which is the Park at no cost to the District.

(c) Section 4.1(c) of the Agreement is deleted in its entirety, and Section 4.1(d) of the Agreement is re-lettered "(c)". The parenthetical in Section 4.2 of the Agreement is deleted in its entirety. The first clauses of Sections 5.2(a)(1), 5.2(b)(1) and 6.2(c) of the Agreement are deleted in their entirety, and the first word of the sentence remaining in each is capitalized. Section 5.3 of the Agreement is deleted in its entirety. The words "and to repay the advance required by Section 5.3" in, and the last sentence of, Section 6.2(a) of the Agreement and Section 7.2(g) of the Agreement are deleted in their entirety.

(d) The following is added as the last sentence of Section 10.3 of the Agreement.

Any seller of property in the District who is otherwise required to obtain a subdivision public record as prescribed by Section 32-2183, Arizona Revised Statutes shall disclose to a prospective purchaser the formation of the District, how the District operates and the benefits to and obligations on the owners of property within the District.

Section 2. The provisions of the Agreement are otherwise hereby ratified and confirmed in all respects, in particular the

indemnification provided by Article VIII thereof being effective in all respects as it relates to this Amendment.

Section 3. This Amendment shall be binding upon and shall inure to the benefit of the parties to this Amendment and their respective legal representatives, successors and assigns; provided, however, that none of the parties hereto shall be entitled to assign its right hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Amendment, which consent shall not be unreasonably withheld.

Section 4. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Amendment.

Section 5. This Amendment sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Amendment is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto. This Amendment is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 6. This Amendment shall be governed by and interpreted in accordance with the laws of the State of Arizona.

Section 7. The waiver by any party hereto of any right granted to it under this Amendment shall not be deemed to be a waiver of any other right granted in this Amendment nor shall the same be

deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Amendment.

Section 8. This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.

Section 9. (a) The District may, within three years after its execution, cancel this Amendment, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Amendment on behalf of the District is, at any time while this Amendment is in effect, an employee or agent of the LLLP or the LLC in any capacity or a consultant to any other party of this Amendment with respect to the subject matter of this Amendment and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Amendment on behalf of the District from the LLLP or the LLC arising as the result of this Amendment. The LLLP and the LLC have not taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the LLLP or the LLC in any capacity or a consultant to any party to this Amendment with respect to the subject matter of this Amendment.

(b) To the extent applicable under Section 44-4401, Arizona Revised Statutes, the LLLP and the LLC each shall comply with all federal immigration laws and regulations that relate to their

employees and their compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by either of them of the foregoing shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by the District. The District retains the legal right to randomly inspect the papers and records of the LLLP and the LLC to ensure that they are complying with the foregoing. The LLLP and the LLC shall keep such papers and records open for random inspections during normal business hours by the District. The LLLP and the LLC shall cooperate with the random inspections by the District including granting the District entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the LLLP and the LLC hereby each certify, as applicable, that it is not currently engaged in, and for the duration of the Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the District determines that the certification above is false or that it has been breached such agreement, the District may impose remedies as provided by law.

Section 10. The term of this Amendment shall be as of the date of the execution and delivery of the Agreement by each of the parties thereto and shall expire upon the earlier of the agreement of the District, the Municipality, the LLLP and the LLC to the termination of the Agreement, October 1, 2052, and the date on which

all of the Bonds (as such term is defined in the Agreement) are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 11. If any provision of this Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 12. No later than ten (10) days after this Amendment is executed and delivered by each of the parties hereto, the District shall record a copy of this Amendment with the County Recorder of Pima County, Arizona.

Section 13. Unless otherwise expressly provided, the agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

\* \* \*

IN WITNESS WHEREOF, the officers of the District have duly affixed their signatures and attestations, and the officers of the LLLP and the LLC their signatures, all as of the day and year first written above.

