

NEW ISSUE - BOOK-ENTRY-ONLY**NOT RATED**

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference to be included in computing the alternative minimum tax of individuals or corporations; however, such interest income must be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations, which income is subject to federal alternative minimum tax. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT," and "BOND PREMIUM" herein.

\$14,430,000*

**ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017**

DATED: Date of Delivery**DUE: As shown on inside front cover page**

The District General Obligation Refunding Bonds, Series 2017 (the "Bonds") will be issued by Estrella Mountain Ranch Community Facilities District (the "District"), a community facilities district formed within the boundaries of the City of Goodyear, Arizona (the "City"), in the form of fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers under the book-entry-only system maintained by DTC in amounts of \$5,000 of principal due on a maturity date and integral multiples of \$5,000 in excess thereof. Purchasers will not receive definitive certificates with respect to the Bonds. So long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a "DTC Participant" to receive payment of principal of and interest on such Bond. Interest on the Bonds (except defaulted interest, if any) will be payable semiannually on each January 15 and July 15 commencing July 15, 2017*. Payments of principal and interest will be paid by wire transfer to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX E - "Book-Entry-Only System" herein.

The Bonds are authorized pursuant to Title 35, Chapter 3, Article 4 and Title 48, Chapter 4, Article 6, Arizona Revised Statutes and will be issued pursuant to an Indenture of Trust and Security Agreement, to be dated as of _____ 1, 2017, from the District to U.S. Bank National Association, as trustee (the "Trustee"), and a resolution of the Board of Directors of the District to provide for payment of the hereinafter defined Bonds Being Refunded and the costs of issuance of the Bonds.

The Bonds will be payable as to both principal and interest from *ad valorem* property taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate; provided, however, that such taxes are limited by statutory provisions to an amount which shall not exceed the total aggregate principal and interest requirements coming due on the District's remaining, outstanding District General Obligation Bonds, Series 2005 and District General Obligation Bonds, Series 2007 (collectively, the "Bonds Being Refunded"), from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. Debt service with respect to the Bonds will also be payable from amounts payable pursuant to a Standby Contribution Agreement, to be dated as of _____ 1, 2017 (the "Standby Contribution Agreement"), by and among the District, the Trustee and NNP III-Estrella Mountain Ranch, LLC, an Arizona limited liability company (the "Major Landowner"). See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein. (*The Standby Contribution Agreement can be released under certain circumstances described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "RISK FACTORS" herein.*)

The Bonds will be subject to optional, special mandatory redemption and mandatory redemption by the District prior to maturity as described herein*.

Investment in the Bonds has substantial risk for a variety of reasons, including those described under "RISK FACTORS" herein and in other portions of this Official Statement.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY, THE STATE OF ARIZONA, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

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

See Inside Front Cover Page for Maturity Schedule

The Bonds are offered when, as and if issued and subject to the approval of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona and for the Major Landowner by its counsel, Quarles & Brady LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about _____, 2017.

STIFEL

* Subject to change.

\$14,430,000*
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

MATURITY SCHEDULE*

| Year (July 15) | Principal Amount | Interest Rate | Yield | CUSIP^(a) No. (Base 29758A) |
|---------------------------|-----------------------------|----------------------|--------------|--|
|---------------------------|-----------------------------|----------------------|--------------|--|

\$____,000 ____% Term Bond Due July 15, 20__ – To Yield ____% – CUSIP: 29758A ____

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* Subject to change.

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

District Board

Georgia Lord, Chair
Sheri M. Lauritano, Vice Chair
Joanne Osborne, Board Member
Joe Pizzillo, Board Member
Wally Campbell, Board Member
Bill Stipp, Board Member
Sharolyn Hohman, Board Member

District Staff

Brian Dalke, District Manager
Doug Sandstrom, District Treasurer
Maureen Scott, District Clerk

Financial Advisor

FirstSouthwest, a Division of Hilltop Securities, Inc.
Phoenix, Arizona

Bond Counsel

Gust Rosenfeld P.L.C.
Phoenix, Arizona

Bond Registrar, Paying Agent and Depository Trustee

U.S. Bank National Association
Phoenix, Arizona

THIS OFFICIAL STATEMENT, WHICH INCLUDES THE COVER PAGE, THE INSIDE FRONT COVER PAGE AND THE APPENDICES HERETO, SHOULD BE CONSIDERED IN ITS ENTIRETY, AND NO ONE SUBJECT SHOULD BE CONSIDERED LESS IMPORTANT THAN ANOTHER BY REASON OF LOCATION IN THE TEXT. BRIEF DESCRIPTIONS OF THE BONDS, THE INDENTURE, THE STANDBY CONTRIBUTION AGREEMENT, THE BOND RESOLUTION, THE SECURITY FOR THE BONDS, THE DISTRICT AND THE MAJOR LANDOWNER (AS SUCH TERMS ARE DEFINED HEREIN) AND OTHER INFORMATION ARE INCLUDED IN THIS OFFICIAL STATEMENT. SUCH DESCRIPTIONS DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES HEREIN TO THE BONDS, THE INDENTURE, THE BOND RESOLUTION, THE STANDBY CONTRIBUTION AGREEMENT AND ANY OTHER DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS, COPIES OF WHICH MAY BE OBTAINED FROM STIFEL, NICOLAUS & COMPANY, INCORPORATED (THE "UNDERWRITER") AT 2325 EAST CAMELBACK ROAD, SUITE 750, PHOENIX, ARIZONA 85016.

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

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DISTRICT, THE MAJOR LANDOWNER AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS THE PROMISE OR GUARANTEE OF THE UNDERWRITER, FIRSTSOUTHWEST, A DIVISION OF HILLTOP SECURITIES, INC., SERVING AS FINANCIAL ADVISOR TO THE DISTRICT (THE "FINANCIAL ADVISOR"), OR THE DISTRICT. THIS OFFICIAL STATEMENT CONTAINS, IN PART, ESTIMATES AND MATTERS OF OPINION WHICH ARE NOT INTENDED AS STATEMENTS OF FACT, AND NO REPRESENTATION IS MADE AS TO THE CORRECTNESS OF SUCH ESTIMATES AND OPINIONS OR THAT THEY WILL BE REALIZED. THE PRESENTATION OF INFORMATION, INCLUDING TABLES OF AD VALOREM TAX RATES AND BONDED GENERAL OBLIGATION INDEBTEDNESS, IN THIS OFFICIAL STATEMENT IS INTENDED TO SHOW RECENT HISTORICAL INFORMATION AND, EXCEPT AS EXPRESSLY STATED OTHERWISE, IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS. NO REPRESENTATION IS MADE THAT THE PAST EXPERIENCE SHOWN BY SUCH INFORMATION WILL NECESSARILY CONTINUE OR BE REPEATED IN THE FUTURE.

ANY STATEMENTS IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED AS SUCH AND NOT AS REPRESENTATIONS OF FACT. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE DISTRICT OR THE UNDERWRITER AND THE PURCHASERS OR HOLDERS OF ANY OF THE BONDS OR BENEFICIAL INTERESTS THEREIN.

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

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT, THE FINANCIAL ADVISOR OR THE UNDERWRITER TO GIVE INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THIS OFFICIAL STATEMENT, WHICH INCLUDES THE COVER PAGE, THE INSIDE FRONT COVER PAGE AND THE APPENDICES HERETO, DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

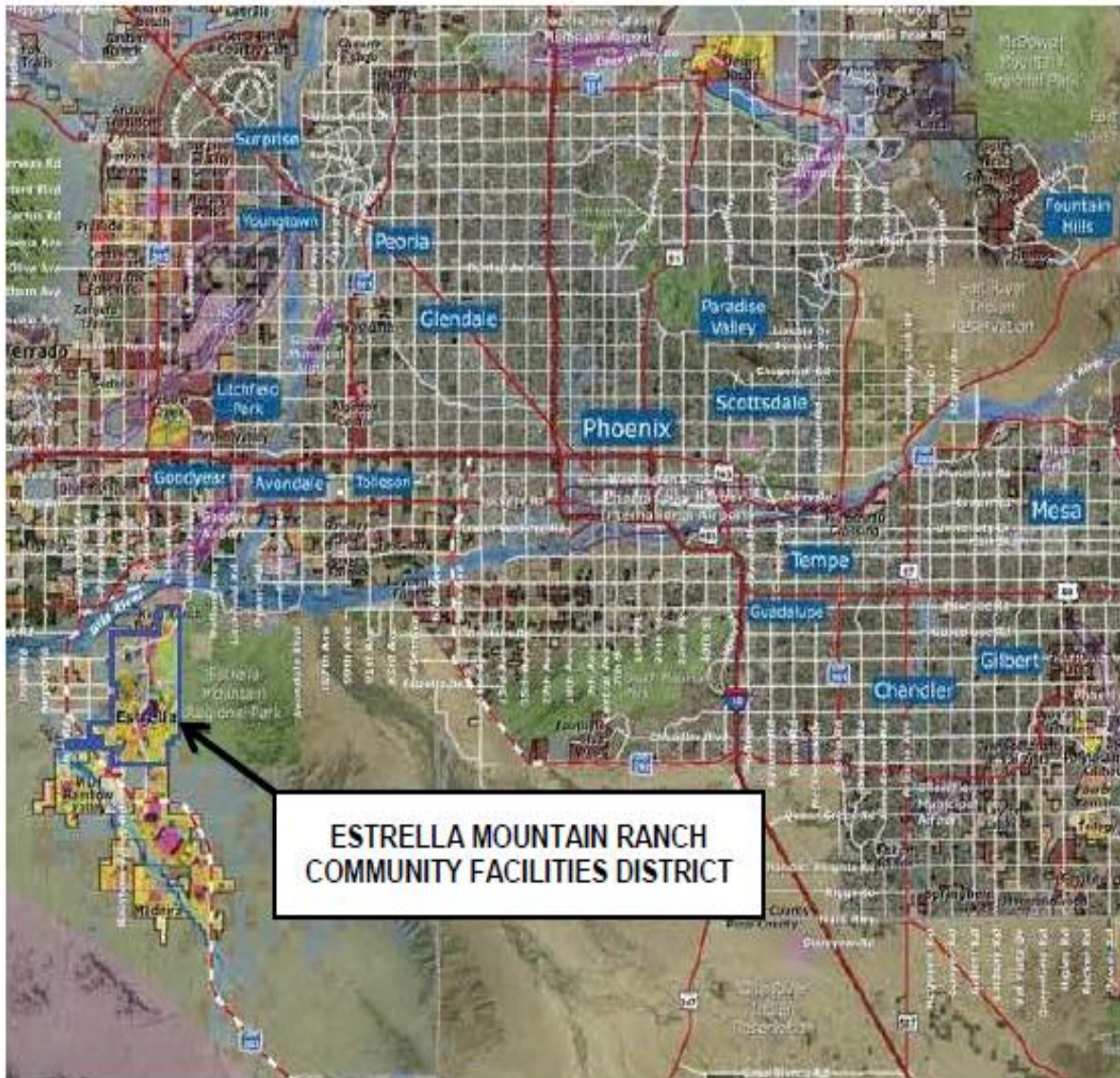
THE DISTRICT AND THE MAJOR LANDOWNER HAVE COVENANTED TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THIS OFFICIAL STATEMENT UNDER "CONTINUING DISCLOSURE" AND IN APPENDIX F - "FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS" PURSUANT TO RULE 15C2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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

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



\$14,430,000*
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the issuance of District General Obligation Refunding Bonds, Series 2017 in the aggregate principal amount of \$14,430,000* (the “Bonds”) by Estrella Mountain Ranch Community Facilities District (the “District”) for the purpose of refunding the \$3,630,000 outstanding principal amount of the District’s District General Obligation Bonds, Series 2005 and \$10,270,000 outstanding principal amount of the District’s District General Obligation Bonds, Series 2007 (collectively, the “Bonds Being Refunded”). SEE “SOURCES AND APPLICATIONS OF FUNDS” and “PLAN OF REFUNDING.” **Certain capitalized terms not defined in the text of this Official Statement are defined in APPENDIX B - “Summary of Certain Provisions of the Indenture - Definitions of Certain Terms.”**

Pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “CFD Act”), and in response to a petition by SunChase Estrella Limited Partnership, a Delaware Limited Partnership (“SunChase”), the Mayor and Council (the “City Council”) of the City of Goodyear, Arizona (the “City”), adopted a resolution on November 22, 1999, which formed the District over approximately 9,771 acres of land within the City, located generally south of the Gila River, approximately six miles south of Interstate 10 (the “District Land”). See APPENDIX A - “Information Regarding the City of Goodyear, Arizona” for certain information about the City.

