

**CITY OF GOODYEAR
CFD ACTION FORM**

SUBJECT: Cottonflower Community Facilities District Board conduct a Public Hearing on a Feasibility Report and consider adopting Resolution CTTNFLWR CFD RES # 04-015.	STAFF PRESENTER: Sheila K. Mills, CFD Administration Manager COMPANY CONTACT: Scott Ruby, Attorney - Gust Rosenfeld PLC
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RECOMMENDATION:

1. Cottonflower Community Facilities District Board conduct a Public Hearing for the feasibility report submitted in connection with the proposed issuance of not to exceed \$1,325,000 of general obligation bonds series 2004.
 - a. Open Public Hearing
 - b. Staff Presentation
 - c. Receive Public Comment
 - d. Close Public Hearing

2. Cottonflower Community Facilities District Board will consider for adoption of Resolution CTTNFLWR CFD RES 04-015 approving the feasibility report for the issuance of not to exceed \$1,325,000 of general obligation bonds.

DISCUSSION:

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. 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.

FISCAL IMPACT:

A secondary property tax levy of \$3.00 (\$2.70 for debt service and \$0.30 for operations and maintenance) per \$100 of secondary assessed value is levied on all taxable property within the District.

The projects to be financed with the bond sale are:

- Street Improvements – 173rd Avenue/Yuma Road \$542,000
- Other street improvements \$783,000

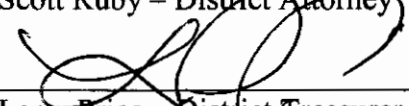
Attachments

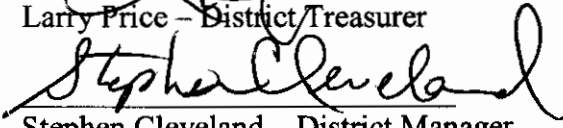
Feasibility Report
CTTNFLWR CFD RES 04-015

REVIEWED BY:

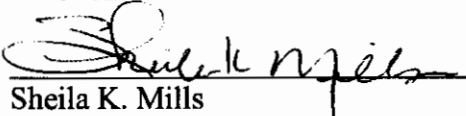

Grant Anderson – Deputy City Manager

Approved electronically
Scott Ruby – District Attorney


Larry Price – District Treasurer


Stephen Cleveland – District Manager

PREPARED BY:


Sheila K. Mills
CFD Administration Manager

CTTNFLWRCFD RESOLUTION NO. 04-015

RESOLUTION OF THE BOARD OF DIRECTORS OF COTTONFLOWER COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA), APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND FINANCE CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$1,325,000 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 Cottonflower Community Facilities District (City of Goodyear, Arizona), has caused a report 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 report includes, among other things, a description of certain public infrastructure to be acquired 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 Report 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 COTTONFLOWER COMMUNITY FACILITIES DISTRICT (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 General Obligation Bonds, Series 2004.

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

"District" shall mean the Cottonflower Community Facilities District (City of Goodyear, Arizona).

"Feasibility Report" shall mean the Feasibility Report, dated April 26, 2004, 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.

"General Plan" shall mean the General Plan dated January 20, 2000 for the District.

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Feasibility Report, including particularly the acquisition and/or construction by the District of the improvements described on Exhibit A hereto.

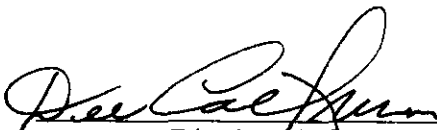
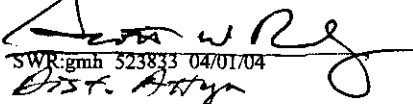
Section 2. Ratification of Notice of Hearing. Published notice of the public hearing on the Study has been provided by the Clerk not less than ten (10) days in advance of the date of the public hearing on the Study. The form of notice of the public hearing attached hereto as Exhibit B is hereby ratified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

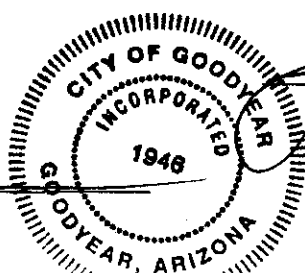
Section 3. Approval of Feasibility Report. Based on the review by the Board and the presentation of the Feasibility Report at the public hearing on April 26, 2004, the Feasibility Report is hereby adopted and approved in the form submitted to the Board. The Feasibility Report has been filed with the Clerk prior to adoption of this resolution. The publication by the Clerk of the notice of the hearing on the Feasibility Report is hereby ratified and approved.


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 Feasibility Report, for any and all purposes of the Act. Any portion of the costs of the Project not financed by the proceeds of the Bonds shall remain eligible to be financed through the sale of future bonds of the District.

Section 5. Preliminary Approval to Issue and Sell Bonds. The Board hereby declares its intent to proceed with the financing of the Project in substantially the manner presented in the Feasibility Report and hereby declares its intent to issue not to exceed \$1,325,000 principal amount of Bonds to finance the costs of the Project.

PASSED, ADOPTED AND APPROVED on April 26, 2004.


District Clerk
Approved as to form

SWR:gmh 523833 04/01/04
Dist. Atty




Chairman

Attachments: Exhibit A - Description of Improvements
Exhibit B - Notice of Public Hearings

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Cottonflower Community Facilities District (City of Goodyear, Arizona) at a regular meeting held on April 26, 2004, 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.




District Clerk

EXHIBIT A

"Project" shall mean the acquisition of public infrastructure (as such term is defined in the Act) described in the Feasibility Report, including particularly the acquisition by the District of the following:

1. Street improvements-173rd Avenue/Yuma Road (\$1,005,000)
2. Other street improvements (\$2,531,000)

The total unpaid costs of the Project set forth above is \$3,536,000, of which \$1,325,000 is expected to be financed with the proceeds of the Bonds.

