

RESOLUTION EMRCFD RES 07-057

RESOLUTION OF THE BOARD OF DIRECTORS OF ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA), APPROVING AN AMENDMENT TO THE FEASIBILITY REPORT RELATING TO THE DISTRICT IN ORDER TO REVISE CERTAIN PAGES IN THE FEASIBILITY REPORT; AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A COMMUNITY FACILITIES DISTRICT ASSESSMENT COLLECTION AGREEMENT.

WHEREAS, pursuant to Section 48-715, Arizona Revised Statutes ("A.R.S."), as amended, the Board of Directors (the "*Board*") of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the "*District*"), has previously approved the feasibility report dated June 22, 2006 (the "*Feasibility Report*") submitted by Newland Communities (the "*Developer*") 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 not to exceed \$8,045,000 aggregate principal amount of special assessment revenue bonds of the District (the "*Bonds*"). The Feasibility Report included, among other things, a description of certain public infrastructure to be acquired or constructed (collectively, such infrastructure is referred to as the "*Project*") and all other information useful to understand the Project, an estimate of the cost to construct, acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Projects and a plan for financing the Project; and

WHEREAS, since June 22, 2006, certain progress has been made on the matters described in the original Feasibility Report thus necessitating the submission by the Developer of the amendment to the Feasibility Report, which is evidenced by the letter from Development Planning & Financing Group, LLC dated February 22, 2007 and the attachments thereto (collectively, the Feasibility Report, and the amended information dated February 22, 2007, is hereafter referred to as the "*Amended Feasibility Report*"); and

WHEREAS, the Board has conducted a duly noticed public hearing pertaining to the Amended Feasibility Report and the Board now wishes to approve the Amended Feasibility Report in order to update the matters contained therein; and

WHEREAS, the Amended Feasibility Report has been on file with the District Clerk not less than ten days prior to the public hearing; and

WHEREAS, the District desires to enter into a Community Facilities District Assessment Collection Agreement (the "*Collection Agreement*") with the Treasurer of Maricopa County (the "*County Treasurer*") to allow the District's annual assessments from which the Bonds are to be payable to be collected by the County Treasurer on behalf of the District on the regular tax bills of the County Treasurer for the collection of general property taxes;

BE IT RESOLVED BY THE DISTRICT BOARD OF THE ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT (CITY OF GOODYEAR, ARIZONA), that

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

"*Collection Year*" means the 12-month period commencing on July 1 of any year and ending on June 30 of the subsequent year.

"*Direct Assessment*" means the amount assessed against any parcel of property in the District except for any portion which has been provided to the County Treasurer for Tax Roll Collection as a Tax Roll Installment.

"*Direct Collection*" means collecting and enforcing the Direct Assessments through the procedures set forth in A.R.S. Section 48-600 et seq. except that neither the City of Goodyear (the "*City*") nor the District is obligated to bid on or pay any assessment.

"*Tax Roll Collection*" means collecting and enforcing a Tax Roll Installment by the County Treasurer pursuant to the procedures for collection of general property taxes set forth in A.R.S. Sections 42-18051, et seq. and Section 42-18101, et seq., respectively.

"*Tax Roll Installment*" means any portion of the amount assessed against any parcel of property in the District which the Treasurer of the District determines should be collected by the County Treasurer as a Tax Roll Collection.

Section 2. Approval of Amended Feasibility Report. Based on the review by the Board and the presentation of the Amended Feasibility Report to the Board, the Amended Feasibility Report is hereby adopted and approved in the form on file with the District Clerk and submitted to the Board. The publication by the District Clerk of the notice of the hearing on the Amended Feasibility Report is hereby ratified and approved.

Section 3. Approval of Terms Relating to the Plan of Finance. The Amended Feasibility Report provides for the assessments against the lots and parcels within the District will not exceed \$9,633.32 per lot; this Board hereby approves an assessment methodology which reflects such assessments to not exceed \$9,633.32 and directs the assessments to reflect such assessment methodology.

Section 4. Collection of Assessments. In an effort to more efficiently collect the District's annual assessments from which the Bonds are to be payable, the District hereby approves the form of Community Facilities District Assessment Collection Agreement in substantially the form presented at this meeting and authorizes the same to be executed and delivered and hereby adopts the following procedures for collecting such annual assessments:

A. For each Collection Year, the Treasurer of the District will determine which if any, of the installments of the assessments for that Collection Year should be collected on the tax rolls as Tax Roll Installments.

B. The Treasurer of the District will provide to the County Treasurer the information necessary, in the format necessary, and at the times necessary for Tax Roll Collection of the Tax Roll Installments for that Collection Year, all as provided in the Collection Agreement.

C. Each Tax Roll Installment will be due in two equal payments at the same time and in the same manner as real property taxes.

D. If sufficient funds are not received from the County Treasurer, together with amounts collected by the District Treasurer, in time to make a payment of principal or interest on the Bonds, the Trustee shall apply funds from the Debt Service Reserve Fund or Cash Flow Stabilization Fund, if any, held under the Trust Indenture related to the Bonds to make up the shortfall.

E. Amounts drawn from the Debt Service Reserve Fund or Cash Flow Stabilization Fund, if any, will be repaid when the delinquent Tax Roll Installments are received by the Trustee.

F. Any assessment for which the annual installments are Tax Roll Installments shall be delinquent for the purposes of A.R.S. § 48-600(E) upon notification from the County Treasurer to the District that (i) the first one-half of the annual installment was not paid by November 1 of the Collection Year and the entire annual installment was not paid in full by December 31 of the Collection Year or (ii) the second half of the annual installment was not paid by May 1 of the Collection Year.

G. Upon delinquency, the District may:

(i) proceed with the Direct Collection delinquency procedures set forth in A.R.S. Section 48-600 et seq. with respect to the Direct Assessments portion of the delinquent assessment;

(ii) submit the annual installments for that assessment for the next Collection Year to the County Treasurer for Tax Roll Collection as Tax Roll Installments; or

(iii) collect and enforce the annual installment for that assessment for the next Collection Year under the Direct Collection procedures, and if the assessment becomes delinquent for that Assessment Year, then proceed with the Direct Collection delinquency procedures with respect to the Direct Assessment portion of the delinquent assessment.

H. Notwithstanding any collection procedures or payments with respect to the Direct Assessment, any Tax Roll Installment of that assessment remains collectible by the County Treasurer pursuant to the procedures for enforcing delinquent property taxes until either:

(i) paid; or

(ii) the County Treasurer and the District agree that any delinquent Tax Roll Installment should no longer be collected and enforced under the Tax Roll Collection procedures as a Tax Roll Installment and is transferred back to the District to be collected under the Direct Collection procedures as part of the Direct Assessment.

Section 5. Ratification. All prior acts of the Board relating to the levying of assessments and the issuance of the Bonds, including specifically Resolutions *see below, are hereby ratified and confirmed.

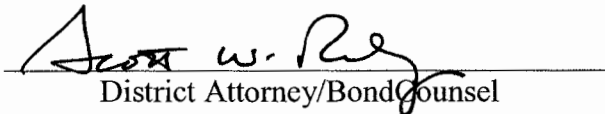
PASSED, ADOPTED AND APPROVED on March 26, 2007.


District Chairman

ATTEST:


District Clerk

APPROVED AS TO FORM:


District Attorney/Bond Counsel

CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) at a regular meeting held on March 26, 2007, and that a quorum was present thereat and that the vote thereon was 6 ayes and 0 nays; 0 did not vote or were absent.


District Clerk

*EMRCFD RES 06-051, EMRCFD RES 06-052, EMRCFD RES 06-054,
EMRCFD RES 07-055 and EMRCFD RES 07-056,

NOTICE OF PUBLIC HEARING

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

NOTICE IS HEREBY GIVEN that the Board of Directors of the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) will meet on March 26, 2007, commencing at 5:00 p.m., which meeting will be held at the Goodyear Justice Facility, 986 South Litchfield Road, Goodyear, Arizona 85338, to conduct a public hearing on, and to consider and review amendments to a feasibility report relative to a proposed project to be financed by the issuance of special assessment revenue bonds of the District. A copy of the amendment to the feasibility report may be reviewed at the office of the District Clerk, 190 North Litchfield Road, Goodyear, Arizona 85338.

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2007-0811440 07/17/2007 02:15
00672400085A-5-1-1--
ELECTRONIC RECORDING

When recorded return to:

James T. Giel, Esq.
Gust Rosenfeld P.L.C.
201 E. Washington Street, Suite 800
Phoenix, Arizona 85004-2327

**COMMUNITY FACILITIES DISTRICT
ASSESSMENT COLLECTION AGREEMENT**

This Community Facilities District Assessment Collection Agreement is by and between the Treasurer of Maricopa County (the "*Treasurer*") and the Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona) (the "*District*").

