

RESOLUTION NO. CFUD NO. 1 00-35

RESOLUTION OF THE BOARD OF DIRECTORS OF COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1 (CITY OF GOODYEAR, ARIZONA), APPROVING THE FEASIBILITY AND BENEFITS STUDY RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITTING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY STUDY RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$7,075,000 AGGREGATE PRINCIPAL AMOUNT OF THE DISTRICT'S GENERAL OBLIGATION BONDS WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

WHEREAS, pursuant to Section 48-715, Arizona Revised Statutes ("A.R.S."), as amended, the Board of Directors of the Community Facilities Utilities District No. 1 (City of Goodyear, Arizona) (the "District"), has caused a study of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of general obligation bonds of the District, which study includes, among other things, a description of certain public infrastructure to be acquired or constructed and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Projects and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

WHEREAS, pursuant to Section 48-715, A.R.S., as amended, a public hearing on the Feasibility Study was held on the date hereof, after provision for publication of notice thereof as provided by law;

BE IT RESOLVED BY THE DISTRICT BOARD OF THE COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1 (CITY OF GOODYEAR, ARIZONA), that:

Section 1. Definitions. In this resolution, the following terms shall have the following meanings:

"*Act*" shall mean Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Board*" shall mean this board of directors of the District.

"*Bonds*" shall mean the District's General Obligation Bonds, Series 2000.

"*Clerk*" shall mean the Clerk of the District.

"District" shall mean the Community Facilities Utilities District No. 1 (City of Goodyear, Arizona).

"Study" shall mean the feasibility and benefits study pertaining to the Project on file with the Clerk prior to the date and time of this resolution, discussing the matters required by Section 48-715, A.R.S., as amended.

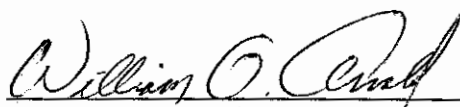
"Project" shall mean the acquisition or construction of public infrastructure (as such term is defined in the Act) described in the Feasibility Study and all appurtenances thereto and payment of certain incidental costs related to the acquisition or construction of the public infrastructure and the financing of the Project.

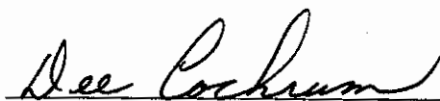
Section 2. Ratification of Notice Of Hearing. Published notice of the public hearing on the Study has been provided by the Clerk not less than ten (10) days in advance of the date of the public hearing on the Study. The form of notice of the public hearing attached hereto as Exhibit A is hereby ratified and approved in all respects.

Section 3. Approval of Feasibility Study. Based on the review by the Board and the presentation of the Study at the public hearing on December 11, 2000, the Study is hereby adopted and approved in the form submitted to the Board. The Study has been filed with the Clerk prior to adoption of this resolution. Reference is hereby made to the Study so filed.

Section 4. Resolution of Intent. This Board hereby identifies the public infrastructure of the Project, the areas benefited, the expected method of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Study, for any and all purposes of the Act. This Board hereby declares its intent to proceed with the financing of the acquisition of the Project in substantially the manner presented in the Study. This Board declares its intent to issue the Bonds to finance the costs of the Project. District officers, employees, staff and agents are hereby authorized and directed to proceed with preparing all necessary documents and establishing financing terms and provisions for final review and approval by this Board.

PASSED, ADOPTED AND APPROVED on December 11, 2000.


Chairman


Clerk

Attachments: Exhibit A – Form of Notice of Hearing on Feasibility Study

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Community Facilities Utilities District No. 1 (City of Goodyear, Arizona) at a regular meeting held on December 11, 2000, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; 0 did not vote or were absent.


Clerk

MEMORANDUM

TO: Community Facilities Utilities District No. 1
Board of Directors

FROM: Scott W. Ruby

DATE: October 18, 2000

On October 23, 2000, a public hearing on the feasibility report presented to the City/District Board regarding the Community Facilities Utilities District No. 1 (the "District") will be held and two resolutions will be presented to the District Board with respect to the proposed issuance of general obligation bonds of the District. The hearing and the resolutions are similar to other feasibility hearings and resolutions adopted in connection with the most recent past financing by the community facilities district.

The feasibility report hearing is required by law and notice of the hearing will be published once in the newspaper prior to the hearing, allowing the public to comment if desired. No public comment is anticipated. The proposed financing contemplates that the District would issue not to exceed \$ 7,075,000 of general obligation bonds. This amount of bonds and the interest paid thereon is being structured so that a \$2.00 tax rate could pay all of this debt service plus the debt service on bonds outstanding. As you know the District current levies 70¢ to pay debt service, an amount that does not pay all of the debt service. To make up for the shortfall SunCor agrees pursuant to a Standby Contribution Agreement, to pay the shortfall. If SunCor doesn't pay the shortfall the debt service tax rate would rise to \$2.00. The tax rate would never exceed \$2.00 unless the total assessed value of the District was to drop significantly. The other safeguards required by the City's CFD Guidelines are also satisfied. The Bonds will be insured. Upon completion of the hearing, a resolution will be presented to the District Board, approving the feasibility report and the continuation of the financing proceedings.

The second resolution to be considered contemplates the approval of the issuance of general obligation bonds to finance the infrastructure improvements.

THE ARIZONA REPUBLIC

NOTICE OF PUBLIC HEARING
 TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF COMMUNITY FACILITIES UTILITIES NO. 1 (CITY OF GOODYEAR, ARIZONA), NOTICE IS HEREBY GIVEN that the Board of Directors of the Community Facilities Utilities District No. 1 (City of Goodyear, Arizona) will meet on December 11, 2000, at 8:30 a.m., and will be held in the City Council Chambers, 786 South Litchfield Road, Goodyear, Arizona 85338, to conduct a public hearing on, and to consider and review a feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 119 North Litchfield Road, Goodyear, Arizona 85338.
 00001WE-December 1, 2000

STATE OF ARIZONA }
 COUNTY OF MARICOPA } SS.

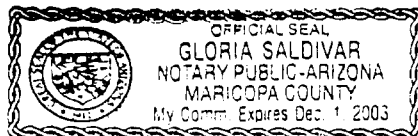
TOM BIANCO, being first duly sworn, upon oath deposes and says: That he is the legal advertising manager of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates as indicated.

The Arizona Republic/West Zone

December 1, 2000

[Handwritten Signature]

Sworn to before me this
 4 day of
 December A.D. 2000



[Handwritten Signature: Gloria Saldivar]
 Notary Public

AMENDED

FEASIBILITY STUDY

For The Issuance of

**Not to Exceed
\$7,075,000 Principal Amount**

OF

COMMUNITY FACILITIES UTILITIES

DISTRICT NO. 1

(CITY OF GOODYEAR, ARIZONA)

DISTRICT GENERAL OBLIGATION BONDS

SERIES 2000

December 1, 2000

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SECTION ONE

**INTRODUCTION; PURPOSE OF FEASIBILITY STUDY;
AND GENERAL DESCRIPTION OF DISTRICT**

INTRODUCTION

This Feasibility Study (the "Study") has been prepared for presentation to the Board of Directors of the Community Facilities Utilities District No. 1 (City of Goodyear, Arizona) (the "Utilities District") in connection with the proposed issuance by the Utilities District of its District General Obligation Bonds, Series 2000 (the "Bonds") in an approximate principal amount of not to exceed \$7,075,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY STUDY

This Study has been prepared for consideration of the feasibility and benefits of the Public Infrastructure (as defined in A.R.S. 48-701) to be financed by the Bonds and of the plan for financing such Public Infrastructure in accordance with the provisions of A.R.S. 48-715. Pursuant to A.R.S. 48-715, this Study includes (i) a description of the Public Infrastructure to be financed [Section Two]; (ii) a map showing, in general, the area to be benefitted by the Public Infrastructure [Section Three]; (iii) an estimate of the cost to acquire, operate and maintain the Public Infrastructure and a timetable for the acquisition of the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

Additionally, this Study includes other additional information as required by Development Agreement No. 1, as amended, among the City of Goodyear (the "City"), SunCor Development Company ("SunCor"), the Utilities District, the Community Facilities General District No. 1 of the City of Goodyear (Arizona) (the "General District") and the Litchfield Public Service Company ("LPSCO"). This additional information includes: (i) an analysis of the impact of the financing on the tax rates or other charges borne by the owners of the property [Appendix B]; an analysis of the effect on the City's general financing abilities [Appendix C]; and an analysis of the infrastructure demand and market absorption [Appendix D]; an example of CFD disclosure in the Arizona Department of Real Estate Subdivision Public Report [Appendix E].

This Study has been prepared for the consideration of the Board of Directors of the Utilities District only. It is not intended or anticipated that this Study will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Study does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Study, financial advisors, appraisers, counsel, engineers, City staff and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF UTILITIES DISTRICT

Formation of the Utilities District was approved by the City on August 8, 1989 upon the request of the sole landowner within the Utilities District and on February 27, 1990, an election forming the Utilities District and authorizing the issuance of bonds was held and approved. The Utilities District consists of approximately 7,610 acres and is located within the City boundaries.

The Utilities District was created to finance the construction or acquisition of public infrastructure within the Utilities District, specifically, parts of the master-planned projects known as "Palm Valley" and "PebbleCreek" (the "Project"). The Palm Valley masterplan consists of approximately 9,000 acres which includes all 7,610 acres of the Utilities District. The PebbleCreek project, approximately 2,400 acres, is located within the Palm Valley masterplan. Phase I of Palm Valley (Section 34) consisting of approximately 605 acres, is complete. Phase II and III, which includes Sections 33, 38, 3 and 4 equaling approximately 1,800 acres, are currently under development. A legal description of the Utilities District is included in Appendix A. A map of the Utilities District is included in Section Three of this Study. The acquisition of the Public Infrastructure as defined in this Study is consistent with the City of Goodyear approved General Plan of Palm Valley.

See Section Five of this Study for detail regarding secondary assessed valuation in the District.

USE OF UTILITIES DISTRICT FINANCING

When the Utilities District was created, it was an integral component of the Development Agreement between the City and SunCor. This cooperative agreement permitted the utilization of community facilities district financing by SunCor and the annexation of approximately 7,000 acres of land to the City. The ability to utilize Utilities District financing for Public Infrastructure needed for the Project is a core understanding between the City and SunCor. Both SunCor and the City have included CFDs in their respective operating budgets and models for the build-out of the Project.

The advantages of utilizing CFD financing for public infrastructure within the Utilities District are discussed below. In assessing the benefits of Utilities District financing, it is important to keep in mind the City's existing policy which states that growth areas must pay for its related infrastructure costs and the limited capacity that the City has with respect to its ability to finance infrastructure needs generally.

The Utilities District has issued general obligation bonds to provide funds for the construction of public infrastructure. The general obligation bonds are paid for from property taxes. Utilities District financing provides benefits to three parties: the homebuyer, the City and SunCor.

Homebuyers within the Utilities District benefit from this form of financing in several ways. The use of tax-exempt Utilities District financing has paid for public infrastructure that is generally paid for by impact fees and/or Developer-financed infrastructure. Without this financing source, the cost of impact fees or Developer-financed infrastructure would be passed on to the homebuyer in the form of a higher purchase price for the home. Tax-exempt financing provides a lower cost of funds for infrastructure, which not only means a lower purchase price (and therefore a lower mortgage payment) for the homeowner, but also provides a benefit in that property taxes are a tax-deductible expenses to the homeowner.