The District is a special purpose, tax levying public improvement district for purposes of the Constitution of Arizona and a municipal corporation for certain purposes of the laws of the State of Arizona (the “State” or “Arizona”). Except as otherwise provided in the CFD Act, the District is considered to be a municipal corporation and political subdivision of the State, separate and apart from the City. The City Council serves as the board of directors of the District (the “Board”), and the City Manager of the City serves as the District Manager.

Among other things, the District is intended, pursuant to a series of development agreements among the City, certain of the owners of land within the District and certain related entities and the District, to serve as a financing mechanism for certain public infrastructure necessary for development of the land within the boundaries of the District. The land within the District was being developed as “Estrella Mountain Ranch” and is now being developed as “Estrella” (also referred to herein as the “Project”), a residential master-planned community including 10,267 acres of residential use and 1,272 acres of commercial use. (The remaining land in the Project is planned to be developed as described in Table 9.) See “LAND DEVELOPMENT.”

See “LAND DEVELOPMENT - Current Landownership” for a discussion of disposition of the District Land since 1999 and a description of the current ownership of land in the District, particularly with respect to NNP III-Estrella Mountain Ranch, LLC, a Delaware limited liability company (the “Major Landowner”).

The Board will annually levy and cause the Treasurer of Maricopa County, Arizona (the “Treasurer”), to collect an *ad valorem* tax, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any moneys from the sources described in the CFD Act, including the Standby Contribution Agreement, to be dated as of _____ 1, 2017 (the “Standby Contribution Agreement”), by and among the District, the Major Landowner and U.S. Bank National Association, as trustee (the “Trustee”), to pay Debt Service with respect to the Bonds when due. Such taxes may be levied on all taxable property within the District without limitation as to rate, but are limited by Title 35, Chapter 3, Article 4, Arizona Revised Statutes (the “Refunding Act”) to an amount which shall not exceed the total aggregate principal and

* Subject to change.

interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. See **“SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS”** and **“RISK FACTORS.”**

For each year until the Bonds are paid or otherwise provided for, the Board will levy and cause the Treasurer to collect an *ad valorem* property tax based upon a tax rate of \$1.00 per \$100 of hereinafter defined Net Assessed Limited Property Value, on all taxable property within the boundaries of the District, sufficient, with moneys, if any, available pursuant to the Standby Contribution Agreement to pay Debt Service with respect to the Bonds; provided, however, that the District may levy a lesser tax rate if such lower rate is estimated to produce tax revenues sufficient to pay in full Debt Service with respect to the Bonds (and debt service with respect to subsequently issued additional general obligation bonds of the District) up to, and including, the final maturity of the Bonds and any such outstanding additional bonds. The Standby Contribution Agreement will be subject to release by the District under certain circumstances. See **“SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - The Standby Contribution Agreement”** and **APPENDIX C - “Form of Standby Contribution Agreement.”**

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

THE BONDS

Authority

The Bonds are authorized pursuant to the CFD Act and the Refunding Act.

The Bonds will be issued pursuant to a resolution adopted by the Board on January 9, 2017 (the “Bond Resolution”), and an Indenture of Trust and Security Agreement, to be dated as of _____ 1, 2017 (the “Indenture”), from the District to the Trustee. See **APPENDIX B - “Summary of Certain Provisions of the Indenture.”**

General Description

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

Interest on the Bonds will be paid semiannually on January 15 and July 15 of each year, commencing July 15, 2017* (each such date being referred to herein as an “Interest Payment Date”). The Bonds will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from their date of delivery, calculated on the basis of a 360-day year of twelve 30-day months. (The Regular Record Date for the interest payable on the Bonds on any Interest Payment Date means the first (1st) day (whether or not a Business Day) of the calendar month in which such Interest Payment Date occurs.)

The principal of and premium, if any, and interest on the Bonds will be payable when due to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository of the Bonds for a book-entry-only system. No document of any nature whatsoever need be surrendered as a condition to payment of the principal and interest on the Bonds.

The Bonds will be issued in the form of fully registered bonds, without coupons, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers under the book-entry-only system maintained by DTC in amounts of \$5,000 of principal due on a maturity date and any integral multiples of \$5,000 in excess thereof. Payments of principal and interest will be paid by wire transfer to DTC for subsequent

disbursements to the Participants who will remit such payments to the Beneficial Owners. See APPENDIX E - “Book-Entry-Only System.”

Redemption Provisions*

Optional Redemption. The Bonds maturing on or after July 15, 2028, will be subject to redemption prior to maturity, at the option of the District, on or after July 15, 2027, in whole or in part on any date, at a price equal to the principal amount to be redeemed, plus interest accrued to the date of redemption, without premium.

Mandatory Redemption. The Bonds of the indicated series maturing on July 15 of the following years will be redeemed on July 15 of the following years and in the following principal amounts at a price equal to the principal amount of redemption plus interest accrued to the date of redemption, without premium:

Bonds Maturing July 15, 20__

| Year Redeemed | Principal Amount Redeemed |
|-----------------|---------------------------|
| 20__ | \$____,000 |
| 20__ | ____,000 |
| 20__ | ____,000 |
| 20__ | ____,000 |
| 20__ (maturity) | ____,000 |

Whenever Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Trustee for cancellation, the principal amount of the Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a *pro rata* basis, to the extent practicable provided, however, that each remaining mandatory principal payment shall be in an amount which is an Authorized Denomination.

Selection of Bonds for Redemption. If less than all of the Bonds of a maturity are to be redeemed upon any redemption of Bonds, the Bonds to be redeemed will be selected by lot in accordance with procedures of DTC. See APPENDIX E - “Book-Entry-Only System.”

Notice of Redemption. Notice of redemption will be given by the Trustee, not less than thirty (30) days nor more than sixty (60) days before the date fixed for redemption, to DTC in the manner required by DTC. See APPENDIX E - “Book-Entry-Only System.” If the money necessary for such redemption is not held by the Trustee at the time of mailing the notice of redemption, the notice shall further state that the redemption is conditional on such money being so held on the date set for redemption, and that if not so held, the redemption shall be cancelled and the notice shall be of no force or effect.

Effect of Redemption. If on the date of redemption of Bonds sufficient moneys for payment of the principal and accrued interest are held under the Indenture, interest on the Bonds so called for redemption will cease to accrue and such Bonds will cease to be entitled to any benefit or security under the Indenture except the right to receive payment from the moneys held for such Bonds under the Indenture.

PLAN OF REFUNDING

A portion of the proceeds from the sale of the Bonds, along with certain amounts contributed by the District and the Major Landowner, if any, for such purpose, will be placed in an irrevocable trust account (the “Depository Trust”) with U.S. Bank National Association, as depository trustee (the “Depository Trustee”), pursuant to the terms

* Subject to change.

of the Depository Trust Agreement, to be dated as of _____ 1, 2017 (the “Depository Trust Agreement”), between the District and the Depository Trustee, and invested in certain non-redeemable obligations of the federal government (the “Governmental Obligations”), to be applied to payment of principal of and interest on the Bonds Being Refunded described below.

| Issue Series | Maturity Date* (July 15) | Coupon | Principal Amount Outstanding | Bonds Being Refunded | Redemption Date* | CUSIP(a) Number (29758A) |
|---------------------|-------------------------------------|---------------|-------------------------------------|-----------------------------|-------------------------|---|
| 2005 | 2021 (b) | 5.450% | \$ 960,000 | \$ 960,000 | 03/15/17 | AC4 |
| | 2025 (c) | 5.625 | 1,010,000 | 1,010,000 | 03/15/17 | AD2 |
| | 2030 (d) | 5.800 | 1,660,000 | 1,660,000 | 03/15/17 | AE0 |
| 2007 | 2017 | 5.450 | 380,000 | 380,000 | 07/15/17 | AP5 |
| | 2022 (e) | 5.900 | 2,230,000 | 2,230,000 | 07/15/17 | AU4 |
| | 2027 (f) | 6.125 | 2,925,000 | 2,925,000 | 07/15/17 | AV2 |
| | 2032 (g) | 6.200 | 4,735,000 | 4,735,000 | 07/15/17 | AW0 |
| | | | <u>\$13,900,000</u> | <u>\$13,900,000</u> | | |

- (a) See footnote (a) on inside front cover page of this Official Statement.
- (b) Term Bond with a final maturity of July 15, 2021.
- (c) Term Bond with a final maturity of July 15, 2025.
- (d) Term Bond with a final maturity of July 15, 2030.
- (e) Term Bond with a final maturity of July 15, 2022.
- (f) Term Bond with a final maturity of July 15, 2027.
- (g) Term Bond with a final maturity of July 15, 2032.

The Depository Trust Agreement provides that the Depository Trust created is irrevocable and the Depository Trust Agreement shall not be revoked or amended in any manner which may adversely affect the Depository Trust and the rights of the owners of the Bonds Being Refunded. Notwithstanding the irrevocable nature of the Depository Trust pursuant to the Depository Trust Agreement, the provisions of Section 38-511, Arizona Revised Statutes, provide that all contracts entered into by the District must give notice of the provisions of Section 38-511, Arizona Revised Statutes. Section 38-511, Arizona Revised Statutes provides that within three years of its execution, the District may cancel any contract, including the Depository Trust Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the District is, at any time while the contract or any extension thereof is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The District is not aware of any fact or circumstance that would give rise to cancellation of the Depository Trust Agreement. Regardless of the disposition of the Depository Trustee, the contents of the Depository Trust will remain irrevocably pledged to the payment of the Bonds Being Refunded.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent public accountants, will deliver to the District, on or before the delivery date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Governmental Obligations, to pay, when due, the maturing principal of and interest on the Bonds Being Refunded and (b) the mathematical computations of yield.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the District and its representatives. Grant Thornton LLP has

* Subject to change.

restricted its procedures to recalculating the computations provided by the District and its representatives and has not evaluated or examined the assumptions or information used in the computations.

SOURCES AND APPLICATIONS OF FUNDS

Sources

| | |
|----------------------------------|-------------------|
| Par Amount of Bonds | \$ |
| [Net] Original Issue Premium (a) | <u> </u> |
| Total | <u><u>\$</u></u> |

Applications

| | |
|--|-------------------|
| Deposit to Depository Trust | \$ |
| Costs of Issuance (including Underwriter's Compensation) | |
| Deposit to Bond Fund | <u> </u> |
| Total | <u><u>\$</u></u> |

(a) Net original issue premium consists of original issue premium on the Bonds less original issue discount on the Bonds.