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

By.....  
Tom Murphy, Chairman, District Board

ATTEST:

.....  
Lisa Cole, CMC, District Clerk

Pursuant to A.R.S. Section 11-952(D), this Amendment has been reviewed by the undersigned attorney for the District, who has determined that this Amendment is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

.....  
Daniel Hochuli, District Counsel

AGREED TO AND ACCEPTED BY:

INTERCHANGE OPPORTUNITY FUND, LLLP, an  
Arizona limited liability limited  
partnership

By: Sharpe & Associates, Inc., an  
Arizona corporation, its General  
Partner

By.....  
Robert M. Sharpe, President

RANCHO SAHUARITA MANAGEMENT COMPANY,  
LLC, an Arizona limited liability  
company

By: MKS Equitas Investment Group  
Ltd., an Arizona corporation, as  
member

By.....  
Fred Lewis, President

FIDELITY NATIONAL TITLE AGENCY, INC.,  
an Arizona corporation as Trustee  
under Trust No. 30007 and not in its  
corporate capacity

By.....  
Trust Officer

Approved by Interchange Opportunity  
Fund, LLLP, Sharpe & Associates, Inc.,  
General Partner, Beneficiary Under  
Trust 30007

By.....  
Robert M. Sharpe, President

TITLE SECURITY AGENCY OF ARIZONA, an  
Arizona corporation, as Trustee under  
Trust No. 2069 and not in its  
corporate capacity

By.....  
Trust Officer

Approved by RSMC VI, L.L.C., an  
Arizona limited liability company,  
Beneficiary under Trust 2069

By: MKS Equitas Investment Group,  
Ltd., an Arizona corporation, as  
member

By.....  
Fred Lewis, President

INTERCHANGE OPPORTUNITY FUND, LLLP, an  
Arizona limited liability limited  
partnership

By: Sharpe & Associates, Inc., an  
Arizona corporation, its General  
Partner

By.....  
Robert M. Sharpe, President

RANCHO SAHUARITA XX, LLC, an Arizona  
limited liability company

By: Sharpe & Associates., Inc., an  
Arizona corporation, its member

By.....  
Robert M. Sharpe, President

LANDMARK TITLE ASSURANCE AGENCY OF  
ARIZONA, LLC, an Arizona limited  
liability company, as Trustee under  
Trust No. 18336-T and not in its  
corporate capacity

Approved by RSMC VI, L.L.C., an  
Arizona limited liability company,  
Beneficiary under Trust 18336-T

By: MKS Equitas Investment Group,  
Ltd., an Arizona corporation as  
member

By.....  
Fred Lewis, President

STATE OF ARIZONA            )  
                                  ) ss  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2017, by Tom Murphy, as Chairman of the  
District Board of Rancho Sahuarita Community Facilities District, an  
Arizona community facilities district.

.....  
Notary Public

My commission expires:

.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2014, by Robert Sharpe, as President of  
Sharp & Associates, Inc., an Arizona corporation under the laws of the  
State of Arizona.

.....  
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing  
notarial certificate(s) relate(s) to the First Amendment, dated as of  
          1, 2017, to the District Development, Financing  
Participation and Intergovernmental Agreement (Rancho Sahuarita  
Community Facilities District), dated as of April 1, 2014, executed by  
Rancho Sahuarita Community Facilities District, an Arizona community  
facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona  
limited liability limited partnership and Rancho Sahuarita Management  
Company, L.L.C., and Arizona limited liability company (the "Notarized  
Document"). The Notarized Document contains a total of ..... pages.

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this ..... day of ....., 2017, by Fred Lewis, as President of MKS Equitas Investment Group Ltd., an Arizona corporation under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:

.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this ..... day of ....., 2017, by ....., as Trust Officer of Fidelity National Title Agency, Inc., an Arizona corporation in its capacity only as trustee under Trust No. 30007 under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the First Amendment, dated as of \_\_\_\_\_, 1, 2017 to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this ..... day of ....., 2017, by ....., as Trust Officer of Title Security Agency of Arizona, an Arizona corporation in its capacity only as trustee under Trust No. 2069 under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:

.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this ..... day of ....., 2017, by ....., as Trust Officer of Landmark Title Assurance Agency of Arizona, LLC, an Arizona limited liability company in its capacity only as trustee under Trust No. 18336-T under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to First Amendment, dated as of \_\_\_\_\_ 1, 2017 to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

ATTACHMENTS:

EXHIBIT "A" -- Legal Description Of The Property

EXHIBIT "B" -- Description of Infrastructure

EXHIBIT "C" -- Description of Park Related Site

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

**Parcel 1:**

Lots 1-564 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada Del Rio recorded in Book 61 at Page 36 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

**Parcel 2:**

Lots 1-74 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada La Villita recorded in Book 62 at Page 14 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

**Parcel 3:**

Block 36B recorded in Book 48 at Page 30 of Record of Surveys in the office of the Recorder, a County, Arizona as more particularly described as follows:

DESCRIPTION of a parcel of land, being a portion of Block 36, per the plat of Rancho Sahuarita, as recorded in Book 52 of Maps & Plats, Page 77 in the office of the Pima County Recorder, Pima County, Arizona, said parcel being located in Section 13, Township 17 South, Range 13 East, Gila and Salt River Meridian.

Said parcel being more fully described as follows:

COMMENCING at the North Quarter Corner of said Section 13, being a found brass stern, from which the Northwest corner of said section bears North 89°38'30" West a distance of 2600.43 feet;

Thence, along the north line of said section, North 89°38'30" West a distance of 1274.83 feet;

Thence, departing said line South 00°0'00" East a distance of 75.00 feet to a point on the south right-of-way line of Sahuarita Road said point being the **TRUE POINT OF BEGINNING**.

Thence, along said right-of-way, South 89°38'30" East a distance of 1232.75 feet to a point on the west right-of-way line of La Villita Road;

Thence, along said right-of-way, South 00°55'39" East a distance of 551.45 feet;

Thence, departing said right-of-way, North 89°38'30" West a distance of 1251.68 feet;

Thence, North 00°00'00" West a distance of 161.32 feet;

Thence, South 89°38'30" East a distance of 10.00 feet;

Thence, North 00°00'00" West a distance of 390.00 feet to the **TRUE POINT OF BEGINNING.**

**Parcel 4:**

Block 37C as recorded in Book 78 at Page 01 of Record of Surveys in the office of the Recorder, Pima County, Arizona.

**Parcel 5:**

Blocks 38, 39 and 40 as recorded in Book 78 at Page 1 of Record of Surveys in the office of the Recorder, Pima County, Arizona together with Blocks 41, 42, 43, 44, 46, 47, 48, 49, 50, 51 and 53, together with Common Area 'B' and Common Area 'C' adjacent to these Blocks, excluding any and all well, booster sites and any property condemned by Pima County on Block 48 described below, as recorded in Book 52 at Page 77 of Maps and Plats, in the office of the Pima County Recorder, Pima County, Arizona.

EXCLUDING THAT PORTION OF BLOCK 48 DESCRIBED AS FOLLOWS:

A portion of Section 14, Township 17 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

The south 150.00 feet of the southwest quarter of the northwest quarter, except the west 75.00 feet;

The south 150.00 feet of the west 150.00 feet of the southeast quarter of the northwest quarter;

The west 150.00 feet of the northwest quarter of the northeast quarter of southwest quarter, except the south 200.00 feet;

The west 150.00 feet of the south 200.00 feet of the northwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the southwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the north 300.00 feet of the northwest quarter of the southeast quarter of southwest quarter;

The north 300.00 feet of the southwest quarter of the southwest quarter except the west 75.00 feet;

ALSO EXCLUDING A PORTION OF BLOCK 48 including that portion of La Cañada Road Public Right of Way conveyed to the Town of Sahuarita in Docket 13534 at Page 1804, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of Rancho Sahuarita Blocks 47a and 47b as recorded in Book 24 of Surveys at Page 100 and a portion of Rancho Sahuarita Block 48 as recorded in Book 52 of Maps and Plats at Page 77, records of Pima County, Arizona. Reference herein noted to the La Cañada Drive Phase III Monument Study as recorded in Book 67 of Surveys at Page 76, and lying within Section 14, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between Section 14 and Section 15 of said Township, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet as shown in said La Cañada Drive Phase III Monument Study;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 160.44 feet;