The City benefits from Utilities District financing as well. The Palm Valley area is one of the Valley's fastest growing areas. With this growth comes the benefit of significant assessed valuation growth and retail amenity growth (restaurants, shopping, golf, hotels) which results in increased sales tax revenues to the City's general fund. Although this growth contributes more amenities to all residents of the City and the overall financial stability of the City, the City's own limited sources of financing are preserved. Typically, a city finances a majority of major transportation routes, regional parks, and police and fire facilities either through impact fees or general obligation bonds. The Utilities District financing provides an alternative, efficient financing vehicle for this infrastructure and is consistent with City's policy of having growth areas pay for their related costs. By accessing Utilities District financing, necessary public infrastructure is put in place at the appropriate time without utilization of the City's own bonding capacity, and is completed in a more cost-effective manner than pay-as-you-go funding given current construction inflation costs. This financing method is recognized not only in the Development Agreement between the City and SunCor, but also in planning documents such as the City's capital improvement program in which most items of Public Infrastructure described in Section Two are listed.

Finally, SunCor receives a benefit in the form of lower borrowing costs. This benefit enables SunCor to both complete the Project with higher quality amenities as well as to build vital public infrastructure on an accelerated (and therefore less expensive) basis. This results in a more successful Project for SunCor as well as a quality project for the City.

Without further Utilities District financing, higher costs to all three parties are a certainty. Specifically, the lack of Utilities District financing would result in a new development plan that would include all or some of the following:

- The delay of approximately \$8,900,000 of projects within the District that are currently contemplated in the City's Capital Improvement Plan;
- Higher home prices as the cost of financing public infrastructure increases for SunCor;
- Higher densities per acre and less open space within the Project;
- Non-comprehensive and sporadic development of the Public Infrastructure within the Project;
- A request from SunCor for City bonding capacity in order to complete the Public Infrastructure within the Project; and
- Delays to increases in the City's tax base and sales tax revenues.

Should Utilities District financing not continue, SunCor and the City would need to rethink its 12 year understanding and approach to providing Public Infrastructure for the Project. The City and SunCor would need to renegotiate agreements on the provision of future Public Infrastructure and restructure their respective financing models.

SECTION TWO

DESCRIPTION OF PUBLIC INFRASTRUCTURE

DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure, which will be publicly bid pursuant to state statute, to be all or partially financed by the Bonds of the Utilities District, with the balance to be financed by a subsequent bond issue or by SunCor, consists of the following. It is expected that the Public Infrastructure listed below will be acquired from SunCor as general contractor.

1. 144th Avenue (Roosevelt Irrigation District (“RID”) Canal to Palm Valley Blvd.):

To build 144th Avenue from the RID Canal to Palm Valley Blvd. in Phase II. Improvements consist of constructing the north & south bound traffic lanes, sidewalks, landscape and a bridge over the canal. Distance of the roadway is approximately 2/3 of a mile.

Road Length	3500	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	8'	
Landscape Parkway	Varies	

2. Bullard Road East Half – Palm Valley Phase II (RID Canal to McDowell Road):

a) Bullard Road East Half (Phase 1)

Total improvement of the east half of Bullard Road from the RID Canal south approximately ½ mile to the Encanto (Palm Valley Blvd) alignment entrance for Palm Valley Phase II. Scope would consist of east half of road only with bike lanes, sidewalk, curb & gutter. It will also include landscape, concrete drainage structures and a storm drain system.

Road Length	2,600	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	8'	
Landscape Parkway	Varies	

b) Bullard Road East Half (Phase 2)

Total improvement of the east half of Bullard Road from McDowell Rd. north approximately ½ mile to the Encanto (Palm Valley Blvd) alignment entrance for Palm Valley Phase II. Scope would consist of east half of road only with bike lanes, sidewalk, curb & gutter. It will also include landscape, concrete drainage structures and a storm drain system.

Road Length	2,600	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	8'	
Landscape Parkway	Varies	

3. Indian School Road North Half West Of Wigwam Boulevard:

Install north half of Indian School Road from Wigwam Boulevard west to Club House Drive, consisting of three lanes with landscape median, sidewalk, street lights and drainage structures.

Road Length	1,760	L.F.
Road Width	36	L.F.
Sidewalk	6 ft.	
Curbs & Gutter	2 ft.	
Landscape Median	17 ft.	

4. Palm Valley Blvd. (Litchfield Road to 144th Avenue) – Palm Valley Phase II:

Build a new roadway that is approximately 2/3 of a mile long in Phase II that connects to the existing Palm Valley Blvd. located in section 34. This road is planned to have two traffic lanes on each side. On each side of the roadway will be landscaped pedestrian pathways. Total distance is approximately 2/3 of a mile.

Road Length	3500	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	8'	
Landscape Parkway	Varies	

5. Thomas Road: Litchfield Road to 144th Avenue – Palm Valley Phase II:

Total improvement of Thomas Road for approximately 1/2 mile from Litchfield Road west to 144th Avenue. This includes both east and westbound lane sidewalks; landscape; concrete structure for drainage and storm drain piping.

Road Length	2700	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	8'	
Landscape Parkway	Varies	

6. Realign Thomas Road At The 303:

Construct a new alignment of Thomas Road connecting to the Loop 303 west to Cotton Lane. This will allow the eventual construction of Thomas Road west past Cotton Road.

Road Length	1,300	L.F. +/-
Road Width	28	L.F. +/-

7. Indian School Road Channel Box Culvert At Pebble Creek Parkway:

Box culvert at Indian School channel and Pebble Creek Parkway.

Construct 3 barrel 10'x 6' box culverts across PebbleCreek Parkway at the Indian School Channel to permit the future extension of PebbleCreek Parkway.north to Camelback Road. The Indian School drainage channel was constructed in CY2000 at a depth too great to permit at grade water channel crossing.

Box Length	120 ft.
Width	10 ft.
Height	6 ft.
Barrel	3 ea.

8. Bullard Drain:

Construct and realign Bullard drain north of Indian School Road to Camelback Road with drainage structures and landscape, nuisance drainage pipe and 8' pedestrian pathway as part of the City master trail system to the White Tanks Regional Park..

Channel Width	150	L.F.
Channel Length	5,450	L.F.
24" Nuisance Pipe	5,500	L.F.

9. Indian School Road Box Culvert At Bullard Drain:

Indian School Road north half of box culvert at Bullard Drain. This project is necessary to construct expansion of Indian School Road westward.

Construct north half ten barrel box culvert 10' x 8'x 60' with wing walls, head wall and railing.

Box Length	60 ft.
Width	10 ft.
Height	8 ft.
Barrel	10 ea.

10. Indian School Road (From PebbleCreek Parkway going west):

Build a new roadway. It will also include sidewalk, curb and gutter, landscape and concrete drainage structure and storm drain system.

Road Length	3,700	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	5'	
Landscape Parkway	Varies	

11. *Sarival-Thomas (unnamed loop road from McDowell Road near Sarival Road to PebbleCreek Parkway near Thomas Road):*

Build a new roadway. It will also include sidewalk, curb and gutter, landscape and concrete drainage structure and storm drain system.

Road Length	7,500	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	5'	
Landscape Parkway	Varies	

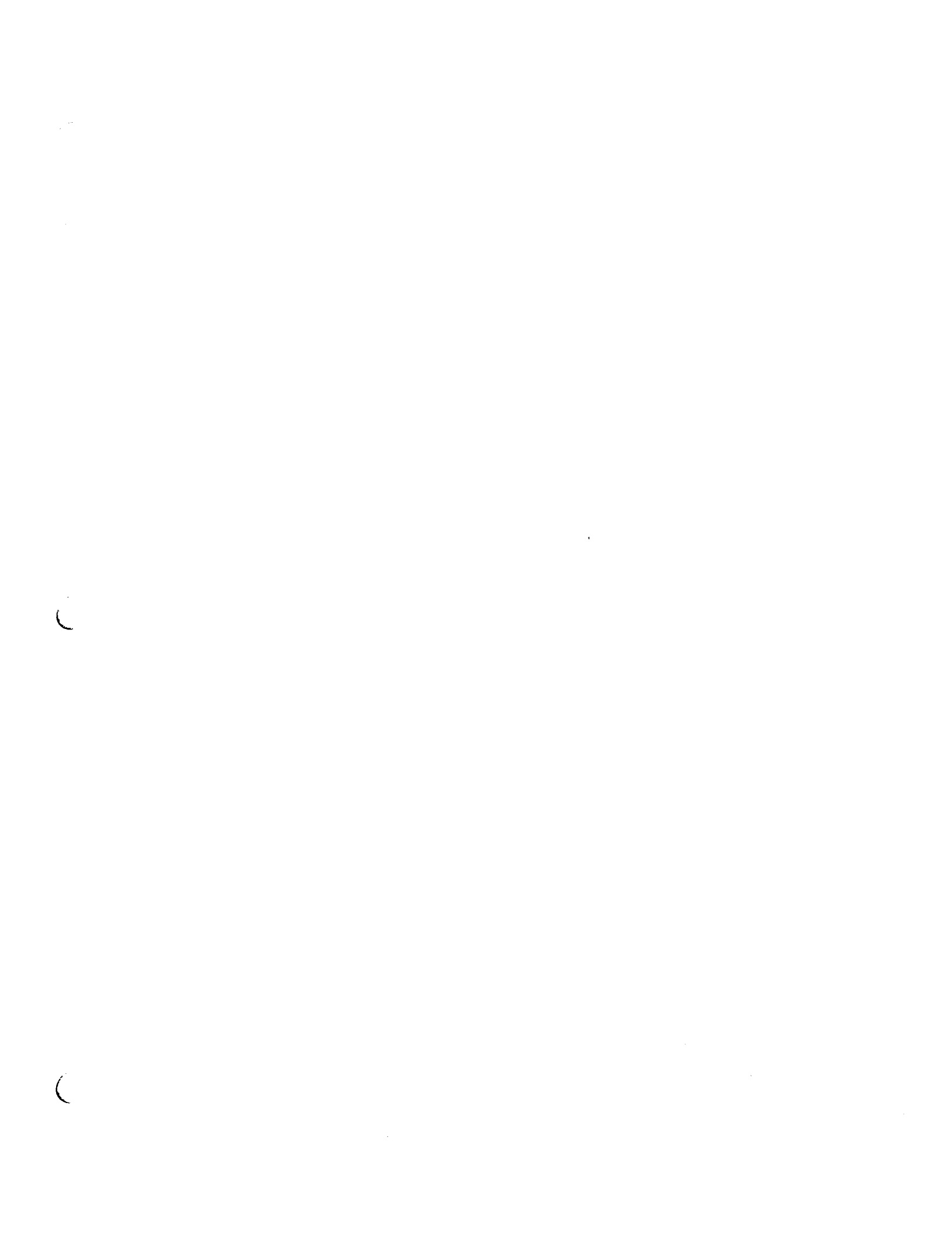
12. *McDowell Road (from Sarival Road west to Cotton Lane):*

Build a new roadway. It will also include sidewalk, curb and gutter, landscape and concrete drainage structure and storm drain system.