RECITALS

The District is a community facilities district formed pursuant to A.R.S. Title 48, Chapter 4, Article 6 by the City of Goodyear, Arizona. The Treasurer is the Treasurer of the county within which the District is located.

Pursuant to A.R.S. § 48-721, the District and the Treasurer may enter into an agreement for the collection by the Treasurer of special assessments levied within the District. Now therefore, the District and the Treasurer agree as follows:

1. **Definitions.** The following terms indicated by initial capitals will have the following meanings when used herein:

"*Annual Assessment Amount*" means for any Assessment Parcel the total amount, including principal, interest and fees, to the even penny, to be collected during the Assessment Year on the Assessment with respect to such Assessment Parcel as determined by the District.

"*Assessment*" means with respect to any one or more Assessment Parcels, the amount levied by the District as a special assessment against such parcels to secure the payment of Bonds.

"*Assessment Parcels*" means those lots, parcels and pieces of land identified by an Assessor's Parcel Number and by a District Assessment Number which are subject to unpaid Assessments within the District.

"*Assessment Year*" means the 12-month period beginning July 1 of one calendar year and ending June 30 of the following calendar year.

"*Assessor's Parcel Number*" means that number assigned by the Maricopa County Assessor to identify any particular parcel of property for property tax purposes on the tax roll.

"*Bonds*" means any one or more series of community facilities district assessment bonds issued by the District to fund improvements for the District and secured by Assessments.

"*District Assessment Number*" means that assessment number given to an Assessment Parcel by the District for the purpose of levying the Assessment.

2. **List of Assessment Parcels.** On or before August 1 of each Assessment Year, the District will deliver to the Treasurer a list of the Assessment Parcels for which the District desires the Treasurer to collect the Annual Assessment Amounts for that Assessment Year, identifying each Assessment Parcel by its Assessor's Parcel Number, its District Assessment Number and its legal description, and specifying the Annual Assessment Amount due in that Assessment Year for each Assessment Parcel. Unless otherwise acceptable to the parties, the information shall be in a digital form as a comma-delimited text file where each record/line in the file consists of the following items, separated by a comma:

- District Assessment Number (up to 25 characters);
- Assessor's Parcel Number (no dashes); and
- Annual Assessment Amount (including decimal point, but no commas).

3. **Collection with Tax Bills.** The Treasurer shall include in the regular tax bills for the collection of general property taxes during the Assessment Year, the amount provided by the District for each Assessment Parcel, one-half of the amount due October 1 of the Assessment Year and delinquent as of November 1 of the Assessment Year and one-half of the amount due March 1 of the Assessment Year and delinquent as of May 1 of the Assessment Year.

The Treasurer will take all action to bill for and collect such amounts in the same manner as, and together with, all general property taxes in the County.

4. **Payments of Amount Collected.** The Treasurer shall pay to the District by electronic transfer, in immediately available funds, in the same manner as other general property tax revenues, monthly on the 15th day of each calendar month, all amounts due to the District as a result of the levy of the Assessments during the prior calendar month.

5. **Monthly Reports.** On or before the 15th day of each January and July during the term of this Agreement, the Treasurer shall deliver to the District in a format acceptable to the parties, a list of the Assessments collected, identifying them by Assessor's Parcel Number and District Assessment Number. Periodically, and at the request of the District, the Treasurer may provide a more detailed report.

6. **District Receipt of Payments.** If a tax bill has been issued by the Treasurer, the District shall not collect the amount reflected as due on that bill, but shall direct the taxpayer to pay that portion of the Assessment through payment of the tax bill. The District may accept the balance of the Assessment, subject to paragraph 7 below.

7. **Collection by District.** The District may exercise any of its rights and powers with respect to collection of the balance of any delinquent Assessments and if such enforcement results in the collection of amounts due, after applying any amounts first to the costs of collection, penalties and interest, the District shall apply the amount collected against the balance of the assessment and not the portion which the Treasurer has included on a tax bill.

8. **Collection by Treasurer.** The Treasurer will follow its procedures for collecting any delinquent amounts of the Assessments in the same manner as general property taxes and will include any amounts so collected in the monthly transfers to the District and identify the Assessment Parcels to which they apply. The Treasurer will notify the District in advance of any sale of delinquent taxes which include an Assessment and immediately upon any sale of delinquent taxes which include an Assessment. The Treasurer shall not include in any sale of delinquent taxes any Annual Assessment Amount which has been paid, whether to the Treasurer or the District.

9. **Treasurer's Fee.** The Treasurer may charge the District a fee for expenses directly related to programming for, billing and collecting the Annual Assessment Amount by the Treasurer. The fee shall be billed separately to the District prior to the inclusion of the Assessment Amount on the tax bills and shall not exceed \$6.00 per parcel for each year the Assessment Amount is included on a parcel's tax bill. The District shall remit this fee to the Treasurer prior to the inclusion of the Assessment Amount on the tax bills. Any compensation received by the Treasurer from the fee shall be governed by A.R.S. § 11-496, as amended, and shall not be applied against or reduce the Annual Assessment Amount due.

10. **Term.** The term of this Agreement shall be for the term of any Bonds issued and outstanding, unless extended or terminated early as provided herein. This Agreement may be terminated by either party effective with respect to the Assessment Year commencing no sooner than 60 days after written notice of intent to terminate is delivered to the other party. Termination of this Agreement does not terminate the obligation to continue to report on collections of delinquent amounts and for the Treasurer to transmit to the District any amounts collected for so long as any Annual Assessment Amounts included in bills by the Treasurer prior to termination remain unpaid.

11. **Examination of Records.** The District or its duly authorized agents may examine the records relating to the Assessment at the office of the Treasurer where such records are kept at reasonable times as agreed upon with the Treasurer.

12. **Invalid Provisions.** If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and

the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

13. **Conflict of Interest.** Each party gives notice to the other party that A.R.S. Section 38-511 provides that either party may within three (3) years after its execution cancel this Agreement without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of such party, is at any time while this Agreement or any extension of this Agreement is in effect, an employee or agent of the other party in any capacity or a consultant to the other party with respect to the subject matter of this Agreement.

14. **Effective Date.** This Agreement shall be effective upon recordation with the Maricopa County Recorder.

MARICOPA COUNTY TREASURER

By: 

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

By: 

ATTEST: 

State of Arizona
County of Maricopa

The foregoing instrument was acknowledged before me this 16th day of July, 2007, by David Schweckert, the Treasurer of Maricopa County, Arizona.



Betty Moser
Notary Public

09/16/2007

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 2 day of April, 2007, by James M. Cavanaugh, as Chairman of the District Board of Estrella Mountain Ranch Community Facilities District (City of Goodyear, Arizona), an Arizona community facilities district.

(Seal and Expiration Date)



Lynn J. Mulhall
Notary Public

07/31/2009



3302 E. INDIAN SCHOOL ROAD
PHOENIX, AZ 85018
TEL (602) 381-3226
FAX (602) 381-1203
www.dpfg.com

March 1, 2007

Ms. Sheila Mills
City of Goodyear
190 North Litchfield Road
Goodyear, Arizona 85338

RE: EMR Special Assessment Feasibility Report Amendments

Dear Ms. Mills,

This letter presents requested amendments to the Estrella Mountain Ranch Special Assessment Feasibility Report, Montecito Assessment District Series 2006 ("Feasibility Report") which was approved by the District Board on July 10, 2006. The amendments are requested in order to conform the Feasibility Report to the Montecito Special Assessment Methodology prepared by the District Engineer, Willdan which was dated January 4, 2007.

1. **Plan of Finance – Item 9 on page 15 of the Feasibility Report.** The following replaces item 9 in its entirety:

Lots are requested to be assessed in accordance with the Montecito Special Assessment Methodology ("Assessment Methodology") prepared by the District Engineer, Willdan. Pages 1 through 13 of the Assessment Methodology are included in Appendix C. With respect to parcels 7.2, 7.3, 7.6, 7.7, 7.8, 7.9, 7.10, 9.2 and 9.3, NNP III – Estrella Mountain Ranch, LLC has agreed with the owners of such parcels that assessments will not exceed \$8,000 per lot. This means that the final assessments for each lot in parcels 7.2, 7.3, and 9.2 must be paid down to \$8,000 by NNP III – Estrella Mountain Ranch, LLC prior to the closing of the special assessment revenue bonds. Parcels 7.14 and 9.1 are owned by NNP III – Estrella Mountain Ranch, LLC and the assessments are \$8,303 and \$8,228, respectively. There are no plans to pay down the assessments on such parcels to \$8,000 per lot prior to the sale of such parcels to homebuilders or the development of single family homes on such parcels. The average annual special assessment lien payments are anticipated to range from approximately \$460 to \$724.