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**ANNUAL DEBT SERVICE REQUIREMENTS OF GENERAL OBLIGATION
BONDED INDEBTEDNESS TO BE OUTSTANDING**

The District will have the following annual general obligation bond debt service requirements after the issuance of the Bonds (i.e., net of the Bonds Being Refunded):

| Year Ending (July 15) | The Bonds* | | Annual Debt Service Requirements* |
|----------------------------------|----------------------|-----------------|--|
| | Principal | Interest | |
| 2017 | | \$ 270,563(a) | \$ 270,563 |
| 2018 | \$ 1,325,000 | 649,350 | 1,974,350 |
| 2019 | 690,000 | 589,725 | 1,279,725 |
| 2020 | 725,000 | 558,675 | 1,283,675 |
| 2021 | 755,000 | 526,050 | 1,281,050 |
| 2022 | 790,000 | 492,075 | 1,282,075 |
| 2023 | 825,000 | 456,525 | 1,281,525 |
| 2024 | 860,000 | 419,400 | 1,279,400 |
| 2025 | 900,000 | 380,700 | 1,280,700 |
| 2026 | 940,000 | 340,200 | 1,280,200 |
| 2027 | 985,000 | 297,900 | 1,282,900 |
| 2028 | 1,030,000 | 253,575 | 1,283,575 |
| 2029 | 1,075,000 | 207,900 | 1,282,900 |
| 2030 | 1,125,000 | 158,850 | 1,283,850 |
| 2031 | 1,175,000 | 108,225 | 1,283,225 |
| 2032 | <u>1,230,000</u> | 55,350 | 1,285,350 |
| | <u>\$ 14,430,000</u> | | |

(a) Interest is estimated at 4.50%. First interest payment date will be July 15, 2017*.

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* Subject to change.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

After the Bonds are issued, the Board will annually levy and cause an *ad valorem* property tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the District, sufficient, together with any amounts from the sources described in the CFD Act and available pursuant to the Indenture, to pay Debt Service with respect to the Bonds (whether at maturity or prior redemption) when due. Such taxes will be levied on all taxable property within the District without limitation as to rate, but limited by the Refunding Act to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. Pursuant to the Refunding Act, the levy of *ad valorem* property taxes for payment of the Bonds will be subject to the rights vested in the holders of the Bonds Being Refunded to payment from the same tax source in the event of a deficiency in the money and obligations purchased with the proceeds of the Bonds and placed in irrevocable trust for payment of the Bonds Being Refunded. In the event of a deficiency in such money and obligations, *ad valorem* property taxes levied for payment of the Bonds shall first be applied, to the extent of such deficiency, to payment of principal of and interest on the Bonds Being Refunded, and the balance to the payment of the Bonds.

Amounts derived from the levy of the tax provided in this section when collected constitute funds to pay the Debt Service and will be kept separately from other funds of the District. Certain general obligation bonds issued by Arizona political subdivisions are secured by a lien on all revenues received pursuant to the property tax levy by the issuer of such general obligation bonds. Such lien arises automatically without the need for any action or authorization by the issuer or the issuer's governing body or board. Such lien is binding from the time of the issuance of the general obligation bonds, and the revenues received pursuant to the levy of property taxes are immediately subject to the lien.

The Bonds are not secured by such lien on the District's revenues received pursuant to the District's property tax levy. In the event of the District's bankruptcy, a bankruptcy judge may treat the Bonds as subordinate to other general obligation bonds issued by the District and secured by *ad valorem* taxes levied by the District. The exact outcome if the District declared bankruptcy and any bankruptcy judge's potential preferential treatment of investors in certain of the District's general obligation bonds to the detriment of investors in the Bonds cannot be predicted at this time. Likewise future changes to Arizona law that would create the same statutory lien for the benefit of the Bonds cannot be predicted at this time.

Debt Service with respect to the Bonds will also be payable from amounts paid pursuant to the Standby Contribution Agreement, which amounts will be paid to the Trustee at the times and for the period set forth in the Standby Contribution Agreement. The Standby Contribution Agreement may be released by the District under certain circumstances. See "The Standby Contribution Agreement" and APPENDIX C – "Form of Standby Contribution Agreement."

Investment in the Bonds involves substantial risks that each prospective investor should consider prior to investing. SEE "RISK FACTORS."

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

If the Bonds are refunded in advance of their maturities with proceeds of refunding bonds, the holders of such Bonds so refunded shall rely on the sufficiency of the funds or securities held in trust for the payment of such Bonds so refunded. Payment of the Bonds being refunded at that time shall in no way infringe on the rights of the

holders of the subsequent refunding bonds to rely on a tax levy for the payment of principal of and interest on such subsequent refunding bonds if the funds or securities held in trust for payment of such Bonds being refunded prove insufficient.

The Standby Contribution Agreement

Pursuant to the Standby Contribution Agreement, in each year prior to release of the Standby Contribution Agreement, the Major Landowner agrees to deposit with the Trustee on or before May 1, the difference between Debt Service on the Bonds in the succeeding calendar year and the tax revenues expected to be received by the District at a tax rate of \$1.00 per \$100 of Net Assessed Limited Property Value on all taxable property within the boundaries of the District (or such lesser rate as may be permitted) assuming a 95% collection rate. See Section 2.1(A) of the Standby Contribution Agreement in Appendix C. The Major Landowner is also to make additional payments prior to each Interest Payment Date if there continues to be a shortfall between the Debt Service due on the next payment date and the amount in the Bond Fund. See Section 2.1(B) of the Standby Contribution Agreement in Appendix C. The obligation of the Major Landowner to pay is subject only to the condition that for each year the District levies the tax rate described above. For fiscal year 2016/17, the Major Landowner has contributed \$ _____ pursuant to the Standby Contribution Agreement.

The Standby Contribution Agreement is subject to release by the District when certain conditions related to the tax collection history have been met and the Board approves such termination, which approval shall not be withheld unreasonably. See Section 1.15 of the Standby Contribution Agreement in Appendix C.

Ad Valorem Taxation

Implementation of Constitutional and Statutory Changes. Beginning in fiscal year 2015-16 and for each fiscal year thereafter, a voter-approved constitutional amendment and related enabling legislation imposes additional limits on the growth in taxable value of most real property and improvements, including mobile homes, used for levying ad valorem property taxes, including both primary and secondary ad valorem taxes. Primary ad valorem taxes are levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and certain special taxing districts as described below. Secondary ad valorem taxes are levied for debt retirement (e.g., Debt Service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts as described below (including the District). The District levies only secondary ad valorem taxes.

Prior to fiscal year 2015-16, the value of real property and improvements, including mobile homes, used for levying primary ad valorem taxes was based on a limited property value described below ("Primary Property Tax Value") and the value used for levying secondary ad valorem taxes ("Secondary Property Tax Value") was based on full cash value ("Full Cash Value") described below. The Primary Property Tax Value for property increased by the greater of either 10% of the prior year's Primary Property Tax Value or 25% of the difference between the prior year's Primary Property Tax Value and the current year's Full Cash Value. There was no limit on the growth of Full Cash Value or Secondary Property Tax Value. See "Determination of Full Cash Value" herein. As more fully described below, property assessment ratios were then applied against these respective values, and property exempt from taxation was netted out of the valuation, to arrive at "Net Assessed Primary Value" and "Net Assessed Secondary Value". The tax rate imposed for primary tax and secondary tax purposes was then applied against the respective Net Assessed Primary or Secondary Value to determine the respective primary and secondary tax levy amounts.

Beginning in fiscal year 2015-16 and for each fiscal year thereafter, both primary ad valorem taxes and secondary ad valorem taxes are levied based upon a revised limited property value (the "Limited Property Value"), which (i) for locally assessed property (as described below) in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, is equal to the lesser of (a) the Full Cash Value of the property or (b) an amount five percent greater than the Limited Property Value of such property determined for the prior year and (ii) for centrally valued property (as described below) is equal to the Full Cash Value. Property that is subject to an equalization order that the State Legislature exempts from the above property limitation is also valued at Full Cash Value. There is no limit on the growth of Full Cash Value. The property tax

assessment ratios are then applied against the Limited Property Value, and property exempt from taxation is netted out of the Limited Property Value, to arrive at “Net Assessed Limited Property Value.” The tax rates imposed for both primary tax and secondary tax purposes are then applied against the Net Assessed Limited Property Value to determine the respective primary and secondary tax levy amounts.

Because fiscal year 2015-16 was the first year for implementation of the constitutional amendment and use of Limited Property Values and Net Assessed Limited Property Values, there is limited comparative data for such property values from prior fiscal years to present in this Official Statement. Accordingly, certain prior-year information is presented using the then-applicable, but now replaced valuation rules, being only Secondary Property Tax Value in the case of the District.

Additional changes may be made to the manner in which properties are valued for tax purposes and taxes are levied. The District cannot determine whether any such measures will become law or how they might affect property tax collections for the District. However, removing or amending limits on the growth rate of Limited Property Value for locally assessed property would require further amendment to the State Constitution.

General. For tax purposes in Arizona, real property is either valued by the Assessor of the county in which the District is located, Maricopa County, Arizona (the “County”) or by the Arizona Department of Revenue. Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Arizona Department of Revenue is referred to as “centrally valued” property and includes: (1) property used in the business of patented or unpatented producing mines, mills and smelters; (2) producing oil, gas and geothermal interests; (3) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (4) aircraft regularly scheduled and operated by an aircraft company; (5) standing timber; (6) pipelines; and (7) personal property, except mobile homes.

Primary Taxes. Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts, certain special taxing districts, and the State are primary taxes. These taxes are levied against the Net Assessed Limited Property Value of the taxing jurisdiction. The State does not currently levy ad valorem taxes but the State currently requires a county (including the County) to levy a “State equalization assistance property tax” to provide equalization assistance to school districts in such county which is used to offset the cost of State equalization to those school districts.

The amount of primary taxes levied by a county (including the County), city, town and community college district is constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit amount plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). Each taxing entity’s maximum allowable property tax levy limit amount was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in the prior year). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district’s taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional state aid (or, in some counties, county taxpayers are required to make payments to offset the effects of reduced property taxes). In the case of the County, a primary tax of \$0.5123 per \$100 of Net Assessed Limited Property Value is levied for this purpose to provide equalization assistance funds to local school districts in the County.

Secondary Taxes. Taxes levied for debt retirement (e.g., Debt Service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as the District, sanitary, fire and road improvement districts are secondary taxes. These taxes are levied against the Net Assessed Limited Property Value. There is no limitation on annual levies for voter-approved bond indebtedness and certain special district assessments, including those of the District, are also unlimited. Debt Service on the Bonds is payable solely from secondary property taxes.

Determination of Full Cash Value. The first step in the tax process is the determination of the Full Cash Value of each parcel of real property within the State. (The Arizona tax year is defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the prior tax year becomes delinquent.) Full Cash Value is statutorily defined to mean “that value determined as prescribed by statute” or if no statutory method is prescribed it is “synonymous with market value.” “Market value” means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor’s valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land at the same Full Cash Value for up to three years. The Assessor of the County currently values existing properties on a two-year cycle.

Arizona law provides for a property valuation “freeze” on Full Cash Value for certain residential property owners 65 years of age and older. Owners of residential property may obtain such freeze against valuation increases (the “Property Valuation Protection Option”) if the owners’ total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the “Social Security Income Benefit Rate.” The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its then-current Full Cash Value. Any freeze on increases in Full Cash Value will translate to the assessed value of the affected property as hereinafter described.