Road Length	4,600	L.F.
Road Width	46'	+/-
Curb Width	2'	
Sidewalk Width	5'	
Landscape Parkway	Varies	

SECTION THREE

MAP SHOWING AREA TO BE BENEFITTED



SECTION FOUR

**ESTIMATE OF COST AND TIMETABLE FOR
ACQUISITION OF PUBLIC INFRASTRUCTURE**

ESTIMATE OF COST AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

The table below outlines estimated costs of construction of the Public Infrastructure, the estimated completion date and the City's Capital Improvement Plan ("CIP") date. Proceeds of the Bonds, after payment of the costs of issuance, will be used to partially finance the construction of the following projects:

<u>Project</u>	<u>Cost</u>	<u>Completion Date</u>	<u>CIP Date*</u>	<u>CIP Code</u>
1. 144 th Avenue (RID Canal to Palm Valley Blvd.)	\$ 900,000	1 st Qtr, 2001	FY 05-20	S54
2. Bullard Road East Half – Palm Valley Phase II (RID Canal to McDowell Road)			FY 99-05	S17
a) Bullard Road East Half (Phase 1)	650,000	1 st Qtr, 2001		
b) Bullard Road East Half (Phase 2)	650,000	1 st Qtr, 2003		
3. Indian School Road North Half West of Wigwam Blvd.	800,000	1 st Qtr, 2003	FY 05-20	S53
4. Palm Valley Blvd. (Litchfield Roads to 144 th Avenue) - Palm Valley Phase II	695,000	1 st Qtr, 2001	FY 95-05	S33
5. Thomas Road: Litchfield Road to 144 th Avenue - Palm Valley Phase II	825,000	4 th Qtr, 2001	FY 99-05	S54, S33
6. Realign Thomas Road at The 303	230,000	4 th Qtr, 2001	FY 99-05	S21
7. Indian School Road Channel Box Culvert at Pebble Creek Parkway	150,000	1 st Qtr, 2003	N/A	N/A
8. Bullard Drain	680,000	4 th Qtr, 2001	N/A	N/A
9. Indian School Road Box Culvert at Bullard Drain	280,000	1 st Qtr, 2002	FY 05-20	D08
10. Indian School Road (from Pebble Creek Parkway going west)	995,000	2 nd Qtr < 2002	FY 05-20	S38
11. Sarival-Thomas (unnamed loop road from approximately McDowell and Sarival to PebbleCreek Parkway and Thomas)	1,690,000	3 rd Qtr, 2003	FY 99-05	S37, S18
12. McDowell Road (from Sarival Road west to Cotton Lane)	<u>1,185,000</u>	1 st Qtr, 2001	FY 05-20	S43
Total	<u>\$9,730,000</u>			

*Projects not listed in current CIP are shown as N/A.

SECTION FIVE
PLAN OF FINANCE

PLAN OF FINANCE

The Public Infrastructure will be acquired by the Utilities District by way of a Plan of Finance herein described. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Bonds and to the extent necessary to comply with Federal and State law.

(1) Formation and Authorization.

- (a) The City Council, in response to a petition from the owners of 100% of the property within the Utilities District, adopted a resolution forming the Utilities District on August 8, 1989.
- (b) A bond election was held on February 27, 1990 authorizing \$166,500,000 of Utilities District general obligation bonds.

(2) Existing Debt.

The Utilities District currently has \$8,470,000 general obligation bonds outstanding consisting of \$25,000 principal amount of Series 1994 General Obligation Bonds (the "1994 Bonds"), \$1,470,000 principal amount of Series 1996B General Obligation Bonds (the "1996 Bonds") and \$6,975,000 of Series 1998 General Obligation Bonds (the "1998 Bonds") outstanding. The original principal amount for the 1994 Bonds, the 1996 Bonds and the 1998 Bonds is \$145,000, \$1,470,000 and \$6,975,000, respectively.

(3) Proposed Bond Sale.

The Utilities District will issue general obligation bonds in a principal amount of not to exceed \$7,075,000. Pursuant to prior covenants of the Utilities District, the Utilities District will not issue general obligation bonds in excess of 20% of the full cash value of all of the taxable property in the Utilities District as shown on the records of the County Assessor on the date of issuance of the Bonds. The principal amount of the Bonds to be issued herein complies with this covenant.

(4) Sources and Uses of Funds.

The Sources and Uses of Funds from proceeds of the sale of the Bonds (exclusive of accrued interest and original issue discount, if any) will be:

SOURCES:

Series 2000 Bonds	<u>\$7,075,000</u>
Total	<u>\$7,075,000</u>

USES:

Public Infrastructure	\$6,675,000
Costs of Issuance*	95,000
Bond Insurance	150,000
Underwriter's Discount	<u>155,000</u>
Total	<u>\$7,075,000</u>

* Estimated, as shown below.

<u>Description</u>	<u>Party</u>	
Bond Counsel	Gust Rosenfeld	\$25,000.
Financial Advisor	Peacock Hislop	15,000
Underwriter's Counsel	Greenberg Traurig	34,000
Rating	TBD	6,000 15,000
Printing of Official Statement	TBD	7,000
Trustee (Acceptance and First Year Annual Fee)	Norwest Bank Arizona	4,000
Miscellaneous		<u>4,000</u>
Total		<u>\$95,000</u>

(5) Use of Proceeds.

The proceeds of the Bonds will be applied by the Utilities District to finance all or a portion of the publicly bid Public Infrastructure listed in Section 2 of this Study.

(6) Sale of the Bonds.

The Bonds will have a 25 year maturity, with principal due July 15, 2003 through and including July 15, 2026, amortized to produce a level debt service structure in combination with the existing 1994 Bonds, 1996 Bonds and 1998 Bonds. (See Table One of this Section for an estimated debt service schedule and Table Two for a combined debt service schedule including the 1994 Bonds, the 1996B Bonds and the 1998 Bonds.) The underwriter currently has a commitment from a AAA insurer and expects the Bonds will be insured and sold through a public offering.

The par amount of the Bonds was determined based on a tax rate of \$2.00 per \$100 secondary assessed valuation of land within the District as reported by the Maricopa County Assessor's Office as of February 15, 2000 Abstract for the Fiscal Year 2001-02.

(7) District Tax Rate.

For each year until the Bonds are paid or otherwise provided for, the District will cause to be levied a combined ad valorem tax rate for each tax year of at least \$1.00 per \$100 of secondary assessed valuation on all taxable property within the boundaries of the District. This tax rate includes a not to exceed amount of \$0.30 per \$100 of secondary assessed valuation for administrative expenses of the District. The difference between the current target tax rate of \$1.00 and the not to exceed levy of \$0.30 for administrative expenses is available for the payment of debt service. This levy will be sufficient, with monies available pursuant to the Standby Contribution Agreement with SunCor, to pay the debt service on the Bonds. The Standby Contribution Agreement will be in effect for the life of the Bonds or until the tax rate produces 100% of the maximum annual debt service on all outstanding District general obligation bonds and the District agrees to release SunCor from such obligation.

(8) Homeowner's Obligation.

At the \$1.00 tax rate level, assuming a home price of \$200,000, the Utilities District portion of a tax bill for a homeowner would equal approximately \$14.16 per month or \$170.00 annually. (See Table Four of this Section for full cash value and secondary assessed valuation of the Utilities District.)

(9) Disclosure of Property Tax Payments.

A.R.S. Section 32-2181 *et seq.* requires the disclosure of all property taxes to be paid by a homeowner in the Arizona Department of Real Estate Subdivision Public Report (the "Public Report"). Each homebuyer must be supplied a Public Report and, prior to home sale, the homebuyer must acknowledge by signature that they have read and accepted the Public Report.

In addition, SunCor's homebuilder, Golden Heritage Homes, Inc. and other homebuilders require the homebuyer to sign an additional form that highlights and discloses the additional property tax payments as a result of any existing District. (See Appendix E for an example copy of the Public Report.)

(10) Debt Capacity.

As stated above, the tax of the Utilities District for the purpose of both the payment of debt service as well as administrative expense is \$1.00 per \$100 of secondary valuation. This is a target level that was agreed to by SunCor and the City at the time of the first issuance of general obligation bonds in 1994. Since that time, all Utilities District debt and operations have been structured to maintain the \$1.00 target tax rate.

Public Infrastructure needs of the Project that are eligible for CFD financing pursuant to City policy generally exceed the debt capacity of the Utilities District given its assessed value as revised annually by the Maricopa County Assessor and the limit of the \$1.00 target tax rate. In these circumstances, SunCor has funded the public infrastructure needs of the Utilities District from its own funds.

As a general guideline, given typical assumptions regarding debt amortization, interest rate, and an average home price of \$145,000, the addition of 500 new homes to the assessed value of the Utilities District creates the ability to issue approximately \$500,000 to \$750,000 of general obligation bonds, depending on the amount of the \$1.00 target tax rate available for debt service.

In addition, commercial development creates significant assessed value that also results in additional debt service capacity.

\$7,075,000

Community Facilities Utilities District No. 1
(City of Goodyear, Arizona)
District General Obligation Bonds, Series 2000

TABLE ONE

DATED DATE:	11/1/00	DELIVERY DATE:	11/14/00		
DATES	PRINCIPAL AMOUNT	COUPON	INTEREST (A)	TOTAL	FY TOTAL
1/15/01			0.00	0.00	
7/15/01			265,233.89	265,233.89	265,233.89
1/15/02			198,100.00	198,100.00	
7/15/02			198,100.00	198,100.00	396,200.00
1/15/03			198,100.00	198,100.00	
7/15/03			198,100.00	198,100.00	396,200.00
1/15/04			198,100.00	198,100.00	
7/15/04			198,100.00	198,100.00	396,200.00
1/15/05			198,100.00	198,100.00	
7/15/05			198,100.00	198,100.00	396,200.00
1/15/06			198,100.00	198,100.00	
7/15/06	\$130,000	5.600%	198,100.00	328,100.00	526,200.00
1/15/07			194,460.00	194,460.00	
7/15/07	140,000	5.600%	194,460.00	334,460.00	528,920.00
1/15/08			190,540.00	190,540.00	
7/15/08	145,000	5.600%	190,540.00	335,540.00	526,080.00
1/15/09			186,480.00	186,480.00	
7/15/09	150,000	5.600%	186,480.00	336,480.00	522,960.00
1/15/10			182,280.00	182,280.00	
7/15/10	160,000	5.600%	182,280.00	342,280.00	524,560.00
1/15/11			177,800.00	177,800.00	
7/15/11	170,000	5.600%	177,800.00	347,800.00	525,600.00
1/15/12			173,040.00	173,040.00	
7/15/12	180,000	5.600%	173,040.00	353,040.00	526,080.00
1/15/13			168,000.00	168,000.00	
7/15/13	190,000	5.600%	168,000.00	358,000.00	526,000.00
1/15/14			162,680.00	162,680.00	
7/15/14	200,000	5.600%	162,680.00	362,680.00	525,360.00
1/15/15			157,080.00	157,080.00	
7/15/15	215,000	5.600%	157,080.00	372,080.00	529,160.00
1/15/16			151,060.00	151,060.00	
7/15/16	220,000	5.600%	151,060.00	371,060.00	522,120.00
1/15/17			144,900.00	144,900.00	
7/15/17	240,000	5.600%	144,900.00	384,900.00	529,800.00
1/15/18			138,180.00	138,180.00	
7/15/18	250,000	5.600%	138,180.00	388,180.00	526,360.00
1/15/19			131,180.00	131,180.00	
7/15/19	260,000	5.600%	131,180.00	391,180.00	522,360.00
1/15/20			123,900.00	123,900.00	
7/15/20	280,000	5.600%	123,900.00	403,900.00	527,800.00
1/15/21			116,060.00	116,060.00	
7/15/21	295,000	5.600%	116,060.00	411,060.00	527,120.00
1/15/22			107,800.00	107,800.00	
7/15/22	310,000	5.600%	107,800.00	417,800.00	525,600.00
1/15/23			99,120.00	99,120.00	
7/15/23	325,000	5.600%	99,120.00	424,120.00	523,240.00
1/15/24			90,020.00	90,020.00	
7/15/24	1,015,000	5.600%	90,020.00	1,105,020.00	1,195,040.00
1/15/25			61,600.00	61,600.00	
7/15/25	1,070,000	5.600%	61,600.00	1,131,600.00	1,193,200.00
1/15/26			31,640.00	31,640.00	
7/15/26	1,130,000	5.600%	31,640.00	1,161,640.00	1,193,280.00
TOTALS	<u>\$7,075,000</u>		<u>\$7,821,873.89</u>	<u>\$14,896,873.89</u>	<u>\$14,896,873.89</u>

