



## 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.

**January 27, 2020  
REGULAR MEETING AGENDA  
AT OR AFTER 6:30 P.M.**

- 1. Call to Order**
- 2. Roll Call**
- 3. 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.*

- 4. Consent Agenda**

- A. Approval of the December 9, 2019 Rancho Sahuarita Community Facilities District Meeting Minutes.**

- 5. Presentation and discussion of the draft feasibility report for the proposed issuance of additional general obligation bonds, in an amount not to exceed \$3,800,000 for the acquisition of public infrastructure, and to be paid by an ad valorem tax assessed on all property in the Rancho Sahuarita Community Facilities District.**

- 6. 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.*

***Notice to parents: Meetings of the Mayor and Council are audio and video recorded. If you permit your child to participate in the Council Meeting, a recording will be made. You may exercise your right not to consent by not permitting your child to participate. You and your child may also leave the Council Meeting at any time.***



## District Board Agenda Communication

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**TO:** Honorable Chairperson and District Board  
**FROM:** Lisa Cole MMC, District Clerk  
**MEETING DATE:** January 27, 2020  
**SUBJECT:** Approval of the December 9, 2019 Rancho Sahuarita Community Facilities District Meeting Minutes.

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### FINANCIAL / BUDGET SUMMARY

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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. December 9, 2019 Rancho Sahuarita CFD Draft Meeting Minutes



## District Board Meeting Minutes

### RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT MEETING MINUTES DECEMBER 9, 2019

The District Board of the Rancho Sahuarita Community Facilities District met in the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ on December 9, 2019.

#### 1. Call to Order

The meeting was called to order at 6:34 PM by Chairperson Tom Murphy.

#### 2. Roll Call

| Attendee Name | Title            | Status  | Arrived |
|---------------|------------------|---------|---------|
| Tom Murphy    | Chairperson      | Present |         |
| Kara Egbert   | Vice Chairperson | Present |         |
| Bill Bracco   | Board Member     | Present |         |
| Erik Dahl     | Board Member     | Present |         |
| Simon Davis   | Board Member     | Present |         |
| Melissa Hicks | Board Member     | Present |         |
| Gil Lusk      | Board Member     | Present |         |

Also in attendance were District Manager L. Kelly Udall, District Counsel Dan Hochuli 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>    | Kara Egbert, Vice Chairperson                    |
| <b>SECONDER:</b> | Bill Bracco, Board Member                        |
| <b>AYES:</b>     | Murphy, Egbert, Bracco, Dahl, Davis, Hicks, Lusk |

#### A. Approval of the November 12, 2019 Rancho Sahuarita Community Facilities District Meeting Minutes.

**5. Discussion and possible action to direct staff to prepare a study of the feasibility and benefits of issuing general obligation bonds to acquire public infrastructure.**

District Treasurer A.C. Marriotti introduced the item and summarized the application for \$3,800,000 to bond and build new public infrastructure.

Rancho Sahuarita Development Company Representative Michael Racy thanked staff for the efficiency of the new bond issuance tool and provided an overview of the Rancho Sahuarita Community Facilities District Application for Feasibility Report, which included a new sewer line and extensions of Rancho Sahuarita Boulevard and Sahuarita Center Way.

Vice Chairperson Kara Egbert requested all property owners receive notification of the next meeting when tax obligation changes would be discussed.

**MOTION** was made to direct district staff to prepare a feasibility study for the issuance of general obligation bonds to acquire public infrastructure.

|                  |  |
|------------------|--|
| <b>RESULT:</b>   | <b>APPROVED [UNANIMOUS]</b>                      |
| <b>MOVER:</b>    | Simon Davis, Board Member                        |
| <b>SECONDER:</b> | Bill Bracco, Board Member                        |
| <b>AYES:</b>     | Murphy, Egbert, Bracco, Dahl, Davis, Hicks, Lusk |

**6. Adjournment**

Chairperson Murphy adjourned the meeting at 6:48 PM.

\_\_\_\_\_  
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 9<sup>th</sup> day of December 2019. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 27<sup>th</sup> day of January, 2020.

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



## District Board Agenda Communication

**TO:** Honorable Chairperson and District Board

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

**MEETING DATE:** January 27, 2020

**SUBJECT:** Presentation and discussion of the draft feasibility report for the proposed issuance of additional general obligation bonds, in an amount not to exceed \$3,800,000 for the acquisition of public infrastructure, and to be paid by an ad valorem tax assessed on all property in the Rancho Sahuarita Community Facilities District.

### FINANCIAL / BUDGET SUMMARY

Rancho Sahuarita CFD: Rancho Sahuarita Management Company, LLC (Developer) has submitted an application requesting the issuance of general obligation bonds not to exceed \$3.8 million.

### STAFF RECOMMENDATION

Board's pleasure.

### SUGGESTED MOTION

Board's pleasure.

### DISCUSSION

At the December 9, 2019 CFD Board meeting, the Governing Board reviewed the Master Developer's bond application (see attachment) and, pursuant to State statutes, directed staff to complete a feasibility report, a required step before infrastructure can be acquired as proposed in the application. A summary follows:

- \$1,600,000 Rancho Sahuarita Blvd., Phase 8A Road Improvements
  - \$1,600,000 Extension of Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.
  - \$ 300,000 15" Public Sewer Main Extension along East Property Line
  - \$ 300,000 Bond issuance and other costs
- \$3,800,000 Total

Project descriptions are provided in the attached bond application.

The draft feasibility report is being prepared by Stifel, Nicolaus & Company (Stifel), the District's financial advisor. A copy of the report will be made available prior to the meeting when substantially complete. Stifel will give a presentation on the report at the Board meeting.

## Rancho Sahuarita Community Facilities District Agenda Communication

Pursuant to statutes, the feasibility report will include a description of any public infrastructure to be constructed or acquired and all other information useful to understand the project(s), a map showing, in general, the location of the project(s), an estimate of the cost to construct, acquire, operate and maintain the project(s), an estimated schedule for completion of the project(s), a map or description of the area to be benefited by the project(s) and a plan for financing the project(s).

Public notice of this agenda item and meeting was advertised and distributed. The Board will have an opportunity to hear from interested persons prior to providing its own feedback, if any, on the feasibility report. Based upon this feedback, District Management could have the final feasibility report and necessary bond documents ready for Board approval as soon as the next public meeting on February 10, 2020. If approved, bonds would likely be issued in early March.

### **ATTACHMENTS**

1. Application for Feasibility Report
2. Draft Feasibility Report
3. Draft Preliminary Financing Calendar
4. Presentation
5. Exhibit of three (3) Infrastructure Projects



## Rancho Sahuarita CFD Application for Feasibility Report

Before constructing or acquiring any public infrastructure, the district board shall cause a study of the feasibility and benefits of the project that shall be prepared by engineers and other qualified persons and that shall include a description of the public infrastructure to be constructed or acquired and all other information useful to understand the project, a map showing, in general, the location of the project, an estimate of the cost to construct, acquire, operate and maintain the project, an estimated schedule for completion of the project, a map or description of the area to be benefited by the project and a plan for financing the project. A.R.S. § 48-715

Pursuant to A.R.S. § 48-715, the undersigned applicant hereby requests that the Rancho Sahuarita CFD District Board direct District staff to prepare a feasibility report for the construction and/or acquisition of the public infrastructure set forth in this application.

### **I. APPLICANT INFORMATION.**

|               |   |
|---------------|---|
| Applicant:    | Rancho Sahuarita Management Company, L.L.C.     |
| Contact Name: | Fred Lewis                                      |
| Address:      | 4549 E. Fort Lowell Road, Tucson, Arizona 85712 |
| Phone #s:     | (520) 299-8766                                  |
| Email:        | fred@sharpeandassociates.com                    |
|               |   |

### **II. SUMMARY OF REQUEST.**

This application requests the issuance of general obligation bonds not to exceed \$3,800,000 for the Public Infrastructure projects described herein.

### **III. DESCRIPTION OF PUBLIC INFRASTRUCTURE TO BE ACQUIRED BY THE CFD.**

1. On the table below, list complete details about each project to be constructed by the Applicant and acquired by the CFD.
2. Exhibit B of the "District Development, Financing Participation and Intergovernmental Agreement" dated April 1, 2014 (the "Development Agreement") lists the infrastructure to be acquired and/or constructed by the District (also attached hereto as Exhibit E). On the table below, list the project number listed on Exhibit E, or N/A if the project is not listed on Exhibit E, in which case the Development Agreement may need to be amended.
3. Attach maps showing the location of each public infrastructure project to be acquired by the District, and the area to be benefited, as Exhibit A.

| Acquisition Project # | Detailed Acquisition Project Description:   | Exhibit E #           |
|-----------------------|---|-----------------------|
| A-1                   | <p><b>Rancho Sahuarita Blvd., Phase 8A Road Improvements</b><br/>           ~945 linear feet south of Rancho Sahuarita Blvd. Phase 7B including: improvement costs for the grading, subgrade material, three-lane roadway section 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, curb to sidewalk landscaping, 24" steel casing for future public sewer improvements, curb cuts to access adjacent parcels, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.</p>  | #7,<br>#15<br>partial |
| A-2                   | <p><b>Extension of Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.</b><br/>           ~950 linear feet from the intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. to include: Traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 36 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage structure including decorative masonry columns and steel railing, landscape improvements at the intersections with raised decorative planters (6), roundabout, stamped colored asphalt pedestrian crossings, public sewer improvements, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees, associated with the project.</p> | N/A                   |
| A-3                   | <p><b>15 "Public Sewer Main Extension along East Property Line</b><br/>           Approximately 1000 linear feet of 15" Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including PVC sewer main, manholes, steel casing under one wash. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.</p>   | #5<br>partial         |
| A-4                   |   |                       |
| A-5                   |   |                       |

Attachment: Application for Feasibility Report (Application for Feasibility Report)

#### IV. DESCRIPTION OF PUBLIC INFRASTRUCTURE TO BE CONSTRUCTED BY THE CFD.

1. On the table below, list complete details about each project to be constructed by the CFD.
2. Exhibit B of the Development Agreement lists the infrastructure to be acquired and/or constructed by the District (also attached hereto as Exhibit E). On the table below, list the project number listed on Exhibit E, or N/A if the project is not listed on Exhibit E, in which case the Development Agreement may need to be amended.
3. Attach maps showing the location of each public infrastructure project to be constructed by the

| Construction Project # | Detailed Construction Project Description: | Exhibit E # |
|------------------------|--|-------------|
| C-1                    |  |             |
| C-2                    |  |             |
| C-3                    |  |             |
| C-4                    |  |             |
| C-5                    |  |             |

**V. ESTIMATED START DATE, COMPLETION DATE, COST, AND MAINTENANCE COST FOR CONSTRUCTION OR ACQUISITION OF PUBLIC INFRASTRUCTURE.**

1. On the table below, for each acquisition (Project A-1 through A-5) and/or construction (Project C-1 through C-5) project, list the estimated construction start and end date, and the estimated cost of construction. Also list the estimated maintenance costs for years 1-5, years 6-10, years 11-15, and years 16-20.
2. Include the basis for the estimates and attach supporting documentation as Exhibit C.

| Project # | Estimated Start Date | Estimated Completion Date | Estimated Cost | 20 Year Estimated Maintenance Costs |          |           |           |
|-----------|----------------------|---------------------------|----------------|-------------------------------------|----------|-----------|-----------|
|           |                      |                           |                | Yrs 1-5                             | Yrs 6-10 | Yrs 11-15 | Yrs 16-20 |
| A-1       | January 2020         | December 2020             | \$1,600,000    | \$63.5K                             | \$78.6K  | \$94.9K   | \$86.7K   |
| A-2       | January 2020         | December 2020             | \$1,600,000    | \$98.7K                             | \$105.7K | \$122.5K  | \$116.3K  |
| A-3       | March 2020           | December 2020             | \$ 300,000     | \$37.6K                             | \$25.0K  | \$24.1K   | \$25.0K   |
| A-4       |                      |                           |                |                                     |          |           |           |
| A-5       |                      |                           |                |                                     |          |           |           |
| C-1       |                      |                           |                |                                     |          |           |           |
| C-2       |                      |                           |                |                                     |          |           |           |
| C-3       |                      |                           |                |                                     |          |           |           |
| C-4       |                      |                           |                |                                     |          |           |           |
| C-5       |                      |                           |                |                                     |          |           |           |

**VI. PROJECTED RESIDENTIAL AND NON-RESIDENTIAL SALES IN RANCHO SAHUARITA CFD.**

1. On the table below, for each of five fiscal years (starting the fiscal year of anticipated completion of the financing), (1) for residential sales, list the estimated number of units to be sold and the average cost, and (2) for non-residential sales, list the estimated square feet to be constructed, the average sales price per square foot, and the industry type(s).
2. Include the basis for the estimates and attach supporting documentation as Exhibit D.