THENCE leaving said section line, North 89 degrees 13 minutes 05 seconds East a distance of 74.96 feet to the east right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said east right-of-way line, North 00 degrees 46 minutes 37 seconds West a distance of 756.97 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 68 degrees 21 minutes 36 seconds East;

THENCE northeasterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 03 degrees 34 minutes 28 seconds for an arc distance of 123.83 feet;

THENCE North 25 degrees 12 minutes 52 seconds East a distance of 250.42 feet to a point of curvature;

THENCE northeasterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 833.31 feet;

THENCE North 00 degrees 48 minutes 17 seconds West a distance of 476.68 feet to a point of curvature;

THENCE northwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 90 degrees 04 minutes 19 seconds for

an arc distance of 39.30 feet to the south right-of-way line of Helmet Peak - Sahuarita Road as shown in Book 8 of Road Maps at Page 97, from which the northwest corner of said property described in Docket 11139 at Page 306 bears South 89 degrees 07 minutes 24 seconds West, a distance of 321.00 feet;

THENCE upon said south right-of-way line, North 89 degrees 07 minutes 24 seconds East, a distance of 200.00 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 00 degrees 52 minutes 36 seconds East;

THENCE southwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 89 degrees 55 minutes 41 seconds for an arc distance of 39.24 feet;

THENCE South 00 degrees 48 minutes 17 seconds East, a distance of 476.93 feet to a point of curvature;

THENCE southwesterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 901.43 feet;

THENCE South 25 degrees 12 minutes 52 seconds West, a distance of 250.42 feet to a point of curvature;

THENCE southwesterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 25 degrees 59 minutes 29 seconds for an arc distance of 832.42 feet to the **POINT OF BEGINNING**.

TOGETHER WITH A PORTION OF PUBLIC RIGHT OF WAY including that portion of the former La Cañada Road Public Right of Way to be abandoned, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of La Cañada Drive as shown in Book 9 of Road Maps at Page 75 and lying in Sections 14 and 15, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between said Sections 14 and 15, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 171.83 feet;

THENCE leaving said section line, South 89 degrees 13 minutes 05 seconds West a distance of 75.00 feet to the west right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said west right-of-way line, North 00 degrees 46 minutes 58 seconds West a distance of 2389.50 feet to its intersection with the south right-of-way line of Helmet Peak Road as shown in Book 8 of Road Maps at Page 97;

THENCE North 89 degrees 07 minutes 05 seconds East a distance of 150.03 feet to the intersection of said south right-of-way line of Helmet Peak Road with the east right-of-way line of said La Cañada Drive;

THENCE upon said east right-of-way line, South 00 degrees 46 minutes 57 seconds East a distance of 652.82 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 47 minutes 09 seconds East a distance of 780.71 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 46 minutes 37 seconds East a distance of 210.65 feet to a point of curvature of a non-tangent curve, from which the radius point bears South 68 degrees 21 minutes 36 seconds East;

THENCE southerly along said curve, to the left, having a radius of 1985.00 feet and a central angle of 22 degrees 05 minutes 19 seconds for an arc distance of 765.25 feet to the **POINT OF BEGINNING**.

**Parcel 6:**

That portion of the Northeast quarter of Section 23, Township 17 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona; more particularly described as follows:

**BEGINNING** at a point on the East line of said Section 23, from which the Northeast corner of said Section 23 bears North 00°46'20" East, a distance of 200.00 feet;

THENCE South 00°46'20" West along the East line of said Section 23, a distance of 2222.93 feet (2222.00 feet, recorded);

THENCE North 89°09'28" West (N. 86°50'00" W., recorded), a distance of 202.00 feet;

THENCE North 00°35'20" East (N. 01°21'33" E., recorded) along a line parallel with and 30.00 feet Easterly of the West line of the parcel of land recorded in Docket 2966, at Page 20 of Pima County, Arizona records, a distance of 2217.50 feet (2211.13 feet, recorded), to a point on a line which is 200.00 feet South of the North line of said Section 23;

THENCE North 89°05'24" East (N. 89°52'08" E., recorded) along the aforesaid line parallel with and 200 feet south of said North line a distance of 149.25 feet to the **POINT OF BEGINNING**

## EXHIBIT "B"

### DESCRIPTION OF THE INFRASTRUCTURE

#### First Series of the Bonds

##### **1A: Avenida Mitla Ph. 1 Road Improvements**

~1,100 linear feet west and north of Rancho Sahuarita Blvd. at Avenida Mitla Rd. including: improvement costs for the grading/retaining walls, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, landscaping, public sewer improvements, curb cuts to access adjacent parcels, and required regulatory signage.