(A) Net of accrued interest

COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1 CITY OF GOODYEAR, ARIZONA

Insured Rates / Present SAV-No Growth

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Fiscal Year	Net Secondary Assessed Valuation (A)	Existing Debt Service				2000 Bonds						Total Combined Debt Service	Combined Debt Tax Rate	District Revenues @ \$.70 tax rate	Suncor's Payment for Debt Service Above \$.70 tax rate	Fiscal Year
		Series 1994 Debt Service	Series 1998 Debt Service	Series 1998 Debt Service	Total Existing Debt Service Requirements	Debt Tax Rate	Principal	Interest (B)	Debt Service	Debt Tax Rate						
2000-01	52,624,603	26,750	99,338	346,133	472,220	0.8973	-	265,234	265,234	0.5040	737,454	1.4013	368,372	369,082	2000-01	
2001-02	70,657,010		139,338	346,133	485,470	0.6871	-	396,200	396,200	0.5607	881,670	1.2478	494,599	387,071	2001-02	
2002-03	70,657,010		136,778	536,133	672,910	0.9524	-	396,200	396,200	0.5607	1,069,110	1.5131	494,599	574,511	2002-03	
2003-04	70,657,010		134,218	536,158	670,375	0.9488	-	396,200	396,200	0.5607	1,066,575	1.5095	494,599	571,976	2003-04	
2004-05	70,657,010		136,658	535,658	672,315	0.9515	-	396,200	396,200	0.5607	1,068,515	1.5123	494,599	573,916	2004-05	
2005-06	70,657,010		133,778	534,633	668,410	0.9460	130,000	396,200	526,200	0.7447	1,194,610	1.6907	494,599	700,011	2005-06	
2006-07	70,657,010		135,898	533,083	668,980	0.9468	140,000	388,920	528,920	0.7486	1,197,900	1.6954	494,599	703,301	2006-07	
2007-08	70,657,010		137,698	531,008	668,705	0.9464	145,000	381,080	526,080	0.7446	1,194,785	1.6910	494,599	700,186	2007-08	
2008-09	70,657,010		139,178	533,408	672,585	0.9519	150,000	372,960	522,960	0.7401	1,195,545	1.6920	494,599	700,946	2008-09	
2009-10	70,657,010		135,338	536,805	672,143	0.9513	160,000	364,560	524,560	0.7424	1,196,703	1.6937	494,599	702,103	2009-10	
2010-11	70,657,010		136,288	534,385	670,673	0.9492	170,000	355,600	525,600	0.7439	1,196,273	1.6931	494,599	701,673	2010-11	
2011-12	70,657,010		136,900	531,225	668,125	0.9456	180,000	346,080	526,080	0.7446	1,194,205	1.6901	494,599	699,606	2011-12	
2012-13	70,657,010		137,175	532,450	669,625	0.9477	190,000	336,000	526,000	0.7444	1,195,625	1.6922	494,599	701,026	2012-13	
2013-14	70,657,010		137,113	532,658	669,770	0.9479	200,000	325,360	525,360	0.7435	1,195,130	1.6915	494,599	700,531	2013-14	
2014-15	70,657,010		136,713	531,978	668,690	0.9464	215,000	314,160	529,160	0.7489	1,197,850	1.6953	494,599	703,251	2014-15	
2015-16	70,657,010		135,975	535,395	671,370	0.9502	220,000	302,120	522,120	0.7390	1,193,490	1.6891	494,599	698,891	2015-16	
2016-17	70,657,010		139,900	528,000	667,900	0.9453	240,000	289,800	529,800	0.7498	1,197,700	1.6951	494,599	703,101	2016-17	
2017-18	70,657,010		137,900	530,115	668,015	0.9454	250,000	276,360	526,360	0.7450	1,194,375	1.6904	494,599	699,776	2017-18	
2018-19	70,657,010		140,550	531,250	671,800	0.9508	260,000	262,360	522,360	0.7393	1,194,160	1.6901	494,599	699,561	2018-19	
2019-20	70,657,010		137,500	531,000	668,500	0.9461	280,000	247,800	527,800	0.7470	1,196,300	1.6931	494,599	701,701	2019-20	
2020-21	70,657,010		139,100	529,750	668,850	0.9466	295,000	232,120	527,120	0.7460	1,195,970	1.6926	494,599	701,371	2020-21	
2021-22	70,657,010			672,500	672,500	0.9518	310,000	215,600	525,600	0.7439	1,198,100	1.6957	494,599	703,501	2021-22	
2022-23	70,657,010			672,000	672,000	0.9511	325,000	198,240	523,240	0.7405	1,195,240	1.6918	494,599	700,641	2022-23	
2023-24	70,657,010						1,015,000	180,040	1,195,040	1.6913	1,195,040	1.6913	494,599	700,441	2023-24	
2024-25	70,657,010						1,070,000	123,200	1,193,200	1.6887	1,193,200	1.6887	494,599	698,601	2024-25	
2025-26	70,657,010						1,130,000	63,280	1,193,280	1.6888	1,193,280	1.6888	494,599	698,681	2025-26	
		<u>\$26,750</u>	<u>\$2,843,328</u>	<u>12,161,853</u>	<u>15,031,930</u>		<u>7,075,000</u>	<u>7,821,874</u>	<u>14,896,874</u>		<u>\$26,347,284</u>					

NOTES:
 (A) The 2000-01 secondary assessed valuation is actual. Secondary assessed valuation for 2001-02 is estimated by the Maricopa County Assessor's Office. Subsequent years reflect no growth.
 (B) Interest on the Bonds is estimated at 5.60%. Fiscal Year 2000-01 interest payment is net of accrued interest.

TABLE THREE

\$7.075 MM ISSUE

COMMUNITY FACILITIES UTILITIES DISTRICT NO. 1
CITY OF GOODYEAR, ARIZONA

Insured Rates
With SAV Growth

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Fiscal Year	Net Secondary Assessed Valuation (A)	Existing Debt Service				2000 Bonds						Total Combined Debt Service	Combined Debt Tax Rate	District Revenues @ \$.70 tax rate	Suncor's Payment for Debt Service Above \$.70 tax rate	Fiscal Year
		Series 1994 Debt Service	Series 1996 Debt Service	Series 1998 Debt Service	Total Existing Debt Service Requirements	Debt Tax Rate	Principal	Interest (B)	Debt Service	Debt Tax Rate						
2000-01	52,624,603	26,750	99,338	346,133	472,220	0.8973	-	265,234	265,234	0.5040	737,454	1.4013	368,372	369,082	2000-01	
2001-02	70,657,010		139,338	346,133	485,470	0.6871	-	396,200	396,200	0.5607	881,670	1.2478	494,599	387,071	2001-02	
2002-03	83,971,028		136,778	536,133	672,910	0.8014	-	396,200	396,200	0.4718	1,069,110	1.2732	587,797	481,313	2002-03	
2003-04	97,285,046		134,218	536,158	670,375	0.6891	-	396,200	396,200	0.4073	1,066,575	1.0963	680,995	385,580	2003-04	
2004-05	110,599,064		136,658	535,658	672,315	0.6079	-	396,200	396,200	0.3582	1,068,515	0.9661	774,193	294,322	2004-05	
2005-06	123,913,082		133,778	534,633	668,410	0.5394	130,000	396,200	526,200	0.4247	1,194,610	0.9641	867,392	327,218	2005-06	
2006-07	137,227,100		135,898	533,083	668,980	0.4875	140,000	388,920	528,920	0.3854	1,197,900	0.8729	960,590	237,310	2006-07	
2007-08	150,541,118		137,698	531,008	668,705	0.4442	145,000	381,080	526,080	0.3495	1,194,785	0.7937	1,053,788	140,997	2007-08	
2008-09	163,855,136		139,178	533,408	672,585	0.4105	150,000	372,960	522,960	0.3192	1,195,545	0.7296	1,146,986	48,559	2008-09	
2009-10	177,169,154		135,338	536,805	672,143	0.3794	160,000	364,560	524,560	0.2961	1,196,703	0.6755			2009-10	
2010-11	177,169,154		136,288	534,385	670,673	0.3785	170,000	355,600	525,600	0.2967	1,196,273	0.6752			2010-11	
2011-12	177,169,154		136,900	531,225	668,125	0.3771	180,000	346,080	526,080	0.2969	1,194,205	0.6740			2011-12	
2012-13	177,169,154		137,175	532,450	669,625	0.3780	190,000	336,000	526,000	0.2969	1,195,625	0.6748			2012-13	
2013-14	177,169,154		137,113	532,658	669,770	0.3780	200,000	325,360	525,360	0.2965	1,195,130	0.6746			2013-14	
2014-15	177,169,154		138,713	531,978	668,690	0.3774	215,000	314,160	529,160	0.2987	1,197,850	0.6761			2014-15	
2015-16	177,169,154		135,975	535,395	671,370	0.3789	220,000	302,120	522,120	0.2947	1,193,490	0.6736			2015-16	
2016-17	177,169,154		139,900	528,000	667,900	0.3770	240,000	289,800	529,800	0.2990	1,197,700	0.6760			2016-17	
2017-18	177,169,154		137,900	530,115	668,015	0.3770	250,000	276,360	526,360	0.2971	1,194,375	0.6741			2017-18	
2018-19	177,169,154		140,550	531,250	671,800	0.3792	260,000	262,360	522,360	0.2948	1,194,160	0.6740			2018-19	
2019-20	177,169,154		137,500	531,000	668,500	0.3773	280,000	247,800	527,800	0.2979	1,196,300	0.6752			2019-20	
2020-21	177,169,154		139,100	529,750	668,850	0.3775	295,000	232,120	527,120	0.2975	1,195,970	0.6750			2020-21	
2021-22	177,169,154			672,500	672,500	0.3796	310,000	215,600	525,600	0.2967	1,198,100	0.6762			2021-22	
2022-23	177,169,154			672,000	672,000	0.3793	325,000	198,240	523,240	0.2953	1,195,240	0.6746			2022-23	
2023-24	177,169,154						1,015,000	180,040	1,195,040	0.6745	1,195,040	0.6745			2023-24	
2024-25	177,169,154						1,070,000	123,200	1,193,200	0.6735	1,193,200	0.6735			2024-25	
2025-26	177,169,154						1,130,000	63,280	1,193,280	0.6735	1,193,280	0.6735			2025-26	
		\$26,750	\$2,843,328	12,161,853	15,031,930		7,075,000	7,821,874	14,896,874		\$26,347,284					

NOTES:

- (A) The 2000-01 secondary assessed valuation is actual. Secondary assessed valuation for 2001-02 is estimated by the Maricopa County Assessor's Office. Secondary assessed valuation for 2002-03 through 2008-09 assumes a growth amount based on an average of the past three years growth in SAV. Subsequent years reflect no growth.
- (B) Interest on the Bonds is estimated at 5.60%. Fiscal Year 2000-01 interest payment is net of accrued interest.