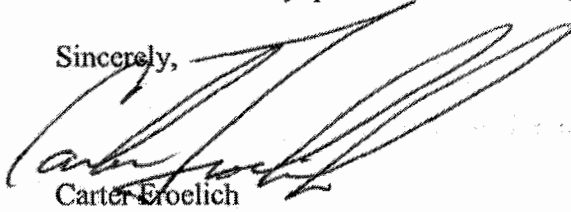
2. **Appendix B – Form of Disclosure Pamphlet.** The original table displaying the annual CFD payments included in the Form of Disclosure Pamphlet is revised to conform to the updated version of item 9 of the Plan of Finance in the Feasibility Report stating all parcels not owned by NNP III – Estrella Mountain Ranch, LLC, will have assessments not to exceed \$8,000 per lot. Language has also been included to state the special assessment payments are anticipated to be collected through the Maricopa County property tax bills. Additionally, the contact information of the CFD Division of Finance for the City of Goodyear has been included should the future homeowners have any questions or concerns regarding the special assessments or the District property tax. A revised copy of Appendix B is attached hereto.

3. **Appendix C – Assessment Area and Allocation of Assessment Estimates.** The original table included in Appendix C is revised to conform to the “Special Assessment Lien Bonds (Series 2007) Montecito Estimated Assessment Per Lot” from the Montecito Special Assessment Methodology prepared by the District Engineer, Willdan. A revised copy of Appendix C is attached hereto.

4. **Appendix D – Impact of the Assessments.** The original table included in Appendix D is revised to conform to the “Special Assessment Lien Bonds (Series 2007) Montecito Estimated Assessment Per Lot” from the Montecito Special Assessment Methodology prepared by the District Engineer, Willdan. A revised copy of Appendix D is attached hereto.

Should there be any questions or concerns, please feel free to contact me.

Sincerely,



Carter Broelich
Managing Principal

CTF/ajf

GWYNE M. HENNING
602.257.7447
FAX: 602.340.1538
ghenning@gustlaw.com

March 12, 2007

Via Facsimile and e-mail

Legal Advertising Department
Phoenix Newspapers
220 East Van Buren Street
Phoenix, Arizona 85004

Re: Estrella Mountain Ranch Community Facilities District
Notice of Public Hearing

Dear Sir or Madam:

Enclosed is a copy of the notice of public hearing for the above-referenced District. Please publish the notice in The Arizona Republic (the neighborhood section for the Goodyear area) for one publication at your convenience in the usual typeface you use for legal notice publications, but in no event use anything larger than a 6-point typeface without our prior approval. If there is any question as to what section of the paper to publish this in or timing of the publication, please call me immediately at 602.257.7447.

Please send us a tear sheet of the publication and your affidavit of publication as soon as the publication has been completed. We are forwarding this notice to you at the request of the City of Goodyear. You may want to call Ms. Dee Cockrum at the City, at 623.882.7827, for a purchase order or any further information. The bill for publication should be sent to Dee Cockrum at the City of Goodyear.

If you have any questions regarding this letter, please call me.

Very truly yours,

Gwyne M. Henning
Paralegal

Enclosure
717059.1

cc: Ms. Dee Cockrum

APPENDIX B

FORM OF DISCLOSURE PAMPHLET ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

Buyer(s): _____
Lot: _____ Parcel _____
Date of Sale _____
Homebuilder: _____

General CFD Provisions

The home you are purchasing is within the Estrella Ranch Community Facilities District (the "CFD"). The CFD was formed on November 22, 1999 to finance the acquisition, construction and maintenance of public infrastructure benefiting Estrella Mountain Ranch Community Facilities District. The CFD issues general obligation and/or special assessment bonds to raise funds to pay for acquisition and construction of these improvements and operation and maintenance expenses. The CFD also obtains funds from an ad valorem property tax levied against all property located within the CFD to pay for operation and maintenance expenses.

Ad Valorem Taxes of the CFD

General obligation bonds and the CFD's operation and maintenance expenses are paid from ad valorem property taxes levied against all property within the CFD. Currently, \$1.30 is added to the property tax rate; however, such adjustment to the tax rate could vary depending upon factors including the amount financed with general obligation bonds, the terms of financing, and the assessed valuation (i.e., for tax purposes) of property within the CFD. Your share of general obligation bond payments and expenses are included as part of your regular Maricopa County property tax statement and are separately shown in addition to taxes levied by the City of Goodyear and other political subdivisions.

Special Assessments of CFD

Special assessment bonds are paid from special assessment payments secured by an assessment lien on each benefited lot within a special assessment area. Special assessment areas are formed from time to time based on the public improvements being constructed or acquired with proceeds of the special assessment bonds. The amount of the special assessment liens vary depending upon the size of the lot within the special assessment area, the benefits estimated to be received by each such lot the cost of the public improvements to be financed, and the financing terms of the applicable special assessment bonds. The special

assessment payments as well as the applicable administrative charges are anticipated to be collected through your regular Maricopa County property tax bill.

Initial Financing’s Cost to Homeowner

At the request of _____, a _____, the prior owner of Parcel _____, the CFD has formed a special assessment area (the “Special Assessment Area”) that includes Parcel _____ for the construction and/or acquisition of certain public improvements, i.e., construction of _____. The CFD has assessed each lot within Parcel _____ in the amount of \$_____ (the “Assessment”).

The following shows the total annual CFD taxes including the CFD operational and maintenance tax, for repayment of expected CFD general obligation bonds as well as the anticipated special assessment obligation.

Market Value of Residence	Estimated Annual General Obligation and Expense Payment (1)	Estimated Annual Special Assessment Payment (2)	Estimated Total Annual CFD Tax Payments (3)
\$250,000	\$267	\$698	\$965
\$275,000	\$293	\$698	\$991
\$300,000	\$320	\$698	\$1,018
\$325,000	\$346	\$698	\$1,044
\$350,000	\$373	\$698	\$1,071
\$375,000	\$400	\$698	\$1,098
\$400,000	\$426	\$698	\$1,124

Footnotes:

- (1) General obligation bond debt service and operations and maintenance expenses assuming a \$1.30 increase in the ad valorem property tax rate per \$100 of assessed value. The estimated annual additional tax liability will vary depending upon the final terms of the General Obligation Bonds.
- (2) Estimated annual assessment payment based on single family detached lots with assessments not to exceed \$8,000 per lot since parcels 7.14 and 9.1 will exceed \$8,000 per lot.
- (3) All of the taxes and charges described above are in addition to any taxes, fees and charges imposed by the City of Goodyear or other political subdivisions and are in addition to any assessments or fees imposed by any homeowners association.

Homeowner’s Acknowledgments

By signing this disclosure statement, you as a contract purchaser of a lot located within the CFD and the Special Assessment Area (i) acknowledge receipt of this Disclosure; (ii) agree that you have been granted an opportunity to review the material contained in this Disclosure; and (iii) agree that you accept an assessment lien estimated to be approximately \$_____ against your lot that secures your share of the special assessments due for the Special Assessment Area. The Assessment and any applicable administrative charges will be paid by you, the owner of the assessed lot, and are anticipated to be collected through your regular Maricopa County property tax bill. If the Assessment is not paid, the CFD has the right to institute proceedings to foreclose the assessment lien and sell your property. Should there be

any questions or concerns regarding special assessments or the District property tax, please contact the CFD Division of Finance for the City of Goodyear at (623) 932-3015.

Your signature below acknowledges that you have received, read and understood this document at the time you have signed our purchase contract and agree to its terms.

[name]

[name]

[address]

[address]

Date: _____, 200__

Date: _____, 200__

APPENDIX C

ASSESSMENT AREA AND ALLOCATION OF ASSESSMENT ESTIMATES

Description	Total Allocation of Assessment Amount	Number of Units	Special Assessment Per Lot
Planning Area 7.1	\$ 935,831	134	\$ 6,983.81
Planning Area 7.2	\$ 1,008,000	126	8,000.00
Planning Area 7.3	\$ 688,000	86	8,000.00
Planning Area 7.5	\$ 579,759	110	5,270.54
Planning Area 7.6	\$ 499,595	83	6,019.22
Planning Area 7.7	\$ 529,298	91	5,816.46
Planning Area 7.8	\$ 161,859	27	5,994.76
Planning Area 7.9	\$ 278,103	45	6,180.07
Planning Area 7.10	\$ 333,724	54	6,180.07
Planning Area 7.14	\$ 763,873	92	8,302.97
Planning Area 9.1	\$ 855,666	104	8,227.56
Planning Area 9.2	\$ 536,000	67	8,000.00
Planning Area 9.3	\$ 513,785	84	6,116.49
Total	\$ 7,683,493	1,103	

Footnote:

(1)The Assessments allocated to planning areas 7.2, 7.3, and 9.2 will be paid down prior to the closing of the special assessment revenue bonds by NNP III – Estrella Mountain Ranch, LLC due to prior agreements with the current property owners. Parcels 7.14 and 9.1 will not be paid down because these parcels are currently owned by NNP III – Estrella Mountain Ranch, LLC.