EXHIBIT B

NOTICE OF PUBLIC HEARING

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

NOTICE IS HEREBY GIVEN that the Board of Directors of Cottonflower Community Facilities District (City of Goodyear, Arizona) ("*Cottonflower*") will meet on April 26, 2004, commencing promptly after the adjournment of the Goodyear City Council meeting (the City Council meeting commences at 6:00 p.m.) and will be held at the **Goodyear Justice Facility, 986 South Litchfield Road, Goodyear, AZ 85338**. The Cottonflower Board of Directors will conduct a public hearing on, and consider and review a feasibility report relative to a proposed project to be financed by the issuance of approximately \$1,325,000 principal amount of District General Obligation Bonds, Series 2004. A copy of the feasibility report may be reviewed at the office of the District Clerk, 190 North Litchfield Road, Goodyear, AZ 85338.

Publish once no later than April 15, 2004.

FEASIBILITY REPORT

For The Issuance of

**Not To Exceed
\$1,325,000 Principal Amount**

of

**COTTONFLOWER
COMMUNITY FACILITIES DISTRICT**

(CITY OF GOODYEAR, ARIZONA)

DISTRICT GENERAL OBLIGATION BONDS,

SERIES 2004

April 26, 2004

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SECTION ONE

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

INTRODUCTION

This Feasibility Report (the "Report") has been prepared for presentation to the District Board (the "Board") of Cottonflower Community Facilities District (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2004 (the "Bonds") in an approximate aggregate principal amount of not to exceed \$1,325,000 pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (the "Act").

PURPOSE OF FEASIBILITY REPORT

This Report has been prepared for consideration of the feasibility and benefits of the public infrastructure (as defined in the Act) to be financed by the Bonds and of the plan for financing such public infrastructure in accordance with the provisions of the Act. Pursuant to the Act, this Report includes (i) a description of the public infrastructure to be constructed or acquired and an estimate of the cost to construct, acquire, operate and maintain such project (Section Two); (ii) a map showing, in general, the location of the project to which this Report relates and a map or description of the area to be benefited by such project (Section Three); (iii) an estimated schedule for completion of such project (Section Four); (iv) and a plan for financing the project (Section Five).

This Report has been prepared for the Board's exclusive consideration. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Bonds. This Report does not attempt to address the quality of the Bonds as investments or the likelihood of repayment of the Bonds. In preparing this Report, financial advisors, appraisers, counsel, engineers, staff of the City of Goodyear, Arizona (the "City") and other experts have been consulted as deemed appropriate.

GENERAL DESCRIPTION OF DISTRICT

The City approved formation of the District on February 14, 2000 upon the request of the sole landowner within the District.

The District is located within the city limits of the City and comprises approximately 235 acres that will include 822 single-family homes at build-out.

The District was created to finance and acquire a portion of public infrastructure (the "Public Infrastructure") within the District that is part of the project known as Cottonflower (the "Project" or "Cottonflower"). The Project boundaries include Yuma Road to the north and Cotton Lane to the east. A map of the location of the Project within the City is included in Section Three of this Report. A legal description of the property within the District is included as Appendix A to this Report. Donros, LLC ("Donros") is the developer of the Project.

Utilization of District financing, which has been provided for in the Cottonflower Development Agreement, is pivotal in creating a master planned community that balances project amenities (park and landscaped areas), and provides for the accelerated construction of public benefits as set forth in Section Two herein, and also remains affordable to the homebuyer.

The advantages of utilizing Community Facilities District (CFD) financing for public infrastructure provides benefits to three parties: the homebuyer, the City and the developer of the Project. In assessing the benefits of CFD 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.

Homebuyers within the District will benefit from this form of financing in several ways. The use of tax-exempt District financing will pay 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-related 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 homebuyer, but also provides a benefit in that property taxes are a tax-deductible expense to the homebuyer.

The City benefits from District financing. Growth from the development of the Project contributes amenities to the residents of the City while maintaining the overall financial stability of the City, and preserving the City's own limited sources of financing. District financing provides an alternative, efficient financing vehicle for infrastructure and is consistent with the City's policy of having growth areas pay for their related costs. By accessing 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 in the Development Agreement between the City and the developer of the Project.

Finally, the developer of the Project receives a benefit in the form of lower borrowing costs. This benefit enables the developer of the Project 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 and quality project.

SECTION TWO

**DESCRIPTION AND ESTIMATE OF COST OF
PUBLIC INFRASTRUCTURE**

**DESCRIPTION AND ESTIMATE OF COST OF
PUBLIC INFRASTRUCTURE**

Listed below are the Public Infrastructure Projects to be reimbursed with the proceeds of the Bonds and the costs of acquiring the Public Infrastructure. Proceeds from the sale of the Bonds will be used to reimburse Donros for expenditures to construct the following projects that will be acquired by and accepted by the District:

**Cottonflower Community Facilities District
District Infrastructure**

<u>Description of Improvement</u>	<u>Actual Cost</u>	<u>Reimbursed By Series 2003 Bond Issue</u>	<u>Reimbursed By Series 2004 Bond Issue</u>	<u>Costs Not Reimbursed By Bond Issues</u>
1. Sewer lift stations/force main	\$519,000	\$519,000		
2. Offsite gravity sewer line	76,000	76,000		
3. 24" water main	721,000			\$721,000
4. Street Improvements – 173 rd Avenue/Yuma Road	1,005,000		\$542,000	463,000
5. Landscaping in public right of way, maintained by homeowners association	311,000			311,000
6. Other street improvements				
Concrete	1,562,000			
Paving	986,000			
Subtotal Other street improvements	2,548,000	587,000	783,000	1,178,000
7. Sewer, water, dry utilities	2,554,000	458,000		2,096,000
Total	\$7,734,000	\$1,640,000	\$1,325,000	\$4,769,000