##### **1B: Placita Fara Road Improvements**

~180 linear feet west of La Villita Rd., approximately one-quarter mile north of Sahuarita Rd. and west of La Villita Rd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, northbound left-turn lane into the Entrada la Villita subdivision, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete arch structure including decorative masonry columns and steel railing, landscape improvements, public sewer improvements, and required regulatory signage.

##### **1C: Calle Las Tunas/Rancho Sahuarita Blvd. Crosswalk**

Crosswalk to facilitate pedestrian crossing on Rancho Sahuarita Blvd. at Calle Las Tunas/Avenida Mitla including: regulatory signage, dusk to dawn lighting improvements, crosswalk striping, and median improvements.

##### **1D: Avenida Mitla Ph. 2 Road Improvements**

~1,800 linear feet north of Rancho Sahuarita Blvd. extending Avenida Mitla Rd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, the extension of two concrete arch structures including decorative masonry columns and steel railing, landscaping, public sewer improvements, curb cuts to access adjacent parcels, and required regulatory signage.

##### **1E: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 7A)**

~1,800 lineal feet south of Sahuarita Road Including: improvement costs for the grading, subgrade material, four-lane roadway section surface pavement, curbs, 8' sidewalks including handicap ramps on both sides of roadway, drainage facilities, three (3) concrete arch

structures including decorative masonry columns and steel railing, median and curb to sidewalk landscaping, public sewer improvements, conduit for future fully signalized traffic light intersection at the future Sahuarita Center Way intersection, curb cuts to access both future commercial and residential projects, required regulatory signage.

**1F: Traffic Calming Watch Post**

Traffic calming hardscape improvements placed in the median of Rancho Sahuarita Blvd. (~Sta.15+00).

**1G: Sahuarita Center Way Phase 1 "T" Road Improvements**

~420 linear feet east of Rancho Sahuarita Blvd. including: improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, landscaping, public sewer improvements, and required regulatory signage.

**1H: Region 6 Rancho Sahuarita Blvd. Road Improvements (Phase 7B)**

~700 lineal feet south of Phase 7A Rancho Sahuarita Blvd. Road Improvements including: improvement costs for the grading, subgrade material, surface pavement, curbs, eight foot sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, median and curb to sidewalk landscaping, public sewer improvements, curb cuts to access adjacent parcels, and required regulatory signage.

**1I: Public Park**

Up to two shaded tot-lots with play equipment, a performing arts pavilion that will include a splash pad, terraced lawn (either grass or artificial turf), stage, restroom facility, parking, one concrete arch structure including decorative masonry columns and steel railing, pedestrian footbridge and trails, drainage improvements, landscaping and hardscaping.

Subsequent Series of the Bonds

To be provided by subsequent amendments to this Agreement



## District Board Agenda Communication

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**TO:** Honorable Chairperson and District Board

**FROM:** A.C. Marriotti, District Treasurer

**MEETING DATE:** June 26, 2017

**SUBJECT:** Public Hearing and possible adoption of Resolution No. 2017-0008, approving a final budget for Fiscal Year 2018 in the amount of \$7,699,060, pursuant to Section 48-716, Arizona Revised Statutes, as amended; ordering that an ad valorem tax be fixed, levied and assessed on the assessed value of all the real and personal property within the boundaries of the District in amounts specified in the filed statements and estimates; providing for certified copies of this resolution and order to be delivered to the Pima County Board of Supervisors and the Arizona Department of Revenue; and providing that this resolution shall be effective after its passage and approval according to law.

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### FINANCIAL / BUDGET SUMMARY

Rancho Sahuarita CFD: Establishing budget at \$7,699,060

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### STAFF RECOMMENDATION

Adopt Resolution No. 2017-0008.