**CITY OF GOODYEAR, ARIZONA
ESTRELLA MOUNTAIN RANCH
COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT REVENUE BOND SERIES 2007**

**MONTECITO SPECIAL ASSESSMENT
METHODOLOGY**

Prepared by:

**WILLDAN
7500 North Dreamy Draw, Suite 130
Phoenix, AZ 85020-4660
(602) 870-7600**

Dated January 4, 2007

**CITY OF GOODYEAR, ARIZONA
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT REVENUE BOND SERIES 2007**

MONTECITO SPECIAL ASSESSMENT METHODOLOGY

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**CITY OF GOODYEAR, ARIZONA
ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT
SPECIAL ASSESSMENT REVENUE BOND SERIES 2007
MONTECITO ASSESSMENT METHODOLOGY**

Willdan, the District Engineer for the Estrella Mountain Ranch Community Facilities District ("Estrella Mountain Ranch CFD"), makes this report of benefit as directed by City staff in support of the *Feasibility Report for the Issuance of Estrella Mountain Ranch Community Facilities District Special Assessment Revenue Bonds Montecito Assessment District Series 2007*, prepared by NNPIII – Estrella Mountain Ranch, LLC and dated June 22, 2006 ("Feasibility Report").

Project Description

The Estrella Mountain Ranch master planned community ("Development") consists of 9,771 acres and is located in Goodyear, Arizona. On November 22, 1999 the Estrella Mountain Ranch Community Facilities District was established to finance the construction and/or acquisition of public infrastructure that are part of the Development. Montecito consists of an estimated 1,103 residential lots within approximately 424 gross acres of the larger 9,771-acre Development. The Montecito Special Assessment Revenue Bonds Series 2007 ("Bond Issue") relates to the construction or acquisition of public infrastructure that will benefit development of Montecito. Details related to the project area, infrastructure improvements, costs, and land use can be found in the Feasibility Report.

Description of Improvements

The improvements that will be funded by the Bond Issue and are the subject of this report will be constructed and acquired public infrastructure that are eligible for funding according to Arizona Revised Statutes Title 48 Community Facilities Act of 1989. The improvements are more fully described in Section 2 of the Feasibility Study. Briefly, the improvements are described as follows:

Street Improvements

The design and construction of certain engineering, design, survey, paving, concrete, including curb, gutter, sidewalks, valley gutters, aprons, traffic control systems, street signs, enhanced landscaping, permits and fees, together with appurtenances and appurtenant work along with an allowance for contingencies for the following arterial roadways:

- Calistoga Drive – Phase I, approximately 5,950 lineal feet main back-bone road for all parcels.
- Galveston Drive, approximately 1,000 lineal feet provides access to Parcels 7.14, 9.1, and 9.2.
- 178th Avenue, approximately 800 lineal feet, creating access to Parcels 7.1, 7.2, and 7.3.
- Lavender Lane (formerly Terre Street), approximately 100 lineal feet provides the secondary access to Parcels 7.2 and 7.3.
- Verdin Road, approximately 112 lineal feet providing access to Parcels 7.2 and 7.3.

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Storm Sewer Improvements

The design and construction of the following storm sewer improvements together with permits, fees, appurtenances, appurtenant work, and an allowance for contingencies:

- Calistoga Drive – Phase I, approximately 1,600 lineal feet of rubber gasket reinforced concrete (RGRCP) pipe in varying diameters from 18-inch to 36-inch diameter along with 160 lineal feet of 4 - 10' x 4' concrete box culvert with headwalls
- Galveston Drive, approximately 260 lineal feet of 18-inch RGRCP pipe.
- 178th Avenue, approximately 88 lineal feet of 4 – 10' x 4' concrete box culvert with headwalls.
- Lavender Lane (formerly Terre Street) and Verdin Road, approximately 72 lineal feet of 3 – 10' x 4' concrete box culvert with headwalls.

Sanitary Sewer Line Improvements

The design and construction of the following sanitary sewer line improvements together with permits, fees, appurtenances, appurtenant work, and an allowance for contingencies:

- Calistoga Drive – Phase I, approximately 2,800 lineal feet.
- Lavender Lane (formerly Terre Street) and Verdin Road, approximately 97 lineal feet.

Water Line Improvements

The design and construction of the following potable and non-potable water improvements together with permits, fees, appurtenances, appurtenant work, and an allowance for contingencies:

- Calistoga Drive – Phase I approximately 18,250 lineal feet.
- Galveston Drive - approximately 2,500 lineal feet.
- 178th Avenue - approximately 2,000 lineal feet.
- Lavender Lane (formerly Terre Street) and Verdin Road - approximately 250 lineal feet.

Preliminary Cost Estimate

The Bond Issue secured by remaining unpaid assessments is proposed to be issued in accordance with the Arizona Revised Statutes, the City of Goodyear, Arizona Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts, Development, Financing Participation and Intergovernmental Agreement No. 1 (Estrella Mountain Ranch Community Facilities District), and the Estrella Mountain Ranch Community

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Facilities District Waiver and Development Agreement. A summary of the public infrastructure to be financed through the Bond Issue includes the following:

**SPECIAL ASSESSMENT REVENUE BONDS SERIES 2007
MONTECITO SPECIAL ASSESSMENT**

ESTIMATED IMPROVEMENT COSTS

<u>Improvement Projects</u>	<u>Estimated Costs Funded Through Bond Issue</u>
IMPROVEMENTS	
<i>Calistoga Drive</i>	
Engineering, Surveying	\$ 207,002
Landscape Design	\$ 62,000
Permits, Fees	\$ 204,410
Sanitary Sewer	\$ 204,659
Water	\$ 429,896
Non-Potable Water	\$ 307,255
Storm Drainage	\$ 580,985
Concrete	\$ 757,270
Paving	\$1,479,520
Enhanced Landscaping	\$ 399,270
Contingency/Taxes	<u>\$ 981,086</u>
	\$5,613,353
<i>Galveston Drive</i>	
Engineering, Surveying	\$ 61,147
Landscape Design	\$ 4,200
Permits, Fees	\$ 16,269
Water	\$ 54,606
Non-Potable Water	\$ 66,240
Storm Drainage	\$ 15,020
Concrete	\$ 94,736
Paving	\$ 168,159
Enhanced Landscaping	\$ 27,759
Contingency/Taxes	<u>\$ 103,764</u>
	\$ 611,902
<i>178th Avenue</i>	
Engineering, Surveying	\$ 58,665
Landscape Design	\$ 4,200
Permits, Fees	\$ 28,603
Water	\$ 70,100
Non-Potable Water	\$ 41,550

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Storm Drainage	\$ 305,910
Concrete	\$ 98,429
Paving	\$ 143,102
Enhanced Landscaping	\$ 28,400
Contingency/Taxes	<u>\$ 157,268</u>
	\$ 936,227
<i>Lavender Lane (formerly Terre Street) and Verdin Road</i>	
Engineering, Surveying	\$ 13,743
Landscape Design	\$ 1,050
Permits, Fees	\$ 16,994
Sanitary Sewer	\$ 7,830
Water	\$ 18,217
Storm Drainage	\$ 201,096
Concrete	\$ 65,771
Paving	\$ 40,765
Enhanced Landscaping	\$ 6,960
Contingency/Taxes	<u>\$ 75,002</u>
	\$ 447,428
TOTAL ESTIMATED COST OF IMPROVEMENTS ⁽¹⁾	\$7,608,910
GENERAL INCIDENTALS	
Bond Counsel	\$ 80,000
Assessment Engineer	\$ 35,000
Appraisal	\$ 35,000
Printing	\$ 10,000
Trustee	\$ 15,000
Financial Advisor	\$ 15,000
Underwriter Counsel	\$ 45,000
Miscellaneous/Excess Construction Costs	<u>\$ 5,000</u>
Subtotal General Incidentals	\$ 240,000
MAXIMUM IMPROVEMENT COSTS TO BE REIMBURSED	\$ 6,735,500
TOTAL COSTS AND INCIDENTALS TO BE REIMBURSED	\$ 6,975,500

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BOND ISSUANCE COSTS	
Capitalized Interest (18 months, 7.5%)	\$ 505,000
Underwriter Discount	\$ 195,000
Reserve Fund (maximum annual debt service)	<u>\$ 804,500</u>
Total Bond Issuance Costs	\$ 1,504,500
TOTAL ASSESSMENT AMOUNT	<u>\$ 8,480,000</u>
LESS CASH PAYMENTS	\$ 435,000
AMOUNT TO BOND	\$ 8,045,000

Detailed cost estimates for the infrastructure listed above are included as Appendix E of the Feasibility Report.