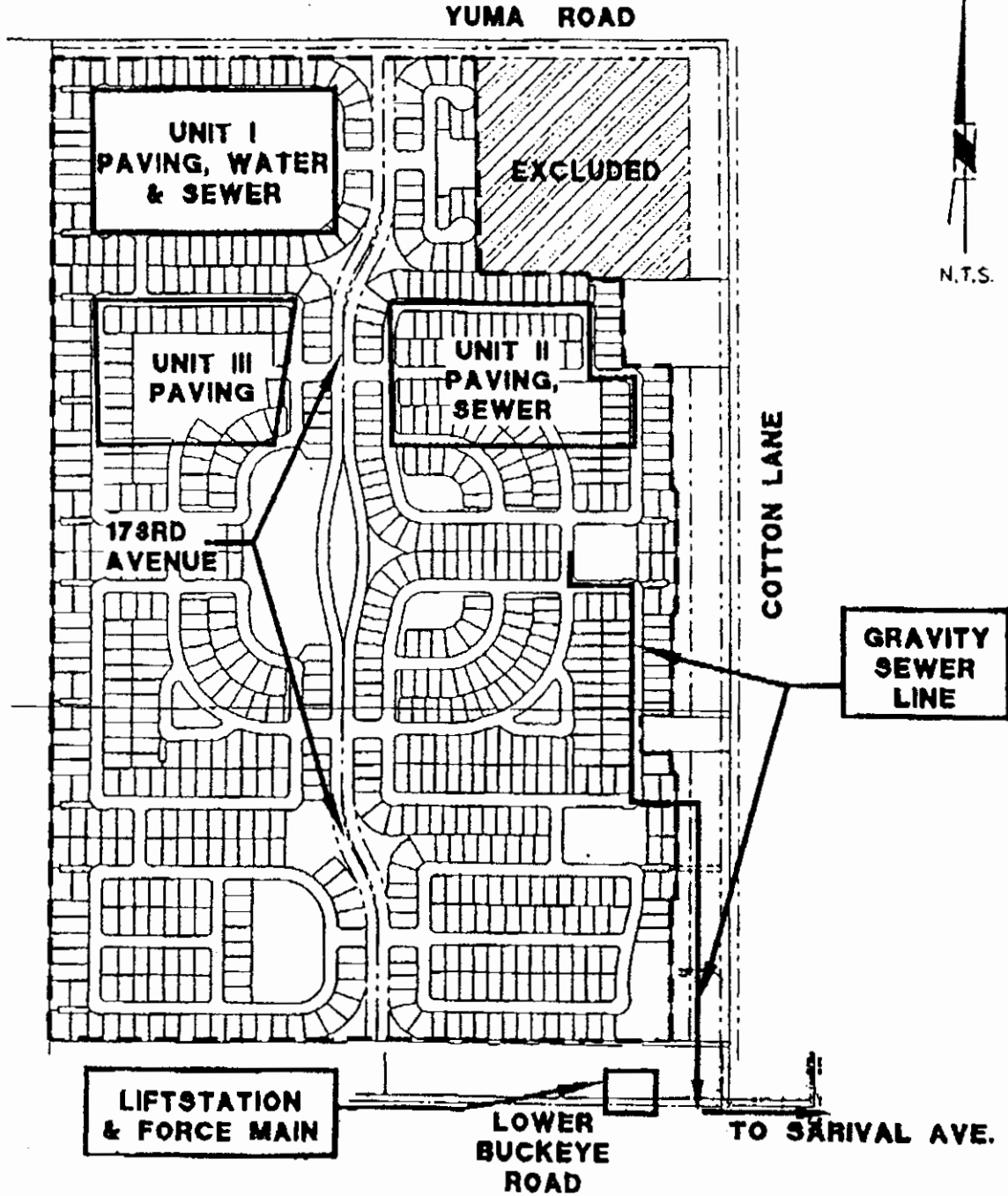
Note: Approximately \$1,150,000 (22 acres) of landscaped parks have been constructed and dedicated to the Cottonflower Homeowners Association for maintenance.

SECTION THREE

**MAP SHOWING LOCATION OF PUBLIC
INFRASTRUCTURE WITHIN THE PROJECT AND
MAP OF AREA TO BE BENEFITED
WITHIN THE PROJECT**

COTTONFLOWER CFD

BENEFITTED AREA
ELIGIBLE PUBLIC INFRASTRUCTURE IMPROVEMENTS



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SECTION FOUR

**TIMETABLE FOR ACQUISITION
OF PUBLIC INFRASTRUCTURE**

**TIMETABLE FOR
ACQUISITION OF PUBLIC INFRASTRUCTURE**

The Public Infrastructure described in Section Two is complete. Proceeds of the Bonds will be used to reimburse Donros for monies expended, pursuant to a public bidding process, for the construction of the Public Infrastructure by Donros.

SECTION FIVE
PLAN OF FINANCE

PLAN OF FINANCE

The Public Infrastructure will be acquired by the District by way of a Plan of Finance herein described below. 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.

Formation and Authorization

The City Council, in response to a petition from the owners of 100% of the property within the District, adopted a resolution forming the District on February 14, 2000. A bond election was held on March 14, 2000 authorizing \$3,500,000 of District general obligation bonds to be issued over time.

Existing Debt

The total principal amount of all general obligation bonds outstanding for the District currently equals \$1,760,000. The general obligation bond issue outstanding is as follows:

\$1,760,000 Series 2003 District General Obligation Bonds Dated July 1, 2003

Assuming the issuance of the Bonds described herein, the District will have \$3,085,000 of general obligation bonds outstanding and \$415,000 of authorized, but unissued, general obligation bond authorization remaining.

Proposed Bond Sale

It is proposed that the District issue general obligation bonds in a principal amount not to exceed \$1,325,000 to acquire the Public Infrastructure. The Bonds will have a 25-year maturity. (See Table One of this section for an estimated debt service schedule for the Bonds and Table Two for a debt service versus projected revenue schedule.)

The Bonds will be unrated and sold through a limited offering (private offering pursuant to A.R.S. 48-722). The Bonds will be sold in minimum \$5,000 denominations. Investors will be required to sign a qualified investor letter and meet certain criteria.

Sources and Uses of Funds

The estimated Sources and Uses of Funds relating to the issuance of the Bonds (exclusive of accrued interest) follows:

Sources

District General Obligation Bonds Series 2004	\$1,325,000
Contribution by Donros for Costs of Issuance	<u>110,250</u>
Total	<u>\$1,435,250</u>

Uses

Public Infrastructure	\$1,325,000
Costs of Issuance (Including Underwriter's Discount)*	<u>110,250</u>
Total	<u>\$1,435,250</u>

*Estimated Costs of Issuance to be paid by Donros:

Underwriter's Discount	\$39,750
Bond Counsel	20,000
Financial Advisor	15,000
Underwriter's Counsel	15,000
Limited Offering Memorandum Printing	10,000
Trustee Counsel Fees	5,000
Miscellaneous	<u>5,500</u>
Total	<u>\$110,250</u>

Use of Proceeds

The proceeds of the sale of the Bonds will be applied by the District to acquire the Public Infrastructure listed in Section Two of this Report.