TABLE FOUR

COMMUNITY FACILITIES UTILITIES DISTRICT

*Full Cash and Secondary Assessed Valuation
Fiscal Years 1991-92 through 2001-02*

<u>Fiscal Year</u>	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>	<u>Percentage Change</u>
1991-92	\$ 5,178,045	\$ 828,485	
1992-93	2,985,390	477,670	- 42.34%
1993-94	8,899,297	1,417,514	66.30%
1994-95	6,264,394	4,080,609	187.87%
1995-96	114,857,433	10,516,798	157.73%
1996-97	113,412,682	13,978,987	32.92%
1997-98	187,765,671	22,846,528	63.43%
1998-99	255,444,193	30,714,956	34.44%
1999-00	318,799,170	37,279,466	21.37%
2000-01	445,090,313	52,624,303	41.16%
2001-02 (1)	595,844,063	70,657,010	34.27%

(1) Fiscal year 2001-02 secondary assessed valuation and full cash value is based upon the Maricopa County Assessor's Abstract by the Tax Authority Report dated October 2, 2000.

Source: Maricopa County Assessor's Office.

APPENDIX A

**LEGAL DESCRIPTION FOR COMMUNITY FACILITIES
UTILITIES DISTRICT NO. 1
(CITY OF GOODYEAR, ARIZONA)**

EXHIBIT B

91 313461

February 6, 1991

LEGAL DESCRIPTION
UTILITIES DISTRICT GENERAL PLAN OF INFRASTRUCTURE

This description is based upon A.L.T.A. Surveys by DMJM and dated (signed and sealed by R.L.S. #10931) September 30, 1987 and August 5, 1988, and also a description written by Collar Williams & White Engineering and dated (signed and sealed by R.L.S. #21754) August 1, 1989.

Being all of Section 24, 25, 26 & 36 in Township 2 North, Range 2 West; all of Sections 19, 20, 29, 30, 31, 33 & 34 in Township 2 North, Range 1 West, G. & S. R. B & M., Maricopa County, Arizona, and portions of certain Sections more particularly described as follows:

That portion of Section 28, Township 2 North, Range 1 West more particularly described as follows:

Beginning at the Northwest Corner of said Section 28:

Thence South $89^{\circ}24'11''$ East, along the North line of the Northwest Quarter of said Section 28, a distance of 2070.03 feet;

Thence, South $00^{\circ}15'35''$ West, 2610.81 feet;

Thence, South $89^{\circ}38'52''$ East, 548.80 feet;

Thence, South $89^{\circ}25'37''$ East, 1054.99 feet;

Thence, South $00^{\circ}16'49''$ West, a distance of 30.91 feet to a point on the North line of the Southeast Quarter of said Section 28;

Thence South $89^{\circ}24'44''$ East, along said North line, a distance of 1563.93 feet to the East Quarter Corner of said Section 28;

Thence, South $00^{\circ}16'31''$ West, along the East line of the Southeast Quarter of said Section 28, a distance of 2638.36 feet to the Southeast Corner of said Section 28;

Thence, North $89^{\circ}25'31''$ West, along the South line of said Southeast Quarter of said Section 28, a distance of 2618.20 feet to the South Quarter Corner of said Section 28;

Thence, North $89^{\circ}25'31''$ West, along the South line of the Southwest Quarter of said Section 28, a distance of 2618.20 feet to the Southwest Corner of said Section 28;

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Legal Description
Utilities District General Plan of Infrastructure
February 6, 1991
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Thence, North $00^{\circ}15'18''$ East, along the West line of said Southwest Quarter of Section 28, a distance of 2639.57 to the West Quarter Corner of said Section 28;

Thence, North $00^{\circ}15'03''$ East, along the West line of the Northwest Quarter of said Section 28, a distance of 2639.51 feet to the Point of Beginning.

Also including those portions of Section 3 & 4, Township 1 North, Range 1 West more particularly described as follows:

Beginning at the Northeast Corner of said Section 3:

Thence South $00^{\circ}41'33''$ West, along the East line of the Northeast Quarter of said Section 3, a distance of 1060.19 feet;

Thence, North $89^{\circ}18'27''$ West, 39.99 feet;

Thence, South $03^{\circ}41'34''$ West, 328.49 feet;

Thence, South $02^{\circ}43'15''$ West, 450.43 feet;

Thence, South $00^{\circ}49'06''$ West, 197.56 feet;

Thence, North $89^{\circ}14'43''$ West, 325.04 feet;

Thence, North $00^{\circ}45'17''$ East, 707.80 feet;

Thence, North $89^{\circ}36'43''$ West, 2206.87 feet;

Thence, South $00^{\circ}38'27''$ West, 854.60 feet;

Thence, North $88^{\circ}53'59''$ West, 56.01 feet;

Thence, North $00^{\circ}38'27''$ East, 853.90 feet;

Thence, North $89^{\circ}36'43''$ West, 2216.73 feet;

Thence, South $00^{\circ}34'09''$ West, 629.90 feet;

Thence, North $82^{\circ}04'14''$ West, 302.52 feet;

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Legal Description
Utilities District General Plan of Infrastructure
February 6, 1991
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Thence, North 89°26'52" West, a distance of 55.24 feet to a point on the East line of the Northeast Quarter of said Section 4;

Thence, North 00°33'08" East, along said East line, a distance of 475.70 feet;

Thence, North 89°26'52" West, 54.06 feet;

Thence, South 02°50'19" West, 375.39 feet;

Thence, South 00°35'37" West, 100.58 feet;

Thence, North 89°20'48" West, 284.93 feet;

Thence, North 00°31'47" East, 559.48 feet;

Thence, North 88°41'16" West, 829.83 feet;

Thence, South 00°29'06" West, 104.55 feet;

Thence, North 89°20'06" West, 34.71 feet;

Thence, North 00°34'28" East, a distance of 1468.53 feet to a point on the North line of said Northeast Quarter of Section 4;

Thence, South 89°23'27" East, along said North line, a distance of 1218.03 feet to the Northwest Corner of said Section 3;

Thence, South 89°24'27" East, along the North line of the Northwest Quarter of said Section 3, a distance of 2616.20 feet to the North Quarter Corner of said Section 3;

Thence South 89°25'09" East, along the North line of the Northeast Quarter of said Section 3, a distance of 2619.92 feet to the Point of Beginning.

Also including those portions of Section 6, Township 1 North, Range 1 West, and those portions of Section 1, Township 1 North, Range 2 West more particularly described as follows:

Beginning at the Northwest Corner of Section 1, Township 1 North, Range 2 West:

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Thence, South $89^{\circ}39'57''$ East, along the North line of the Northwest Quarter of said Section 1, a distance of 2644.23 feet to the North Quarter Corner of said Section 1;

Thence, South $89^{\circ}39'11''$ East, along the North line of the Northeast Quarter of said Section 1, a distance of 2629.91 feet to the Northwest Corner of said Section 6, Township 1 North, Range 1 West;

Thence, South $89^{\circ}21'31''$ East, along the North line of the Northwest Quarter of said Section 6, a distance of 2561.25 feet to the North Quarter Corner of said Section 6;

Thence, South $00^{\circ}31'41''$ East, along the East line of the Northwest Quarter of said Section 6, a distance of 999.63 feet;

Thence South $89^{\circ}37'22''$ West, 859.29 feet;

Thence, North $89^{\circ}22'06''$ West, 749.87 feet;

Thence, North $00^{\circ}36'39''$ East, 24.95 feet;

Thence, North $89^{\circ}22'32''$ West, 932.88 feet;

Thence, North $89^{\circ}17'29''$ West, a distance of 33.05 feet to a point on the East line of said Northeast Quarter of Section 1;

Thence, North $89^{\circ}17'03''$ West, 33.05 feet;

Thence, North $89^{\circ}22'39''$ West, 1590.36 feet;

Thence, South $01^{\circ}33'49''$ West, 25.01 feet;

Thence, North $89^{\circ}21'38''$ West, 660.05 feet;

Thence, North $00^{\circ}36'38''$ East, 100.00 feet;

Thence, North $89^{\circ}23'22''$ West, 400.12 feet;

Thence, South $00^{\circ}36'38''$ West, 100.00 feet;

Thence, North $89^{\circ}21'45''$ West, 884.84 feet;

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Thence, North $82^{\circ}45'34''$ West, 1663.56 feet;

Thence, South $89^{\circ}40'15''$ West, a distance of 55.04 feet to a point on the West line of said Northwest Quarter of Section 1;

Thence North $00^{\circ}19'45''$ East, along said West line, a distance of 797.97 feet to the Point of Beginning.

THE ABOVE DESCRIBED PARCELS COLLECTIVELY COMPRISE 7840.669 ACRES AND ARE SUBJECT TO THE FOLLOWING DESCRIBED EXCEPTIONS THEREFROM;

Being a portion of the Northwest Quarter of Section 24, Township 2 North, Range 2 West, more particularly described as follows:

Commencing at the Northwest Corner of said Section 24:

Thence South $89^{\circ}38'34''$ East, along the North line of said Northwest Quarter of Section 24, a distance of 531.28 feet to the Point of Beginning;

Thence, continuing South $89^{\circ}38'34''$ East, along said North line, a distance of 270.00 feet;

Thence, South $00^{\circ}21'26''$ West, 530.00 feet;

Thence, North $89^{\circ}38'34''$ West, 270.00 feet;

Thence, North $00^{\circ}21'26''$ East, a distance of 530.00 feet to the Point of Beginning.

Comprising 3.285 Acres.