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### SUGGESTED MOTION

**I move to adopt Resolution No. 2017-0008.**

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### DISCUSSION

This resolution has the effect of approving the 2018 budget for the Rancho Sahuarita Community Facilities District in the amount of \$7,699,060 and to establish a tax levy of \$0.30 per \$100 of net assessed valuation on property within the District. There have been no changes to the Tentative Budget, which was approved on Resolution 2017-0007 at the June 12th Board meeting.

The District may issue debt in 2018. The budget provides capacity to issue \$7.32 million in general obligation bonds whose proceeds will pay for issuance costs and the acquisition of nearly \$6.8 million in infrastructure. Pursuant to the District's development agreement, the property tax levy rate could be \$4.69 per \$100 of net assessed valuation. However, due to the uncertainty as to when or if the GO bonds will be issued in 2018, no property tax will be levied for such purposes. If GO bonds ultimately are issued, developer contributions will need to pay for any debt service obligations accrued during the year.

The District budget includes a property tax levy to pay for District operating costs and maintenance of infrastructure. State law allows a rate up to \$0.30 per \$100 of net assessed valuation for this purpose. The budget provides for this rate as O&M costs are more than the amount the tax levy will generate. Developer contributions left on deposit will make up for the difference between this tax levy and O&M costs.

The District, although a legally separate entity, is considered a blended component unit of the Town of Sahuarita for financial reporting purposes. Accordingly, the Town has established a separate fund (i.e., special revenue fund) to incorporate the District's financial records into the Town's financial reporting entity.

#### **ATTACHMENTS**

1. RSCFD Reso-Final Budget Adoption FY2017-0008

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT  
RESOLUTION NO. 2017-0008**

**A RESOLUTION OF THE DISTRICT BOARD OF THE RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT, A COMMUNITY FACILITIES DISTRICT OF ARIZONA, APPROVING A FINAL BUDGET FOR FISCAL YEAR 2018 IN THE AMOUNT OF \$7,699,060 PURSUANT TO SECTION 48-716, ARIZONA REVISED STATUTES, AS AMENDED; ORDERING THAT AN AD VALOREM TAX BE FIXED, LEVIED AND ASSESSED ON THE ASSESSED VALUE OF ALL THE REAL AND PERSONAL PROPERTY WITHIN THE BOUNDARIES OF THE DISTRICT IN AMOUNTS SPECIFIED IN THE FILED STATEMENTS AND ESTIMATES; PROVIDING FOR CERTIFIED COPIES OF THIS RESOLUTION AND ORDER TO BE DELIVERED TO THE PIMA COUNTY BOARD OF SUPERVISORS AND THE ARIZONA DEPARTMENT OF REVENUE; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.**

WHEREAS, on March 24, 2014, the Rancho Sahuarita Community Facilities District ("RSCFD") was formed, a community facilities district in accordance with Section 48-701 et seq., Arizona Revised Statutes, as amended; and

WHEREAS, RSCFD is a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax-levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1., 3.2, 4 and 5, Arizona Revised Statutes, as amended, and [except as otherwise provided in Section 48-708(B), Arizona Revised Statutes, as amended] is considered to be a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Town; and

WHEREAS, a primary purpose for creating RSCFD was to finance certain public infrastructure needed for the development known as "Rancho Sahuarita" through assessment of ad valorem taxes on all real and personal property within RSCFD; and

WHEREAS, in accordance with Sections 48-719 and 48-723, Arizona Revised Statutes, as amended, a special election was held on August 12, 2014, wherein the qualified electors of RSCFD voted to issue general obligation bonds in the maximum amount of \$60,000,000 to cover costs of public infrastructure purposes and to levy and collect an annual ad valorem tax at a rate not to exceed thirty cents (30¢) per one hundred dollars (\$100) of assessed valuation for operation and maintenance expenses of RSCFD; and