Attachment: Application for Feasibility Report (Application for Feasibility Report)

| Fiscal Year Ending | Number of Residential Units | Average Residential Sales Price | Non-Residential Square Ft. | Non-Residential Value        | Industry type  |
|--------------------|-----------------------------|---------------------------------|----------------------------|------------------------------|--|
| 2020               | 139                         | \$250,000                       | 77,212<br>243,936          | \$40,000,000<br>\$ 4,192,650 | Sahuarita Medical Center –<br><i>Building</i><br>Sahuarita Medical Center –<br><i>Land</i> |
| 2021               | 166                         | \$257,500                       |                            |                              |  |
| 2022               | 168                         | \$265,225                       |                            |                              |  |
| 2023               | 164                         | \$273,182                       |                            |                              |  |
| 2024               | 140                         | \$281,377                       |                            |                              |  |

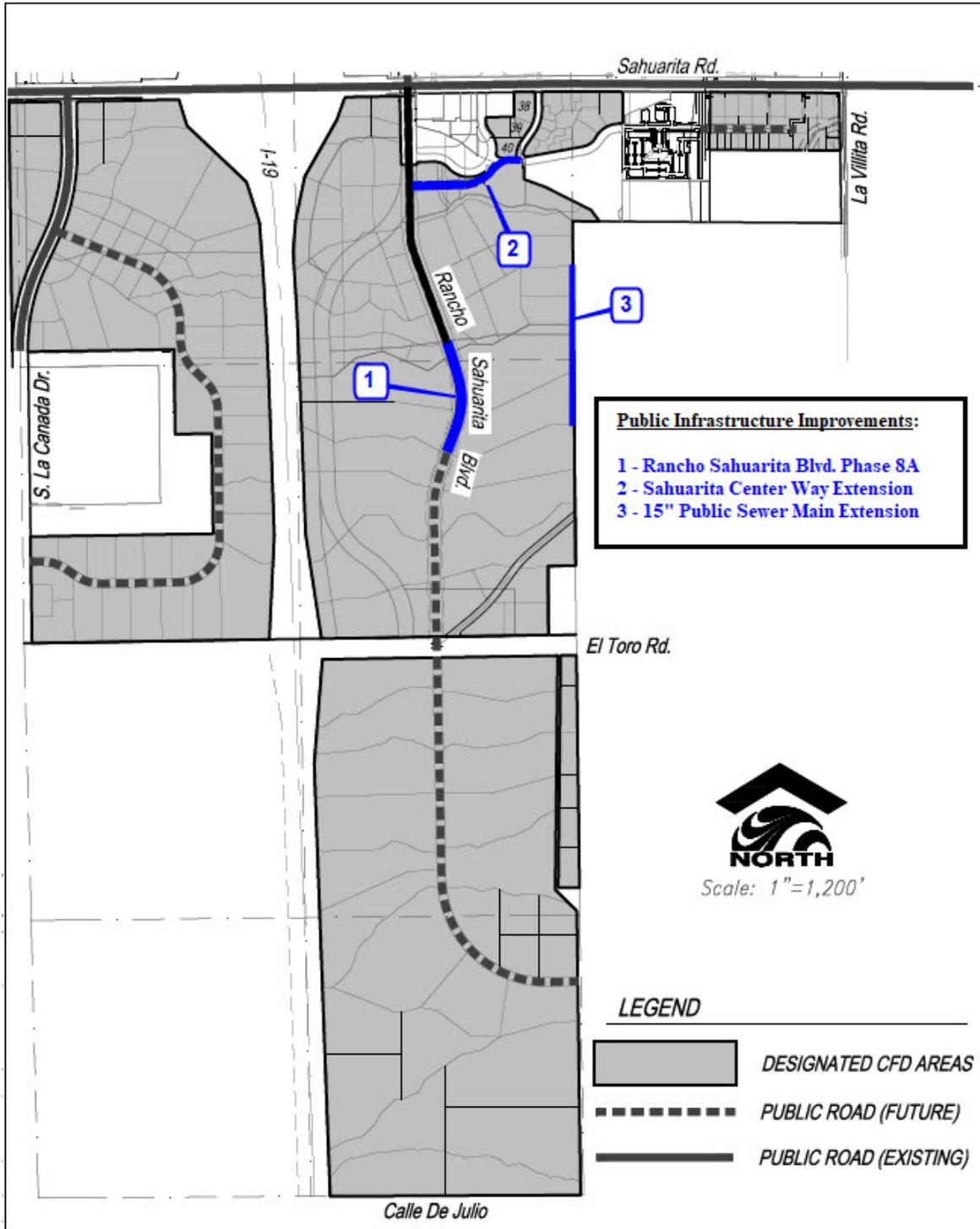
## **VII. APPLICANT'S NOTES.**

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.

*(All exhibits must be attached to application. Staff acceptance of this Application does not obligate the District to consider the Application or direct District staff to prepare a Feasibility Report. If this Application is presented to the District Board, the Board may do nothing or request staff prepare a Feasibility Report on the projects included in this Application and/or other projects the Board determines are in the best interests of the residents of the District. Issuance costs will be in the sole discretion of the District.)*

### Exhibit A

Maps Showing Location of Each Public Infrastructure Project to be Acquired by the District and the Area to be Benefited (Section III)



Attachment: Application for Feasibility Report (Application for Feasibility Report)

# Rancho Sahuarita CFD



Attachment: Application for Feasibility Report (Application for Feasibility Report)

**Exhibit B**

Maps Showing Location of Each Public Infrastructure Project  
to be Constructed by the District and the Area to be Benefited  
(Section IV)

**Exhibit C**

Documents Supporting Estimate of Cost and Estimated Completion Date  
for Construction or Acquisition of Public Infrastructure  
(Section V)

Attachment: Application for Feasibility Report (Application for Feasibility Report)



## Project #A-2

| No   | Description  | Quantity | Unit | Unit Cost    | Total Cost             |
|--|--|----------|------|--------------|------------------------|
| <b>Probable Construction Cost Estimate</b> |  |          |      |              |                        |
| 6.3.1                                      | <b>CONSTRUCT SAHUARITA CENTER WAY FROM RANCHO SAHUARITA BLVD TO CALLE IMPERIAL 30' WIDE (APPROX. 950 LF X 30 FT. WIDE)</b> |          |      |              |                        |
|  | CLEARING   | 1.64     | AC   | \$1,500.00   | \$2,464.19             |
|  | GRADING  | 13,437   | CY   | \$7.00       | \$94,061.64            |
|  | SEWER  | 450      | LF   | \$100.00     | \$45,000.00            |
|  | WATER  | 0        | LF   | \$60.00      | \$0.00                 |
|  | JOINT UTILITIES  | 0        | LF   | \$142.50     | \$0.00                 |
|  | CON ARCH CROSSING (1-36' X 4' X 80')   | 1        | LS   | \$330,000.00 | \$330,000.00           |
|  | CURB   | 2,772    | LF   | \$24.00      | \$66,528.00            |
|  | PAVING (3" AC ON 8" ABC) W/ STAMPED CROSSWALKS   | 5,821    | SY   | \$24.00      | \$139,697.07           |
|  | SIDEWALK AND H/CAP RAMPS (8' BOTH SIDES)   | 18,240   | SF   | \$8.00       | \$145,920.00           |
|  | LANDSCAPING AT RAISED PLANTERS   | 6        | EA   | \$3,000.00   | \$18,000.00            |
|  | HARDSCAPE ALLOWANCE (PLANTERS & SIGNS)   | 950      | LF   | \$80.00      | \$76,000.00            |
|  | <b>SUBTOTAL</b>  |          |      |              | <b>\$917,670.90</b>    |
| 6.3.1                                      | <b>TRAFFIC SIGNAL AT RANCHO SAHUARITA BLVD AND SAHUARITA CENTER WAY</b>  |          |      |              | <b>\$200,000.00</b>    |
|  | <b>SUBTOTAL REGION 6 - TOWN CENTER ROADS</b>   |          |      |              | <b>\$1,117,670.90</b>  |
|  | <b>ENGINEERING (6%)</b>  |          |      |              | <b>\$67,060.25</b>     |
|  | <b>CONSTRUCTION ADMINISTRATION (3%)</b>  |          |      |              | <b>\$33,530.13</b>     |
|  | <b>SURVEY (2%)</b>   |          |      |              | <b>\$22,353.42</b>     |
|  | <b>PERMITS (1.5%)</b>  |          |      |              | <b>\$16,765.06</b>     |
|  | <b>CONSTRUCTION SALES TAX (65% OF 10.1%)</b>   |          |      |              | <b>\$73,375.09</b>     |
|  | <b>CONTINGENCY (15%)</b>   |          |      |              | <b>\$199,613.23</b>    |
|  | <b>TOTAL REGION 6 - TOWN CENTER ROADS</b>  |          |      |              | <b>\$ 1,530,368.08</b> |

Attachment: Application for Feasibility Report (Application for Feasibility Report)

**Project #A-3**

|         |   |           |            |
|---------|---|-----------|------------|
| Project | <b>RANCHO SAHUARITA - REGION 7 - CFD ELIGIBLE COSTS</b> | Proj. No. |            |
|         | <b>BLOCKS 103 - 106 ONLY</b>                            | By        | M. BOWMAN  |
| Subject | <b>15" SEWER MAIN</b>                                   | Date      | 10/11/2019 |

**Probable Construction Cost Estimate**

| No           | Description   | Quantity | Unit | Unit Cost    | Total Cost           |
|--------------|---|----------|------|--------------|----------------------|
| <b>7.1.6</b> | <b>EXTEND 15" SEWER MAIN FROM NORTH END OF BLOCK 87 SOUTH TO MANHOLE #4 (SERVES BLOCKS 103-106)</b> |          |      |              |                      |
|              | REMOVAL ITEMS   | 1        | LS   | \$ 5,750.00  | \$ 5,750.00          |
|              | 15" MAIN LINE   | 1,000    | LF   | \$ 115.00    | \$ 115,000.00        |
|              | MANHOLES (6')   | 3        | LS   | \$ 13,800.00 | \$ 41,400.00         |
|              | JACK AND BORE WASH CROSSING(1)  | 55       | LS   | \$ 460.00    | \$ 25,300.00         |
|              | <b>SUBTOTAL</b>   |          |      |              | <b>\$ 187,450.00</b> |
|              | <b>ENGINEERING (8%)</b>   |          |      |              | \$ 14,996.00         |
|              | <b>CONSTRUCTION ADMINISTRATION (4%)</b>   |          |      |              | \$ 7,498.00          |
|              | <b>SURVEY (2.5%)</b>  |          |      |              | \$ 4,686.25          |
|              | <b>PERMITS (1.5%)</b>   |          |      |              | \$ 2,811.75          |
|              | <b>CONSTRUCTION SALES TAX (65% OF 11.1%)</b>  |          |      |              | \$ 13,536.70         |
|              | <b>CONTINGENCY (15%)</b>  |          |      |              | \$ 34,646.81         |
| <b>TOTAL</b> | <b>REGION 7 SEWER MAIN</b>  |          |      |              | <b>\$ 265,625.51</b> |

Attachment: Application for Feasibility Report (Application for Feasibility Report)

**Exhibit D**

Documents Supporting Five-Year Projected Residential and Non-Residential Sales in Rancho Sahuarita CFD  
Including Number of Residential Units and Average Sales Price and Average Non-Residential Square Feet, Average Sales Price, and Industry Type (Section VI)

| <u>Year</u> | <u>Units</u> | <u>Avg Sales Price</u> | <u>Neighborhood</u>  |
|-------------|--------------|------------------------|--|
| FY 2020     | 139          | \$250,000              | Entrada la Villita - 17<br>Entrada del Rio - 122                                     |
| FY 2021     | 166          | \$257,500              | Entrada del Rio - 130<br>Region 6A - 36  |
| FY 2022     | 168          | \$265,225              | Entrada del Rio - 132<br>Region 6A - 36  |
| FY 2023     | 164          | \$273,182              | Entrada del Rio - 74<br>Region 6A - 18<br>Region 6B - 36<br>Region 7A East - 36      |
| FY 2024     | <u>140</u>   | \$281,377              | Entrada del Rio - 34<br>Region 6B - 34<br>Region 7A East - 36<br>Region 7A West - 36 |

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Attachment: Application for Feasibility Report (Application for Feasibility Report)