Also excluding the following described parcel:

Being a portion of the Southwest Quarter of Section 25, Township 2 North, Range 2 West, more particularly described as follows:

Commencing at the Southwest Corner of said Section 25:

Thence, South $89^{\circ}12'38''$ East, along the South line of said Southwest Quarter of Section 25, a distance of 32.70 feet;

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Thence, North $00^{\circ}47'22''$ East, a distance of 33.00 feet to the Point of Beginning;

Thence, North $00^{\circ}15'46''$ East, 200.00 feet;

Thence, South $89^{\circ}12'38''$ East, 200.00 feet;

Thence, South $00^{\circ}15'46''$ West, 200.00 feet;

Thence, North $89^{\circ}12'38''$ West, a distance of 200.00 feet to the Point of Beginning.

Comprising 0.918 Acres,

Also excluding the following described parcel:

Being a portion of the Southwest Quarter of Section 31, Township 2 North, Range 1 West, more particularly described as follows:

Commencing at the Southwest Corner of said Section 31:

Thence, South $89^{\circ}21'31''$ East, along the South line of said Southwest Quarter of Section 31, a distance of 458.77 feet;

Thence North $00^{\circ}38'29''$ East, a distance of 200.00 feet to the Point of Beginning;

Thence, North $00^{\circ}17'12''$ East, 265.00 feet;

Thence, South $89^{\circ}21'31''$ East, 265.00 feet;

Thence, South $00^{\circ}17'12''$ West, 265.00 feet;

Thence, North $89^{\circ}21'31''$ West, a distance of 265.00 feet to the Point of Beginning.

Comprising 1.612 Acres.

Also excluding the following described parcel:

Being a portion of the Southwest Quarter of Section 31, Township 2 North, Range 1 West, more particularly described as follows:

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Beginning at the West Quarter Corner of said Section 31:

Thence, South $89^{\circ}23'23''$ East, along the North line of said Southwest Quarter of Section 31, a distance of 250.00 feet;

Thence, South $00^{\circ}17'12''$ West, 1319.33 feet;

Thence, North $89^{\circ}22'27''$ West, a distance of 250.00 feet to a point on the West line of said Southwest Quarter;

Thence, North $00^{\circ}17'12''$ East, along said West line, a distance of 1319.26 feet to the Point of Beginning.

Comprising 7.572 Acres.

Also excluding the following described parcel:

Being a portion of the Southwest Quarter of Section 31, Township 2 North, Range 1 West, more particularly described as follows:

Commencing at the South Quarter Corner of said Section 31:

Thence, North $89^{\circ}21'31''$ West, along the South line of said Southwest Quarter of Section 31, a distance of 40.00 feet to the Point of Beginning;

Thence, continuing North $89^{\circ}21'31''$ West, along said South line, a distance of 720.01 feet;

Thence, North $00^{\circ}17'45''$ East, 560.01 feet;

Thence, South $89^{\circ}21'31''$ East, 600.01 feet;

Thence, North $00^{\circ}17'45''$ East, 1359.80 feet;

Thence, North $89^{\circ}23'23''$ West, 440.00 feet;

Thence, North $00^{\circ}17'45''$ East, a distance of 720.01 feet to a point on the North line of said Southwest Quarter;

Thence, South $89^{\circ}23'23''$ East, along said North line, a distance of 560.00 feet;

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Thence, South $00^{\circ}17'45''$ West, a distance of 2639.88 feet to the Point of Beginning.

Comprising 22.259 Acres.

Also excluding the following described parcel:

Being a portion of the East Half of Section 20, Township 2 North, Range 1 West, more particularly described as follows:

Beginning at the Southeast Corner of said Section 20:

Thence North $89^{\circ}21'31''$ West, along the South line of said Southeast Quarter, a distance of 1307.69 feet to the Southwest Corner of the Southeast Quarter of the Southeast Quarter of said Section 20;

Thence, North $01^{\circ}03'41''$ East, along the West line of said Southeast Quarter of the Southeast Quarter a distance of 1337.63 feet to the Northwest Corner of the Southeast Quarter of the Southeast Quarter;

Thence, North $01^{\circ}11'48''$ East, 2434.63 feet;

Thence, North $00^{\circ}20'11''$ East, a distance of 1578.89 feet to a point on the North line of said Northeast Quarter of said Section 20;

Thence, South $89^{\circ}38'54''$ East, along said North line, a distance of 1338.00 feet to the Northeast Corner of said Section 20;

Thence South $01^{\circ}14'05''$ West, along the East line of the Northeast Quarter of said Section 20, a distance of 2679.05 feet to the East Quarter Corner of said Section 20;

Thence, South $01^{\circ}13'58''$ West, along the East line of the Southeast Quarter of said Section 20, a distance of 2679.08 feet to the Southeast Corner of said Section and the Point of Beginning.

Comprising 161.803 Acres.

Also excluding the following described parcel:

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Being a portion of the Southeast Quarter of Section 28, Township 2 North, Range 1 West, more particularly described as follows:

Commencing at the East Quarter Corner of said Section 28:

Thence North $89^{\circ}24'44''$ West, along the North line of said Southeast Quarter of Section 28, a distance of 520.24 feet;

Thence, South $00^{\circ}35'16''$ West, a distance of 160.95 feet to the Point of Beginning;

Thence, South $00^{\circ}16'31''$ West, 250.00 feet;

Thence, South $62^{\circ}45'31''$ West, 281.99 feet;

Thence, North $00^{\circ}16'31''$ East, 379.26 feet;

Thence, South $89^{\circ}34'32''$ East, a distance of 157.65 feet to a point marking the beginning of a tangent curve, having a radius of 2346.83 feet to the left;

Thence, Easterly, along the arc of said curve, through a central angle of $02^{\circ}15'19''$, having an arc distance of 92.38 feet to the Point of Beginning.

Comprising 1.802 Acres.

Also excluding the following described parcel:

Being a portion of the East Half of Section 33, and a portion of the Southeast Quarter of Section 28, Township 2 North, Range 1 West, more particularly described as follows:

Commencing at the Northwest Corner of said Southeast Quarter of Section 28:

Thence, South $89^{\circ}24'44''$ East, along the North line of said Southeast Quarter of Section 28, a distance of 1054.98 feet to the Point of Beginning;

Thence, continuing South $89^{\circ}24'44''$ East, along said North line, a distance of 50.00 feet;

Thence, South $00^{\circ}16'47''$ West, a distance of 155.13 feet to a point marking the beginning of a tangent curve, having a radius of 1140.34 feet to the left;

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Thence, Southerly, along the arc of said curve, through a central angle of $20^{\circ}19'56''$, having an arc distance of 404.67 feet,

Thence, South $20^{\circ}03'09''$ East, a distance of 506.48 feet to a point marking the beginning of a tangent curve, having a radius of 1348.82 feet to the right;

Thence, Southerly, along the arc of said curve, through a central angle of $20^{\circ}37'37''$, having an arc distance of 485.59 feet;

Thence, South $00^{\circ}34'28''$ West, a distance of 1138.51 feet to a point on the North line of said Section 33;

Thence, continuing South $00^{\circ}34'28''$ West, a distance of 5280.20 feet to a point on the South line of the Southeast Quarter of said Section 33;

Thence, North $89^{\circ}23'27''$ West, along said South line a distance of 50.00 feet;

Thence, North $00^{\circ}34'28''$ East, a distance of 5280.17 feet to a point on the South line of said Southeast Quarter of Section 28;

Thence, continuing North $00^{\circ}34'28''$ East, a distance of 1138.51 feet to a point marking the beginning of a tangent curve, having a radius of 1298.82 feet to the left;

Thence, Northerly, along the arc of said curve, through a central angle of $20^{\circ}37'37''$, having an arc distance of 467.59 feet;

Thence, North $20^{\circ}03'09''$ West, a distance of 506.48 feet to a point marking the beginning of a tangent curve, having a radius of 1190.34 feet to the right;

Thence, Northerly, along the arc of said curve, through a central angle of $20^{\circ}19'56''$, having an arc distance of 422.41 feet;

Thence, North $00^{\circ}16'47''$ East, a distance of 155.40 feet to the Point of Beginning.

Comprising 9.149 Acres.

Also excluding the following described parcel:

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Being a portion of the Southeast Quarter of Section 33, Township 2 North, Range 1 West,
more particularly described as follows:

Commencing at the Southwest Corner of said Southeast Quarter of said Section 33:

Thence, South $89^{\circ}23'27''$ East, along the South line of said Southeast Quarter, a distance of
1009.04 feet to the Point of Beginning;

Thence, North $00^{\circ}15'09''$ East, 205.00 feet;

Thence, South $89^{\circ}23'27''$ East, 300.00 feet;

Thence, South $00^{\circ}15'09''$ West, a distance of 205.00 feet to a point on said South line of the
Southeast Quarter;

Thence, North $89^{\circ}23'27''$ West, along said South line, a distance of 300.00 feet to the Point
of Beginning.

Comprising 1.412 Acres,

Also excluding the following described parcel:

Being a portion of the Northeast Quarter of Section 34, Township 2 North, Range 1 West,
more particularly described as follows:

Commencing at the Northeast Corner of said Section 34:

Thence, North $89^{\circ}26'34''$ West, along the North line of said Northeast Quarter of Section
34, a distance of 1201.03 feet;

Thence, South $00^{\circ}33'26''$ West, a distance of 55.23 feet to the Point of Beginning;

Thence, South $01^{\circ}07'18''$ West, a distance of 1061.44 feet to a point marking the beginning
of a non-tangent curve, the central point of which bears South $32^{\circ}52'15''$ West, a distance
363.89 feet;

Thence, Northwesterly, along the arc of said curve, through a central angle of $42^{\circ}04'40''$,
having an arc distance of 1001.63 feet;

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Thence North 00°50'45" East, a distance of 869.79 feet to a point marking the beginning of a non-tangent curve, the central point of which bears South 00°31'48" East, a distance of 2073.33 feet;

Thence, Easterly, along the arc of said curve, through a central angle of 01°06'04", having an arc distance of 39.85 feet;

Thence, South 89°25'44" East, a distance of 926.61 feet to the Point of Beginning.

Comprising 20.004 Acres,

SUBJECT PROPERTY, AFTER ABOVE DESCRIBED EXCEPTIONS, COMPRISES 7610.853 ACRES, MORE OR LESS, AND IS SUBJECT TO ALL EASEMENTS OF RECORD.



APPENDIX B

**AN ANALYSIS OF THE IMPACT OF THE FINANCING
ON THE TAX RATES OR OTHER CHARGES BORNE
BY THE OWNERS OF THE PROPERTY**

APPENDIX B

The impact of the Utilities District financing on the tax rate or other charges borne by the property owner will be at least \$1.00 per \$100 of secondary assessed valuation which will be levied on all of the taxable property located within the Utilities District and used to pay debt service on the Bonds and provide for operation and maintenance expenses. The \$1.00 tax rate to be levied by the Utilities District represents the only expenses or charges borne by the property owners within the Utilities District.

Below is a summary of the tax rate of the Utilities District, along with tax rate information and overlapping debt figures for all overlapping taxing entities.