Following the determination of the Full Cash Value, the Assessor of the County then determines the Limited Property Value by applying any applicable property growth limitations as described under “Ad Valorem Property Taxation in the District – Implementation of Constitutional and Statutory Changes” above.

Assessment Ratios. All property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) that is multiplied by the applicable Limited Property Value to obtain the assessed valuation. The current assessment ratios for each class of property are set forth in the following table.

TABLE 1
Property Tax Assessment Ratios
Tax Years 2013-2017

| <u>Property Classification</u> (a) | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Mining, Utility, Commercial and Industrial (b) | 19.5% | 19.0% | 18.5% | 18.0% | 18.0% |
| Agriculture and Vacant Land (b) | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| Owner Occupied Residential | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Lease or Rented Residential | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Railroad, Private Car Company and Airline Flight Property (c) | 15.0 | 16.0 | 15.0 | 14.0 | 15.0 |

(a) Additional classes of property exist, but seldom amount to a significant portion of a taxing jurisdiction’s total valuation.

(b) Full Cash Values, up to an amount established by law for each tax year, on commercial, industrial and agricultural personal property are exempt from taxation (for tax year 2017, such maximum amount is \$159,498). This exemption is indexed annually for inflation. Any portion of the Full Cash Value in excess of that amount will be assessed at the applicable rate.

(c) This percentage is determined annually to be equal to the ratio of (i) the total Net Assessed Limited Property Value of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total Full Cash Value of such properties.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue

Tax Procedures. On or before the third Monday in August of each year, the Board of Supervisors of the County prepares the tax roll that sets forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer. With the various budgetary procedures having been completed by the governmental entities, the appropriate primary and secondary tax rate for each jurisdiction is then applied to the Net Assessed Limited Property Value of each parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the fiscal year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

The property taxes due the District are billed, along with State, County, and other taxes, in September of each year and are payable in two installments on the subsequent October 1 and March 1. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year's taxes are paid by December 31. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) At the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

It is anticipated that the District's semiannual payments of Debt Service with respect to the Bonds will be funded with installments of tax payments collected on or about the immediately preceding tax payment date together with any funds available from any other sources, including amounts, if any, available from the Standby Contribution Agreement. If, for any reason, a material portion of the *ad valorem* property taxes due and payable to the District are not paid in a timely manner, or payments due pursuant to the Standby Contribution Agreement are not paid when due, the payment of Debt Service could be delayed. It cannot be determined with any certainty when delinquent *ad valorem* property taxes could be collected and available for the payment of Debt Service with respect to the Bonds and what impact such delay could have on the secondary market for the Bonds.

***SEE "RISK FACTORS - Availability of Amounts Pursuant to Standby Contribution Agreement,"
"- Effect of Valuation of Property," "- Direct and Overlapping Indebtedness" and "- Bankruptcy and
Foreclosure Delays."***

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over-secured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on a property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject

to the stay of a bankruptcy court. It is reasonable to conclude that “tax sale investors” may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Financial Advisor (as defined herein) nor the Underwriter (as defined herein) has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the Treasurer of the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District’s tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Property Valuations. The following tables list the various property valuations for the District for fiscal years 2012-13 through 2016-17. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see “Implementation of Constitutional and Statutory Changes” above.

TABLE 2A
Property Valuations for Fiscal Years 2016-17 and 2015-16

| Fiscal Year | Estimated Net Full Cash Value (a) | Net Assessed Limited Property Value |
|--------------------|--|--|
| 2016-17 | \$828,356,147 | \$75,027,977 |
| 2015-16 | 740,478,733 | 70,281,937 |

TABLE 2B
Property Valuations for Fiscal Years 2012-13 through 2014-15

| Fiscal Year | Estimated Net Full Cash Value (a) | Net Assessed Secondary Value |
|--------------------|--|---|
| 2014-15 | \$599,310,575 | \$66,296,235 |
| 2013-14 | 481,709,490 | 54,414,336 |
| 2012-13 | 466,732,949 | 53,347,101 |

(a) “Net Full Cash Value” is the total market value of the property within the District less the exempt property within the District.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Finance Department of the County.

SEE “RISK FACTORS - Certain Factors Which May Adversely Affect Development; Consequences” and “- Effect of Valuation of Property.”

Net Assessed Valuation Comparisons and Trends. Tables 3A and 3B are shown to indicate (a) for fiscal years 2015-16 and 2016-17, Net Assessed Limited Property Value of the District, the County and the State of Arizona, utilizing new constitutional and statutory property valuation requirements, and (b) for fiscal years 2012-13 through 2014-15, changes in the then-applicable, but now-replaced, Net Assessed Secondary Values of the District, the County, and the State of Arizona. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see “Implementation of Constitutional and Statutory Changes” above.

TABLE 3A
Fiscal Years 2015-16 and 2016-17
Changes in Net Assessed Limited Property Values

| Fiscal Year | The District | Percent Increase (Decrease) | Maricopa County | Percent Increase (Decrease) | State of Arizona | Percent Increase (Decrease) |
|--------------------|---------------------|------------------------------------|------------------------|------------------------------------|-------------------------|------------------------------------|
| 2016-17 | \$75,027,977 | 6.75% | \$36,135,494,474 | 4.55% | \$56,589,592,481 | 3.16% |
| 2015-16 | 70,281,937 | 6.01% | 34,623,670,323 | (1.30%) | 54,838,548,829 | (0.93%) |

TABLE 3B
Fiscal Years 2012-13 through 2014-15
Changes in Net Assessed Secondary Values

| Fiscal Year | The District | Percent Increase (Decrease) | Maricopa County | Percent Increase (Decrease) | State of Arizona | Percent Increase (Decrease) |
|--------------------|---------------------|------------------------------------|------------------------|------------------------------------|-------------------------|------------------------------------|
| 2014-15 | \$66,296,235 | 21.84% | \$35,079,646,593 | 8.84% | \$55,352,051,074 | 5.24% |
| 2013-14 | 54,414,336 | 2.00% | 32,229,006,810 | (6.31%) | 52,594,377,492 | (6.54%) |
| 2012-13 | 53,347,101 | (0.05%) | 34,400,455,716 | (11.25%) | 56,271,814,583 | (8.80%) |

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and *Abstract and Assessment Roll*, State of Arizona Department of Revenue.

Net Assessed Valuation by Property Classification. Table 4 is shown to indicate for fiscal years 2015-16 and 2016-17, the Net Assessed Limited Property Values by property classification for the District, utilizing new constitutional and statutory property valuation requirements. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see “Implementation of Constitutional and Statutory Changes” above.

TABLE 4
District’s Net Assessed Limited Property Values by Property Classification

| Legal Class | Description | 2015-16 Net Assessed Limited Property Value | 2015-16 Percent of Total | 2016-17 Net Assessed Limited Property Value | 2016-17 Percent of Total |
|--------------------|---|--|---------------------------------|--|---------------------------------|
| 1 | Commercial, Industrial, Utilities & Mines | \$5,655,573 | 8.05% | \$6,304,118 | 8.40% |
| 2 | Agricultural & Vacant | 9,882,299 | 14.06 | 8,741,324 | 11.65 |
| 3 | Residential (Owner Occupied) | 34,449,739 | 49.02 | 39,311,260 | 52.40 |
| 4 | Residential (Rental Occupied) | 20,294,326 | 28.88 | 20,671,275 | 27.55 |
| Total | | <u>\$70,281,937</u> | <u>100.00%</u> | <u>\$75,027,977</u> | <u>100.00%</u> |

Source: *Abstract of the Assessment Roll*, State of Arizona Department of Revenue.

See “RISK FACTORS – Concentration of Ownership; Subsequent Transfer” and “- Certain Factors Which May Adversely Affect Development; Consequences.”

Net Assessed Limited Property Values of Certain Taxpayers. Table 5 shows for fiscal year 2016-17, the major property taxpayers located within the District, and their Net Assessed Limited Property Value, utilizing new constitutional and statutory property valuation requirements, and their relative proportion of the total Net Assessed Limited Property Value for the District. For more information on constitutional and statutory changes in the taxable values of property beginning in fiscal year 2015-16, see “Implementation of Constitutional and Statutory Changes” above.

TABLE 5
Fiscal Year 2016-17
Major Taxpayers

| | Taxpayer (a) | 2016-17 Net Assessed Limited Property Value | As Percent of District’s 2016-17 Net Assessed Limited Property Value |
|-----|---------------------------------------|--|---|
| 1. | NNP III – Estrella Mountain Ranch LLC | \$3,514,727 | 4.68% |
| 2. | KDCNC LLC | 2,206,288 | 2.94 |
| 3. | NNP III EMR LLC | 1,467,987 | 1.96 |
| 4. | Arizona Public Service Company | 1,432,578 | 1.91 |
| 5. | Weekley Homes LLC | 418,962 | 0.56 |
| 6. | JCH Estrella LLC | 403,661 | 0.54 |
| 7. | Shea Homes Limited Partnership | 397,260 | 0.53 |
| 8. | AV Homes of Arizona LLC | 393,319 | 0.52 |
| 9. | Southwest Gas Corporation (T&C) | 389,042 | 0.52 |
| 10. | NNP III EMR 4 LLC | 387,479 | 0.52 |
| | Total | \$11,011,303 | 14.68% |

Source: Maricopa County Assessor’s Office.

- (a) Some of the major taxpayers are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith file reports, proxy statements and other information (collectively the “Filings”) with the U.S. Securities and Exchange Commission (the “Commission”). The Filings may be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Washington, D.C. 20549. Copies of the Filings can be obtained from the public reference section of the Commission at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 11 Wall Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR database at www.sec.gov. None of the District, the Financial Advisor, Bond Counsel, the Underwriter or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor have they assumed responsibility for the same.

The entities numbered 1, 2, 3 and 10 in TABLE 5 are related to the Major Landowner as affiliated entities. The Major Landowner is responsible for paying the property taxes (including those of the District) of the entity numbered 1. As a result of such relationships, there is a material concentration of the obligation to pay property taxes in the Major Landowner.

See “RISK FACTORS – Concentration of Ownership,” “- Certain Factors Which May Adversely Affect Development; Consequences” and “- Effect of Valuation of Property.”

Record of Taxes Levied and Collected in the District. Under Arizona law, the Board of Supervisors of the County is required to levy a tax in an amount sufficient to provide for Debt Service. Property taxes are levied and collected on property within the District by the Treasurer of the County on behalf of the District. Table 6 sets forth the tax collection record of the District for the past five fiscal years:

TABLE 6
Record of Collections

| Fiscal Year | Real and Secured Personal Property Tax Levy(a) | Adjusted Tax Levy(a) | Collected to June 30(b)(c) | | Total Collections(c) | |
|--------------------|---|-----------------------------|-----------------------------------|----------------------------|-----------------------------|----------------------------|
| | | | Amount | Percent of Tax Levy | Amount | Percent of Tax Levy |
| 2016-17 | \$975,364 | N/A | N/A | N/A | \$254,937 | 26.14% |
| 2015-16 | 913,665 | \$912,168 | \$906,348 | 99.36% | 910,286 | 99.80 |
| 2014-15 | 861,851 | 860,886 | 852,794 | 99.06 | 860,733 | 100.00 |
| 2013-14 | 707,386 | 707,241 | 701,873 | 99.24 | 707,087 | 100.00 |
| 2012-13 | 693,512 | 693,493 | 679,631 | 98.00 | 685,156 | 100.00 |
| 2011-12 | 693,874 | 693,853 | 681,061 | 99.31 | 693,790 | 100.00 |

- (a) Tax levy is as reported by the Treasurer of the County as of August of each tax year. Amounts include adjustments made to levy amounts after the August report. Amounts include the proceeds of the tax described in footnote (d) to TABLE 7.
- (b) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
- (c) Reflects collections made through October 31, 2016.