WHEREAS, by Resolution No. 2017-0007, adopted on June 12, 2017, the District Board of RSCFD (a) approved a tentative budget for FY 2018, (b) filed required statements and estimates of operation and maintenance expenses of RSCFD, the costs of capital improvements to be financed by the authorized ad valorem tax levy, and the amount of all other expenditures

for public infrastructure and enhanced municipal services proposed to be paid from the tax levy and of the amount to be raised to pay general obligation bonds of RSCFD, (c) set a date for a public hearing on the tentative budget and particularly, on the portions of the statements and estimates not relating to debt service on general obligation bonds, and (d) provided for notice of the filing and of the public hearing date; and

WHEREAS, at the conclusion of the public hearing, the District Board of RSCFD voted to adopt the final budget for FY 2018 by this Resolution No. 2017-0008, and ordered the fixing, levying and assessment of the amounts to be raised by ad valorem taxes.

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT AS FOLLOWS:

1. That certain proposed budget prepared by the RSCFD Treasurer for Fiscal Year 2018, attached hereto and expressly made a part hereof as Exhibit "A", is hereby finally adopted.
2. It is hereby ORDERED that, in FY 2018, an ad valorem tax be fixed, levied and assessed on the assessed value of all the real and personal property within the boundaries of RSCFD in the amounts set forth in the statements and estimates attached hereto and expressly made a part hereof as Exhibit "B".
3. Certified copies of the Resolution and Order shall be delivered to Pima County (inasmuch as the tax levy must be filed by the Pima County Board of Supervisors on or before the third Monday in August).
4. If any provision in this Resolution is held invalid by a Court of competent jurisdiction, the remaining provisions shall not be affected but shall continue in full force and effect.
5. This Resolution shall be effective after its passage and approval according to law.

PASSED by the District Board of the Rancho Sahuarita Community Facilities District this 26<sup>th</sup> day of June, 2017.

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Tom Murphy  
 Chairperson, District Board,  
 Rancho Sahuarita Community Facilities District

APPROVED AS TO FORM:

ATTEST:

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Daniel J. Hochuli, Rancho Sahuarita  
 Community Facilities District Counsel

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Lisa Cole, MMC, Rancho Sahuarita  
 Community Facilities District Clerk

Attachment: RSCFD Reso-Final Budget Adoption FY2017-0008 (1390 : RSCFD FY18 Final Budget)

EXHIBIT "A"

*Fiscal Year 2018 Rancho Sahuarita Community Facilities District Budget*

Attachment: RSCFD Reso-Final Budget Adoption FY2017-0008 (1390 : RSCFD FY18 Final Budget)

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT**  
**SPECIAL REVENUE FUND**  
**SOURCES AND USES OF FUNDS**

	2016	2017			2018	% Change	
	Actual Amount	Adopted Budget	Amended Budget	Estimated Actual	Budget Amount	From Amended	From Estimate
<b>SOURCES</b>							
<b>Revenues:</b>							
Taxes	\$ 2,361	\$ 2,300	\$ 2,300	\$ 2,700	\$ 40,860	1676.5%	1413.3'
Investment Earnings (Losses)	341	250	250	250	-	-100.0%	-100.0'
Misc-Developer Contributions	-	-	-	5,410	338,200	-	-
<b>Subtotal:</b>	<b>2,702</b>	<b>2,550</b>	<b>2,550</b>	<b>8,360</b>	<b>379,060</b>	<b>14765.1%</b>	<b>4434.2'</b>
<b>Other Sources:</b>							
Face amount of long-term debt	-	-	-	-	7,320,000	-	-
<b>Subtotal:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,320,000</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance:</b>							
Restricted for RS CFD	-	1,680	1,680	2,140	-	-100.0%	100.0'
<b>Subtotal:</b>	<b>-</b>	<b>1,680</b>	<b>1,680</b>	<b>2,140</b>	<b>-</b>	<b>-100.0%</b>	<b>100.0'</b>
<b>TOTAL SOURCES</b>	<b>\$ 2,702</b>	<b>\$ 4,230</b>	<b>\$ 4,230</b>	<b>\$ 10,500</b>	<b>\$ 7,699,060</b>	<b>181910.9%</b>	<b>73224.4'</b>
<b>USES</b>							
<b>Current Expenditures:</b>							
General Government	\$ 558	\$ 1,160	\$ 1,160	\$ 1,300	\$ 1,840	58.6%	41.5'
Streets	-	-	-	9,200	15,600	-	69.6'
<b>Subtotal:</b>	<b>558</b>	<b>1,160</b>	<b>1,160</b>	<b>10,500</b>	<b>17,440</b>	<b>1403.4%</b>	<b>66.1'</b>
<b>Debt Service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	362,950	-	-
Other	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	560,000	-	-
<b>Subtotal:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>922,950</b>	<b>-</b>	<b>-</b>
<b>Capital Outlay:</b>							
Infrastructure (purchased)	-	-	-	-	6,758,670	-	-
<b>Subtotal:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,758,670</b>	<b>-</b>	<b>-</b>
<b>Subtotals Combined:</b>	<b>558</b>	<b>1,160</b>	<b>1,160</b>	<b>10,500</b>	<b>7,699,060</b>	<b>663612.1%</b>	<b>73224.4'</b>
<b>Ending Fund Balance:</b>							
Restricted for RS CFD	2,144	3,070	3,070	-	-	-100.0%	-
<b>Subtotal:</b>	<b>2,144</b>	<b>3,070</b>	<b>3,070</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
<b>TOTAL USES</b>	<b>\$ 2,702</b>	<b>\$ 4,230</b>	<b>\$ 4,230</b>	<b>\$ 10,500</b>	<b>\$ 7,699,060</b>	<b>181910.9%</b>	<b>73224.4'</b>