Existing Tax Base, Absorption and Projected Home Sales

The full cash value and secondary assessed value for the District for fiscal years 2002-03, 2003-04 and 2004-05* are listed in the following table:

<u>Fiscal Year</u>	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>
2002-03	\$8,595,155	\$1,197,198
2003-04	21,086,995	2,486,870
2004-05*	65,181,252	7,262,935

*Preliminary as provided by the Maricopa County Assessor's Office on February 24, 2004.

Approximately 666 homes have been completed or will be under construction by April 27, 2004 at an average price of approximately \$164,000. (Please see Appendix D).

The following table provides the number of parcels for fiscal years 2003-04 and 2004-05 and secondary assessed value by legal classification within the District for fiscal year 2004-05.

<u>Legal Classification</u>	<u>2003-04 Number of Parcels</u>	<u>2004-05 Number of Parcels (1)</u>	<u>2004-05 Secondary Assessed Value (1)</u>
1P Commercial Personal Property	0	3	\$135,346
2 Agriculture and vacant land	772	471	1,775,339
3 Residential	117	414 (2)	5,230,150
4 Leased or rented residential property	<u>3</u>	<u>10</u>	<u>122,100</u>
	892	898	\$7,262,935

(1) Preliminary as provided by the Maricopa County Assessor's Office on February 24, 2004.

(2) For the fiscal year 2004-05, the Maricopa County Assessor has identified 414 single family homes within the District. An additional 252 single family homes have been completed or are expected to be under construction by April 27, 2004. It is expected that these additional 252 single family homes will be added to the Maricopa County Assessor's Tax Roll in fiscal year 2005-06.

District Tax Rate

Pursuant to an agreement between the City and Donros, the tax rate to be levied by the District Board is \$3.00. The amount applied to the debt service of the Bonds is \$2.70; the remaining \$0.30 is applied to maintenance and operation expenses within the District. The District is currently levying the \$2.70 for debt service and the \$0.30 tax for maintenance and operations within the District. On June 30, 2003, the District Board adopted the District's fiscal year 2003-04 operating budget in the amount of \$23,000.

Standby Contribution Agreement

The \$2.70 tax levy, given the existing tax base, is not currently sufficient to provide for the existing debt service and proposed debt service of the Bonds. (Please see Table Two of this section.) As a consequence, Donros will enter into a standby contribution agreement (the "Contribution Agreement") whereby at closing with respect to the Bonds and on or before March 15 of each fiscal year thereafter, Donros will make a payment to the District in amounts necessary to maintain the tax rate at \$2.70 for debt service given the then existing tax base and the debt service requirements of the Bonds. The Contribution Agreement will be in effect for the life of the Bonds and is only subject to release if certain conditions are met, principally that the \$2.70 tax rate for debt service can provide for annual maximum debt service of the Bonds and all outstanding bonds of the District.

Payment Agreement

Donros will deliver at closing approximately \$5,100*, pursuant to a payment agreement (the "Payment Agreement"), which, when combined with the \$106,251 previously deposited by Donros pursuant to the Series 2003 Payment Agreement, is the estimated total amount of shortfall (\$111,351) Donros may need to provide during the first two years with respect to debt service on the Bonds and the existing Series 2003 Bonds.

Thereafter, Donros will deposit sufficient monies each year pursuant to the Payment Agreement so that there is always two years of projected shortfall on deposit. This money will be drawn on if Donros fails to pay under the Contribution Agreement. Donros' payment under the Contribution Agreement and monies deposited pursuant to the Payment Agreement and held pursuant to a Depository Agreement will not be released until the \$2.70 tax rate for debt service produces 100% of the maximum annual debt service on all bonds of the District then outstanding and the District agrees to release Donros from such obligations.

It is expected that the tax base will provide for the debt service of the Bonds by fiscal year 2005-06 assuming a \$2.70 debt tax rate.

* Subject to change.

\$1,325,000
 Cottonflower Community Facilities District
 of Goodyear, Arizona
 District General Obligation Bonds, Series 2004

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total Debt Service
7/15/2004	\$ -	6.500%	\$ -	\$ -
7/15/2005 (1)	-	6.500%	98,087	98,087
7/15/2006	30,000	6.500%	86,125	116,125
7/15/2007	35,000	6.500%	84,500	119,500
7/15/2008	35,000	6.500%	82,550	117,550
7/15/2009	35,000	6.500%	80,600	115,600
7/15/2010	40,000	6.500%	78,650	118,650
7/15/2011	40,000	6.500%	76,375	116,375
7/15/2012	40,000	6.500%	74,100	114,100
7/15/2013	45,000	6.500%	71,500	116,500
7/15/2014	45,000	6.500%	68,900	113,900
7/15/2015	45,000	6.500%	65,975	110,975
7/15/2016	50,000	6.500%	63,050	113,050
7/15/2017	50,000	6.500%	59,800	109,800
7/15/2018	55,000	6.500%	56,225	111,225
7/15/2019	60,000	6.500%	52,650	112,650
7/15/2020	60,000	6.500%	48,750	108,750
7/15/2021	65,000	6.500%	44,525	109,525
7/15/2022	70,000	6.500%	39,975	109,975
7/15/2023	75,000	6.500%	35,425	110,425
7/15/2024	80,000	6.500%	30,550	110,550
7/15/2025	85,000	6.500%	25,350	110,350
7/15/2026	90,000	6.500%	19,500	109,500
7/15/2027	95,000	6.500%	13,325	108,325
7/15/2028	100,000	6.500%	6,825	106,825
Total	\$ 1,325,000		\$ 1,363,312	\$ 2,688,312

(1) Includes the first interest payment on January 15, 2005.