Source: Maricopa County Treasurer's Office

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Overlapping General Obligation Bonded Indebtedness. Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Assessed Limited Property Value and combined tax rate per \$100 Net Assessed Limited Property Value. Outstanding bonded indebtedness is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction's Net Assessed Limited Property Value which lies within the District's boundaries was derived from information obtained from the Assessor. The information presented for the State of Arizona is preliminary and subject to change. See "RISK FACTORS – Direct and Overlapping Indebtedness."

TABLE 7

| Direct and Overlapping Jurisdiction | 2016-17 Net Assessed Limited Property Value | Net Outstanding Bonded Debt (a) | Proportion Applicable to the District | | 2016-17 Combined Tax Rate Per \$100 Net Assessed Limited Property Value (b) |
|--|--|--|--|----------------------------|--|
| | | | Approx. Percent | Net Amount | |
| State of Arizona | \$56,573,588,295 | None | 0.13% | None | None |
| Maricopa County (c) | 36,135,494,474 | None | 0.21 | None | \$2.2879 |
| Maricopa County Community College District | 36,135,494,474 | \$509,430,000 | 0.21 | \$1,018,860 | 1.4651 |
| Maricopa Special Healthcare District | 36,198,108,538 | 73,000,000 | 0.21 | 146,000 | 0.3053 |
| Western Maricopa Education Center District No. 402 | 13,282,152,927 | 71,200,000 | 0.57 | 398,720 | 0.0840 |
| City of Goodyear | 710,534,322 | 90,270,000 | 22.08 | 19,931,616 | 1.8623 |
| Liberty Elementary School District No. 25 | 206,772,279 | 19,545,000 | 36.28 | 7,090,926 | 3.7922 |
| Buckeye Union High School District No. 201 | 652,565,804 | 65,100,000 | 11.49 | 7,479,990 | 3.2241 |
| Estrella Mountain Ranch Community Facilities District (d) | 75,027,977 | 14,430,000* | 100.00 | <u>14,430,000*</u> | 1.3000 |
| TOTALS | | | | <u>\$50,496,112</u> | |

- (a) Includes general obligation bonds outstanding and general obligation bonds scheduled for sale. Does not include the Salt River Project Agricultural Improvement and Power District general obligation bonded debt. Such debt has been refunded in advance of maturity and is secured for payment by government securities held in irrevocable trust. Also excludes the principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Also excludes the principal amount of improvement districts' bonds outstanding of various jurisdictions that are secured by special assessments levied against property owners residing within the respective improvement districts. Bonds supported from enterprise revenues are also excluded. Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the U.S. Department of the Interior to deliver Colorado River water to central Arizona down to Tucson. The obligation is evidenced by a master

* Subject to change.

contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to Arizona's portion of the costs reimbursable to the federal government. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. The tax levy is limited to 14 cents per \$100 of Net Assessed Limited Property Value, of which 14 cents is being currently levied. (See Arizona Revised Statutes, Section 48-3715 *et. Seq.*) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries.

This table also does not include the obligation of the Maricopa County Flood Control District to contribute \$80 million to CAP. The Flood Control District's sole source of revenue to pay the contribution will be raised from ad valorem taxes.

- (b) The combined tax rate includes the tax rate for debt service payments and voter-approved overrides, if any, and the tax rate for all other purposes, such as maintenance and operation and capital outlay, which is based on the Net Assessed Limited Property Value of the entity.
- (c) The County's tax rate includes the \$1.4009 tax rate of the County, the \$0.1400 tax rate of the Central Arizona Water Conservation District, the \$0.1792 tax rate of the Maricopa County Flood Control District, the \$0.0556 tax rate of the Maricopa County Free Library, the \$0.5010 tax rate of the County Education Equalization described in the last paragraph under "Primary Taxes" above and the \$0.0112 tax rate of the County Fire District. It should be noted that the County Flood Control District does not levy taxes on personal property.
- (d) In addition to the rate for Debt Service, the District levies a tax of \$0.30 per \$100 of Net Assessed Limited Property Value for operations and maintenance expenses of the District.

Source: Individual jurisdictions.

Additional General Obligation Bonded Indebtedness of the District. In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the CFD Act, additional series of bonds payable from *ad valorem* taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – General." See also **"RISK FACTORS – Direct and Overlapping Indebtedness."**

The CFD Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed sixty percent (60%) of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (The District has made a finding that issuance of the Bonds will meet the test set forth above.)

Pursuant to an election held on December 13, 1999, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed \$200,000,000 principal amount, of which \$182,045,000 remains authorized but unissued, payable from ad valorem taxes levied on all property within the District without limit as to rate or amount. Such bonds will be issued over time in order to finance, among other things, the costs of public infrastructure within the District, including incidental costs and the costs of issuing bonds. Additional indebtedness for the District could be authorized by elections in the future.

Additional Overlapping General Obligation Bonded Indebtedness. The District has no control over the amount of additional indebtedness payable from taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, or other entities having jurisdiction over all or a portion of the

land within the District. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. **See “RISK FACTORS – Direct and Overlapping Indebtedness.”**

The following overlapping entities of the District have the indicated authorized but unissued general obligation bonds available for future issuance as of July 1, 2016.

TABLE 8

| Overlapping Jurisdiction | |
|---|---------------|
| Maricopa Special Health Care District | \$829,000,000 |
| City of Goodyear, Arizona | 167,660,449 |
| Buckeye Union High School District No. 201 | 21,000,000 |
| Western Maricopa Education Center | 141,000,000 |
| Estrella Mountain Ranch Community Facilities District | 182,045,000 |

Other Indebtedness of the District. Series of assessment bonds payable solely from and secured by special, separate funds established and maintained by the District from installments due with respect to certain special assessments have been or may be issued by the District in the future. (The District issued \$8,088,000 principal amount of such bonds in February 2001 of which \$4,096,000 remains outstanding, \$4,950,000 principal amount of such bonds in December 2002 of which \$2,993,000 remains outstanding, \$7,680,000 principal amount of such bonds in July 2007 of which \$6,105,000 remains outstanding, \$6,928,000 principal amount of such bonds in December 2007 of which \$5,620,000 remains outstanding and \$4,980,000 principal amount of such bonds in March 2015 of which \$4,850,000 remains outstanding.) Such bonds are payable from installments in separate assessment areas located within the District. The term “special assessments” refers to the assessments which would be levied and assessed by the District in the related assessment area which could encompass portions of the District, each of which would constitute a first lien on the parcel so levied and assessed, subordinate and subject only to general property taxes (which are levied to pay Debt Service on the Bonds) and prior special assessments. Any such parcel would be offered for sale for nonpayment of such special assessments on such parcel and, if sold, the applicable proceeds thereof applied for payment of assessment bonds. There can be no assurance that additional amounts of such bonds payable from special assessments will not be issued in the future, increasing the amount of liens on property in the District for such purposes. **See “RISK FACTORS - Direct and Overlapping Indebtedness.”**

LAND DEVELOPMENT

The information contained in this section relates to and has been obtained from the Major Landowner and neither the District nor the Underwriter assumes any responsibility for the accuracy or completeness thereof. The information included under the heading “RISK FACTORS” as it relates to the information contained under this heading is hereby incorporated under this heading by this reference.

Current Ownership

In 2003, SunChase conveyed the District Land and assigned its interest in the various related agreements to Sun MP, LLC (“Sun MP”). In October 2003, the City and the District consented to the assignment of SunChase’s interests to Sun MP.

In a series of transactions from May 16, 2005 through July 31, 2013, Sun MP conveyed all of its interest in the District Land and in the various agreements related to the District to the Major Landowner and affiliated entities, as follows:

The Major Landowner acquired a total of approximately 6,461 acres from Sun MP. Of this total, approximately 6,130 acres are District Land and 331 acres are near but outside the District. NNP III-EMR 3, LLC, a Delaware limited liability company and affiliate of the Major Landowner (“NNP III-EMR 3”), acquired approximately 2,750 acres from Sun MP. Of this total, 2,430 acres are District Land and 320 acres are near but

outside the District. NNP III-EMR 4, LLC, a Delaware limited liability company and another affiliate of the Major Landowner (“NNP III-EMR 4”), acquired approximately 9,058 acres from Sun MP. Of this total, 177 acres are District Land and 8,881 acres are near but outside the District.

In the aggregate, the Major Landowner, NNP III-EMR 3 and NNP III-EMR 4 acquired approximately 18,269 acres from Sun MP. Of the total, approximately 8,737 acres were District Land and 9,532 acres were near but outside the District. Currently, the Major Landowner, NNP III-EMR 3 and NNP III-EMR 4 own approximately 6,912 acres of District Land. The remaining 2,859 acres of District Land is owned by various parties including home builders, homeowners, homeowners association, commercial and civic users and investors.

The Major Landowner and NNP III-EMR 3 are wholly-owned by NNP III-Estrella, LLC, a Delaware limited liability company (“NNP III-Estrella”). NNP III-Estrella and NNP III-EMR 4 are wholly-owned by Estrella Mountain Ranch Developers LLC, a Delaware limited liability company (“NNP III”). NNP III is wholly-owned by Land Management Company, LLC. The Members of Land Management Company are California Public Employees’ Retirement System, IHP Land Management Investors, LLC and IHP Land Management Incentives, LLC.

The Project

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

The Project is managed by Newland Real Estate Group, LLC, a Delaware limited liability company that is wholly owned by American Newland Communities, LP (“Newland”), under a project management agreement with NNP III. Newland specializes in the acquisition (through affiliated project entities) and development of residential land, the development and entitlement of master-planned communities and the sale of lots to builders for the construction of for-sale housing. Newland is headquartered in San Diego, California, and through its related project entities is responsible for developing over 40 master planned communities across the country in 14 states, including Arizona, California, Colorado, Florida, Georgia, Maryland, Minnesota, Nevada, North Carolina, Oregon, South Carolina, Texas, Virginia and Washington. Newland has nearly 45 years of experience in master-planned community development.

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

TABLE 9
LAND USES AT BUILD OUT

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

Source: The Major Landowner.

A number of major arterial and collector roadways throughout the Project have been completed and dedicated to the City, including Estrella Parkway, Elliot Road, San Gabriel Drive, San Miguel Avenue, Golf Club Drive, Calistoga Drive (Phases 1-1 and 2-1), West Mountain Vista Drive Phase 1, 182nd Drive and Westar Drive. Water lines, sewer lines, utilities, streetlights and landscaping associated with these roadways have also been completed and dedicated to the City. Calistoga Drive Phase 2-1 is substantially complete. Several private community amenities have been constructed within the Project, which, although not included in the District, will be available to all residents of the District. The private community amenities include the following:

- A public 18-hole championship golf course, clubhouse and related facilities.
- Bike paths.
- Natural trail system.
- North and South Lakes which are artificial lakes that were built in the 1980's by the original developer of the Project. The surface area of the lakes is approximately 72 acres. The current source of water for the lakes is groundwater from wells located within the Project; ultimately, the source of water for the lakes is anticipated to be treated reclaimed water.
- North Lake amenities include Starpointe Residents Club, a 24,300 square foot facility including fitness, a youth club and outside basketball court, a café, multipurpose meeting facilities, a board room and expansive areas for gathering. Amenities also include StarSplash waterpark, which includes a 12,000 square foot play pool, a heated lap pool, two slides and "Big Dipper" water toy. Other lakeside amenities include a boat house, pump station, dock with ramp, sun dial, pedestrian bridge, cooking ramada and a floating fountain.
- South Lake Amenities include ramadas with picnic tables and barbecue grills, 2,500 square foot open pavilion, tennis court, maintenance building, horseshoe pits, sand volleyball courts, pickleball court, basketball court, playground area with equipment and restroom
- Bougainvillea Park which consists of approximately 4.7 acres, includes basketball court, tennis courts, a tot-lot, sand volleyball court, ramadas and grass area for soccer and baseball and restrooms on 4.7 acres.