## Exhibit E

### Description of the Infrastructure

1. Construction of Avenida Mitla from Station 00+00 to Station 27+73 (Public Arterial)
  - a. Drainage Improvements (Along Avenida Mitla)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under Avenida Mitla)
2. Construction of Placita Fara - 300 Lineal Feet of 28 .10 Wide Road (Public Street)
  - a. Drainage Improvements (Along Placita Fara)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under Placita Fara)
3. Rancho Sahuarita ("RS Blvd") (2 lanes of) from Sahuarita Road to South End Pods 6C & 6H (Public Arterial)
  - a. Drainage Improvements (Along Rancho Sahuarita Boulevard)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under Rancho Sahuarita Boulevard)
4. RS Blvd (2 lanes of) from South End Pods 6C & 6H to South End Pods 6E and 6F (Public Arterial)
  - a. Drainage Improvements (Along Rancho Sahuarita Boulevard)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under Rancho Sahuarita Boulevard and from Pod 6P to 7E)
5. Construct 15 Inch Sewer Line from Existing Line in Desert Gem Lane to Pod 7A
6. Sahuarita Center Way from Desert Gem (810' East)
  - a. Drainage Improvements (Along Sahuarita Center Way)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under Sahuarita Center Way)
7. RS Blvd (2 lanes of) from South End Pods 6E & 6F to South End Pod 7A & 7E (Public Arterial)
  - a. Drainage Improvements (Along RS Blvd)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under RS Blvd)
8. Basin and Linear Park Improvements along Rancho Sahuarita Blvd in Region 6
9. Basin and Linear Park Improvements along Rancho Sahuarita Blvd in Region 7

10. RS Blvd (2 lanes of) from South End Pod 7A & 7E to SOUTH END OF PODS 7B & 7F (Public Arterial)
  - a. Drainage Improvements (Along RS Blvd)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under RS Blvd)
11. Extend 15" sewer line from Pod 7e to El Toro Road
12. RS Blvd (2 lanes of) from South End Pod 7B & 7F to El Toro Road (Public Arterial)
  - a. Drainage Improvements (Along RS Blvd)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under RS Blvd)
13. RS Blvd additional 2 lanes (if required) from Sahuarita Rd south to Pods 6c and 6h (2 lanes)
14. RS Blvd additional 2 lanes (if required) from Pods 6c & 6h south to Pod 7a (2 lanes)
15. RS Blvd additional 2 lanes (if required) from Pods 6e & 6f to south end of Pod 7a & 7e (2 lanes)
16. RS Blvd additional 2 lanes (if required) from south end of Pod 7a & 7e to south end of Pods 7b & 7f (2 lanes)
17. RS Blvd additional 2 lanes (if required) from south end of Pods 7b & 7f to El Toro Rd (2 lanes)
18. Street "A" from La Canada Road to South End Pods SD & SE (Public Arterial)
  - a. Drainage Improvements (Along Street A)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under Street A)
19. Basin and Linear Park Improvements along Street "A". to Pods 8d and 8e
20. Street "A" from Pods SD & SE to La Canada (Public Arterial)
  - a. Drainage Improvements (Along Street A)
  - b. Landscaping and Lineal Parks Along Public Streets
21. Basin and Linear Park Improvements along Street "A". From Pods Sd and Se to La Canada
22. RS Blvd and El Toro Road Intersection Improvements
23. RS Blvd from El Toro Road to South End Pod 9C (Public Arterial)
  - a. Drainage Improvements (Along RS Blvd)
  - b. Landscaping and Lineal Parks Along Public Streets

- c. Sewer Lines (Under RS Blvd)
- 24. Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 1 to Pod 9C and 9J
- 25. Extend 12" Sewer Main from El Toro Road to South end of Pod 9J Approximately 1700 LF.
- 26. RS Blvd from South End Pod 9C&J to Pod 9D&K (Public Arterial)
  - a. Drainage Improvements (Along RS Blvd)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under RS Blvd)
- 27. Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 2 from Pod 9C&J to Pods 9D&K
- 28. Extend 12" Sewer Main from South End of Pod 9J to South End of Pod 9K Approximately 930 LF.
- 29. RS Blvd from South End Pod 9D to Pod 9G (Public Arterial)
  - a. Drainage Improvements (Along RS Blvd)
  - b. Landscaping and Lineal Parks Along Public Streets
  - c. Sewer Lines (Under RS Blvd)
- 30. Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 3 from Pod 9D&K to Pods 9E&L
- 31. Extend 12" Sewer Main From South End of Pod 9k to South End of Pod 9g Approximately 2400 Lf.

**DRAFT**

**FEASIBILITY REPORT  
For the Issuance of**

**Not to Exceed \$3,500,000\* Principal Amount**

**OF**

**RANCHO SAHUARITA  
COMMUNITY FACILITIES DISTRICT  
(SAHUARITA, ARIZONA)  
GENERAL OBLIGATION BONDS,  
SERIES 2020**

**Submitted  
February 24, 2020**

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\* *Subject to change.*

Attachment: Draft Feasibility Report (Application for Feasibility Report)

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**Attachment: Draft Feasibility Report (Application for Feasibility Report)**

## 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 2020 (the “Series 2020 Bonds”) in an aggregate principal amount of not to exceed \$3,500,000\*, 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 2020 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. \$5,780,000 of such bonds were issued on March 30, 2018 in the form of a single bond (the “Series 2018 Bond”). The Town of Sahuarita, Arizona (the “Town”), the District, Interchange Opportunity Fund L.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, (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 2020 Bonds. This Report does not attempt to address the quality of the Series 2020 Bonds as investments or the likelihood of repayment of the Series 2020 Bonds.

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\* *Subject to change.*

## 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. The Developer has sold 323 lots within the District to three home builders as of December 31, 2019 (including Richmond American, Lennar Homes and Meritage Homes), with the builders having closed on 75 home sales through December 31, 2019. Additionally, the 77,000 square foot Sahuarita Medical Center (consisting of 18 beds along with physician and out-patient services) is currently under construction.

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

#### **1: Rancho Sahuarita Blvd., Phase 8A Road Improvements**

Extension of Rancho Sahuarita Blvd. south of the Phase 7B Road Improvements approximately 945 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section surface pavement, curbs, 8 foot sidewalks including handicap ramps on both sides of roadway, drainage facilities, one (1) concrete arch structure including decorative masonry columns and steel railing, curb to sidewalk landscaping, public sewer improvements, curb cuts to access adjacent parcels, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

#### **2: Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.**

Extension of Sahuarita Center Way from intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. approximately 950 linear feet including traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 50 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage structure including decorative masonry columns and steel railing, landscape improvements, public sewer improvements, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees, associated with the project.

#### **3: Public Sewer Main Extension along East Property Line**

Approximately 1,000 linear feet of 15 inch Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including polyvinyl chloride sewer main, manholes, steel casing under one wash. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

**SECTION THREE**

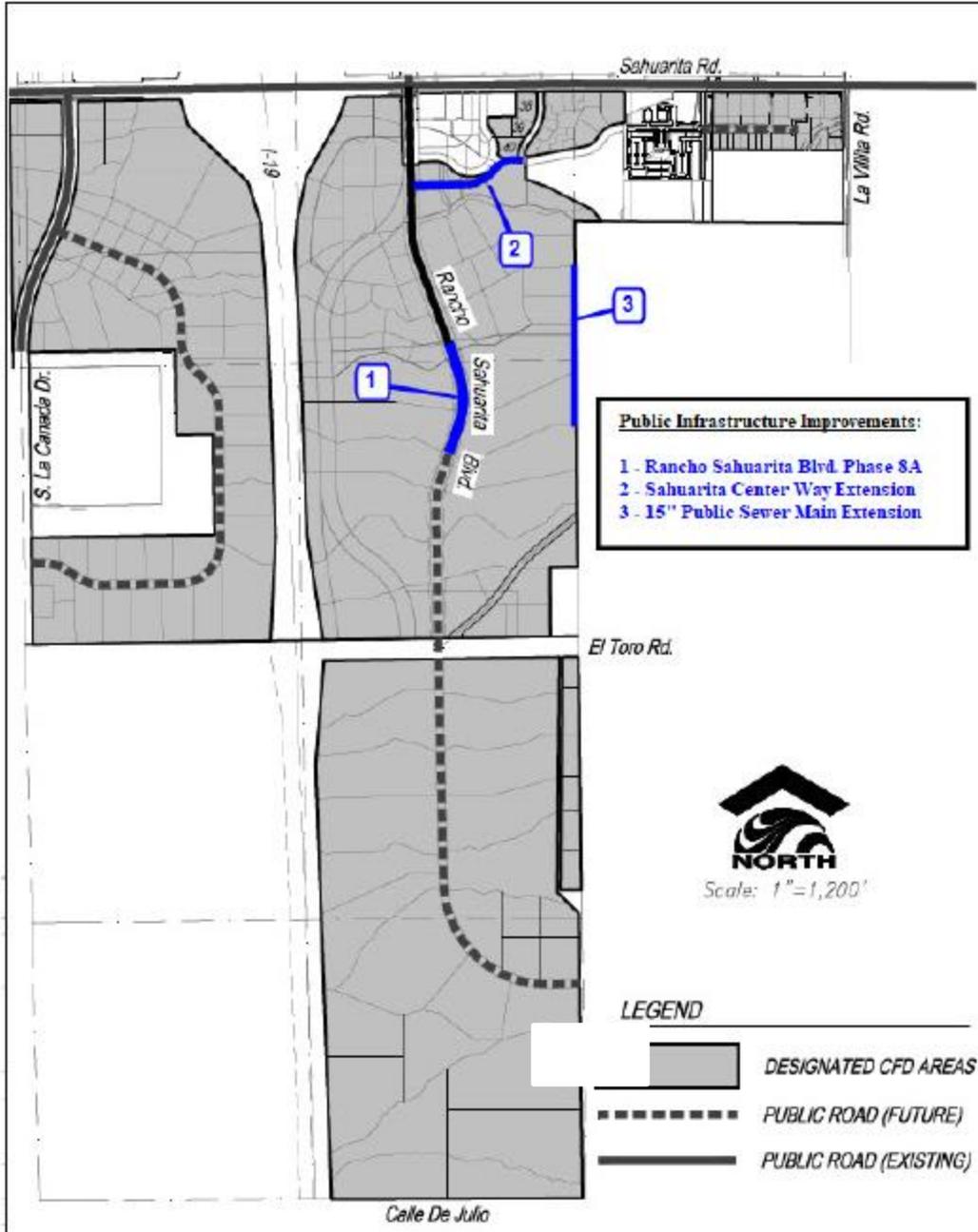
**MAPS SHOWING**

**LOCATION OF PUBLIC INFRASTRUCTURE AND**

**AREA TO BE BENEFITED**

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**See maps on following pages.**



Attachment: Draft Feasibility Report (Application for Feasibility Report)



**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<br/>Cost <sup>(a)</sup></b> | <b>Estimated<br/>Completion Date <sup>(a)</sup></b> |
|--|--|---|
| 1: Rancho Sahuarita Ph. 8A Road Improvements | \$1,442,000                              | December 2020                                       |
| 2: Extension of Sahuarita Center Way         | 1,432,000                                | December 2020                                       |
| 3: Public Sewer Main Extension               | 253,000                                  | December 2020                                       |
| Total:                                       | <b><u>\$3,127,000</u></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.

## 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 no more than \$60,000,000 in principal amount of general obligation bonds.

#### **The Series 2020 Bonds.**

The Series 2020 Bonds will be issued to finance the acquisition of the Public Infrastructure. It is anticipated the Series 2020 Bonds mature on July 15, 2045 and will be structured such that the total debt service will be approximately level. (See Table Two for the estimated debt service requirements on the Series 2020 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 2020 Bonds. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Series 2020 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 Series 2018 Bond and the Series 2020 Bonds (together, the “Bonds”) for a period of time provided in the Standby Contribution Agreement.

As additional security for the Series 2020 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 five times the maximum annual debt service of the Series 2020 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.

Standby contribution and despository agreements similar to those described above have been entered into with respect to the Series 2018 Bond for the same purposes as the Series 2018 Bond.

Once amounts available from standby contribution and depository agreements are exhausted, the tax rate would, if necessary, have to be increased to pay debt service on the 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 2020 Bonds would equal approximately \$53 per month or \$636 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, and disclosure for purchasers of other land in the District:

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, as provided in Appendix B.

Fourth, each buyer that purchases property for commercial purposes will sign a Rancho Sahuarita Community Facilities District Disclosure Statement detailing the existence of the District and its financial impact on ownership of the property, as provided in Appendix C.

Fifth, 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 2020 Bonds are shown below.