**COTTONFLOWER COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)**

REVENUES AND DISTRICT DEBT SERVICE

Fiscal Year	Net Secondary Assessed Valuation (1)	Series 2003 Bonds (2)		Proposed Series 2004 Bonds (3)		Total Debt Service	Debt Tax Rate	District Revenues @ \$2.70 Debt Tax Rate	Standby Contribution Agreement (4)	Fiscal Year
		\$1,760,000 Principal	Interest	\$1,325,000 Principal	Interest					
2003-04	\$ 2,486,870	\$ -	\$ 96,409	\$ -	\$ -	\$ 96,409	\$ 2.70	\$ 67,145	\$ (29,263)	2003-04
2004-05	7,262,935	40,000	92,800	-	98,087	230,887	2.70	196,099	(34,788)	2004-05
2005-06	10,651,831	45,000	91,160	25,000	86,125	247,285	2.32	287,599	-	2005-06
2006-07	10,651,831	45,000	89,315	30,000	84,500	248,815	2.34	287,599	-	2006-07
2007-08	10,651,831	45,000	87,470	30,000	82,550	245,020	2.30	287,599	-	2007-08
2008-09	10,651,831	50,000	85,625	30,000	80,600	246,225	2.31	287,599	-	2008-09
2009-10	10,651,831	50,000	83,575	35,000	78,650	247,225	2.32	287,599	-	2009-10
2010-11	10,651,831	50,000	81,525	35,000	76,375	242,900	2.28	287,599	-	2010-11
2011-12	10,651,831	55,000	79,025	40,000	74,100	248,125	2.33	287,599	-	2011-12
2012-13	10,651,831	55,000	76,275	40,000	71,500	242,775	2.28	287,599	-	2012-13
2013-14	10,651,831	60,000	73,525	45,000	68,900	247,425	2.32	287,599	-	2013-14
2014-15	10,651,831	65,000	70,525	45,000	65,975	246,500	2.31	287,599	-	2014-15
2015-16	10,651,831	65,000	67,275	50,000	63,050	245,325	2.30	287,599	-	2015-16
2016-17	10,651,831	70,000	64,025	55,000	59,800	248,825	2.34	287,599	-	2016-17
2017-18	10,651,831	75,000	60,105	55,000	56,225	246,330	2.31	287,599	-	2017-18
2018-19	10,651,831	75,000	55,905	60,000	52,650	243,555	2.29	287,599	-	2018-19
2019-20	10,651,831	80,000	51,705	65,000	48,750	245,455	2.30	287,599	-	2019-20
2020-21	10,651,831	85,000	47,225	70,000	44,525	246,750	2.32	287,599	-	2020-21
2021-22	10,651,831	90,000	42,465	70,000	39,975	242,440	2.28	287,599	-	2021-22
2022-23	10,651,831	95,000	37,425	75,000	35,425	242,850	2.28	287,599	-	2022-23
2023-24	10,651,831	100,000	32,105	80,000	30,550	242,655	2.28	287,599	-	2023-24
2024-25	10,651,831	105,000	26,505	90,000	25,350	246,855	2.32	287,599	-	2024-25
2025-26	10,651,831	115,000	20,520	95,000	19,500	250,020	2.35	287,599	-	2025-26
2026-27	10,651,831	120,000	13,965	100,000	13,325	247,290	2.32	287,599	-	2026-27
2027-28	10,651,831	125,000	7,125	105,000	6,825	243,950	2.29	287,599	-	2027-28
Total		\$ 1,760,000	\$ 1,533,579	\$ 1,325,000	\$ 1,363,312	\$ 5,981,891			\$ (64,051)	

Notes:

- (1) Secondary assessed valuation for fiscal year 2003-04 is actual as provided by the Maricopa County Assessor's Office. The fiscal year 2004-05 assessed valuation is preliminary as of February 24, 2004 as provided by the Maricopa County Assessor's Office. Fiscal year 2005-06 reflects assessed valuation growth assuming an additional 252 homes are added to the Maricopa County Tax Roll at an average home price of \$164,000. No secondary assessed value growth is assumed after fiscal year ending 2005-06.
- (2) Debt service is actual and is net of accrued interest.
- (3) Assumes a 6.50% average interest rate.
- (4) By contractual obligation, Donros will provide the shortfall between District revenues and District debt service. The amount in parentheses reflects the estimated shortfall Donros will contribute pursuant to a Standby Contribution Agreement.

APPENDIX A

**Legal Description for Cottonflower
Community Facilities District
of Goodyear, Arizona**

LEGAL DESCRIPTION
(from engineer)
COTTONFLOWER COMMUNITY FACILITIES DISTRICT
(CITY OF GOODYEAR, ARIZONA)

PARCEL 1

A parcel of land situate in a portion of the Northeast quarter of Section 14, Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the North quarter corner of said Section 14 from which the Northeast corner of said Section 14 bears South 89°58'03" East, a distance of 2,634.78 feet;

THENCE South 89°58'03" East along the North line of the Northeast quarter of said Section 14, a distance of 1,653.15 feet;

THENCE South 00°01'57" West, a distance of 909.49 feet;

THENCE South 85°22'14" East, a distance of 38.21 feet;

THENCE North 89°55'41" East, a distance of 402.20 feet;

THENCE South 00°04'19" East, an distance of 20.26 feet;

THENCE North 89°55'41" East, a distance of 135.00 feet;

THENCE South 00°04'19" East, a distance of 350.00 feet;

THENCE North 89°55'41" East, a distance of 408.00 feet to a point on the Easterly line of the Northeast quarter of said Section 14;

THENCE South 00°04'19" East along said Easterly line, a distance of 1,362.63 feet to the East quarter corner of said Section 14;

THENCE North 89°59'05" West along the Southerly line of the Northeast quarter of said Section 14, a distance of 2,640.04 feet to the center of said Section 14;

THENCE North 00° 02'31" East along the Westerly line of the Northeast quarter of said Section 14, a distance of 2,644.52 feet to the POINT OF BEGINNING.

Total approximately 135.9998 acres.