Footnotes

- (1) The cost estimates exclude private utility installation, entry monumentation, and tot lot costs. The estimated costs of the improvements is greater than the maximum reimbursement by the District.

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Assessment Methodology

The State of Arizona Revised Statutes provide that assessments be allocated in proportion to the benefits received by each lot from the improvements. For purposes of the Estrella Mountain Ranch Community Facilities District Special Assessment Revenue Bonds Series 2007, the original assessed amount (prior to cash payments) and consequently the remaining assessments securing the proposed assessment bond amount of \$8,045,000 is allocated to the lots within the Montecito Special Assessment area based upon the following benefit methodology.

Introduction

The works of improvement to be financed by the Bond Issue consist of backbone facilities that provide traffic access and control, sanitary and storm sewer, and potable and nonpotable water for the properties within Montecito. The improvements are more fully described in Section Two of the Feasibility Report.

Roadway Improvements

The street related improvements to be installed within Montecito consist of new construction and/or acquisition of the collectors Calistoga Drive - Phase I, Galveston Drive, 178th Avenue, and a portion of Lavender Lane (formerly Terre Street) and Verdin Road. These roadways provide access to the residential superpads, school pad, and park sites located within Montecito. Calistoga Drive provides direct and special benefit to all the developable parcels to be assessed, in that direct ingress and egress is made available to all parcels within Montecito. The cost estimate excludes ineligible costs such as dry utilities and monument structures.

The construction of Calistoga – Phase I provides an area-wide system of streets to serve as the ingress/egress to parcels within Montecito. This roadway served as the collector to the residential lots, school site and park sites providing equal access for properties within the Montecito area and allowing travel to areas outside of the Montecito boundaries. The specific alignment or proximity of a collector street in relation to a specific property is not the paramount factor in the determination of special benefit due to the fact that, in most cases, the location and alignment of collector streets are dependent on the conceptual land use plan. As a result, the location and alignment could have been entirely different from the currently planned location and alignment. Furthermore, all properties within the district will have access for ingress and egress to the arterial roadways being funded. Therefore, the construction of Calistoga Drive is a direct and special benefit to the properties addressed in this report. This initial calculation is based on acreage.

The benefit of roadway improvements to properties within Montecito will be allocated to the respective properties on the basis of the following traffic generation factors. The traffic generation varies based on the land use of each residential parcel. Trip generation factors are

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used to allocate roadway improvement benefit because the usefulness of roadways is a function of the number of vehicle trips per day generated by the land uses served by the roads. Therefore, traffic generation factors are an appropriate basis for the apportionment of the street improvement costs and traffic signals among the benefited parcels.

Traffic engineers have developed traffic generation factors related to development density and type of land use. The Institute of Traffic Engineers ("ITE") has developed standards that are nationally recognized within the industry, which we deem appropriate to measure the benefit within Montecito. The traffic generation factors shown below are derived from the National ITE Trip Generation 6th Edition Manual. Dwelling units that are larger in size and more expensive are statistically shown to have a higher rate of trip generation per unit than those smaller in size and less expensive as a result of a higher usage of services such as pool cleaners, maids, gardeners, and deliveries. Using the standard equations for traffic generated by type of land use, the following distinctions are made between the premium lots and the standard lots in the development:

- Residential Standard Lot 9.00 per unit
- Residential Cluster Lot 7.50 per unit

The Montecito community is all single family residential with two areas planned for "close-lot" or "clustered" lots. In order to create an equivalency between these residential properties a two-step process will be used in allocating roadway costs. First, the assessment of the cost and expense will be allocated to all planning areas within Montecito based on acreage. The purpose is to allocate costs to the park and school parcels. The Second step will be reallocating the cost and expense to the residential parcels only by the traffic generation factors listed above. The total cost and expense to each parcel within a single-family residential tract will be allocated to each lot as an equal assessment.

In the event development occurs differently then currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

Sanitary Sewer and Potable/Nonpotable Water Cost

The sanitary sewer line improvements and the potable and nonpotable water improvements consist of a series of lines and improvements placed in the streets that extend along the frontage of each development. These improvements provide for an orderly development of infrastructure service to the area by providing storm water protection and sanitary sewer and water service for each developed lot. The benefit of these improvements will be allocated to each property based on the estimated front footage within a planning area.

In apportioning the benefit of sewer and water improvements to the residential property within the Montecito assessment area, a two-step process will be used. First, the assessment of the

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cost and expense will be allocated to the residential planning areas within Montecito on a per lot basis. Second, as maps are recorded, the assessments will be divided equally to each residential lot within the planning area. Therefore, within a single-family residential tract, each lot will receive an equal assessment.

In the event development occurs differently than currently projected, the assessment liens at the planning area level can be adjusted to meet the intent of this benefit analysis. However, in the event an assessment lien has been allocated to a final residential lot, the lien may not be increased as a result of changes in development.

School Site

The cost and expense to the school site have been allocated to the residential lots based on the number of lots in each parcel and the distance of the parcel from the school site. Proximity to the school is a benefit. A factor of 1.00 was given to the parcels where the majority of the parcel is within 1,500 lineal feet (l.f.) of the center of the school parcel. These are parcels 7.9, 7.10, 7.14, 9.1, 9.2, and 9.3. The benefit was calculated to be \$227.00 per lot.

A factor of 0.80 was given to the parcels between 1,500 l.f. and 2,500 l.f. from the center of the school parcel. These are parcels 7.5, 7.6, 7.7, and 7.8. The benefit was determined to be \$181.60 per lot.

A factor of 0.25 was given to the parcels located farther than 2,500 l.f. from the center of the school site. Parcels 7.1, 7.2, and 7.3 were allocated \$56.75 per lot.

Parcel No.	Assessment for the School per lot
7.1	\$ 56.75
7.2	\$ 56.75
7.3	\$ 56.75
7.5	\$ 181.60
7.6	\$ 181.60
7.7	\$ 181.60
7.8	\$ 181.60
7.9	\$ 227.00
7.10	\$ 227.00
7.14	\$ 227.00
9.1	\$ 227.00
9.2	\$ 227.00
9.3	\$ 227.00

Parks

The costs and expenses of the parks were allocated among the parcels on a per lot basis with proximity to the park. Location to the park is the benefit. The closer in distance a parcel is to the park the greater the benefit. The multipliers used are as follows:

- Parcels located within 1,000 linear feet of the park have a multiplier of 1.00.
- Parcels located within 2,000 linear feet of the park have a multiplier of 0.75.
- Parcels located within 3,000 linear feet of the park have a multiplier of 0.40.
- Parcels located greater than 3,000 linear feet of the park have a multiplier of 0.10.

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The park on parcel 7.4 will give the greatest benefit to Parcel 7.1, 7.2, 7.3, 7.5, 7.6 and 7.7. A multiplier of 1.00 was used. Parcels 7.8, 7.9, and 7.10 have a multiplier of 0.75. Parcel 7.14 has a multiplier of 0.40 and parcels 9.1, 9.2, and 9.3 have a multiplier of 0.10.

The park on parcel 7.11 will give the greatest benefit to Parcel 7.9, 7.10, 7.14, and 9.3 where a multiplier of 1.00 was used. Parcels 7.6, 7.8, 9.1 and 9.2, have a multiplier of 0.75. Parcels 7.5 and 7.7 have a multiplier of 0.40 and parcels 7.1, 7.2, and 7.3 have a multiplier of 0.10.

The park on parcel 7.12 will give the greatest benefit to Parcel 7.9, 7.10, and 9.3 and a multiplier of 1.00 was used. Parcels 7.6, 7.8, 7.14, 9.1, and 9.2, have a multiplier of 0.75. Parcels 7.5 and 7.7 have a multiplier of 0.40 and parcels 7.1, 7.2, and 7.3 have a multiplier of 0.10.