- 18,500 square foot residents club at the Montecito Community called Presidio. This facility includes management offices, café/wine bar, exercise area, gathering room, swimming pool and splash pad, a ramada and an event lawn.

The construction and sale of residential product in portions of the Project outside the boundaries of the District has been in process since the late 1980's. The Major Landowner estimates over 4,800 homes have been built within the Project as of November, 2016. The number of active builders within the Project varies from time to time, with close to 20 different production builders having constructed homes within the Project to date. There are currently six different production neighborhoods and two custom home neighborhoods in the Project offering homes and custom lots for sale to retail customers. In addition, CantaMia by AV Homes (CantaMia) which opened in February 2010 is a private gated community for those 55 years and older. CantaMia's 30,500 square foot Village Center features an indoor pool, outdoor resort-style pool and lakes as well as a state of the art fitness center, demonstration kitchen and library. CantaMia is planned for 1,780 units.

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

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

TABLE 10
RECENT MARKET ACTIVITY

| <u>Year</u> | <u>Housing Starts/Permits</u> | <u>Builder Home Sales</u> | <u>Builder Home Closings</u> |
|-------------|-----------------------------------|-------------------------------|----------------------------------|
| 2011 | 155 | 155 | 133 |
| 2012 | 196 | 207 | 167 |
| 2013 | 225 | 252 | 247 |
| 2014 | 239 | 182 | 217 |
| 2015 | 220 | 247 | 186 |
| 2016 (a) | 242 | 251 | 235 |

(a) As of November 30, 2016.

Source: The Major Landowner

The base prices for new homes in the Project currently ranges from \$181,000 to \$440,000 for a standard production home.

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

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

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

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

Utilities. There are two wastewater treatment facilities serving the Project. The first wastewater treatment facility, Corgett Wastewater Treatment Facility, is located northwest of Elliot Road and San Gabriel Drive and operated by the City to service the land within the District. It has a current capacity of 0.8 million gallons per day, enough to serve approximately 4,444 dwelling units (using 80% capacity and 144 gallons average per day per dwelling unit). Corgett Wastewater Treatment Facility is presently providing capacity for 2,569 equivalent dwelling units while processing 0.37 million gallons of wastewater per day on average. The second wastewater treatment facility, Rainbow Valley Wastewater Treatment Facility, is located at Rainbow Valley Road and Willis Road and operated by the City to service the land within the District. Rainbow Valley Wastewater Treatment Facility has a capacity of 0.75 million gallons per day, enough to provide capacity for approximately 4,167 dwelling units (using 80% capacity and 144 gallons average per day per dwelling unit) and is currently serving 2,153 equivalent dwelling units while processing approximately 310,000 gallons of wastewater per day on average.

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

In order to subdivide and sell lots, the City has relied upon as being designated by the Arizona Department of Water Resources ("ADWR") as having an assured water supply. An assured water supply means that sufficient water of adequate quality will be continuously available to satisfy the water needs of the proposed use for at least 100 years, that any projected groundwater use is consistent with the water management plan approved by ADWR and the management goals for the active groundwater management area and that financial capability to construct the delivery system and any necessary treatment works has been demonstrated to ADWR.

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

The City is working on augmenting its sources of water to address future growth and maintaining its assured water supply designation.

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

Schools. The Project currently has two elementary schools serving students in kindergarten through 8th grade (Estrella Mountain Elementary School and Westar Elementary School, which are part of Liberty Elementary School District No. 25 of Maricopa County, Arizona) and one high school serving students in 9th through 12th grade (Estrella Foothills High School, which is part of Buckeye Union High School District No. 201 of Maricopa

County, Arizona). Based upon the existing level of school services, it is expected that these schools will be sufficient to meet the immediate elementary and secondary educational needs of residents within the District.

Police, Fire and Sanitation. Police, fire and sanitation services are provided to the District by the City. The City has constructed an approximately 18,000 square foot facility at the Project to house both fire and police. Additional fire and police facilities are anticipated as the Project is developed.

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

Marketing. There is an Information Center for the Project. The Information Center is approximately 8,000 square feet and encompasses an internet cafe, display areas, an interactive topographical model and a historical information exhibit. The Project has a website (www.estrella.com) and generally advertises on television, radio, newspaper and magazine, outdoor billboards and through a variety of other means. Newland also uses the services of real estate brokers in connection with the marketing and sale of the property within the Project and will pay fees and commissions in connection therewith. The Major Landowner intends to continue to market improved and unimproved lots within the Project and does not itself anticipate building or marketing homes.

RISK FACTORS

General

Investment in the Bonds involves certain risks and is speculative in nature. The relatively high interest rates borne by the Bonds (as compared to prevailing interest rates on bonds that have an investment grade rating) are intended to compensate the investor for such risks.

The Bonds will be secured solely by ad valorem taxes generated within the District and amounts available pursuant to the Standby Contribution Agreement. Anyone considering investing in the Bonds should carefully examine this Official Statement, including the Appendices hereto.

Investment in the Bonds has substantial risk for a variety of reasons as described under "RISK FACTORS" herein and under other portions of the Official Statement. Security for the Bonds is an unlimited ad valorem property tax pledge of the District; however, the Major Landowner has agreed to contribute moneys sufficient to allow the District to levy a tax rate for the payment of debt service not exceeding a tax rate of \$1.00 per \$100 of Net Assessed Limited Property Value on all taxable property within the boundaries of the District. The Major Landowner is a single purpose entity without any significant assets other than the Project and its ability to develop the Project. The City and neighboring communities have significant residential communities under way and contemplated. If the Major Landowner is unable to fund its obligations, the District's ability to collect the taxes necessary to pay debt service cannot be guaranteed and the pace of development will be adversely affected. See, among other sections, "SECURITY AND SOURCES OF PAYMENT OF THE BONDS," "LAND DEVELOPMENT" and "RISK FACTORS."

Forward-Looking Statements

This Official Statement contains certain statements that are "forward-looking" statements within the meaning of the Securities Act of 1933 and of the Exchange Act of 1934, each as amended. All statements other than statements of historical facts included in this Official Statement, including without limitation statements that use terminology such as "estimate," "expect," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the discussions related to the Major Landowner and the Project and expectations regarding development, government approvals, future operations, revenues, capital resources and expenditures for capital projects. Although the Major Landowner believes that the assumptions upon which the forward-looking statements contained in this Official Statement are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the

forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Major Landowner involve risks and uncertainties, many of which are outside the control of the Major Landowner and any one which, or a combination of which, could materially affect the results of the Major Landowner's operations and whether the forward-looking statements ultimately prove to be correct. See "Certain Factors Which May Adversely Affect Development; Consequences" below.

No representation or assurance can be given that the Major Landowner will realize revenues in amounts sufficient to make the required payments under the Standby Contribution Agreement or that the District can obtain sufficient tax revenue. The realization of future revenues is dependent upon, among other things, the matters described in the foregoing paragraph and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Underwriter makes no representation as to the accuracy of the projections contained herein nor as to the assumptions on which the projections are based.

Concentration Of Ownership; Subsequent Transfer

There can be no assurance that the Major Landowner has the financial capability to complete development of the Project. Because there can be no assurance that the members of the limited liability company that form the Major Landowner will provide additional funds to the Major Landowner, nor that bank loans will be available to the Major Landowner and sufficient to pay all costs attributable to the Project, the Major Landowner may have to depend on revenues from sales of lots and parcels to generate cash flow and otherwise make funds available to pay all costs associated with the ownership, operation and development of the Project. If the Major Landowner has to depend on sales of lots and parcels to generate cash flow, there can be no assurance that sufficient funds will be available to the Major Landowner to pay all of its obligations and liabilities, including, without limitation, property taxes (including those to be applied to pay the Bonds), as such obligations and liabilities become due and payable.

See TABLE 5 with regard to the concentration of ownership of property in, and obligation for payment of property taxes of, the District in certain entities.

In addition, the Major Landowner has transferred and intends to continue to transfer ownership of those parcels (or portions thereof) designated for residential development within the District to homebuilders or individual custom lot purchasers prior to completion of development therein. There are no restrictions on the ability of the Major Landowner to sell parcels (or portions thereof). There can be no assurance that any builder will ultimately acquire and develop all of the lots, nor any assurance that any builder will be able to obtain the projected sales prices for any houses to be constructed on the lots. Custom lot purchasers are not required to commence construction within any particular time period after the acquisition of a custom lot. Accordingly, there can be no assurance as to when, or if, custom homes will actually be constructed, nor as to the ultimate fair market value of such homes.

Certain Factors Which May Adversely Affect Development; Consequences

The development of the balance of the Project by the Major Landowner or any purchaser therefrom is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements, including site grading. If the Major Landowner or any purchaser therefrom were unable to complete these additional improvements, the ability of the Major Landowner or any purchaser therefrom to sell land would be affected adversely.

The cost of additional improvements plus the public and private in-tract, on-site and off-site improvements may increase the public and private debt for which the land within the District is security. The burden of additional debt would be placed on the land within the District to complete the necessary improvements. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation - Overlapping, Additional and Additional Overlapping Indebtedness."

Proposed development of property within the District may be affected adversely by changes in general economic conditions, fluctuations in the real estate market, changes in the income tax treatment of real property

ownership and other similar factors. The residential development business, particularly including communities such as the Project, is highly competitive in the Phoenix metropolitan area. The Project will face competition from a number of competing developments and others throughout the Phoenix metropolitan area, the development plans for which offer lots and parcels in similar communities for a similar target market. A slowdown of the development process and the absorption rate could adversely affect land values (including Net Assessed Limited Property Value for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation") and reduce the ability or desire of the property owners to pay the ad valorem taxes securing the Bonds. In that event, there could be a default in the payment of principal of, and interest on, the Bonds as well as a resulting bankruptcy of the Major Landowner.

Vacant land also provides less security to the holders of the Bonds should it be necessary for the District to foreclose due to nonpayment of ad valorem taxes. Furthermore, an inability to develop the remaining land within the District will likely reduce the diversity of ownership on land within the District, making the holders of the Bonds more dependent upon timely payment of the ad valorem taxes levied on the vacant property.

Because of the concentration of ownership noted above, the timely payment of the Bonds depends upon the willingness and ability of the Major Landowner, and any subsequent owners, to pay the ad valorem taxes levied on the vacant property when due. A slowdown or stoppage in the continued development of the District could reduce the willingness and the ability of such owners to pay ad valorem taxes on vacant property and could greatly reduce the value of such property (including Net Assessed Limited Property Value for the purposes described herein under "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation") in the event it has to be foreclosed upon.

Effect of Valuation of Property

Information is provided herein with respect to the valuation of land within the District. SEE "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation."