PARCEL 2

A parcel of land situate in a portion of the Southeast quarter of Section 14, Township 1 North, Range 2 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

COMMENCING at the Northeast corner of said Section 14 from which the North quarter corner of said Section 14 bears North 89°58'03" West, a distance of 2,634.78 feet;

THENCE South 00°58'03" West along the East line of the Northeast quarter of said Section 14, a distance of 2,643.72 feet to the East quarter corner of said Section 14 said point also being the TRUE POINT OF BEGINNING;

EXHIBIT A

THENCE South 00°05'14" East along the Easterly line of the Southeast quarter of said Section 14, a distance of 25.00 feet;

THENCE North 89°59'05" West, a distance of 333.00 feet;

THENCE South 00°05'14" East, a distance of 142.50 feet;

THENCE South 89°59'05" East, a distance of 333.00 feet;

THENCE South 00°05'14" East along the Easterly line of the Southeasterly quarter of said Section 14, a distance of 1,138.30 feet;

THENCE South 89°59'14" West along a line parallel with and 16.50 feet Northerly of the Southerly line of the North half of the Southeast quarter of said Section 14, a distance of 1,321.49 feet;

THENCE South 00°01'22" East, a distance of 16.50 feet;

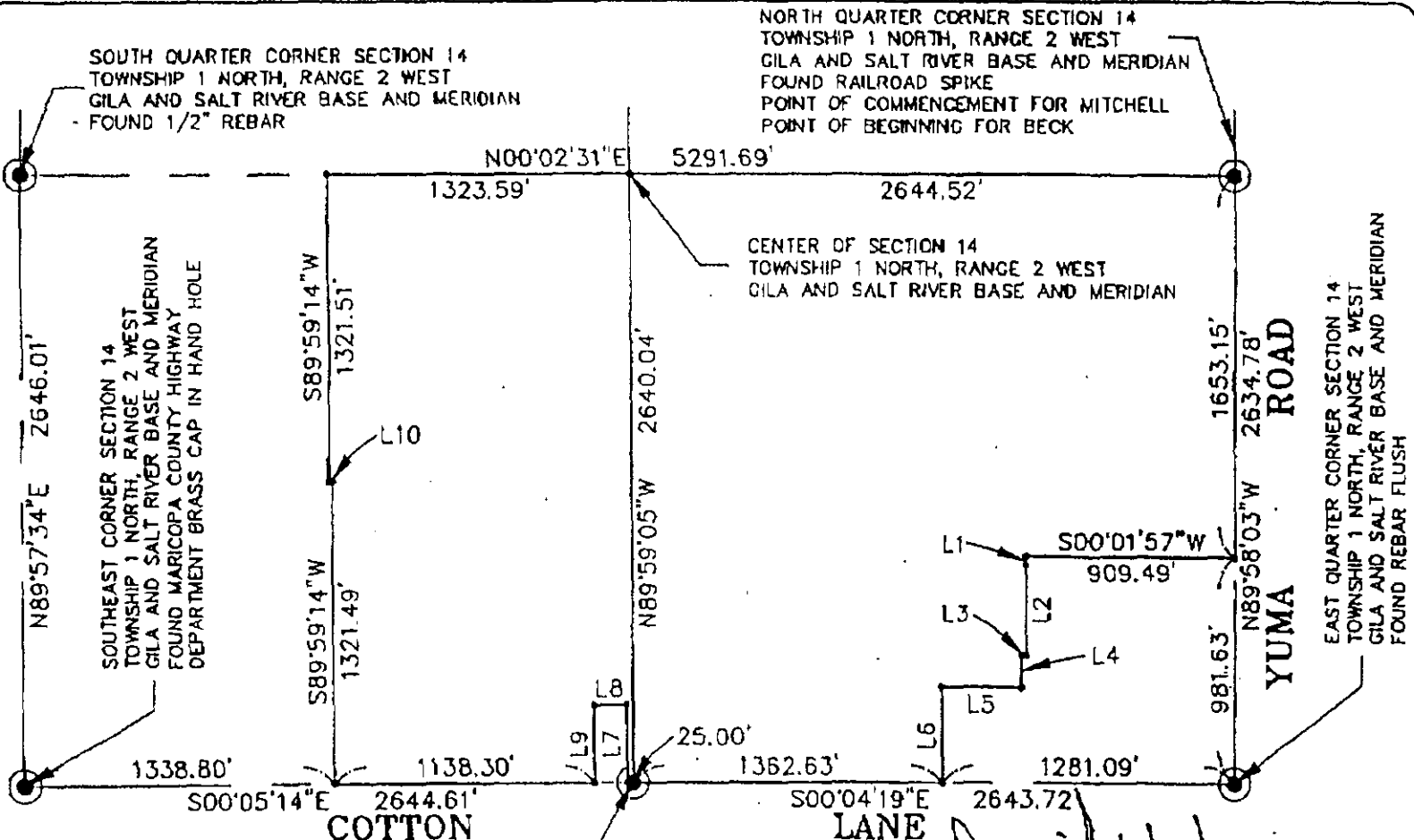
THENCE South 89°59'14" West along the Southerly line of the North half of the Southeast quarter of said Section 14, a distance of 1,321.51 feet;

THENCE North 00°02'31" East along the Westerly line of the Southeast quarter of said Section 14, a distance of 1,323.59 feet;

THENCE South 89°59'05" East along the Northerly line of the Southeast quarter of said Section 14, a distance of 2,640.04 feet to the TRUE POINT OF BEGINNING.

Total approximately 78.635 acres.