**SOURCES OF FUNDS**

|                      |                           |
|----------------------|---------------------------|
| Par Amount of Bonds  | <u>\$3,365,000</u>        |
| <b>TOTAL SOURCES</b> | <b><u>\$3,365,000</u></b> |

**USES OF FUNDS**

|  |                           |
|--|---------------------------|
| Costs of Public Infrastructure               | \$3,127,000               |
| Costs of Issuance and Underwriter’s Discount | <u>\$238,000</u>          |
| <b>TOTAL USES</b>                            | <b><u>\$3,365,000</u></b> |

Attachment: Draft Feasibility Report (Application for Feasibility Report)

TABLE ONE

RANCHO SAHUARITA PROJECTED HOME CLOSING SCHEDULE <sup>1</sup>

| <u>Year</u>        | <u>Units</u> | <u>Cumulative<br/>Units*</u> | <u>Average<br/>Sales Price</u> | <u>Neighborhood</u>  |
|--------------------|--------------|------------------------------|--------------------------------|--|
| 1/1/20-<br>6/30/20 | 97           | 172                          | \$250,000                      | Entrada LaVillita - 18<br>Entrada del Rio – 79                   |
| 7/1/20-<br>6/30/21 | 222          | 394                          | \$257,500                      | Entrada LaVillita - 19<br>Entrada del Rio - 167<br>Region 6 – 36 |
| 7/1/21-<br>6/30/22 | 235          | 629                          | \$265,225                      | Entrada del Rio - 127<br>Region 6 – 72<br>Region 7 – 36          |
| 7/1/22-<br>6/30/23 | 189          | 818                          | \$273,182                      | Entrada del Rio - 72<br>Region 6 - 45<br>Region 7 – 72           |
| 7/1/23-<br>6/30/24 | <u>146</u>   | <u>964</u>                   | \$281,377                      | Entrada del Rio - 56<br>Region 7 - 90                            |
|                    | 889          |                              |                                |  |

\*Number of homes closed through 12-31-2019 was 75. This is the starting amount for this column.

Source: The Developer

<sup>1</sup> Public Infrastructure is necessary for home construction/sales. Home Closing Schedule Unit count is based upon the number of units that will be available for sale with the Public Infrastructure in place and reflects a portion of the overall anticipated 3,250 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 four Units/month per lot size segment per neighborhood.

TABLE TWO

## RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (SAHUARITA, ARIZONA)

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

| (1)                                 | (2)                                      | (3)                 | (4)   | (5)                 | (6)                   | (7)                   | (8)   | (9)                        | (10)                              |
|-------------------------------------|--|---------------------|---|---------------------|-----------------------|-----------------------|---|----------------------------|-----------------------------------|
| Fiscal<br>Year<br>Ending<br>July 15 | Net Limited<br>Assessed<br>Valuation (a) | Estimated<br>Growth | Existing<br>Debt<br>Service<br>(Series 2018 Bond) | The 2020 Bonds      |                       |                       | Total<br>Estimated<br>Aggregate<br>Annual<br>Debt Service<br>Requirements | Estimated<br>Shortfall (b) | Estimated<br>Bond<br>Tax Rate (c) |
|                                     |  |                     |   | Principal           | Estimated<br>Interest | Total<br>Debt Service |   |                            |                                   |
| 2019                                | \$ 1,184,469                             |                     |   |                     |                       |                       |   |                            |                                   |
| 2020                                | 1,569,791                                | 33%                 | \$ 420,890  |                     |                       |                       | \$ 420,890  | \$ 350,948                 | \$ 4.6900                         |
| 2021                                | 3,198,011                                | 104%                | 421,376   |                     | \$ 206,106            | \$ 206,106            | 627,482   | 484,994                    | 4.6900                            |
| 2022                                | 5,022,672                                | 57%                 | 420,508   | \$ 80,000           | 151,425               | 231,425               | 651,933   | 428,147                    | 4.6900                            |
| 2023                                | 8,157,208                                | 62%                 | 421,337   | 85,000              | 147,825               | 232,825               | 654,162   | 290,717                    | 4.6900                            |
| 2024                                | 11,427,856                               | 40%                 | 420,762   | 90,000              | 144,000               | 234,000               | 654,762   | 145,593                    | 4.6900                            |
| 2025                                | 14,121,996                               | 24%                 | 420,833   | 90,000              | 139,950               | 229,950               | 650,783   | 21,577                     | 4.6900                            |
| 2026                                | 15,971,327                               | 13%                 | 421,501   | 95,000              | 135,900               | 230,900               | 652,401   | 0                          | 4.2891                            |
| 2027                                | 15,971,327                               | 0%                  | 420,714   | 100,000             | 131,625               | 231,625               | 652,339   | 0                          | 4.2887                            |
| 2028                                | 15,971,327                               | 0%                  | 420,523   | 105,000             | 127,125               | 232,125               | 652,648   | 0                          | 4.2907                            |
| 2029                                | 15,971,327                               | 0%                  | 420,877   | 110,000             | 122,400               | 232,400               | 653,277   | 0                          | 4.2948                            |
| 2030                                | 15,971,327                               | 0%                  | 420,727   | 115,000             | 117,450               | 232,450               | 653,177   | 0                          | 4.2942                            |
| 2031                                | 15,971,327                               | 0%                  | 421,071   | 120,000             | 112,275               | 232,275               | 653,346   | 0                          | 4.2953                            |
| 2032                                | 15,971,327                               | 0%                  | 420,860   | 125,000             | 106,875               | 231,875               | 652,735   | 0                          | 4.2913                            |
| 2033                                | 15,971,327                               | 0%                  | 421,094   | 130,000             | 101,250               | 231,250               | 652,344   | 0                          | 4.2887                            |
| 2034                                | 15,971,327                               | 0%                  | 420,721   | 135,000             | 95,400                | 230,400               | 651,121   | 0                          | 4.2807                            |
| 2035                                | 15,971,327                               | 0%                  | 420,743   | 145,000             | 89,325                | 234,325               | 655,068   | 0                          | 4.3066                            |
| 2036                                | 15,971,327                               | 0%                  | 421,108   | 150,000             | 82,800                | 232,800               | 653,908   | 0                          | 4.2990                            |
| 2037                                | 15,971,327                               | 0%                  | 420,766   | 155,000             | 76,050                | 231,050               | 651,816   | 0                          | 4.2852                            |
| 2038                                | 15,971,327                               | 0%                  | 420,717   | 165,000             | 69,075                | 234,075               | 654,792   | 0                          | 4.3048                            |
| 2039                                | 15,971,327                               | 0%                  | 420,910   | 170,000             | 61,650                | 231,650               | 652,560   | 0                          | 4.2901                            |
| 2040                                | 15,971,327                               | 0%                  | 421,296   | 180,000             | 54,000                | 234,000               | 655,296   | 0                          | 4.3081                            |
| 2041                                | 15,971,327                               | 0%                  | 420,823   | 185,000             | 45,900                | 230,900               | 651,723   | 0                          | 4.2846                            |
| 2042                                | 15,971,327                               | 0%                  | 420,491   | 195,000             | 37,575                | 232,575               | 653,066   | 0                          | 4.2934                            |
| 2043                                | 15,971,327                               | 0%                  | 421,251   | 205,000             | 28,800                | 233,800               | 655,051   | 0                          | 4.3065                            |
| 2044                                | 15,971,327                               | 0%                  | -   | 215,000             | 19,575                | 234,575               | 234,575   | 0                          | 1.5422                            |
| 2045                                | 15,971,327                               | 0%                  | -   | 220,000             | 9,900                 | 229,900               | 229,900   | 0                          | 1.5114                            |
|                                     |  |                     |   | <u>\$ 3,365,000</u> |                       |                       |   |                            |                                   |

Attachment: Draft Feasibility Report (Application for Feasibility Report)

\* Preliminary, subject to change.

- (a) Fiscal years 2018/19 and 2019/20 are actual. Fiscal year 2020/21 is estimated by Pima County. Fiscal years 2021/22 through 2023/24 projected using data provided by the Developer. Subsequent years assume no growth.
- (b) Estimated total shortfall to be contributed per standby contribution agreements described in Section Five.
- (c) Assumes District levies \$4.69 for the 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 - RESIDENTIAL**

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**FORM OF DISCLOSURE PAMPHLET  
RESIDENTIAL  
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 12, 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 or construction 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 public infrastructure improvements within the CFD including financing costs related to such improvements. The Series One bond issue occurred on March 1, 2018 for \$5,780,000, and the Series Two bond issue is expected to occur in March, 2020 for approximately \$3,500,000. The proceeds from the bond series issues 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).

### 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 expenses of the CFD and of operation and maintenance of 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 net 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 developers 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                 | \$610                                      |
| \$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

Attachment: Draft Feasibility Report (Application for Feasibility Report)

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.

Subdivision: \_\_\_\_\_ Lot Number(s): \_\_\_\_\_

|                        |       |                           |
|------------------------|-------|---------------------------|
| _____                  | _____ | _____                     |
| Home Buyer 1 Signature | Date  | Home Buyer 1 Printed Name |
| _____                  | _____ | _____                     |
| Home Buyer 2 Signature | Date  | Home Buyer 2 Printed Name |
| _____                  | _____ | _____                     |
| Home Buyer 3 Signature | Date  | Home Buyer 3 Printed Name |

Attachment: Draft Feasibility Report (Application for Feasibility Report)

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**APPENDIX C**

**FORM OF DISCLOSURE PAMPHLET - COMMERCIAL**

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**FORM OF DISCLOSURE PAMPHLET  
COMMERCIAL  
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 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 12, 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 or construction 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 public infrastructure improvements within the CFD including financing costs related to such improvements. The Series One bond issue occurred on March 1, 2018 for \$5,780,000, and the Series Two bond issue is expected to occur in March, 2020 for approximately \$3,500,000. The proceeds from the bond series issues is currently expected to be utilized to finance the engineering, design and construction of roads, drainage, landscaping, monumentation, and sewer line improvements.

**BENEFITS TO PROPERTY OWNERS**

The bond issues by the CFD will benefit all property owners within the CFD by providing such improvements. This benefit was taken into account by the Developer in connection with establishing the price of the land you are purchasing. 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. This added tax may be deductible for purpose of calculating federal and state income taxes (please consult with your tax advisor).

### 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 expenses of the CFD and of operation and maintenance of 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 net 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 developers from such obligations.

### IMPACT OF ADDITIONAL CFD PROPERTY TAX

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

| Value for Tax Purposes | Estimated Annual Additional Tax Liability* |
|------------------------|--|
| \$250,000              | \$2,250                                    |
| \$500,000              | \$4,490                                    |
| \$1,000,000            | \$8,980                                    |
| \$1,500,000            | \$13,475                                   |
| \$2,500,000            | \$22,455                                   |
| \$5,000,000            | \$44,910                                   |

**\*Assumptions:**

1. Assumes commercial property assessment ratio will remain at 18%.
2. Tax amount is computed by multiplying the tax rate per \$100 of limited assessed value times the assessment ratio.

Attachment: Draft Feasibility Report (Application for Feasibility Report)

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.

Pima County Tax Parcel # (or attach legal description): \_\_\_\_\_

|                            |       |                               |
|----------------------------|-------|-------------------------------|
| _____                      | _____ | _____                         |
| Land Purchaser 1 Signature | Date  | Land Purchaser 1 Printed Name |
| _____                      | _____ | _____                         |
| Land Purchaser 2 Signature | Date  | Land Purchaser 2 Printed Name |
| _____                      | _____ | _____                         |
| Land Purchaser 3 Signature | Date  | Land Purchaser 3 Printed Name |

Attachment: Draft Feasibility Report (Application for Feasibility Report)

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (TOWN OF SAHUARITA)  
\$3,500,000 (EST), GENERAL OBLIGATION BONDS, SERIES 2020**

**DRAFT FINANCING CALENDAR FOR INTERNAL REVIEW AND COMMENTS**

| January 2020 |    |    |    |    |    |    |
|--------------|----|----|----|----|----|----|
| S            | M  | T  | W  | TH | F  | S  |
|              |    |    | 1  | 2  | 3  | 4  |
| 5            | 6  | 7  | 8  | 9  | 10 | 11 |
| 12           | 13 | 14 | 15 | 16 | 17 | 18 |
| 19           | 20 | 21 | 22 | 23 | 24 | 25 |
| 26           | 27 | 28 | 29 | 30 | 31 |    |

| February 2020 |    |    |    |    |    |    |
|---------------|----|----|----|----|----|----|
| S             | M  | T  | W  | TH | F  | S  |
|               |    |    |    |    |    | 1  |
| 2             | 3  | 4  | 5  | 6  | 7  | 8  |
| 9             | 10 | 11 | 12 | 13 | 14 | 15 |
| 16            | 17 | 18 | 19 | 20 | 21 | 22 |
| 23            | 24 | 25 | 26 | 27 | 28 | 29 |

| March 2020 |    |    |    |    |    |    |
|------------|----|----|----|----|----|----|
| S          | M  | T  | W  | TH | F  | S  |
|            |    |    |    |    |    |    |
| 1          | 2  | 3  | 4  | 5  | 6  | 7  |
| 8          | 9  | 10 | 11 | 12 | 13 | 14 |
| 15         | 16 | 17 | 18 | 19 | 20 | 21 |
| 22         | 23 | 24 | 25 | 26 | 27 | 28 |
| 29         | 30 | 31 |    |    |    |    |

| Date   | Event   | Team        |
|--|---|-------------|
| Week of January 13 <sup>th</sup>   | Select Underwriter from the SAVE RFP.   | CFD, SN     |
| Week of January 20 <sup>th</sup>   | Draft Resolution, Legal Documents and Preliminary Official Statement (“POS”) distributed to financing team for review and comments.   | GT, SN      |
| January 27 <sup>th</sup>   | City Council meeting to review Draft Feasibility Report and related proposed transaction.   | CFD, SN, GT |
| Week of February 6 <sup>th</sup><br>(on or around)   | POS Due Diligence conference/meeting.   | All Parties |
| February 14 <sup>th</sup><br>(on or around)  | All information for the February 24 <sup>th</sup> Board of Directors Meeting due to the Town.   | All Parties |
| February 24 <sup>th</sup>  | RSCFD Board of Directors considers and adopts a Resolution authorizing the sale of general obligation bonds. Resolution authorizes District Manager and/or District Treasurer to effectuate financing working closely with all team members.<br><br>Substantially final LOC completed prior to adoption of Resolution | All Parties |
| February 26 <sup>th</sup>  | Post the POS / distribute to prospective investors.   | All Parties |
| Week of March 9 <sup>th</sup>  | Underwrite the Bonds.   | CFD, SN, UW |
| Week of March 23 <sup>rd</sup><br>(on or around)   | Bond closing.   | All Parties |
| <b>Financing Team:</b><br>RSCFD - Rancho Sahuarita Community Facilities District (Town of Sahuarita, Arizona) - Issuer<br>GT - Greenberg Traurig, LLP – Bond Counsel<br>SN - Stifel, Nicolaus & Company, Incorporated – Financial Advisor<br>Underwriter - TBD<br>Underwriter’s Counsel - TBD<br>SA - Sharpe and Associates – Developer<br>_____ - |   |             |