Availability of Amounts Pursuant to Standby Contribution Agreement

If amounts to be available pursuant to the Standby Contribution Agreement are not available for any reason, the Bonds will be payable only from District ad valorem taxes, resulting in increased District tax rates and increased reliance upon District tax revenues collected within the District to pay principal of and interest on the Bonds. See also "General" above as well as "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – The Standby Contribution Agreement."

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the ad valorem taxes of the District could be affected by the existence of other taxes and assessments imposed upon the property. The existing public debt relating to the District is set forth in "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation - Overlapping, Additional and Additional Overlapping Indebtedness." In addition, other public entities whose boundaries overlap those of the District could, without the consent of the District, and in certain cases without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. The lien created on the property within the District through the levy of ad valorem taxes would be on a parity with the ad valorem taxes securing the Bonds. The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as in the case of failure of payment thereof the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad Valorem Taxation."

Risk of Extraordinary Mandatory Redemption

The Bonds are subject to early special mandatory redemption without premium in the event of a default under the Standby Contribution Agreement as described herein. See "THE BONDS - Redemption Provisions – Special Redemption Relating to a Default under the Standby Contribution Agreement."

Bankruptcy and Foreclosure Delays

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

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) and relating to the Standby Contribution Agreement and the Indenture will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Bankruptcy or similar occurrence of or to the Major Landowner could result in a temporary or permanent cessation of amounts payable pursuant to the Standby Contribution Agreement. Payment of principal of and interest on the Bonds would then be reliant on amounts available from collection of ad valorem taxes securing the Bonds.

Timing of Completion of the Public Infrastructure

Construction of the infrastructure to be constructed by the Major Landowner and dedicated to the District necessary for development is underway and in some instances complete, however, the time for completion of all of such improvements is uncertain. The cost of construction may be affected by factors beyond the Major Landowner's control including strikes, labor shortages, energy shortages, material shortages, inflation, adverse weather conditions, subcontractor defaults, and other unknown contingencies. If cost overruns result in delay of construction, or if other delays are experienced, the Major Landowner may be unable to complete timely all of such necessary improvements.

General Risks of Real Estate Investment

Investments in real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Project will be subject to the risks generally incidental to real estate investments. Many factors that may affect the Project, as well as the Major Landowner's operating revenues derived from the Project, are not within the control of the Major Landowner. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Project, which may render the sale of such homes difficult or unattractive; acts of God (which may result in uninsured losses); and other factors beyond the control of the Major Landowner or its affiliates.

The Project cannot be initiated or completed without the Major Landowner obtaining a variety of governmental approvals and permits, most of which have already been obtained. Such permits are necessary to initiate completion of each phase of the Project and to allow the occupancy of the homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Major Landowner. See "LAND DEVELOPMENT"

Environmental Matters

The Project will be subjected to risks arising out of the environmental law considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values in the Project resulting from any contamination on the site or from the proximity of the site to other contaminated areas. Liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA).

No Credit Rating

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

Cancellation of Contracts

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

LITIGATION

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

TAX EXEMPTION

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance with certain restrictions, conditions and requirements by the District as described below, interest income on the Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest income on the Bonds is exempt from State of Arizona income taxes. The opinion of Bond Counsel will be dated as of the date of delivery of the Bonds. A form of such opinion is included as APPENDIX D attached hereto.

The Internal Revenue code of 1986, as amended (the “Code”), imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of its investment earnings with respect to the Bonds. The District has covenanted to comply with the provisions of the Code relating to such matters. Failure to comply with such restrictions, conditions and requirements could result in the interest income on the Bonds being included as gross income for federal income tax purposes, under certain circumstances, from the date of issuance. The Bonds do not provide for an adjustment in interest rate or yield in the event of taxability and an event of taxability does not cause an acceleration of the principal on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

The Code also imposes an “alternative minimum tax” (“AMT”) upon certain corporations and individuals. A taxpayer’s “alternative minimum taxable income” (“AMTI”) is its taxable income with certain adjustments. Interest income on the Bonds is not an item of tax preference to be included in the AMT of individuals or corporations.

Notwithstanding the preceding sentence, one of the adjustments used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess (if any) of the corporation’s “adjusted current earnings” over the corporation’s AMTI for the taxable year (determined without regard to such adjustment for excess adjusted current earnings and the alternative tax net operating loss deduction). A corporation’s “adjusted current earnings” includes all tax-exempt interest, including the interest on the Bonds.

Although Bond Counsel will render an opinion that, as of the delivery of the Bonds, interest income on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder’s federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Bonds, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax consultants as to the applicability of such tax consequences to the respective Bondholder. The nature and extent of these other tax consequences will depend upon the Bondholder’s particular tax status and the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

The Bonds are not “private activity bonds” within the meaning of Section 141 of the Code.

Currently and from time to time, there are legislative proposals in Congress which, if enacted could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 15, 20__, through and including July 15, 20__ (collectively, the “Discount Bonds”), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (the “Issue Price”) of the Discount Bonds and the amount payable at maturity of the Discount Bonds will be treated as “original issue discount.” With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includible in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant

interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 15 and July 15 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein. Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local taxes.

BOND PREMIUM

The initial public offering price of the Bonds maturing on July 15, 20__, through and including July 15, 20__ (collectively, the "Premium Bonds"), are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, the form of which is included herein as APPENDIX D. (See "TAX EXEMPTION" herein.) Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. See "RISK FACTORS - Bankruptcy and Foreclosure" described herein. Certain legal matters will be passed upon for the District by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona; for the Underwriter by its counsel, Greenberg Traurig, LLP, Phoenix, Arizona; and for the Major Landowner by its counsel, Quarles & Brady LLP, Phoenix, Arizona.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer of guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

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

FINANCIAL STATEMENTS

The annual financial statements of the District for the period ended June 30, 2016, a copy of which are included in Appendix G of this Official Statement have been audited by Heinfeld, Meech & Co., P.C., Certified Public Accountants, to the extent and for the period indicated in their report thereon. The District has neither requested nor obtained the consent of Heinfeld, Meech & Co., P.C. to include their report herein, and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering their opinion on the financial statements.

NO CREDIT RATING

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

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$_____ (reflecting the aggregate principal amount of the Bonds, plus a [net] original issue premium of \$_____, less underwriter’s compensation of \$_____). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The offering prices set forth on the cover page hereof may be changed after the initial offering by the Underwriter.

CONTINUING DISCLOSURE

The District and the Major Landowner have each separately covenanted for the benefit of certain beneficial owners of the Bonds to provide certain financial information and operating data relating to the District and development therein, as applicable, by not later than seven months after the end of their respective fiscal years (the “Annual Reports”), and to provide notices of the occurrence of certain listed events (the “Notices of Listed Events”). The Annual Reports and the Notices of Listed Events will be filed by the District and the Major Landowner through the Electronic Municipal Market Access system established by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports or in the Notices of Material Events, and the circumstances under which subsequent landowners of land now owned by the Major Landowner will enter into an undertaking to provide continuing disclosure, are set forth in Appendix F - “FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS” hereto and which includes forms of undertakings which will be executed by the District and the Major Landowner with respect to the Bonds. The District has no obligation to enforce the obligations of the Major Landowner (or subsequent landowners of land now owned by the Major Landowner) under its continuing disclosure undertaking.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. *Pursuant to Arizona Law, the ability of the District to comply with*

such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants. Should the District not comply with such covenants due to failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

RELATIONSHIPS AMONG PARTIES

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

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

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representation of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the District from official and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Bonds.

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

ESTRELLA MOUNTAIN RANCH COMMUNITY
FACILITIES DISTRICT

By
Chair, District Board

APPENDIX A

GENERAL ECONOMIC AND FINANCIAL INFORMATION REGARDING THE CITY OF GOODYEAR, ARIZONA

The following information concerning the City is for background information only as the District lies within the limits of the City. The Bonds will not be an obligation of the City in any respect. THE BONDS WILL BE DIRECT GENERAL OBLIGATIONS OF THE DISTRICT, PAYABLE FROM, AMONG OTHER SOURCES, AD VALOREM TAXES LEVIED AGAINST ALL TAXABLE PROPERTY IN THE DISTRICT, AS DESCRIBED UNDER THE HEADING "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

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

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

Population Statistics

Population Statistics for the City of Goodyear, Maricopa County and the State of Arizona

| <u>Years</u> | <u>City of Goodyear</u> | <u>Maricopa County</u> | <u>State of Arizona</u> |
|-------------------|-----------------------------|----------------------------|-----------------------------|
| 2015 Estimate (a) | 77,776 | 4,076,438 | 6,758,251 |
| 2010 Census | 65,275 | 3,817,117 | 6,392,017 |
| 2000 Census | 18,911 | 3,072,149 | 5,130,632 |
| 1990 Census | 6,258 | 2,122,101 | 3,665,339 |

(a) Estimate as of July 1, 2015 (published December 15, 2015).

Source: Arizona Department of Administration, Office of Employment and Population Statistics and US Census Bureau, American FactFinder.

Municipal Government Organization and Services

The City's charter government provides for six council members, a Mayor elected at large and a Vice Mayor who is elected by the Mayor and council members. Council members serve four-year staggered terms and the Mayor a four-year term. The Mayor is limited to two four-year terms and council members are limited to three four-year terms. The City Manager, who is appointed by the City Council, is responsible for the overall operation and supervision of all governmental functions. The operations of City government are provided by a staff of approximately 527 employees.

The City, along with other private utilities, provides refuse collection and public safety (police and fire) to its residents. The City and Liberty Water Company provide water and sewer service to a majority of the City's

residents. Electricity is provided by Arizona Public Service Company, and natural gas is supplied by Southwest Gas Corporation.

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

Brian Dalke, City Manager. Mr. Dalke was appointed City Manager in October 2012. Mr. Dalke had previously served as the City's Deputy City Manager since 2004 and prior to that as the City's Economic Development Director since 1994. Mr. Dalke oversees Police, Information Technology Services, Human Resources, Community Development, Finance and Economic Development. Prior to his employment at the City, he spent 16 years with Salt River Project as Senior Representative for Business and Industrial Development. Mr. Dalke is a graduate of the Economic Development Institute, and holds a Bachelor of Arts Degree in Business Administration from Ottawa University.

Doug Sandstrom, Finance Director. Mr. Sandstrom was appointed Finance Director of the City in May 2016. Prior to his employment with the City, Mr. Sandstrom served as the Finance Director for the City of Casa Grande and as the Administrative Services Director and Finance Director for the City of Show Low, Arizona. Mr. Sandstrom also served as Assistant City Manager, Management and Budget Director, Budget Manager and Budget Analyst/Grant Coordinator for the City of Surprise, Arizona. Mr. Sandstrom holds a Bachelor's degree in Political Science – Economics from St. Cloud State University and a Master's of Public Administration from the University of Wisconsin.

Economy

Historically, agriculture was a major contributor to the City's economic base. Agriculture still plays a role in the City's economy, however, it no longer dominates the area's economy. Much of the City's economy now centers around the aerospace industry and retail services. Arizona's Airline Training Center and Lockheed Martin are located on the Phoenix-Goodyear Airport Campus. Industrial, commercial and residential developments have also become a significant part of the economy.