LOWER BUCKEYE ROAD



SOUTH QUARTER CORNER SECTION 14
TOWNSHIP 1 NORTH, RANGE 2 WEST
GILA AND SALT RIVER BASE AND MERIDIAN
- FOUND 1/2" REBAR

NORTH QUARTER CORNER SECTION 14
TOWNSHIP 1 NORTH, RANGE 2 WEST
GILA AND SALT RIVER BASE AND MERIDIAN
FOUND RAILROAD SPIKE
POINT OF COMMENCEMENT FOR MITCHELL
POINT OF BEGINNING FOR BECK

SOUTHEAST CORNER SECTION 14
TOWNSHIP 1 NORTH, RANGE 2 WEST
GILA AND SALT RIVER BASE AND MERIDIAN
FOUND MARICOPA COUNTY HIGHWAY
DEPARTMENT BRASS CAP IN HAND HOLE

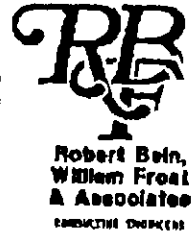
CENTER OF SECTION 14
TOWNSHIP 1 NORTH, RANGE 2 WEST
GILA AND SALT RIVER BASE AND MERIDIAN

EAST QUARTER CORNER SECTION 14
TOWNSHIP 1 NORTH, RANGE 2 WEST
GILA AND SALT RIVER BASE AND MERIDIAN
FOUND REBAR FLUSH

EAST QUARTER CORNER SECTION 14
TOWNSHIP 1 NORTH, RANGE 2 WEST
GILA AND SALT RIVER BASE AND MERIDIAN
FOUND MARICOPA COUNTY HIGHWAY
DEPARTMENT BRASS CAP IN HAND HOLE
TRUE POINT TO BEGINNING FOR MITCHELL

SCALE: 1" = 700'

LINE TABLE		
NO.	BEARING	DISTANCE
L1	S85°22'14"E	38.21'
L2	N89°55'41"E	402.20'
L3	S00°04'19"E	20.26'
L4	N89°55'41"E	135.00'
L5	S00°04'19"E	350.00'
L6	N89°55'41"E	408.00'
L7	N89°59'05"W	333.00'
L8	S00°05'14"E	142.50'
L9	S89°59'05"E	333.00'
L10	S00°01'22"E	16.50'



JOB NO. 98308

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 District financing on the tax rate or other charges borne by the property owner will be \$2.70 per \$100 of secondary assessed valuation which will be levied on all of the taxable property located within the District and used to pay debt service on the Bonds. In addition, the District also levies a \$0.30 per \$100 of secondary assessed valuation on all of the taxable property within the District for operation and maintenance expenses.

Below is a summary of the overlapping tax rates of the property within the District:

<u>Overlapping Municipality</u>	<u>2003-04 Primary Tax Rate</u>	<u>2003-04 Secondary Tax Rate</u>	<u>2003-04 Combined Tax Rate</u>
Maricopa County	\$1.6825	\$0.4610	\$2.1435
Maricopa County Community College District	0.9410	0.1375	1.0785
Aqua Fria Union High School District No. 216	2.4243	1.3745	3.7988
Avondale Elementary School District No. 44	3.4465	0.7902	4.2367
City of Goodyear	1.2691	0.7746	2.0437
Cottonflower Community Facilities District*	-	<u>3.0000</u>	<u>3.0000</u>
Total	\$9.7634	\$6.5378	\$16.3012

* The Cottonflower Community Facilities District \$3.00 tax rate includes \$2.70 for debt service and \$0.30 for operations and maintenance expenses of the District.

The following table shows combined tax rates for other communities in the vicinity of the Project and other communities with community facilities districts.

Combined Tax Rates for Other Community Facilities Districts:

West-Valley Community Facilities Districts:

<u>Facilities Districts:</u>	<u>Total Tax Rate</u>
Centerra (Goodyear)	\$16.1512
Cortina (Goodyear)	16.3012
Cottonflower (Goodyear)	16.3012
Estrella Mountain Ranch (Goodyear)	13.8001
Palm Valley #1 (Goodyear/Utilities District)	14.3311
Palm Valley #1 (Goodyear/General District)	15.3311
Sundance (Buckeye)	16.6129
The Village at Litchfield Park (Litchfield Park)	13.7874
Verrado Western Overlay (Buckeye)	13.7672
Verrado District 1 (Buckeye)	16.1875
Vistancia (Peoria)	15.5074
Westpark (Buckeye)	13.6129
Wildflower Ranch #1 (Goodyear)	15.4462
Wildflower Ranch #2 (Goodyear)	15.5729

Other Communities with CFDs:

DC Ranch (Scottsdale)	12.1781
Eagle Mountain (Fountain Hills)	12.4007
McDowell Mtn. Ranch (Scottsdale)	11.3257
Scottsdale Mountain (Scottsdale)	12.0281
Tatum Ranch (Phoenix)	11.1711

The following two pages include breakdowns of the tax rates for the previously listed Community Facilities Districts.

**MARICOPA COUNTY COMMUNITY FACILITIES DISTRICTS/
MASTER PLANNED COMMUNITIES TAX RATE BREAKDOWNS
FISCAL YEAR 2003-04**

WEST VALLEY COMMUNITY FACILITIES DISTRICTS												
	Community Facilities Utilities District No. 1* (Goodyear)	Community Facilities General District No. 1* (Goodyear)	Estrella Mountain Ranch* (Goodyear)	Wildflower Ranch No. 1* (Goodyear)	Wildflower Ranch No. 2* (Goodyear)	Cottonflower* (Goodyear)	The Village at Litchfield Park* (Litchfield Park)	Verrado Western Overlay* (Buckeye)	Verrado District 1* (Buckeye)	Sundance* (Buckeye)	Westpark* (Buckeye)	Vistancia* (Peoria)
<i>Primary</i>												
State and County	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235	2.6235
Elementary School District	2.3752	2.3752	2.2612	3.4465	3.4465	3.4465	2.3752	0.0000	2.3752	4.0077	4.0077	0.0000
High School District	2.4243	2.4243	1.9348	2.4243	2.4243	2.4243	2.4243	0.0000	2.4243	1.9348	1.9348	0.0000
Unified School District	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	2.0502	0.0000	0.0000	0.0000	4.5554
City	1.2691	1.2691	1.2691	1.2691	1.2691	1.2691	0.0000	0.9776	0.9776	0.9776	0.9776	0.2900
CFD	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	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	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Primary	8.6921	8.6921	8.0886	9.7634	9.7634	9.7634	7.4230	5.6513	8.4006	9.5436	9.5436	7.4689
<i>Secondary</i>												
State and County	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985	0.5985
Elementary School District	1.8914	1.8914	1.8290	0.7902	0.7902	0.7902	1.8914	0.0000	1.8914	1.3889	1.3889	0.0000
High School District	1.3745	1.3745	1.2094	1.3745	1.3745	1.3745	1.3745	0.0000	1.3745	1.2094	1.2094	0.0000
Unified School District	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2949	0.0000	0.0000	0.0000	4.0400
City	0.7746	0.7746	0.7746	0.7746	0.7746	0.7746	0.0000	0.5725	0.5725	0.5725	0.5725	1.3000
CFD	1.0000	2.0000 (1)	1.3000	2.1450	2.2717	3.0000	2.5000	6.6000 (2)	3.3000	3.3000	0.3000	2.1000
Other	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0500 (4)	0.0500 (4)	0.0000	0.0000	0.0000
Total Secondary	5.6390	6.6390	5.7115	5.6828	5.8095	6.5378	6.3644	8.1159	7.7869	7.0693	4.0693	8.0385
Total Tax Rate	14.3311 (3)	15.3311 (3)	13.8001	15.4462	15.5729	16.3012	13.7874	13.7672	16.1875	16.6129	13.6129	15.5074

* Indicates existing Community Facilities District.