Property Owners Located:	2000-01 Total Tax Rate
Inside Utilities District (that is not overlapped by the General District)	\$16.7454
Inside Utilities District and General District	\$17.7454
<u>Combined Tax Rates for Other Developments:</u>	
<i>West-side developments:</i>	
Arrowhead Ranch (Glendale)	\$13.1220
Garden Lakes (Avondale)	\$16.5004
Litchfield Greens (Litchfield Park)	\$13.6638
Rancho Santa Fe (Avondale)	\$14.3185
Westbrook Village (Peoria)	\$14.4660
<i>Other developments with CFDs:</i>	
Eagle Mountain (Fountain Hills)	\$13.9934
Estrella Mountain Ranch (Goodyear)*	\$13.9021
McDowell Mtn. Ranch (Scottsdale)	\$13.1068
Scottsdale Mountain (Scottsdale)	\$13.1068
Tatum Ranch (Phoenix)	\$13.4227
Wildflower Ranch (Goodyear)	\$17.7218

* The Estrella Mountain Ranch Community Facilities District is in the process of issuing General Obligation Bonds which will increase the tax rate by \$1.30. This tax rate includes the proposed CFD tax.

The following page details the tax rates levied by the municipalities and districts within each of the above-listed developments.

CFD / MASTER PLANNED COMMUNITY TAX RATE
FISCAL YEAR 2000 -01

	Community Facilities Utilities District No. 1	Community Facilities General District No. 1	Arrowhead Ranch	Garden Lakes	Litchfield Greens ¹	Rancho Santa Fe	West Villa
<i>Primary</i>							
State and County	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	
Elementary School District	2.6218	2.6218	0.0000	2.5049	2.6218	2.5706	
High School District	3.6158	3.6158	0.0000	2.8120	3.6158	3.6158	
Unified School District	0.0000	0.0000	4.3697	0.0000	0.0000	0.0000	
City	1.3403	1.3403	0.3800	0.5996	0.0000	0.5996	
CFD	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Other	0.0000	-0.0000	0.0000	0.0000	0.0000	0.0000	
Total Primary	10.2234	10.2234	7.3952	8.5620	8.8831	9.4315	
<i>Secondary</i>							
State and County	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	
Elementary School District	2.5070	2.5070	0.0000	4.9039	2.5070	1.9346	
High School District	1.5731	1.5731	0.0000	1.6552	1.5731	1.5731	
Unified School District	0.0000	0.0000	3.6862	0.0000	0.0000	0.0000	
City	0.7413	0.7413	1.3400	0.6787	0.0000	0.6787	
CFD	1.0000	2.0000	0.0000	0.0000	3.0000	0.0000	
Other	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Total Secondary	6.5220	7.5220	5.7268	7.9384	7.7807	4.8870	
Total Tax Rate	16.7454	17.7454	13.1220	16.5004	16.6638	14.3185	

¹ CFD formation is under discussion.

² This tax rate is not yet in effect. Estrella Mountain Ranch is in the process of issuing General Obligation Bonds which will increase the tax rate by \$1.30 as indicated.

APPENDIX C

**AN ANALYSIS OF THE EFFECT ON THE CITY OF
GOODYEAR'S GENERAL FINANCING ABILITIES**

APPENDIX C

The Utilities District's financing is not expected to adversely affect the City of Goodyear's general financing abilities. The Bonds of the Utilities District are secured from revenues derived from a portion of the \$1.00 per \$100 of secondary assessed valuation levied on all taxable property within the Utilities District which is applied to debt service and from monies available pursuant to the Standby Contribution Agreement between SunCor and the District. The City is under no legal requirement to secure any portion of the financing's debt service payments.

However, because of the location of the Utilities District within the City limits, the impact of a default on the Bonds on the City's financing capabilities may be detrimental in the opinion of the financial community.

APPENDIX D

**AN ANALYSIS OF THE PROJECT INFRASTRUCTURE
DEMAND AND MARKET ABSORPTION**

APPENDIX D

Due to the District's continuous growth and development and due to the District's historical secondary assessed valuations, an analysis of the project infrastructure demand and market absorption in the form of an independent appraisal was not deemed necessary.

APPENDIX E

**EXAMPLE OF CFD DISCLOSURE IN THE
ARIZONA DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT**

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
SUBDIVISION PUBLIC REPORT

FOR
PALM VALLEY PHASE I PARCEL 12
aka PALOMA AT PALM VALLEY

Registration No. DM99-020370

SUBDIVIDER

T.W. Lewis Company
4500 South Lakeshore Drive, Suite 450
Tempe, Arizona 85282

October 27, 1999

Effective Date

PROPERTY REPORT DISCLAIMER

This report is NOT A RECOMMENDATION NOR AN ENDORSEMENT by the State of Arizona of this land but is provided for informational purposes ONLY. The report reflects information provided by the subdivider and obtained by the Department in its review process in accordance with the provisions of Title 32, Chapter 20, Article 4, of the Arizona Revised Statutes, as amended. NOTE that not all of the information in this report has been verified by the Department; certain information has been accepted by the Department as true and accurate based on attestation of the subdivider and/or the subdivider's agents. You should verify all facts before signing any documents. The Department has not passed upon the quality or quantity of any improvement or structure and does not assume responsibility in either event.

PHOENIX OFFICE
2910 North 44th Street
Suite 100
Phoenix, Arizona 85018
(602) 468-1414 Ext. 400

TUCSON OFFICE
400 North Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6941

THE ARIZONA DEPARTMENT OF REAL ESTATE

REQUIRES THAT:

1. You **BE GIVEN** this public report;
2. **YOU SIGN A RECEIPT** indicating that you received this report;

RECOMMENDS:

1. You **DO NOT SIGN ANY AGREEMENT** before you have read this report;
2. You see the **EXACT PROPERTY** you are interested in **BEFORE SIGNING** any document for lease or purchase.

ARIZONA LAW STATES:

1. THE SALE OR LEASE OF SUBDIVIDED LANDS PRIOR TO ISSUANCE OF THIS REPORT OR FAILURE TO DELIVER THIS REPORT TO YOU SHALL RENDER THE SALE OR LEASE RESCINDABLE BY YOU. ACTION TO RESCIND MUST BE BROUGHT WITHIN 3 YEARS FROM DATE OF EXECUTION OF PURCHASE AGREEMENT.
2. CONTRACTS OR AGREEMENTS FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* MAY BE RESCINDED BY YOU WITHOUT CAUSE BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE SIGNING.
3. IF YOU HAVE SIGNED A PURCHASE AGREEMENT FOR THE PURCHASE OF AN UNIMPROVED LOT (WITHOUT A BUILDING)* PRIOR TO INSPECTING THE LOT, YOU HAVE SIX MONTHS TO INSPECT AND UPON INSPECTION MAY RESCIND THE PURCHASE AGREEMENT.

*A contract or agreement for purchase of a lot which includes a building or obligates the seller to complete construction of a building within two years from the contract date does not constitute the purchase of an unimproved lot. Therefore, if your purchase includes a lot and a building or a building to be built, you are not entitled to the rescission rights described in paragraphs 2 and 3.

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Palm Valley Phase 1, Parcel 12
aka Paloma at Palm Valley

5. Individual lots drain either to front or side streets. Lot owners should be aware when landscaping their lots not to block drainage away from the structure and towards the outfall of the lot.
6. Homeowners should be aware that during major storm events drainage in the streets may flow above the sidewalk grade requiring periodic maintenance to the fronts of yards.
7. This project is located in a master planned community having a master drainage plan prepared by others. The drainage design of the project follows the intent of the master plan prepared by Coe and Van Loo consulting Engineer Titled City of Goodyear Litchfield project Mass Grading - Phase I Unit I date April 19, 1990 project No. 1200-05-24."

Soils: Subdivider advises subdivision is not subject to expansive or subsidence type soils.

Adjacent Lands and Vicinity to Paloma at Palm Valley are zoned "PAD" (planned area development). Immediately to the North is Palm Valley Golf Course and the golf course maintenance facility is to the East. Existing residential homes are to the West and to the South (across McDowell Road) is vacant graded land.

Within the vicinity of Paloma at Palm Valley is the Papago Freeway which is approximately ½ mile South; the Agua Fria River Bed lies approximately 1 mile East; the Roosevelt Irrigation District Canal is approximately 1 ½ miles to the North; and the Southern Pacific Railroad is approximately 2 ½ miles to the East. The Catholic Church is currently in negotiations for property located on the north side of Thomas Road, approximately 1 mile to the North.

Due to the close proximity of Palm Valley Golf Course and golf course maintenance facility, prospective purchasers are advised of possible odors from fertilization as well as possible noise intrusion.

NOTE: Subdivider advises the former presence of a waste water treatment facility which occupied the western portion of the subdivision. A closure permit was issued for the treatment plant on 6/17/95.

AIRPORTS

Military Airport: Paloma at Palm Valley is located in territory in the vicinity of Luke Air Force Base located approximately 4 ½ miles to the Northwest.

Airport: Phoenix-Goodyear Municipal Airport, located at 1658 South Litchfield Road, is approximately 2 miles south. Glendale Municipal Airport, located at 6841 North Glen Harbor Boulevard, is 7 miles Northeast of the subdivision.

REGISTRATION NO. DM99-020370
Palm Valley Phase 1, Parcel 12
aka Paloma at Palm Valley

UTILITIES

Electricity: Arizona Public Service, (602) 371-7171. The facilities are presently adjacent to the subdivision. Estimated completion date is December 1, 1999. Cost to complete facilities is included in the sale price of the dwelling. Cost to receive service is a \$25.00 connect fee (plus tax). A deposit may be required.

Street Lights: will be installed and estimated completion date is December 1, 1999. Cost for electricity to the street lights is included in taxes.

Telephone: US West Communications, (800) 244-1111. The facilities are presently adjacent to the subdivision. Estimated completion date is December 1, 1999. Cost to complete facilities is included in the sale price of the dwelling. Cost to receive service is a \$46.50 minimum connection fee per line and \$53.30 per line (if applicable) zone fee. A deposit may be required.

Natural Gas: Southwest Gas Corporation, (602) 861-1999. The facilities are presently adjacent to the subdivision. Estimated completion date is December 1, 1999. Cost to complete facilities is included in the sale price of the dwelling. Cost to receive service is a \$30.00 connection fee. A deposit may be required.

Water: Litchfield Park Service Company, (623) 935-9367. The facilities are presently adjacent to the subdivision. Estimated completion date is December 1, 1999. Cost to complete facilities is included in the sale price of the dwelling. Cost to receive service is a \$15.00 establishment fee included on the first billing statement.

Sewage Disposal: Litchfield Park Service Company, (623) 935-9367. The facilities are presently adjacent to the subdivision. Estimated completion date is December 1, 1999. Cost to complete facilities is included in the sale price of the dwelling. Cost to receive service is a \$15.00 start-up fee (included in water and billed on the first statement). To initiate this service, purchasers will need to complete the application at Litchfield Park Service Company's office. A monthly user fee will be included in the monthly water billing statement.

THE ABOVE COSTS ARE SUBJECT TO CHANGE BY SERVICE PROVIDERS. YOU SHOULD CONTACT THE ABOVE PROVIDERS REGARDING EXTENSION RULES AND REGULATIONS, SERVICE CONNECTIONS AND COSTS INVOLVED.

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Palm Valley Phase 1, Parcel 12
aka Paloma at Palm Valley

STREETS, ROADS AND DRAINAGE

Access to the Subdivision is by asphalt paved public streets which are complete. The City of Goodyear is responsible for continued maintenance with costs for such maintenance included in taxes.