Parcel No.	Assessment for Park 7.4	Assessment for Park 7.11	Assessment for Park 7.12	Total Assessment for the Parks per lot
7.1	\$ 109.70	\$ 20.67	\$ 44.31	\$ 174.68
7.2	\$ 109.70	\$ 20.67	\$ 44.31	\$ 174.68
7.3	\$ 109.70	\$ 20.67	\$ 44.31	\$ 174.68
7.5	\$ 109.70	\$ 82.66	\$ 177.23	\$ 369.60
7.6	\$ 109.70	\$ 154.99	\$ 332.31	\$ 597.00
7.7	\$ 109.70	\$ 82.66	\$ 177.23	\$ 369.60
7.8	\$ 82.28	\$ 154.99	\$ 332.31	\$ 569.58
7.9	\$ 82.28	\$ 206.66	\$ 443.07	\$ 732.01
7.10	\$ 82.28	\$ 206.66	\$ 443.07	\$ 732.01
7.14	\$ 43.88	\$ 206.66	\$ 332.31	\$ 582.85
9.1	\$ 10.97	\$ 154.99	\$ 332.31	\$ 498.27
9.2	\$ 10.97	\$ 154.99	\$ 332.31	\$ 498.27
9.3	\$ 10.97	\$ 206.66	\$ 443.07	\$ 660.70

Project Incidentals and Bond Issuance Costs

These costs increase the assessments for each assessment area in proportion to the special assessments allocated thereto for the improvement construction costs. This is deemed an appropriate charge related to the Community Facilities District. Therefore, Project Incidentals and Bond Issuance Costs are allocated to each parcel based on the number of residential lots in parcel.

Apportionment

Properties within the Montecito assessment area consist of large unsubdivided acreage, which are expected to be developed in conformance with the Estrella Mountain Ranch Preliminary

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Plat Maps. Upon recordation of these maps, the initial method of assessing the eligible improvement cost to each property will be in accordance with the above-described method of assessment.

The assessments for properties within Montecito may be subject to further apportionment since the property may experience lot line adjustments as properties are sold or residential lots are created. Upon recordation of subdivision, parcel or lot line adjustment maps, the assessment for residential parcels will be apportioned equally based on the number of similar assessable lots or multi-family units.

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Estimated Special Assessment Liens Per Lot

Based upon the information presented above, the estimates of the assessment to be placed upon each of the 1,103 lots located within Montecito are as follows:

**SPECIAL ASSESSMENT LIEN BONDS (SERIES 2007) MONTECITO
ESTIMATED ASSESSMENT PER LOT**

Assessment Number (1)	Parcel No.	Est. No. of Lots	Net Acreage (2)	Maximum Improvement Assessment Costs	Capitalized Interest (3)	Reserve Fund (3)	Assessment Lien Per Parcel (4)	Assessment Lien Per Lot
30	7.1	134	16.49	\$ 776,743	\$ 61,351	\$ 97,736	\$ 935,831	\$ 6,983.81
31-01-001 thru 126	7.2	126	39.91	\$ 1,064,209	\$ 57,688	\$ 91,901	\$ 1,213,798	\$ 9,633.32
32-01-001 thru 086	7.3	86	27.84	\$ 726,365	\$ 39,374	\$ 62,726	\$ 828,465	\$ 9,633.32
	7.4	Park	7.30					
33	7.5	110	17.93	\$ 449,165	\$ 50,363	\$ 80,231	\$ 579,759	\$ 5,270.54
34-01-001 thru 083	7.6	83	30.28	\$ 401,056	\$ 38,001	\$ 60,538	\$ 499,595	\$ 6,019.22
35-01-001 thru 091	7.7	91	27.75	\$ 421,261	\$ 41,664	\$ 66,373	\$ 529,298	\$ 5,816.46
36-01-001 thru 027	7.8	27	12.13	\$ 129,804	\$ 12,362	\$ 19,693	\$ 161,859	\$ 5,994.76
37-01-001 thru 045	7.9	45	23.28	\$ 224,678	\$ 20,603	\$ 32,822	\$ 278,103	\$ 6,180.07
38-01-001 thru 054	7.10	54	17.44	\$ 269,614	\$ 24,723	\$ 39,386	\$ 333,723	\$ 6,180.07
	7.11	Park	10.50					
	7.12	Park	21.65					
	7.13	School	15.00					
39	7.14	92	27.74	\$ 654,649	\$ 42,121	\$ 67,102	\$ 763,872	\$ 8,302.97
40	9.1	104	22.92	\$ 732,195	\$ 47,616	\$ 75,855	\$ 855,666	\$ 8,227.56
41-01-001 thru -067	9.2	67	25.06	\$ 471,703	\$ 30,675	\$ 48,868	\$ 551,246	\$ 8,227.56
42-01-001 thru 084	9.3	84	41.32	\$ 414,059	\$ 38,459	\$ 61,267	\$ 513,785	\$ 6,116.49
		1103	384.53	\$ 6,735,500	\$ 505,000	\$ 804,500	\$ 8,045,000	

Footnotes

- (1) Special assessment liens will not be placed upon common areas, areas owned by home owners associations, public right-of-way, property owned by the District, or other governmental/public entities. These areas include the Parks on Parcels 7.4, 7.11, and 7.12 along with the school site located on Parcel 7.13.
- (2) Net acres provided by the Developer. Includes net acres for property within the District only. Special assessments per lot are subject to adjustment based upon changes in the number of developable lots ultimately established by the recording of the final subdivision plat. All numbers are rounded.

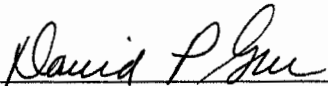
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Upon recordation of a plat map, the number of lots will be reviewed. If at that time the appraised value is not four times the lien amount, the amount of lien in excess of one-fourth of the valuation will be pre-paid by the property owner.

- (3) Amounts provided by the Underwriter.
- (4) Assessment Lien is at the planning parcel level.

Conclusion

Based upon the information presented herein, it is our opinion that the special assessment allocation methodology results in assessments being allocated in proportion to the benefits received by each parcel therein for the improvements to be provided thereby.



David P. Gue, P.E.

APPENDIX D

IMPACT OF THE ASSESSMENTS

Description	Special Assessment Per		Annual Assessment
	Lot	Payment	
Planning Area 7.1	\$ 6,983.81	\$ 608.91	
Planning Area 7.2	8,000.00	697.51	
Planning Area 7.3	8,000.00	697.51	
Planning Area 7.5	5,270.54	459.53	
Planning Area 7.6	6,019.22	524.81	
Planning Area 7.7	5,816.46	507.13	
Planning Area 7.8	5,994.76	522.68	
Planning Area 7.9	6,180.07	538.83	
Planning Area 7.10	6,180.07	538.83	
Planning Area 7.14	8,302.97	723.93	
Planning Area 9.1	8,227.56	717.35	
Planning Area 9.2	8,000.00	697.51	
Planning Area 9.3	6,116.49	533.29	

Footnote:

(1)The Assessments allocated to planning areas 7.2, 7.3, and 9.2 will be paid down prior to the closing of the special assessment revenue bonds by NNP III – Estrella Mountain Ranch, LLC due to prior agreements with the current property owners. Parcels 7.14 and 9.1 will not be paid down because these parcels are currently owned by NNP III – Estrella Mountain Ranch, LLC.

SECTION FIVE

PLAN OF FINANCE

- 9) Single family detached lots are requested to be assessed \$8,000 and high density single family attached lots are requested to be assessed \$4,800. Average annual payments are anticipated to be \$656 and \$394 respectively.

APPENDIX B

FORM OF DISCLOSURE PAMPHLET

APPENDIX B

FORM OF DISCLOSURE PAMPHLET ESTRELLA MOUNTAIN RANCH COMMUNITY FACILITIES DISTRICT

Buyer(s): _____
Lot: _____ Parcel _____
Date of Sale _____
Homebuilder: _____

General CFD Provisions

The home you are purchasing is within the Estrella Ranch Community Facilities District (the "CFD"). The CFD was formed on November 22, 1999 to finance the acquisition, construction and maintenance of public infrastructure benefiting Estrella Mountain Ranch Community Facilities District. The CFD issues general obligation and/or special assessment bonds to raise funds to pay for acquisition and construction of these improvements and operation and maintenance expenses. The CFD also obtains funds from an ad valorem property tax levied against all property located within the CFD to pay for operation and maintenance expenses.

Ad Valorem Taxes of the CFD

General obligation bonds and the CFD's operation and maintenance expenses are paid from ad valorem property taxes levied against all property within the CFD. Currently, \$1.30 is added to the property tax rate; however, such adjustment to the tax rate could vary depending upon factors including the amount financed with general obligation bonds, the terms of financing, and the assessed valuation (i.e., for tax purposes) of property within the CFD. Your share of general obligation bond payments and expenses are included as part of your regular Maricopa County property tax statement and are separately shown in addition to taxes levied by the City of Goodyear and other political subdivisions.