Goodyear Ballpark is the Spring Training and player development home of both of Ohio's Major League Baseball teams – the Cleveland Indians and Cincinnati Reds. The Cleveland Indians started spring training in the City in 2009; the Cincinnati Reds started spring training in the City in 2010. Each team has a year-round presence in Arizona, through Spring Training, extended Spring Training, Rookie League, Fall Instructional League and rehabilitation of injured players at their training complexes. The Indians and Reds Development Complexes each include a 42,000 square foot clubhouse, six full-size practice fields, two infields, batting cages, pitching mounds, hitting tunnels and observation towers. During Spring Training season, the public can watch the teams' daily workouts on the practice fields starting at 9:15 a.m. Both teams have made Arizona their second home, and are actively engaged in the Goodyear and surrounding communities, participating in charity activities, youth sports programs and other events.

Unemployment Rate Averages

| Years | City of Goodyear | Maricopa County | State of Arizona | United States |
|--------------|-------------------------|------------------------|-------------------------|----------------------|
| 2016 (a) | 4.9% | 4.7% | 5.5% | 5.0% |
| 2015 | 5.4 | 5.2 | 6.1 | 5.3 |
| 2014 | 6.0 | 5.9 | 7.0 | 6.2 |
| 2013 | 6.9 | 6.6 | 8.0 | 7.4 |
| 2012 | 7.7 | 7.1 | 8.3 | 8.1 |
| 2011 | 8.7 | 8.4 | 9.4 | 8.9 |

(a) Data through June 2016 and is not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Economic Security, Bureau of Information and Research Analysis, Labor Force Statistical Unit.

A list of significant employers located within the City is set forth in the following table.

| City of Goodyear Major Employers | | |
|---|------------------------|-----------------------------------|
| Employer (a) | Product/Service | Approximate Employment |
| Abrazo West Campus | Healthcare | 988 |
| Macy's-Bloomington | Internet Fulfillment | 940 |
| Cancer Treatment Centers of America | Healthcare Services | 820 |
| Sub-Zero, Inc. | Manufacturing | 550 |
| Amazon.com | Internet Fulfillment | 500 |
| AeroTurbine | Aviation | 370 |
| McLane Sunwest | Distribution | 300 |
| Snyder's of Hanover | Manufacturing | 200 |
| Schoeller Allibert | Manufacturing | 130 |
| Dick's Sporting Goods | Distribution | 130 |

(a) Some of such employers or their parent companies are subject to the informational requirements of the Exchange Act, and in accordance therewith file the Filings with the Commission. The Filings may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>. None of the District, the Financial Advisor, the Underwriter or their respective agents or consultants has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: City of Goodyear Economic Development.

[Remainder of page left blank intentionally.]

Construction

The following charts illustrate a building permit summary for residential and non-residential construction and new housing starts for the City.

Value of Building Permits City of Goodyear, Arizona (\$000s omitted)

| Years (a) | Residential | Commercial and Industrial | Other | Total |
|------------------|--------------------|--------------------------------------|--------------|--------------|
| 2016 (b) | \$192,663 | \$29,347 | (b) | \$ 222,010 |
| 2015 | 318,918 | 31,234 | - | 350,152 |
| 2014 | 222,280 | 27,598 | - | 249,878 |
| 2013 | 271,095 | 66,615 | - | 337,710 |
| 2012 | 271,682 | 54,174 | \$23,286 | 349,142 |

(a) Data shown for 2012 through 2015 are by fiscal year ending June 30. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

(b) Partial year data through March 2016. Partial year data not available for the Other category.

Source: The City of Goodyear.

New Housing Starts City of Goodyear, Arizona

| Years (a) | Total New Housing Starts |
|------------------|-------------------------------------|
| 2016 (b) | 682 |
| 2015 | 894 |
| 2014 | 860 |
| 2013 | 1,006 |
| 2012 | 737 |

(a) Data shown for 2012 through 2015 are by fiscal year ending June 30. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date on which the permit is issued is not to be construed as the date of construction.

(b) Partial year data through March 2016.

Source: The City of Goodyear.

Transportation

The City is readily accessible via ground and air transportation. Highway access is provided by County Highway 85 and Interstate 10. Other freeways, designated as State Route 101, State Route 303, Interstate 17 and Interstate 8 are readily accessible to the City. The City is approximately 25 miles from Phoenix Sky Harbor International Airport, which offers service from major airlines, commuter airlines and charter companies. The Phoenix-Goodyear Airport, located within the City is classified as a reliever airport to Phoenix Sky Harbor International Airport. The airport has an 8,500-foot lighted and paved runway and offers various airport related facilities. The City is also served by the major bus companies and rail service is provided by the Union Pacific Railroad.

Education

Elementary and secondary education is provided to residents of the City by Mobile Elementary School District, Avondale Elementary School District, Liberty Elementary School District, Litchfield Elementary School District, Buckeye Union High School District and Agua Fria Union High School District. Post-secondary education is provided by the Maricopa County Community College District, which provides two-year and professional degrees through a number of facilities located throughout the County and the greater Phoenix metropolitan area, including the campus of Estrella Mountain Community College located in the neighboring City of Avondale. Four-year degrees are attainable through Arizona State University located in Phoenix, Glendale, Mesa and Tempe, Arizona, Grand Canyon University located in Phoenix and other universities located in the greater Phoenix metropolitan area which offer flexible class schedules to the working individuals of Maricopa County. Franklin Pierce University located in Goodyear offers doctorate programs through its College of Graduate and Professional Studies.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[TO COME FROM BOND COUNSEL]

APPENDIX C

FORM OF STANDBY CONTRIBUTION AGREEMENT

[TO COME FROM BOND COUNSEL]

APPENDIX D

FORM OF LEGAL OPINION OF BOND COUNSEL

[TO COME FROM BOND COUNSEL]

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S., equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S., securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to other such as both U.S. and non-U.S., securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices or significant events with respect to the Bonds, such as redemptions, tenders, default and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices of the Bonds shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of and information funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Direct Participants and Indirect Participants and not of DTC (or its nominee) or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds, and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX F

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE UNDERTAKING (MAJOR LANDOWNER)

\$14,430,000*

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017
(CUSIP BASE NUMBER: 29758A)

This Undertaking is executed and delivered by NNP III-Estrella Mountain Ranch, LLC, a Delaware limited liability company (hereinafter referred to as the “Major Landowner”), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Major Landowner pursuant to, and as described in, Section 2.

“Authorizing Documents” shall mean, collectively, the resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agency agreement with the Major Landowner and the successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org/submission>.

“Issuer” shall mean Estrella Mountain Ranch Community Facilities District, a community facilities district organized and existing pursuant to the laws of the State of Arizona.

“Official Statement” shall mean the Official Statement, dated _____, 2017, with respect to the Securities.

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

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

“Objective Criteria” means, as to any party owning or becoming an owner of land within the boundaries of the Issuer, that the net assessed limited property value of such land for which such owner becomes responsible for paying property taxes equals or exceeds 20 percent of the net assessed limited property value of all land within the boundaries of the Issuer.

* Subject to change.

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

Section 2. Contents and Provision of Annual Reports.

(a) (i) **THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN SEVEN MONTHS AFTER THE END OF ITS FISCAL YEAR, COMMENCING WITH THE FISCAL YEAR ENDING IN 2017, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION. THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF EACH ANNUAL REPORT TO THE ISSUER.**

(ii) **IF THE MAJOR LANDOWNER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT. THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.**

(b) (i) The Annual Reports shall contain or incorporate by reference audited financial statements of the Major Landowner for the preceding fiscal year, if any, such statements to be prepared on the basis generally accepted accounting principles. **IF THE FISCAL YEAR OF THE MAJOR LANDOWNER CHANGES, THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT. THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.**

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Municipal Securities Rulemaking Board. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Major Landowner shall clearly identify each such other document so incorporated by reference.

(iii) **If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.**

Section 3. Reporting of Listed Events.

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

(i) Any changes of ownership or control of the Major Landowner.

(ii) Any failure by the Major Landowner to pay, prior to delinquency, general property taxes, special taxes or assessments with respect to property of the Major Landowner within the boundaries of the Issuer.

(b) **THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY FILE A NOTICE OF LISTED EVENT OF THE OCCURRENCE OF A LISTED EVENT WITH THROUGH EMMA. THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE**

DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE OF LISTED EVENT TO THE ISSUER.

Section 4. Termination of Reporting Obligation. The obligations of the Major Landowner pursuant to this Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Securities or (ii) the failure of the Major Landowner to satisfy the Objective Criteria. **THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE. THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.**

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Major Landowner may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Major Landowner or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Major Landowner or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Major Landowner to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. **IF THE ACCOUNTING PRINCIPLES OF THE MAJOR LANDOWNER CHANGE, THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT. THE MAJOR LANDOWNER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROVIDE A COPY OF SUCH NOTICE TO THE ISSUER.**

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Major Landowner from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Major Landowner chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Major Landowner shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Major Landowner to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Major Landowner to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Major Landowner to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Major Landowner may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Major Landowner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Recordkeeping. The Major Landowner shall maintain copies of each Annual Report and Notice Listed Event as well as the names of the entities with whom the same was filed and the date of filing thereof.

Section 10. Subsequent Transfers of Major Landowner's Land. Upon any sale by the Major Landowner of land within the boundaries of the Issuer such that the acquiring owner of land within such area then satisfies the Objective Criteria, the Major Landowner shall require such acquiring owner of land within such area to execute an undertaking substantially similar to this Undertaking and in compliance with the Rule prior to the conveyance of title to such acquiring owner of such land within such area.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and the Major Landowner shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Major Landowner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Section 12. Copies for Issuer. Any copy provided by this Undertaking to be given or furnished to the Issuer by the Major Landowner shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid to the Issuer addressed to it at c/o City of Goodyear, Arizona, P.O. Box 5100, 190 North Litchfield Road, Goodyear, Arizona 85338, Attention: District Clerk or at any other address furnished previously in writing to the Major Landowner by the Issuer.

Dated: [Closing Date]

NNP III - Estrella Mountain Ranch, LLC a, Delaware limited liability company

By.....

Its:

CONTINUING DISCLOSURE UNDERTAKING
(ISSUER)

\$14,430,000*

ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)
DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017
(CUSIP BASE NUMBER: 29758A)

This Undertaking is executed and delivered by Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (hereinafter referred to as the “Issuer”), in connection with the issuance of the captioned municipal securities (hereinafter referred to as the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries) or is treated as the owner of any Securities for federal income tax purposes.

Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

“Authorizing Documents” shall mean, collectively, the resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org/submission>.

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

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

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

Section 2. Contents and Provision of Annual Reports.

(a) (i) ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2018, PROVIDE THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.***

(ii) ***IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO,***

* Subject to change.

SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.

- (b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information of the type in TABLES _____ of the Official Statement, dated _____, 2017, with respect to the Securities.

(B) Audited financial statements for the preceding fiscal year, if any, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. (The Issuer does not currently obtain audited financial statements.) ***IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final official statements of debt issues of the Issuer or related public entities which have been submitted to the Municipal Securities Rulemaking Board. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) ***If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided through EMMA.***

Section 3. Reporting of Listed Events.

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

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities.
- (vii) Modifications to rights of holders, if material.
- (viii) Bond calls, if material, or tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Securities, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

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

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

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

(c) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Authorizing Documents.

(d) ***SUBJECT TO ANNUAL APPROPRIATION TO COVER THE COSTS OF PREPARATION AND MAILING THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS AFTER THE OCCURRENCE OF A LISTED EVENT, FILE A NOTICE OF LISTED EVENT THROUGH EMMA.***

Section 4. Termination of Reporting Obligation. The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as the bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Documents at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Documents, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Major Landowner hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement, and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

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

By
Chair, District Board

APPENDIX G

CERTAIN FINANCIAL STATEMENTS OF THE DISTRICT