Attachment: Draft Preliminary Financing Calendar (Application for Feasibility Report)



# TOWN OF SAHUARITA, ARIZONA

## RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

**\$3,365,000\***

**General Obligation Bonds, Series 2020**

**Monday, January 27, 2020**

Mark Reader  
Managing Director  
(602) 794-4011  
mread

# Evaluating the Use of Land-Secured Bonds

## Typical Life Cycle

VALUE

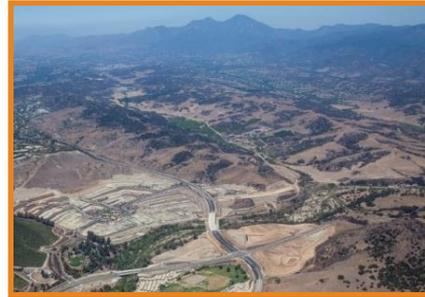
### Pre-Development

- Secure Entitlements
- Permitting
- Development planning
- Developer is sole property owner
- Negotiations underway with builders



### Infrastructure Improvements

- Access Roads Complete
- Site work underway
- Merchant builders in contract for some or all of land
- Developer/builders remain largest taxpayer



### Partial Development

- Vertical construction well underway
- Some parcels owned and occupied
- Taxpayer diversification

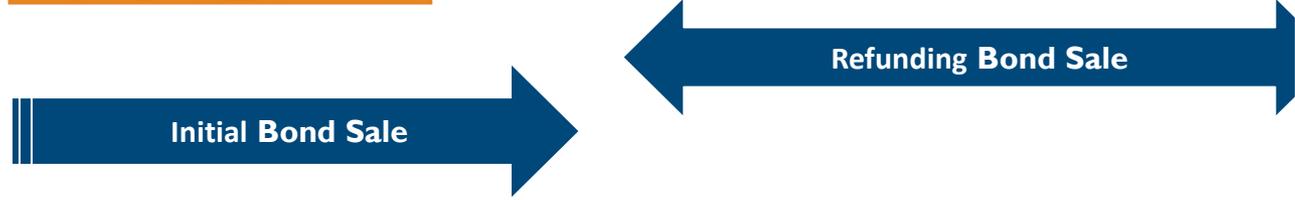


### Build Out

- Fully built out
- Parcels owned and occupied by buyers
- Developer no longer taxpayer
- High VTL



### Typical Bond Issue Timing

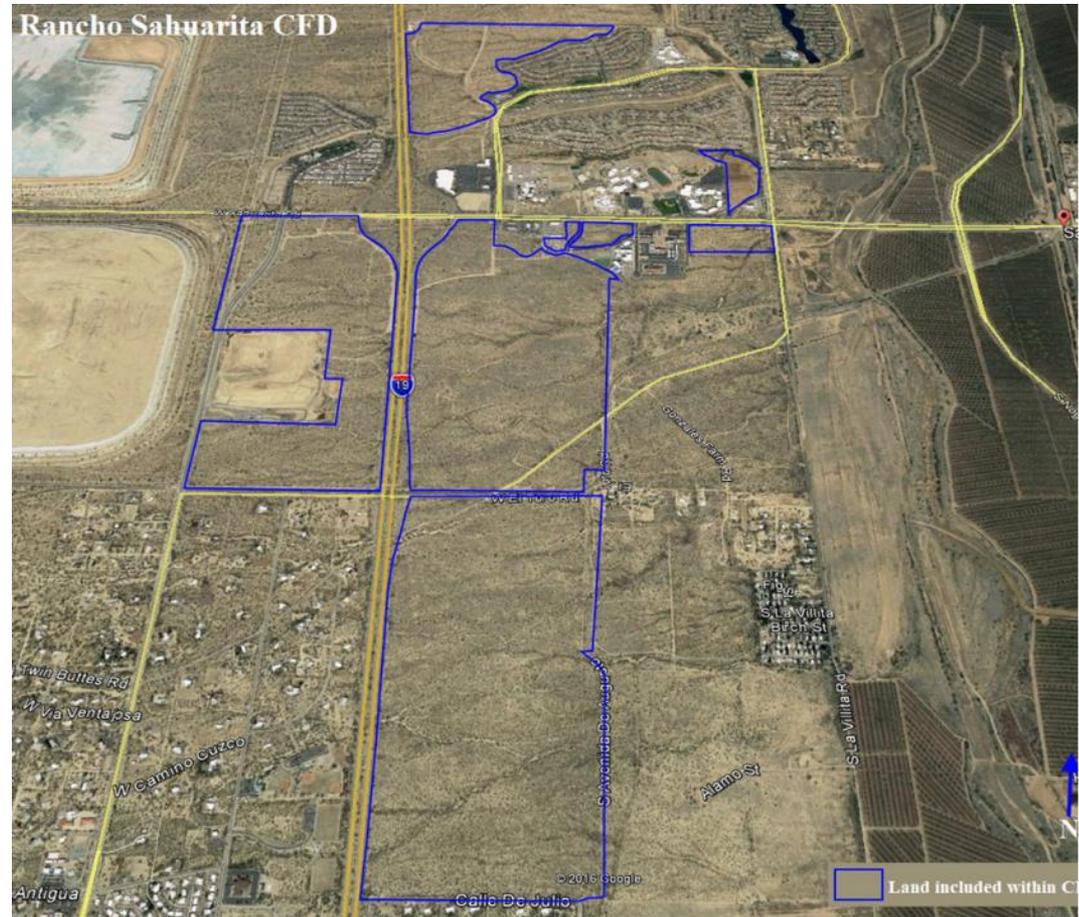


Attachment: Presentation (Application for Feasibility Report)

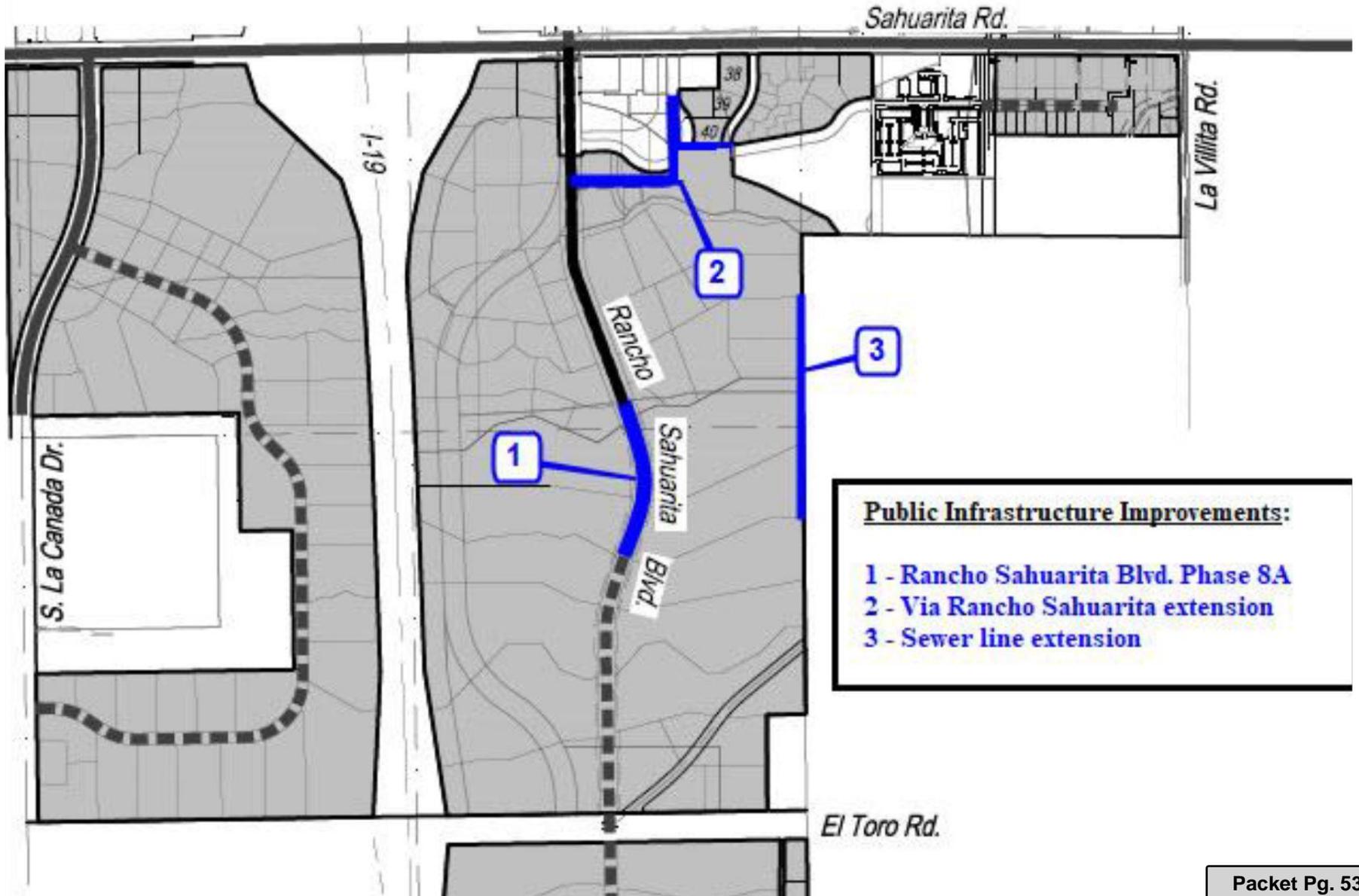
TIME

# CFD Summary

- District was formed in 2014, \$60 million in authorization
- Land within the District - 943 acres
- 964 residential units planned through fiscal year 2024 within the District, upon build out estimated 3,250 single family units and 1.25 million square feet commercial / industrial / mixed use
- Debt service tax rate: \$4.69 per \$100 of net limited assessed valuation, \$0.30 maintenance and operation tax rate



# Overview of Public Infrastructure Projects to be Acquired by the District



Attachment: Presentation (Application for Feasibility Report)

# Overview of Public Infrastructure Projects to be Acquired by the District



Attachment: Presentation (Application for Feasibility Report)

## Description of Public Infrastructure

### **1: Rancho Sahuarita Blvd., Phase 8A Road Improvements; \$1,442,000**

Extension of Rancho Sahuarita Blvd. south of the Phase 7B Road Improvements approximately 945 linear feet including improvement costs for the grading, subgrade material, three-lane roadway section 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, curb to sidewalk landscaping, public sewer improvements, curb cuts to access adjacent parcels, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