Special Assessments of CFD

Special assessment bonds are paid from special assessment payments secured by an assessment lien on each benefited lot within a special assessment area. Special assessment areas are formed from time to time based on the public improvements being constructed or acquired with proceeds of the special assessment bonds. The amount of the special assessment liens vary depending upon the size of the lot within the special assessment area, the benefits estimated to be received by each such lot the cost of the public improvements to be financed, and the financing terms of the applicable special assessment bonds. Twice a year the CFD will send you bills for the special assessment payments, as well as the applicable

administrative charges; these bills are different from your regular Maricopa County property tax bill.

Initial Financing's Cost to Homeowner

At the request of _____, a _____, the prior owner of Parcel _____, the CFD has formed a special assessment area (the "Special Assessment Area") that includes Parcel _____ for the construction and/or acquisition of certain public improvements, i.e., construction of _____. The CFD has assessed each lot within Parcel _____ in the amount of \$_____ (the "Assessment").

The following shows the total annual CFD taxes including the CFD operational and maintenance tax, for repayment of expected CFD general obligation bonds as well as the anticipated special assessment obligation.

<u>Market Value of Residence</u>	<u>Estimated Annual General Obligation and Expense Payment (1)</u>	<u>Estimated Annual Special Assessment Payment (2)</u>	<u>Estimated Total Annual CFD Tax Payments (3)</u>
\$250,000	\$267	\$656	\$923
\$275,000	\$293	\$656	\$949
\$300,000	\$320	\$656	\$976
\$325,000	\$346	\$656	\$1,002
\$350,000	\$373	\$656	\$1,029
\$375,000	\$400	\$656	\$1,056
\$400,000	\$426	\$656	\$1,082

Footnotes:

- (1) General obligation bond debt service and operations and maintenance expenses assuming a \$1.30 increase in the ad valorem property tax rate per \$100 of assessed value. The estimated annual additional tax liability will vary depending upon the final terms of the General Obligation Bonds.
- (2) Estimated annual assessment payment based on single family detached lots anticipated to be assessed \$8,000 per lot.
- (3) All of the taxes and charges described above are in addition to any taxes, fees and charges imposed by the City of Goodyear or other political subdivisions and are in addition to any assessments or fees imposed by any homeowners association.

Homeowner's Acknowledgments

By signing this disclosure statement, you as a contract purchaser of a lot located within the CFD and the Special Assessment Area (i) acknowledge receipt of this Disclosure; (ii) agree that you have been granted an opportunity to review the material contained in this Disclosure; and (iii) agree that you accept an assessment lien estimated to be approximately \$_____ against your lot that secures your share of the special assessments due for the Special Assessment Area. The Assessment will be paid by you, the owner of the assessed lot, in semiannual payments of principal and interest over the remaining term of the bonds. If any semiannual payment is not paid, the CFD has the right to institute proceedings to foreclose the assessment lien and sell your property.

Your signature below acknowledges that you have received, read and understood this document at the time you have signed our purchase contract and agree to its terms.

[name]

[name]

[address]

[address]

Date: _____, 200__

Date: _____, 200__

APPENDIX C

ASSESSMENT AREA AND ALLOCATION OF ASSESSMENT ESTIMATES

APPENDIX C

ASSESSMENT AREA AND ALLOCATION OF ASSESSMENT ESTIMATES

Description	Total Allocation of Assessment Amount	Number of Units	Special Assessment Per Lot
Planning Area 7.1	\$ 643,200	134	\$ 4,800
Planning Area 7.2	\$ 1,008,000	126	8,000
Planning Area 7.3	\$ 688,000	86	8,000
Planning Area 7.5	\$ 528,000	110	4,800
Planning Area 7.6	\$ 664,000	83	8,000
Planning Area 7.7	\$ 728,000	91	8,000
Planning Area 7.8	\$ 216,000	27	8,000
Planning Area 7.9	\$ 360,000	45	8,000
Planning Area 7.10	\$ 432,000	54	8,000
Planning Area 7.14	\$ 736,000	92	8,000
Planning Area 9.1	\$ 832,000	104	8,000
Planning Area 9.2	\$ 536,000	67	8,000
Planning Area 9.3	\$ 672,000	84	8,000
Total	\$ 8,043,200	1,103	

APPENDIX D

IMPACT OF THE ASSESSMENTS

APPENDIX D

IMPACT OF THE ASSESSMENTS

Description	Special Assessment Per		Annual Assessment
	Lot		Payment
Planning Area 7.1	\$	4,800	\$ 394
Planning Area 7.2		8,000	656
Planning Area 7.3		8,000	656
Planning Area 7.5		4,800	394
Planning Area 7.6		8,000	656
Planning Area 7.7		8,000	656
Planning Area 7.8		8,000	656
Planning Area 7.9		8,000	656
Planning Area 7.10		8,000	656
Planning Area 7.14		8,000	656
Planning Area 9.1		8,000	656
Planning Area 9.2		8,000	656
Planning Area 9.3		8,000	656

Footnote:

- (1) The Assessments are subject to adjustment based upon refinements and changes in product type, density and market considerations. All numbers are rounded.

GOODYEAR

COMMUNITY

FACILITIES DISTRICT

SPECIAL ASSESSMENT

COLLECTION PROCESS

Goodyear Process for Collection on Special Assessments

Prior to First Notice:

Legal publication placed in newspaper as per Arizona Revised Statutes (ARS) 48-600. This ARS requires a publication to be placed at least two times in a daily newspaper published and circulated in the municipality, or at least two successive insertions in a weekly or semiweekly newspaper so published and circulated.

We have previously published the notice in the West Valley Business which includes the notice being placed in the West Valley View. Also, we have published the notice in the Arizona Republic in the Southwest Valley section of the newspaper.

First Notice:

Deadlines for payment of Special Assessments are June 1st and December 1st.

Our contractor, MuniFinancial, sends the first Invoice in the first week of May and the first week in November to property owners. Special Assessment payments may be sent to a lockbox address for Estrella Mountain Ranch Community Facilities District (EMRCFD) assessments (Golf Village and Desert Village), and the Community Facilities General District (CFGD#1) may be sent to the City's post office box. In addition, either EMRCFD or CFGD#1 payments may be paid at the Finance department.

For any returned mail, MuniFinancial will prepare a list and CFD staff will research City utility records, Maricopa County Assessor's website and Maricopa County Recorder's website to find the most current information relating to property owner and mailing address. If a new property owner or different mailing address is found, then MuniFinancial will resend another Invoice.

Second Notice:

Late Notices (invoices) are sent in mid-June and mid-December.

Again, MuniFinancial will send a delinquency invoice with "DUE UPON RECEIPT: INCLUDES 5% DELINQUENCY FEE" stated on the delinquent invoice.

CFD Finance staff will research the delinquent accounts by using the City utility records, Maricopa County Assessor's website and Maricopa County Recorder's website. In addition, City utility records are reviewed to see if a payment for the assessment may have been misapplied to their utility account. This is accomplished by running queries for specific assessment payment amounts based upon the assessments invoiced. If a payment is found to be misapplied, the City Utilities staff is contacted regarding payment be made to the CFD and the utility account corrected accordingly. At times, a call must be made to the utility customer regarding the payment that was misapplied to their utility account relating to the assessment payment.

MuniFinancial will prepare a delinquent listing for each assessment district sometime after June 30th and December 31st. Again, this delinquent listing is reviewed against the

City's utility records, Maricopa County Assessor's website and Maricopa County Recorder's website to verify the current property owner(s) for all pertinent information. Again, if a new property owner(s) or new mailing address is found in this review, another notice is sent to try to collect payment on the delinquent assessment. This notice will have a specific due date since the delinquent listing is being prepared for collection by Gust Rosenfeld (attorney).

The Delinquent Listing is sent to Gust Rosenfeld to start the collection process through possible Sale of Delinquent Special Assessments. Once Gust Rosenfeld receives the Delinquent Listing, they will research the Tax assessor's website, their Tax Bill and the Maricopa County Recorder's website to verify the current property owner(s), how the property is titled, the property address, and mailing address (if different). This three-step process is done since public records are not always current and accurate. Using the three different sources either confirms 100% we do have all of the correct information, or it reveals there are different addresses or new property owners.

Communication is constant between Gust Rosenfeld, MuniFinancial and the CFD staff to advise if any additional property owner(s) have paid so they may be taken off the Delinquent List and no further work is done on this property.