Attachment: RSCFD Reso-Final Budget Adoption FY2017-0008 (1390 : RSCFD FY18 Final Budget)

EXHIBIT "B"

*Fiscal Year 2017/2018 Tax Levy*

Attachment: RSCFD Reso-Final Budget Adoption FY2017-0008 (1390 : RSCFD FY18 Final Budget)

EXHIBIT "B"

FISCAL YEAR 2017/2018 TAX LEVY

<u>JURISDICTION</u>	<u>ASSESSED VALUATION (AV)</u>	<u>TAX LEVY</u>	<u>TAX RATE (PER \$100 A</u>
<b>RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT</b>			
Secondary	\$818,856		
Debt Service		\$38,404	\$4.6900
Maintenance and Operation		\$ 2,456	\$0.3000
<b>TOTAL SECONDARY</b>		<u>\$40,860</u>	<u>\$4.9900</u>

Attachment: RSCFD Reso-Final Budget Adoption FY2017-0008 (1390 : RSCFD FY18 Final Budget)



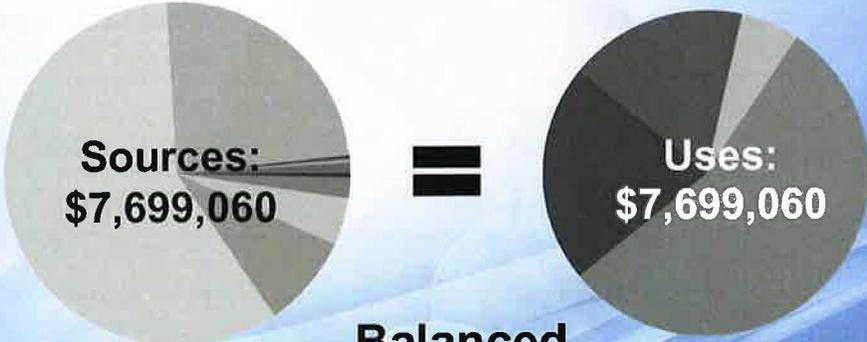
**RANCHO SAHUARITA**  
COMMUNITY FACILITIES DISTRICT

# Budget Adoption Fiscal Year 2018

July 1, 2017 – June 30, 2018

## Summary

**FY2018 Budget:  
\$7,699,060**



**Sources:  
\$7,699,060**      **=**      **Uses:  
\$7,699,060**

**Balanced**

## Final Steps

- Public hearing
- Board opportunity to make reductions or reallocations to the budget.
- Resolution
  - Adopts FY2018 Budget: \$7,699,060
  - Sets Tax Levy Rate @ \$.30/\$100 NAV
    - Unchanged since established