(1) The \$2.00 tax rate represents \$1.00 for the General District and \$1.00 for the Utilities District.

(2) The tax rate includes a \$3.00 tax rate for debt service that is not in place for the 2003-04 fiscal year. A \$0.30 tax rate for operations and maintenance is in place for the 2003-04 fiscal year.

(3) Represents the combined tax rate for a District resident living inside Litchfield Elementary School District No. 79.

(4) Represents an additional tax rate for the Western Maricopa Education Center.

Source: Maricopa County Assessor's Office, August 2003.

MARICOPA COUNTY COMMUNITY FACILITIES DISTRICTS/
 MASTER PLANNED COMMUNITIES TAX RATE BREAKDOWNS
 FISCAL YEAR 2003-04

EAST VALLEY COMMUNITY FACILITIES DISTRICTS					
	Eagle Mountain* <i>(Fountain Hills)</i>	DC Ranch* <i>(Scottsdale)</i>	McDowell Mountain Ranch* <i>(Scottsdale)</i>	Scottsdale Mountain* <i>(Scottsdale)</i>	Tatum Ranch* <i>(Phoenix)</i>
<i>Primary</i>					
State and County	2.6235	2.6235	2.6235	2.6235	2.6235
Elementary School District	3.5608	0.0000	0.0000	0.0000	0.0000
High School District	0.0000	0.0000	0.0000	0.0000	0.0000
Unified School District	0.0000	3.8852	3.9307	3.8852	3.0298
City	0.0000	0.4783	0.4783	0.4783	0.8500
CFD	0.0000	0.0000	0.0000	0.0000	0.0000
Other (1)	0.0000	0.0455	0.0455	0.0455	0.0000
Total Primary	6.1843	7.8325	7.8780	7.8325	6.5033
<i>Secondary</i>					
State and County	0.5985	0.5985	0.5985	0.5985	0.5985
Elementary School District	2.1417	0.0000	0.0000	0.0000	0.0000
High School District	0.0000	0.0000	0.0000	0.0000	0.0000
Unified School District	0.0000	1.3026	1.3547	1.3026	1.4493
City	0.4762	0.6424	0.6424	0.6424	0.9700
CFD	3.0000	2.5500	1.6000	2.4000	1.6500
Other (1)	0.0000	0.0521	0.0521	0.0521	0.0000
Total Secondary	6.2164	5.1456	4.2477	4.9956	4.6678
Total Tax Rate	12.4007	12.1781	11.3257	12.0281	11.1711

* Indicates existing CFD

(1) Represents an additional tax rate for the East Valley Institute of Technology.

Source: Maricopa County Assessor's Office, August 2003.

APPENDIX C

**An analysis of the effect on the City of
Goodyear's general financing abilities**

APPENDIX C

The District's financing is not expected to adversely affect the City's general financing abilities. The Bonds of the District are secured solely from revenues derived from a \$2.70 per \$100 of secondary assessed valuation levied on all taxable property within the District and 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 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. Additionally, the issuance of District debt, in combination with other overlapping political subdivisions, may be a factor when the City's own debt ratings are reviewed by Moody's Investors Service and Standard and Poor's Corporation.

The following table illustrates the District's estimated overlapping debt as of the date of this report:

<u>Overlapping Jurisdiction</u>	2004-05 Net Secondary Assessed Valuation (a)	Net Outstanding Bonded Debt	<u>Proportion Applicable to the District</u>	
			Approx. Percent	Amount
State of Arizona	\$40,861,415,479	\$ 0	0.000%	\$ 0
Maricopa County	30,066,986,670	20,165,000	0.024	4,840
Maricopa County CCD	30,066,986,670	261,015,000	0.024	62,644
City of Goodyear	327,191,619	31,730,000	2.220	704,406
Avondale ESD No. 44	208,085,331	13,075,000	3.490	456,318
Agua Fria UHSD No. 216	571,063,088	49,735,000	1.272	632,629
Cottonflower Community Facilities District	<u>7,262,935</u>	3,085,000(b)	100.000	<u>3,085,000</u>
Total Net Direct and Overlapping General Obligation Bonded Debt				<u>\$4,945,837</u>

(a) Net Secondary Assessed Valuations are preliminary as of February 24, 2004 as provided by the Maricopa County Assessor's Office.

(b) Includes the District's outstanding \$1,760,000 Series 2003 Bonds and the proposed \$1,325,000 District General Obligation Bonds, Series 2004 that is subject to change.

APPENDIX D

**An analysis of the project infrastructure
demand and market absorption**

APPENDIX D

Donros has provided the following data as to home construction and sales within the District

	Units	Total Sales	Per Unit Price
Closed Escrow	515	\$83,430,000	\$162,000
Completed or under construction -			
Sold, in escrow	107	18,562,000	173,000
Unsold	24	4,164,000	173,000
<u>Total as of February 2004</u>	<u>646</u>	<u>106,156,000</u>	<u>164,000</u>
<u>Anticipated additional home starts by April 27, 2004</u>	<u>20</u>	<u>3,320,000</u>	<u>166,000</u>
Projected Total on April 27, 2004	666	109,224,000	164,000

*Per unit price is average based on sales to date and sales under contract.

All of the necessary Public Infrastructure has been completed as it pertains to the 666 units in the above-referenced table.