Third Notice:

Once the property owner(s) and relative address(es) are determined, Gust Rosenfeld prepares the Demand Letters to be delivered via: First Class U.S. Mail and Certified, Return Receipt Mail to each individual property owner, husbands and wives each receive their own Demand Letter at each pertinent address.

The Demand Letter give the property owner(s) thirty (30) days from receipt of the Demand Letter to pay the delinquent special assessment, late fees and attorneys' fees.

If and when Demand Letters are returned, Gust Rosenfeld catalogue all returned mail to verify if a property owner did in fact receive any one of the mailings, (the mail to the husband or wife, each separate address and the First Class vs. Certified Mail).

The Return Receipts are catalogued on the Status Reports so Gust Rosenfeld knows when the Demand Letter was received and by whom. If the First Class Mail is not returned, it is assumed the property owner(s) received it.

If it is determined all mail was returned, an additional search of public records ~~is~~ done and the CFD staff is notified to determine if they have any new contact information. Delivery of the Demand Letter and the thirty (30) day period to pay is crucial to continue the collection process.

Possible Fourth Communication:

Also, every phone call received from a property owner is logged on the Status Report. In the event, mail is returned, but we received a call from the property owner, this indicates one of the Demand Letters was in fact received.

When property owners call regarding the Demand Letters, most claim they were never told about the Special Assessment when they bought the house and never received an Invoice. Gust Rosenfeld explains it was a part of the Close of Escrow and they should check their Title Report from their closing. *Regardless, the original property owner(s) sign a disclosure statement at close of escrow and when available, the original should be forwarded to the CFD for retention.* Most pay without any problems, they are upset and voice their opinions, but they still pay. Payments are to be made by certified funds. Full payment of the delinquency must be made, no partial payments are accepted.

After the expiration of the thirty (30) days from the receipt of the Demand Letter, the Status Report is examined to make sure the property owner did in fact receive the Demand Letter and/or contact was made by the property owner.

The Litigation Guarantee is now ordered from a title company.

The Litigation Guarantee is a legal title search of the real property to verify the property owner(s) and all interested parties and lien holders of record.

Fifth Notice:

The Notice of Sale of Real Estate for Delinquent Special Assessments ("Notice of Sale") is now prepared. The property owner(s), mortgage holder and any other lien holder of record all receive a copy of the Notice of Sale. This details the delinquency and the time and place of the Sale. In addition, prior to the Sale, there will be a notice posted on each property address door regarding the Notice of Sale.

The Notice of Sale is mailed by First Class Mail to the property owner(s) and all lien claimants. At this time, the mortgage companies usually call and request pay-off information since the Special Assessment Lien has a higher priority than the mortgage.

The Notice of Sale is published in the Arizona Business Gazette for two consecutive Thursdays, with the second publication at least five (5) days prior to the Sale.

The Sale is held at the CFD's (City's) office. Up until the close of the Sale, the property owner(s) still has the opportunity to pay the delinquent amount to bring their account current. At the close of the Sale, a Certificate of Sale is issued to the successful bidder, who paid the full assessment amount plus all collection fees and costs. The property owner has up to one year to redeem the Certificate of Sale, plus significant interest penalties. At the end of one year, the holder of the Certificate of Sale can apply for a Deed to the real property.

At any time during this process, the property owner(s) can sell or refinance the house. What usually happens is the title company will call the CFD, MuniFinancial or Gust Rosenfeld and request a status of the Special Assessment. The delinquent amount plus fees and costs is then paid. Unfortunately, this does not happen on every transaction. Several houses have been sold or refinanced and the title company never contacts the CFD or MuniFinancial for a status on the Special Assessment Lien and the property owner does not volunteer the status of the delinquency. Some property owners believe

the Special Assessment is part of their taxes or homeowner's association dues. As the Special Assessment is on the property, the delinquency passes with the title and the new property owner is then responsible for the delinquency.

Community Facilities District
Special Assessment Billings
As of 03/21/2007

District Name	Assessment District	Invoice Due Date	Original # of Invoices Sent	Number of Delinquent Accounts Sent to Attorney	Accounts Being Processed by Attorney for Foreclosure Sale	% of Delinquent vs Original	% in Foreclosure vs Original
CFGD#1	Palm Valley	06/01/06	438	5	0	1.14%	0.00%
EMRCFD	Golf Village	06/01/06	912	27	6	2.96%	0.66%
EMRCFD	Desert Village	06/01/06	484	19	5	3.93%	1.03%

Community Facilities District
Special Assessment Billings
As of 03/21/2007

District Name	Invoice Due Date	Original # of Invoices Sent	Current Delinquent Accounts	% of Delinquent vs Original
CFGD#1 Palm Valley	12/01/06	407	2	0.49%
EMRCFD Golf Village	12/01/06	1048	51	* 4.87%
EMRCFD Desert Village	12/01/06	515	26	** 5.05%

* = This number includes the 6 accounts in the current foreclosure sale processing
** = This number includes the 5 accounts in the current foreclosure sale processing

**CITY OF GOODYEAR
CFD BOARD ACTION FORM**

**SUBJECT: Estrella Mountain Ranch
Community Facilities District Board to
consider EMRCFD RES 07-057 amending the
feasibility report and approving the assessment
collection agreement**

STAFF PRESENTER: Sheila K. Mills, CFD
Administrator
COMPANY
CONTACT: Scott Ruby, Esq. - Gust Rosenfeld
PLC

RECOMMENDATION:

1. The Estrella Mountain Ranch Community Facilities District Board conduct a Public Hearing to amend the Feasibility Report relating to the special assessment revenue bonds (Montecito Assessment District).
 - a. Open Public Hearing
 - b. Staff Presentations
 - c. Receive Public Comment
 - d. Close Public Hearing
2. District Board adopt Resolution EMRCFD RES 07-057 approving the amendments to the feasibility report and approving the assessment collection agreement with the Maricopa County Treasurer regarding the Montecito Assessment District.

COMMUNITY BENEFIT:

The proposed special assessment revenue bond Series 2007 (Montecito Assessment District) issuance not to exceed \$8,045,000 will benefit the Montecito community of the Estrella Mountain Ranch development, located within the District, by accelerating the construction of additional major public infrastructure, and will assist in the growth of the City's property tax base.

DISCUSSION:

On July 10, 2006, the District Board adopted Resolution EMRCFD RES 06-051 (approving the feasibility report). On December 18, 2006, the District Board adopted Resolution EMRCFD RES 06-052 (adopting the resolution of intention to form the District and to complete the improvements in accordance with an assessment diagram to be prepared by the District Engineer). Also on December 18, 2006, the District Board adopted Resolution EMRCFD RES 06-054 (ordering the public infrastructure projects to be performed). On January 29, 2007, the District Board adopted Resolution EMRCFD RES 07-055 (approving the levying of an assessment and assessment diagram). Also on January 29, 2007, the District Board adopted Resolution EMRCFD RES 07-056 (authorizing the issuance of its bonds). Newland Communities (the "Developer") has requested that the feasibility report be amended so that the assessments reflect the benefit received in the Assessment Methodology prepared by Willdan, the District Engineer.

Also before the District Board is an assessment collection agreement between the District and the Maricopa County Treasurer in order for the County Treasurer to collect the various assessment amounts as part of the regular property tax bill, rather than the District collecting the assessments. This resolution approves the amendment to the feasibility report and approves the assessment collection agreement between the District and the Maricopa County Treasurer.

FISCAL IMPACT:

Property owners within the Montecito Assessment District will pay the annual debt service for the special assessment revenue bonds proposed to be issued that will fund the improvements. It is our intention to have the annual debt service payment collected by the Maricopa County Treasurer by adding the amount due from each property owner on their regular property tax bill.

Single family detached lots are requested to be assessed in the amount not to exceed \$9,633.32 and high density lots are requested to be assessed in an amount not to exceed \$6,983.81. The average annual payments are anticipated to range from \$460 to \$724.

Attachments

EMRCFD RES 07-057

Assessment Collection Agreement-02.28.07.doc

DPFG Letter dated March 1, 2007.pdf

EMRCFD – Montecito Excerpts from Original Feasibility Report– 07.10.06.pdf

REVIEWED BY:

J. Nichols

Jim Nichols - Deputy District Manager

L. Lange

Larry Lange - District Treasurer

Scott Ruby - Esquire - District Attorney

Stephen Cleveland

Stephen Cleveland - District Manager

PREPARED BY:

Sheila K. Mills

Sheila K. Mills - CFD Administrator -
Preparer

L. Lange

Larry Lange - District Treasurer

Brian Dalke

Brian Dalke - Deputy District Manager