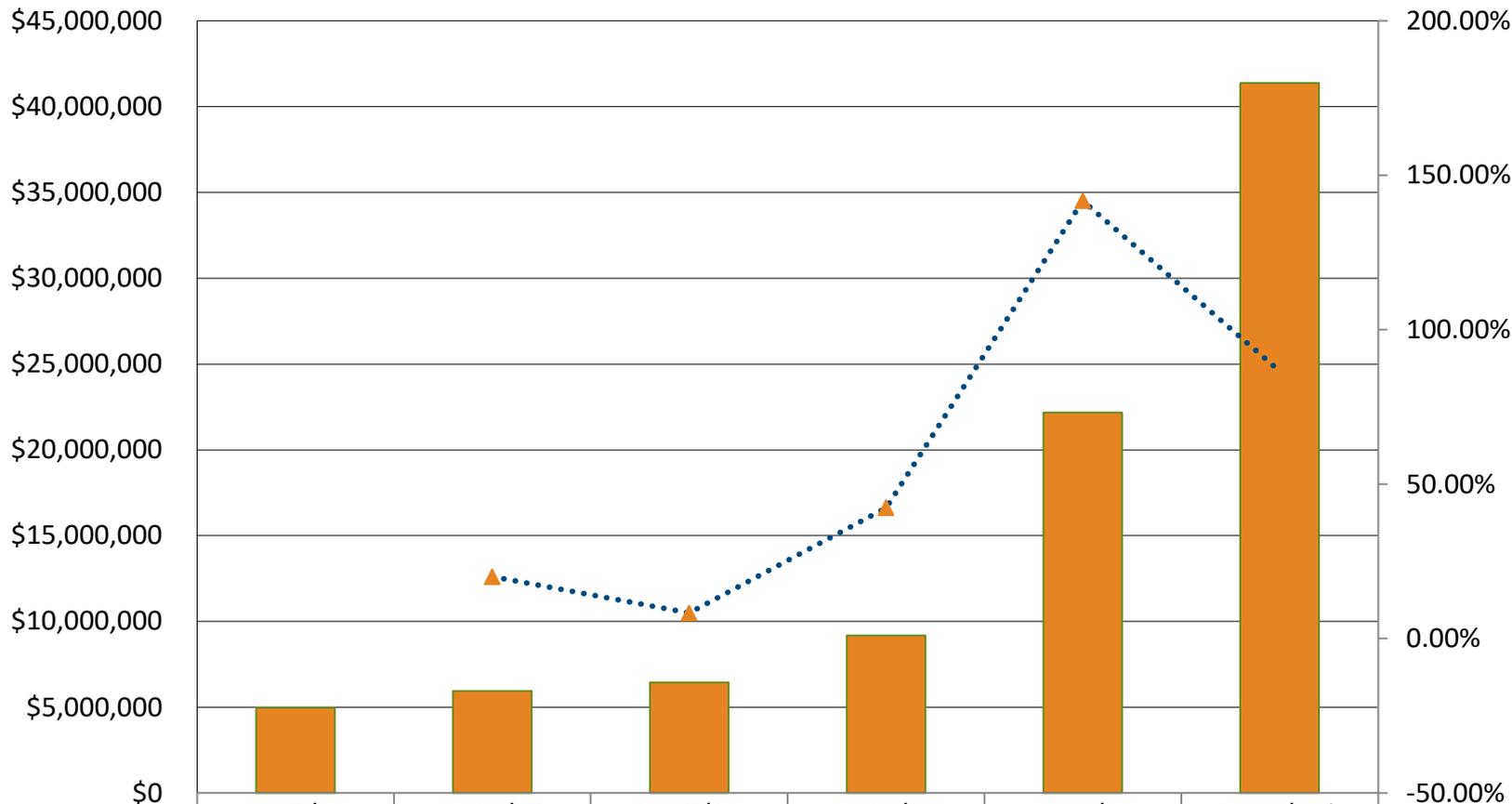
### **2: Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd. ; \$1,432,000**

Extension of Sahuarita Center Way from intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. approximately 950 linear feet including traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 50 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage structure including decorative masonry columns and steel railing, landscape improvements, public sewer improvements, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey construction observation, material testing, and applicable State and municipal fees, associated with the project.

### **3: Public Sewer Main Extension along East Property Line ; \$253,000**

Approximately 1,000 linear feet of 15" Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including PVC sewer main, manholes, steel casing under one wash. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.

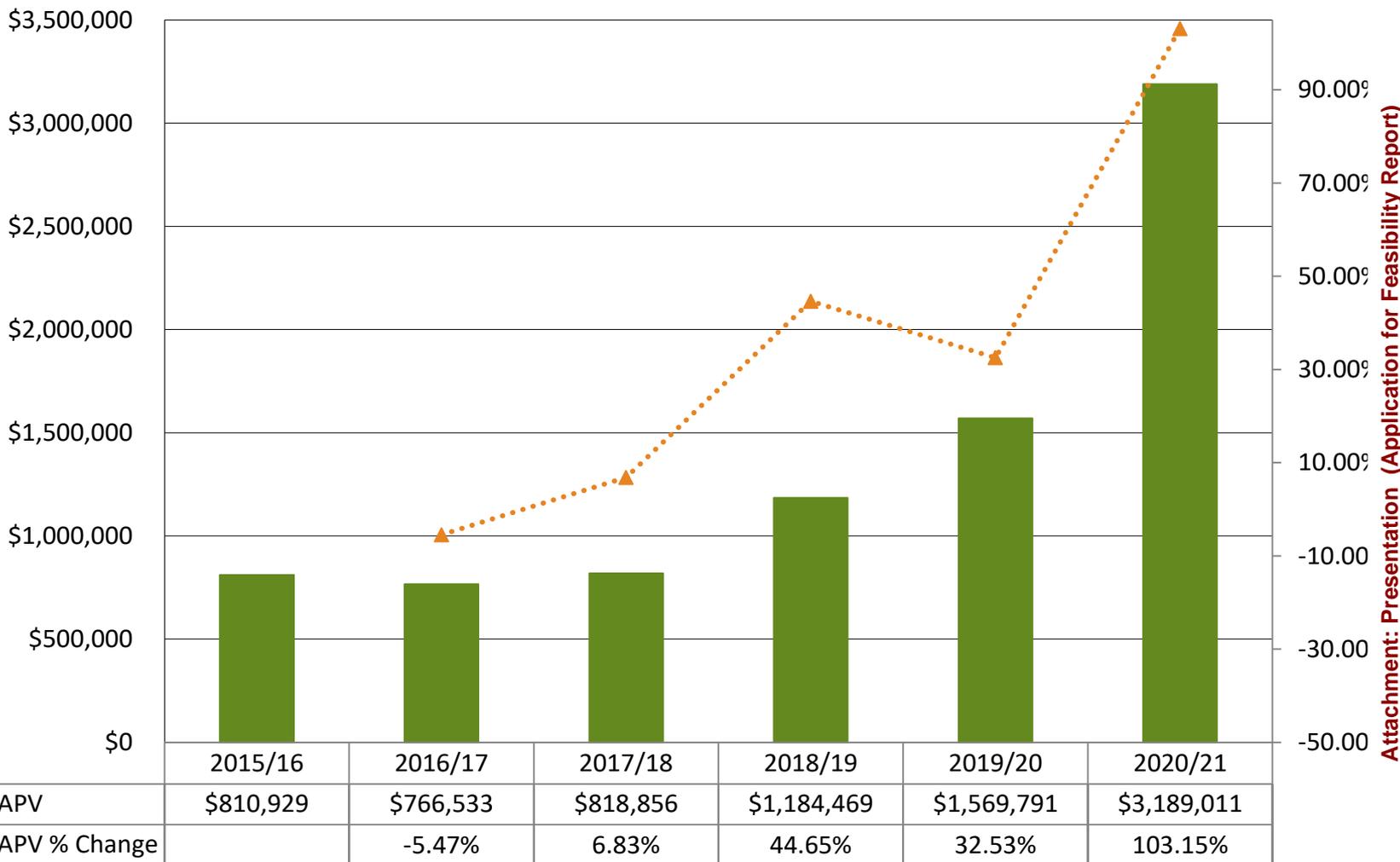
# District's Full Cash Value



Attachment: Presentation (Application for Feasibility Report)

\* Fiscal year 2020/21 is estimated by the Pima County Assessor.  
 Source: Pima County Assessor

# District's Net Limited Assessed Property Value

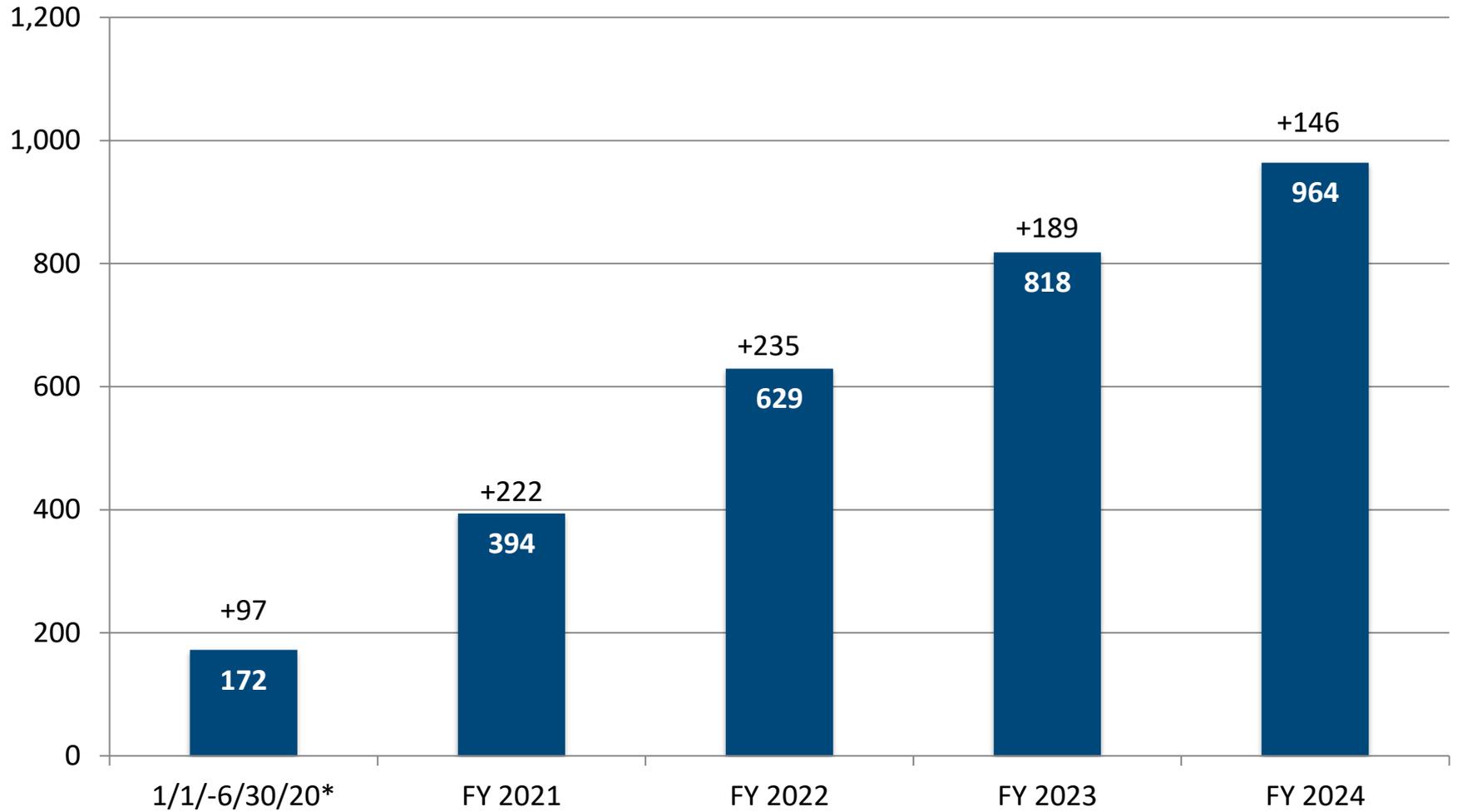


\* Fiscal year 2020/21 is estimated by the Pima County Assessor.

Net LAPV = Net Limited Assessed Property Value (To Calculate Taxes)

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

# Rancho Sahuarita – Fiscal Year 2020 to 2024 Projected Home Closings



Attachment: Presentation (Application for Feasibility Report)

\* Approximately 75 residential homes closed or completed.