Access within the Subdivision is by asphalt paved public streets. Estimated completion date is December 1, 1999. The City of Goodyear will be responsible for continued maintenance upon completion and inspection/acceptance. Cost for continued maintenance is included in the taxes.

Flood and Drainage: Tracts A, B, and C are designated as landscaped drainage tracts. Estimated completion date is December 1, 1999. Cost for completion of the facilities is included in the sales price of the dwelling. Upon completion, the homeowner's association is responsible for continued maintenance. Cost for continued maintenance is included in the homeowner's association assessments.

COMMON, COMMUNITY AND RECREATIONAL FACILITIES

Within the Subdivision: Tracts A, B, and C are designed landscaped drainage tracts as noted above. Estimated completion date is December 1, 1999.

Within the Master Planned Community: Palm Valley Golf Course is adjacent to the subdivision on the North and complete. The homeowner's association is responsible for continued maintenance with costs for maintenance included in the homeowner's association assessments.

ASSURANCES FOR COMPLETION

Assurances for Completion of Subdivision Facilities: No escrow will close until the City of Goodyear issues an occupancy clearance and all subdivision improvements have been completed.

Assurances for Maintenance of Subdivision Facilities: The City of Goodyear will maintain exterior and interior streets, the utility companies will maintain their respective facilities, and Litchfield Park Service Company will maintain the water and sewer lines.

LOCAL SERVICES AND FACILITIES

Schools: Palm Valley Elementary School (Kindergarten through 5th grade) is 1 mile North at 2801 North 135th Avenue and Western Sky Middle School (6th through 8th

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grades) is approximately 3 miles Northwest at 4095 North 144th Avenue. High school students will have a choice of Agua Fria High School (9th through 12th grades) which is approximately 2 miles South at 530 East Riley Drive OR Millenium High School (9th through 12th grades) approximately 3 miles Northwest at 14802 West Wigwam Boulevard. School bus service is available.

SCHOOL FACILITIES AND BUS SERVICE MAY CHANGE. YOU SHOULD CONTACT THE LOCAL SCHOOL BOARD REGARDING THE CURRENT LOCATION OF SCHOOLS AND BUS-SERVICE.

Shopping Facilities are available at ABCO, 1450 North Dysart Road, approximately 1 mile from the subdivision or Fry's, 1200 North Dysart Road, approximately 1/2 mile from the subdivision.

Public Transportation is available through Park and Ride approximately 7 miles east of the subdivision at Interstate 10 on the Southeast corner of McDowell Road and 79th Avenue.

Medical Facilities are available at Samaritan West Valley Emergency Medical Center, 488 North Litchfield Road, approximately 2 miles Southwest of the subdivision.

Fire Protection is provided by the City of Goodyear Fire Department.

Ambulance Service is available by dialing 911.

Police Services are provided by the City of Goodyear Police Department.

Garbage Services are provided by the City of Goodyear. Cost for service is a \$15.00 start-up fee and monthly fee of \$17.30.

LOCATIONS AND COSTS OF THE ABOVE SERVICES AND FACILITIES MAY CHANGE. YOU SHOULD VERIFY THEIR CURRENT LOCATIONS AND COSTS PRIOR TO PURCHASE.

SUBDIVISION USE AND RESTRICTIONS

Use: This offering is for improved lots (lot with dwelling) and zoning is single family residential.

Conditions, Reservations and Restrictions are as set forth in zoning regulations, recorded covenants, conditions, and restrictions, article of incorporation, and bylaws for the homeowner's association.

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Restrictions and Other Matters of Record: Conditions, reservations and restrictions that may run with the land including City or County zoning restrictions should be investigated by you. Copies of those items which are recorded may be inspected at the Office of the Maricopa County Recorder. Information about zoning may be obtained at the Office of the City of Goodyear Planning and Zoning Department. Restrictions are recorded as cited in the following title exceptions and per the subdivision plat.

TITLE

Title to this subdivision is vested in T.W. Lewis Company, an Arizona Corporation, as to Lots 1, 2, 37, 38, 40, 55, 56 and T.W. Lewis - Palm Valley Parcel 12, L.L.C., an Arizona limited liability company, as to the remainder.

Subdivider's interest in this subdivision is evidenced by fee title as to Lots 1, 2, 37, 38, 40, 55, 56, and by an option agreement as to the remainder of the lots. Subdivider's interest in the development is a right to purchase lots pursuant to the described option agreement. You have no assurance that subdivider will purchase or build homes on all development lots.

Title is subject, among other things, to all taxes, assessments, covenants, conditions, restrictions, limitations, reservations, rights, obligations, powers, easements, rights of way, liens, and charges of record. **YOU SHOULD INVESTIGATE THE TITLE AND SATISFY YOURSELF AS TO WHAT EFFECT, IF ANY, THESE MATTERS MAY HAVE ON THE USE OF THE LAND.** Title exceptions affecting the condition of title are listed in the Preliminary Title Report dated October 5, 1999 issued by Chicago Title Insurance Company. You should obtain a title report and determine the effect of the listed exceptions.

EXCEPTIONS: SEE EXHIBIT "A" ATTACHED

METHOD OF SALE

Sales: Your vested interest/ownership interest in the property will be evidenced by the subdivider delivering a recorded deed to you and by your signing a promissory note and deed of trust for the unpaid balance, if any. You should read these documents before signing them.

Cash sales will be accepted.

Release of Liens and Encumbrances: Subdivider advises that arrangements have been made with the optioner in the aforementioned option agreement for the release of individual lots.

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Use and Occupancy: Purchaser will receive title free and clear of all liens. Purchaser is permitted to use and occupy lot upon close of escrow and recordation of deed.

THE PURCHASE CONTRACT IS A BINDING AGREEMENT. CONTRARY TO THE TERMS AND PROVISIONS OF THE CONTRACT, YOU MAY HAVE ADDITIONAL RIGHTS, REMEDIES AND WARRANTIES PROVIDED BY LAW. READ THOROUGHLY BEFORE SIGNING. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE PRIOR TO COMMITMENT TO PURCHASE.

TAXES AND ASSESSMENTS

Real Property Taxes: The combined primary and secondary property tax rate for this subdivision for the year 1999 is \$17.26 per \$100.00 assessed valuation. The estimated property tax for an improved lot (lot with dwelling), based on the above tax rate and average sales price of \$218,000.00, is \$3,010.14.

Special District Tax or Assessments: Special District No. 28762 Goodyear 89-359 Utilities #1 - Rate 1.000; and Special District No. 28763 89-360 General Facilities 1.000 - paid through taxes.

AMOUNT OF TAXES AND ASSESSMENTS SET FORTH ABOVE ARE APPROXIMATE ONLY AND SUBJECT TO CHANGE.

PROPERTY OWNERS' ASSOCIATIONS

Name and Assessments: Palm Valley Community Association. Property owners will be required to pay master association assessments in the amount of \$91.00 per year.

Control of Association: Upon the earlier of: (a) 120 days after the date when the total number of votes outstanding in Class A Membership equals the number of votes outstanding in Class B Membership; (b) 15 years from the date of recording this declaration; or (c) When the declarant notifies, in writing, that it relinquishes its Class B Membership.

Title to Common Areas will be conveyed to the Association upon completion and final inspection. Subdivider advises arrangements have been made with the lender for the release of Tracts A, B, and C upon request from the developer for no cost or consideration.

Membership: All lot purchasers will be members of the Association.

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PAYMENTS TO PROPERTY OWNERS ASSOCIATIONS ARE SUBJECT TO CHANGE IN ACCORDANCE WITH RECORDED RESTRICTIONS. SAID ASSOCIATION MAY ALSO IMPOSE SPECIAL ASSESSMENTS.

YOU ARE ADVISED TO READ THE RECORDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, ARTICLES OF INCORPORATION, BYLAWS FOR THIS SUBDIVISION TO DETERMINE THE RIGHTS OF LOT OWNERS TO PARTICIPATE IN THE CONTROL OF THE PROPERTY OWNERS' ASSOCIATION AND TO DETERMINE THE RIGHTS, DUTIES AND LIMITATIONS OF OWNERS IN AND USE OF THEIR LOT. FURTHER, YOU SHOULD DETERMINE FOR YOURSELF IF SUBDIVIDER'S ARRANGEMENTS AND PLANS FOR THE PAYMENT OF ASSESSMENTS ON UNSOLD LOT WILL BE SUFFICIENT TO FULFILL THE NEEDS, DEMANDS AND FINANCIAL OBLIGATIONS OF THE ASSOCIATION, AS SET FORTH IN THE DECLARATION AND BYLAWS.

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EXHIBIT A

1. Taxes for the full year 1999; first half due October 1, and delinquent on November 1, of said year; second half due on March 1, and delinquent on May 1, of the year 2000.
2. Water rights, claims or title to water, whether or not of public record.
3. Easements and rights incident thereto for public utilities as shown on the recorded plat of said subdivision.
4. Development Agreement No. 1, recorded in Recording No. 89-389275.
5. Palm Valley Project - Phase One - Map of Dedication recorded in Book 360 of Maps, page 30.
6. Easement and rights incident thereto for underground electric lines as set forth in instrument recorded November 6, 1991 in Recording No. 91-521994.
7. Conditions, covenants and restrictions (but omitting, if any, such conditions, covenants or restrictions based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons) contained in instrument recorded in Recording No. 93-444963, and Declaration of Annexation and Tract Declaration recorded in Recording No. 98-1195360.
8. Liabilities and obligations imposed on said land by reason of provisions contained in instrument(s) recorded in Recording No. 93-444963, purporting to impress a lien on said land for collection of assessments of Palm Valley Community Association.
9. Deed of Trust to secure an original principal amount of \$17,000,000.00, made by:
Trustor: T.W. Lewis - Palm Valley Parcel 12, L.L.C., an Arizona limited liability company
Trustee: Arizona Trust Deed Corporation, an Arizona corporation
Beneficiary: Bank One, Arizona, NA, a national banking association dated December 23, 1998, recorded December 31, 1998 in Recording No. 98-1195367
10. Unrecorded Option to Purchase from T.W. Lewis - Palm Valley Parcel 12, L.L.C., an Arizona limited liability company to T.W. Lewis Company, an Arizona corporation as disclosed by Memorandum of Option Agreement, dated March 4, 1999, recorded March 10, 1999 in Recording No. 99-228081; thereafter Assignment and Subordination of Option Agreement dated December 23, 1998 and recorded December 31, 1998 in Recording No. 98-1195368

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11. Conditions, covenants and restrictions (but omitting, if any, such conditions, covenants or restrictions based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons) contained in instrument recorded in Recording No. 99-761452.

12. Deed of Trust to secure an original principal amount of \$15,000,000.00, made by:

Trustor: T.W. Company, an Arizona Corporation

Trustee: Arizona Trust Deed Corporation, an Arizona corporation

Beneficiary: Bank One, Arizona, NA, a national banking association dated December 11, 1997, recorded December 27, 1997 in Recording No. 97-904376; thereafter amendment dated September 24, 1999, recorded September 30, 1999, in Recording No. 99-911975 (covers Lots 1, 2, 37, 40, 55, 56 and additional parcels).