# Rancho Sahuarita CFD – Proposed Bond Structure

| Requested Secondary Tax Rate and Bond Authorization |  |
|---|--|
| 1. Type of Bonds:                                   | General Obligation Bonds   |
| 2. Original Authorization:                          | \$60,000,000   |
| 3. Number of Bond Sales:                            | Phased bond sales – based on development success & related annual assessed valuation |
| 4. Secondary Tax Rate – Bond Debt Service:          | \$4.69 per \$100 of Assessed Valuation   |
| 5. Secondary Tax Rate – Maintenance and Operation:  | \$0.30 per \$100 of Assessed Valuation   |
| 6. Total Secondary Tax Rate:                        | \$4.99 per \$100 of Assessed Valuation   |
| 7. Estimated CFD Property Taxes:                    | \$42/month based on 2019/20 data for \$200,000 home                                  |

| Proposed Series of Bonds  |   |
|---|---|
| 1. Proposed Sale of Bonds:  | \$3,365,000 (Series 2020)   |
| 2. Type of G.O. Bonds:  | Acquisition [infrastructure to be built by developer and acquired by CFD]. Infrastructure expected to be complete in December 2020. |
| 3. Closing Date:  | March 2020  |
| 4. Credit Rating:   | Non-Rated   |
| 5. Amortization:  | Up to 25-Years  |
| 6. Estimated Interest Rate:   | 4.5% (subject to change)  |
| 7. Estimated Max Annual Debt Service on the 2020 Bonds:   | \$234,000   |
| 8. Estimated Max Aggregate GO Debt Service for the District:  | \$655,000   |
| 9. Preliminary CFD Secondary Tax Revenues [FY 2020/21]:   | \$142,000   |
| 10. Shortfall Secured by Standby Contribution Agreement(s):   | \$513,000 [paid by Developer]   |
| 11. Letter of Credit Security Requirement on 2020 Bonds:<br>[Alliance Bank of Arizona, Western Alliance Bank] | \$1,170,000 or 5x maximum annual debt service with release provisions based on actual discounted tax collection                     |

# Municipal Market Outlook – Week of January 21, 2020

| UPCOMING ISSUANCE  |   |
|--|---|
| \$1B Partners Healthcare System, MA Taxable, Aa3/AA-/NR                |   |
| \$500MM Cottage Health Group Taxable, NR/NR/AA-                        |   |
| \$370MM JobsOhio Beverage System Lien Rev Taxable, Aa3/AA/NR           |   |
| \$359MM Hartford Healthcare Rev Taxable, A2/A/A+                       |   |
| \$346MM Connecticut Health & Ed Rev - Yale Univ, Put Bonds, Aaa/AAA/NR |   |
| \$320MM Johns Hopkins Health System Rev Taxable, Aa2/AA-/AA-           |   |
| \$314MM University of Houston Rev, -/AA/NR                             |   |
| \$300MM Williamson County, TX Road GO, NR/AAA/AAA                      |   |
| \$273MM Indiana University Rev Taxable, Aaa/AAA/-                      |   |
| \$250MM Weld County, CO School District #6 GO, Aa2(Aa3)/AA(AA-)        |   |
| <b>30-Day Visible Supply:</b> \$12.4 Billion                           | <b>7-Day Visible Supply:</b> \$7.45 Billion |

| MAJOR ECONOMIC DATA        |        |          |        |
|----------------------------|--------|----------|--------|
| RELEASE                    | DAY    | ESTIMATE | ACTUAL |
| Existing Home Sales - Dec  | 22-Jan | 5.43M    |        |
| Leading Index - Dec %      | 22-Jan | -0.2     |        |
| US Manufacturing PMI - Jan | 24-Jan | 52.5     |        |
|                            |        |          |        |
|                            |        |          |        |

| TAXABLE MUNICIPAL GO/MAKE WHOLE TREASURY SPREAD |     |       |       |       |
|---|-----|-------|-------|-------|
|   | 5/5 | 10/10 | 20/30 | 30/30 |
| <b>AAA</b>                                      | 31  | 64    | 74    | 84    |
| <b>AA</b>                                       | 49  | 73    | 82    | 92    |
| <b>A</b>  | 70  | 106   | 109   | 119   |
| <b>BBB</b>                                      | 135 | 180   | 180   | 185   |

## COMMENTARY

Municipal Bonds outperformed US Treasuries last week, driving the ratio of AAA Municipals to US Treasuries to their lowest levels in 20 years according to TM3 (currently 5YR - 56.8%, 10YR 71.7%, 30YR - 85.8%). Municipal supply is estimated at \$7.45 billion this week, with \$3.65 billion expected to be tax-exempt and \$3.8 billion expected to be Taxable. Lipper reported a 54th consecutive week of inflows to Municipal Mutual Funds at \$2.34 billion for the week ending 1/15. The economic data calendar is light this week. Markets may be distracted by the impeachment trial schedule begin Tuesday morning and will pay attention to the ECB's latest policy decision on Thursday.

| RATE DATA                      |            |            |             |            |
|--------------------------------|------------|------------|-------------|------------|
|                                | TODAY      | WEEK PRIOR | MONTH PRIOR | YEAR PRIOR |
| <b>AAA GO</b>                  |            |            |             |            |
| 2 YEAR                         | 0.90       | 0.94       | 1.05        | 1.70       |
| 5 YEAR                         | 0.91       | 1.01       | 1.10        | 1.83       |
| 10 YEAR                        | 1.29       | 1.35       | 1.45        | 2.21       |
| 15 YEAR                        | 1.56       | 1.61       | 1.70        | 2.90       |
| 20 YEAR                        | 1.75       | 1.79       | 1.89        | 2.90       |
| 30 YEAR                        | 1.94       | 1.98       | 2.09        | 3.06       |
| <b>US TREASURY</b>             |            |            |             |            |
| 2 YEAR                         | 1.55       | 1.57       | 1.63        | 2.59       |
| 5 YEAR                         | 1.60       | 1.64       | 1.73        | 2.60       |
| 10 YEAR                        | 1.80       | 1.83       | 1.92        | 2.76       |
| 30 YEAR                        | 2.26       | 2.29       | 2.34        | 3.07       |
| <b>FED FUNDS</b>               | 1.50-1.75  | 1.50-1.75  | 1.50-1.75   | 2.25-2.50  |
| <b>PRIME RATE</b>              | 4.75       | 4.75       | 4.75        | 5.50       |
| <b>MIG 1 - 1YR</b>             | 0.97       | 1.14       | 1.14        | 1.74       |
| <b>MUB ETF</b>                 | 114.920    | 114.760    | 113.780     | 108.9      |
| <b>SIFMA 7DAY</b>              | 0.80       | 0.94       | 1.27        | 1.28       |
| <b>MSRB 7DAY TRD</b>           | \$62,107MM | \$62,568MM | \$60,855MM  | \$58,936   |
| <b>BOND BUYER INDEXES</b>      |            |            |             |            |
| <b>20 Bond GO<sup>1</sup></b>  | 2.56       | 2.63       | 2.74        | 4.19       |
| <b>11 Bond GO<sup>2</sup></b>  | 2.09       | 2.16       | 2.27        | 3.68       |
| <b>25 Bond REV<sup>3</sup></b> | 3.06       | 2.99       | 3.21        | 4.60       |

<sup>1</sup> GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa2 & S&P's AA  
<sup>2</sup> GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa1 & S&P's AA+  
<sup>3</sup> Revenue bonds maturing in 30 years, avg. rating equivalent to Moody's A1 & S&P A+

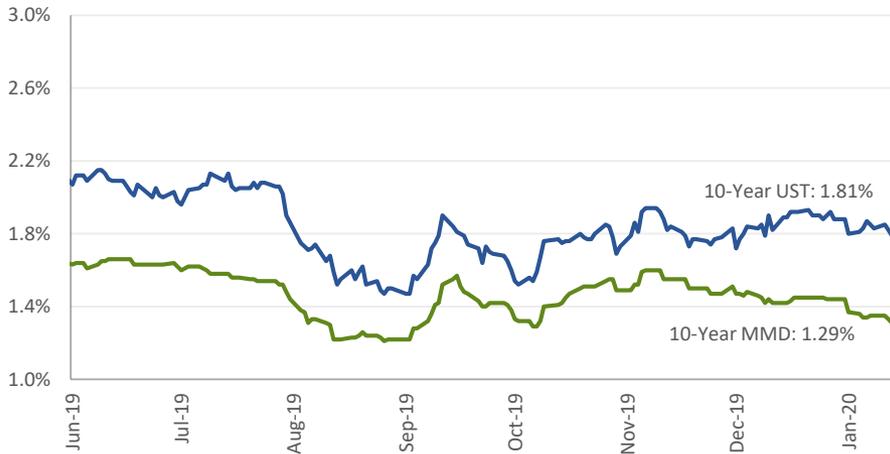
Attachment: Presentation (Application for Feasibility Report)

# Interest Rate Movement

## Taxable and Municipal Rates See Repeated Up-Down Movements Since August

### 10-Year MMD Yield Remains Near August 2019 Historic Lows

Comparing 10-Year UST and 10-Year AAA MMD since June 2019



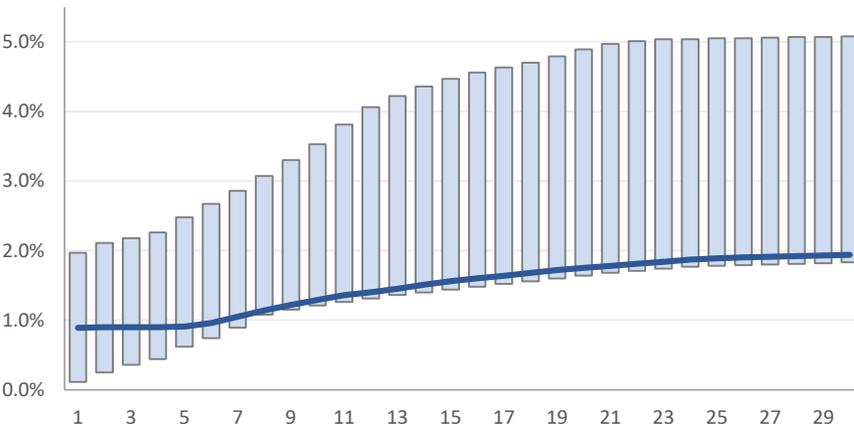
### 30-Year MMD Rests Near its Record Lows set in August 2019

Comparing 30-Year UST and 30-Year AAA MMD since June 2019



### Long-Term Rates Emerge from Bottom Of 10-Year Historic Range

10-Year Historical AAA MMD Range vs. Current AAA MMD



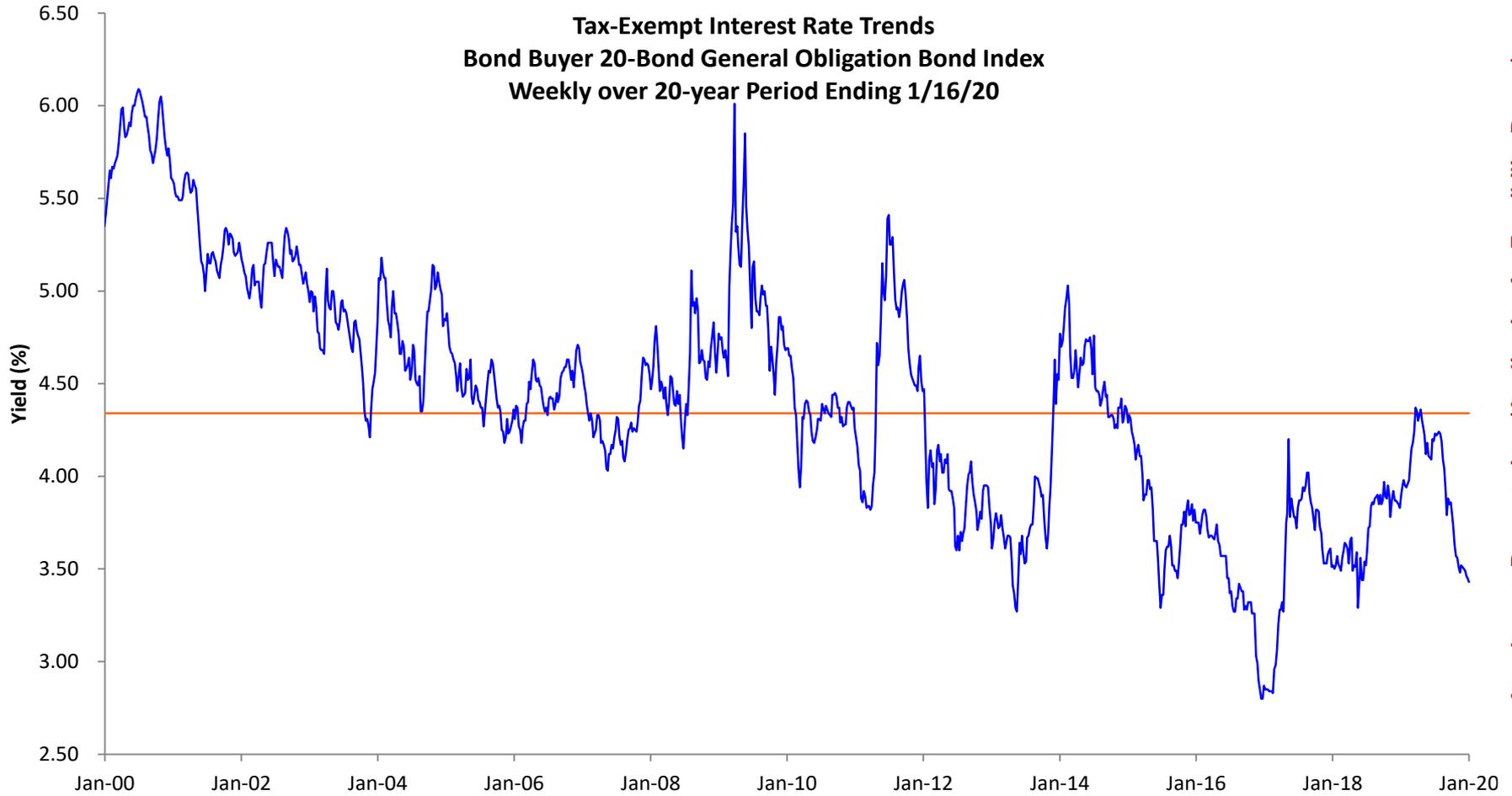
### Recent MMD and UST Movement

January 9, 2020 to January 16, 2020



Attachment: Presentation (Application for Feasibility Report)

**Tax-Exempt Interest Rate Trends**  
**Bond Buyer 20-Bond General Obligation Bond Index**  
**Weekly over 20-year Period Ending 1/16/20**



Attachment: Presentation (Application for Feasibility Report)

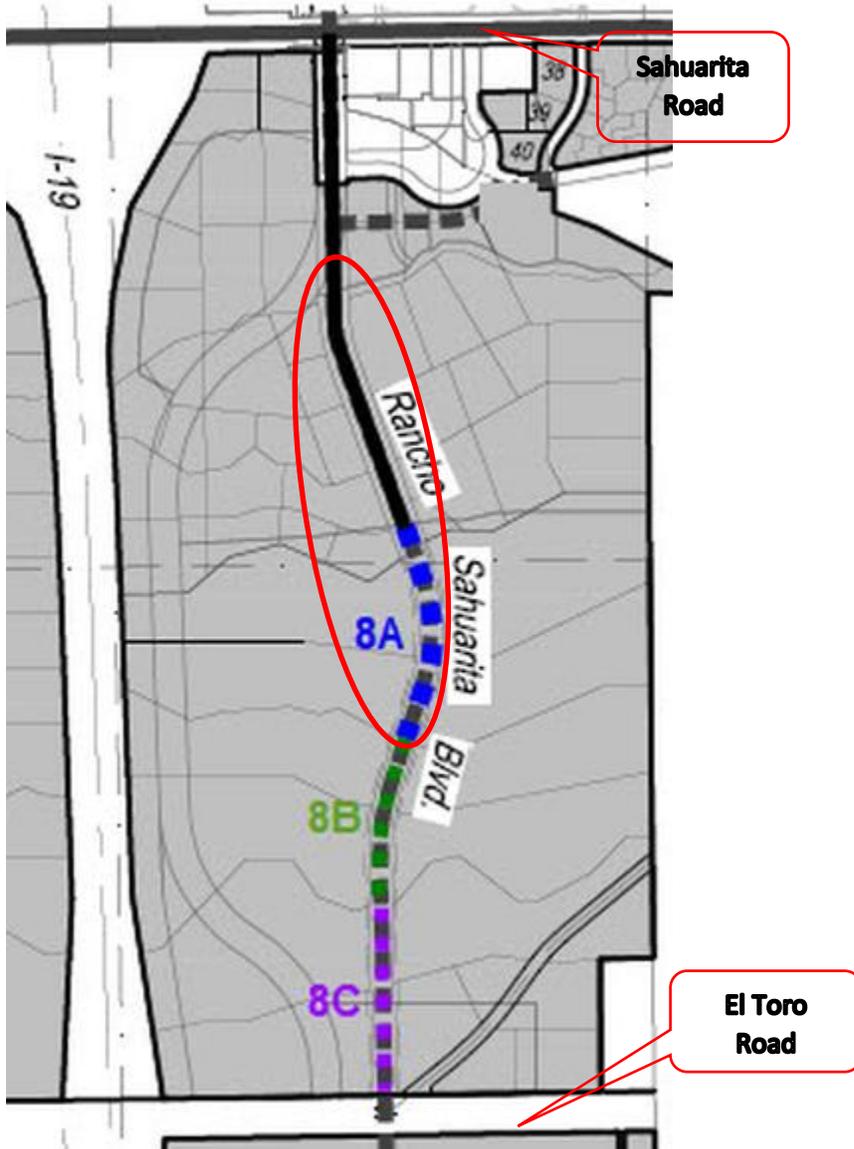


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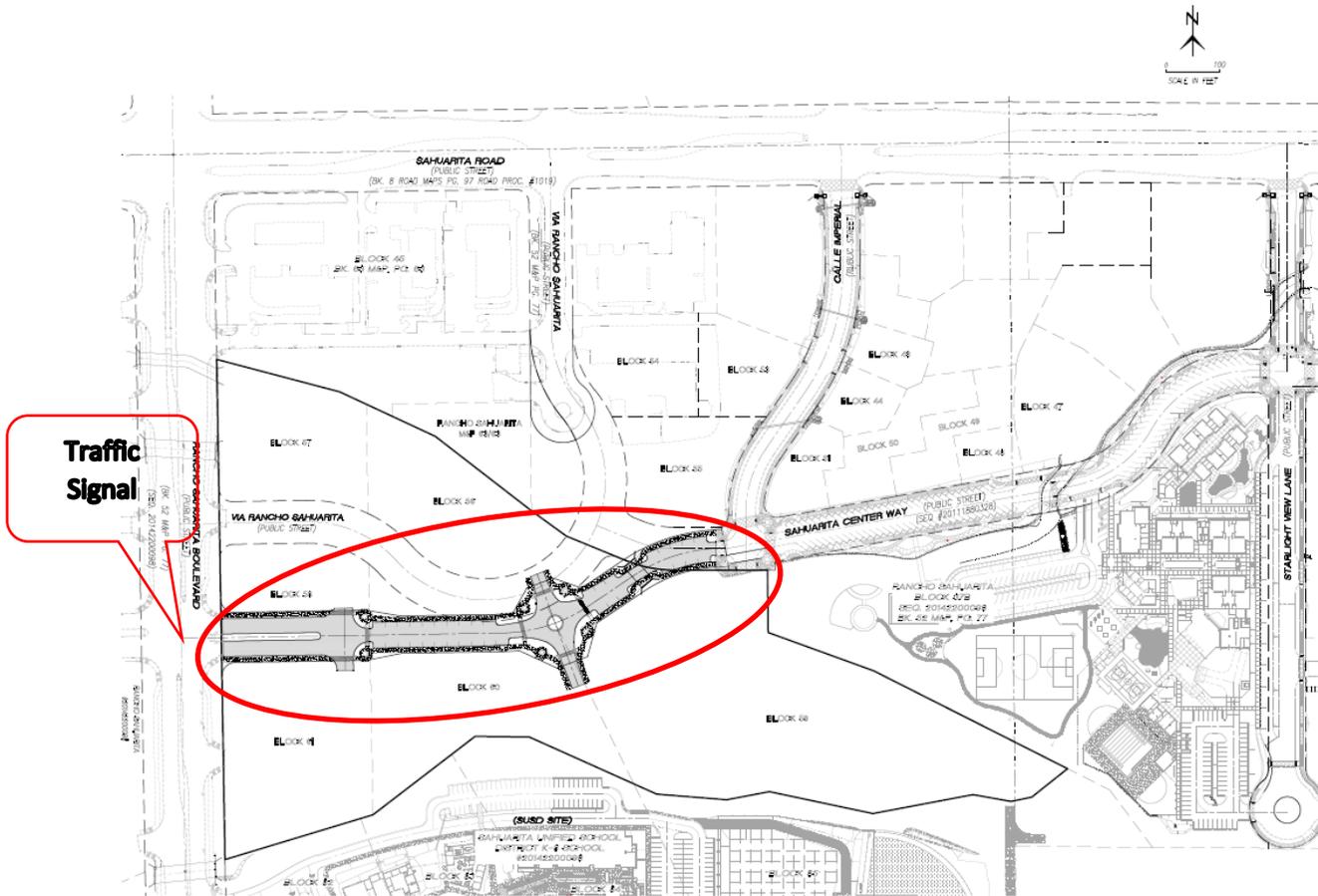
### 1: Rancho Sahuarita Blvd., Phase 8A Road Improvements

Approximately 945 linear feet south of Rancho Sahuarita Blvd. Phase 7B including: improvement costs for the grading, subgrade material, three-lane roadway section 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, curb to sidewalk landscaping, public sewer improvements, curb cuts to access adjacent parcels, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.



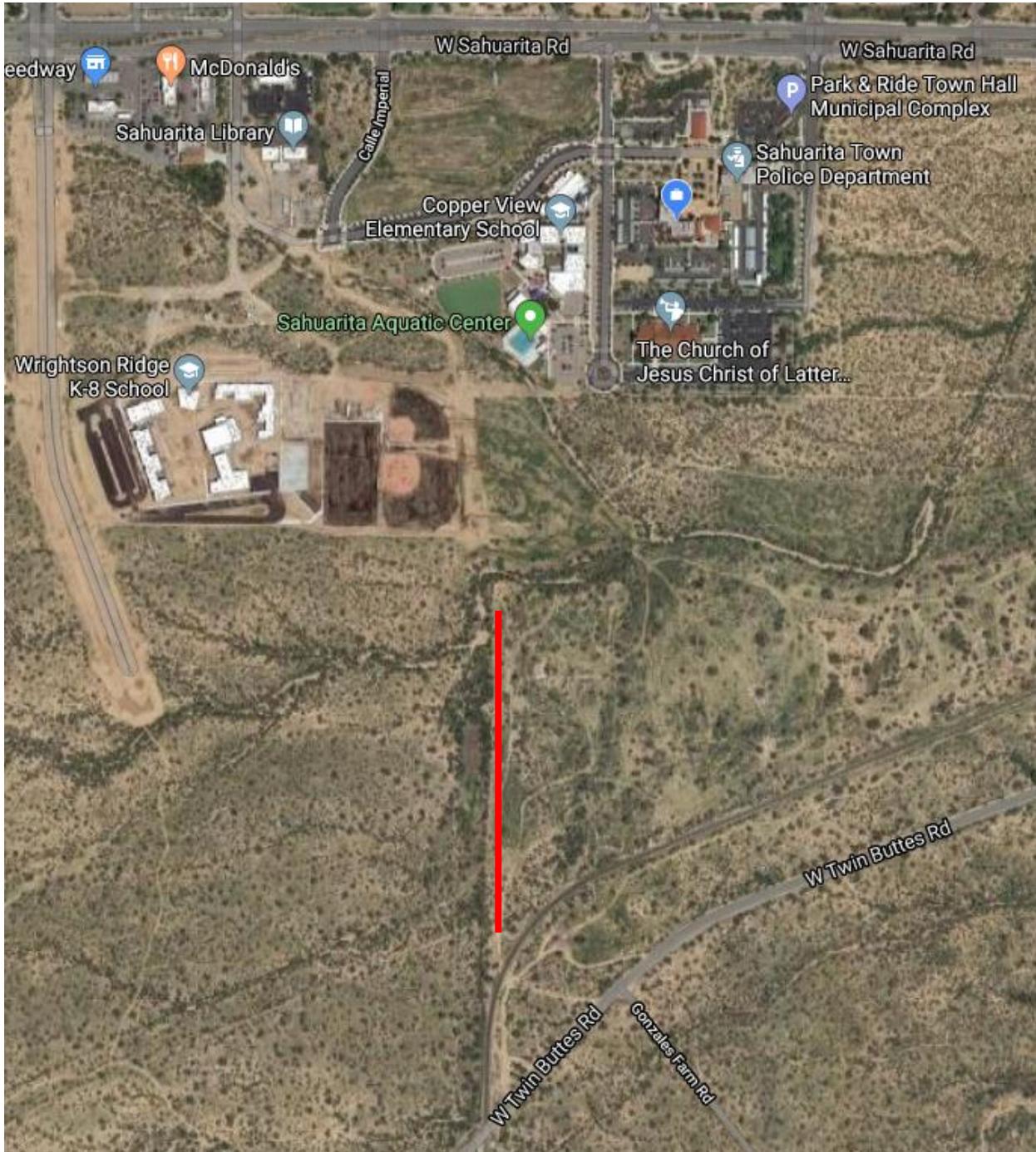
### 2: Extension of Sahuarita Center Way from Calle Imperial to Rancho Sahuarita Blvd.

Approximately 950 linear feet from the intersection of Sahuarita Center Way and Calle Imperial west to Rancho Sahuarita Blvd. to include: Traffic signal at Sahuarita Center Way and Rancho Sahuarita Blvd., improvement costs for the grading, subgrade material, two-lane roadway section surface pavement, approximately 50 parallel parking spaces, curbs, sidewalks including handicap ramps on both sides of roadway, drainage facilities, one concrete drainage structure including decorative masonry columns and steel railing, landscape improvements, public sewer improvements, required regulatory signage, and striping. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees, associated with the project.



### 3: Public Sewer Main Extension along East Property Line

Approximately 1,000 linear feet of 15" Sewer Main to serve residential development south of the new Wrightson Ridge K-8 school including PVC sewer main, manholes, steel casing under one wash. Shall also include costs concerning the engineering design, survey, construction observation, material testing, and applicable State and municipal fees associated with the project.



Attachment: Exhibit of three (3) Infrastructure Projects (Application for Feasibility Report)