

RESOLUTION NO. WRCFD#2 2001-11

RESOLUTION OF THE BOARD OF DIRECTORS OF WILDFLOWER RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (CITY OF GOODYEAR, ARIZONA), APPROVING THE FEASIBILITY AND BENEFITS STUDY 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 STUDY RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$770,000 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 Wildflower Ranch Community Facilities District No. 2 (City of Goodyear, Arizona), has caused a study of the feasibility and benefits of the Project (as such term and all other initially capitalized terms are defined hereinafter) to be prepared, relating to certain public infrastructure provided for in the General Plan of the District and to be financed with the proceeds of the sale of general obligation bonds of the District, which study includes, among other things, a description of certain public infrastructure to be acquired and all other information useful to understand the Project, an estimate of the cost to acquire, operate and maintain the Project, an estimated schedule for completion of the Project, a map or description of the area to be benefited by the Projects and a plan for financing the Project, a copy of which is on file with Clerk of the District; and

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

BE IT RESOLVED BY THE DISTRICT BOARD OF THE WILDFLOWER RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (CITY OF GOODYEAR, ARIZONA), that:

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

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

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

"Bonds" shall mean the District's General Obligation Bonds, Series 2001.

"Clerk" shall mean the Clerk of the District.

"District" shall mean the Wildflower Ranch Community Facilities District No. 2 (City of Goodyear, Arizona).

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

"General Plan" shall mean the General Plan dated May 18, 1999 for the District.

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

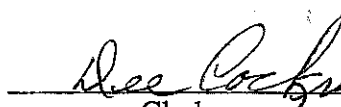
"Seller" means Donros Development, LLC, a Nevada limited liability company.

**Section 2. Approval of Feasibility Study.** Based on the review by the Board and the presentation of the Feasibility Study at the public hearing on August 27, 2001, the Feasibility Study is hereby adopted and approved in the form submitted to the Board. The Feasibility Study 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 Study is hereby ratified and approved.

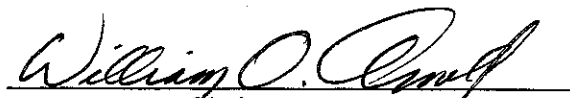
**Section 3. Resolution of Intent.** This Board hereby identifies the public infrastructure of the Project, the areas benefited, the expected method of financing and the system of providing revenues to operate and maintain the Project, all as identified and provided for in the Feasibility Study, for 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 4. 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 Study and hereby declares its intent to issue not to exceed \$770,000 principal amount of Bonds to finance the costs of the Project.

PASSED, ADOPTED AND APPROVED on August 27, 2001.

  
Clerk

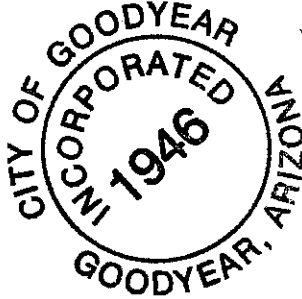


  
Chairman

Attachments: Exhibit A - Description of Improvements

## CERTIFICATE

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Wildflower Ranch Community Facilities District No. 2 (City of Goodyear, Arizona) at a regular meeting held on August 27, 2001, and that a quorum was present thereat and that the vote thereon was 7 ayes and 0 nays; \_\_\_\_\_ did not vote or were absent.



  
Clerk

## EXHIBIT A

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

1. Undergrounding the Roosevelt Irrigation District canal
2. Arterial/collector roads of 158<sup>th</sup> Avenue, 159<sup>th</sup> Avenue and Harrison Road
3. Landscaping, parks and open spaces

The total cost of the Project set forth above is \$662,000. The actual amount to be paid to Seller for the Project is expected to be approximately \$662,000.

## **NOTICE OF PUBLIC HEARING**

**TO THE GENERAL PUBLIC AND THE MEMBERS OF THE BOARD OF DIRECTORS OF WILDFLOWER RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (CITY OF GOODYEAR, ARIZONA):**

**NOTICE IS HEREBY GIVEN** that the Board of Directors of the Wildflower Ranch Community Facilities District No. 2 (City of Goodyear, Arizona) will meet on August 27, 2001, which meeting will begin at 6:30 p.m. and will be held in the City Council Chambers, 986 South Litchfield Road, Goodyear, AZ 85338, to conduct a public hearing on, and to consider and review a feasibility report relative to a proposed project to be financed by the issuance of general obligation bonds of the District. A copy of the feasibility report may be reviewed at the office of the District Clerk, 190 North Litchfield Road, Goodyear, AZ 85338.

Publish once no later than August 16, 2001.

# The **Roston** Company

## MEMORANDUM

DATE: 8/21/01

SUBJECT: Wildflower CFD # 2

TO: File

FROM: Chuck Mehlberger

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On Friday, 8/17/01, Cameron Cooke (Manager of Phoenix office), physically counted 24 (15 Centex, 9 Beazer) lots without houses under construction, meaning of the of the 588 lots included in the CFD, 564 had houses completed or under construction. Based on building permit information obtained from the City of Goodyear, there are 13 or 14 permits to be drawn in the Wildflower Ranch project, meaning that 10 or 11 of the 24 houses yet to be started, have permits drawn. Representatives of Beazer and Centex indicated that before the end of September, all remaining houses will have been started.

Information available upon request supporting the CFD sales information, is as follows:

Roston lots--143: lot by lot listing of all houses constructed, sold and closed.

Beazer lots--299: lot by lot listing of 284 houses sold, completed or under construction, of which 218 are closed.

Centex lots--146: lot by lot listing of 107 houses completed, sold and closed. Values assigned to the 24 houses complete or under construction, were based on the average sales price of the 107 closed houses which should be conservative considering the value escalations over the life of the project. Centex representatives indicated that 5 of these houses are unsold.

Sales information based on the above, is summarized as follows:

	<u>Units</u>	<u>Total Sales</u>	<u>Per Unit</u>
Houses complete, closed escrow-			
Roston	143	16,221,000	113,434
Beazer	218	27,136,000	124,477
Centex	107	11,788,000	110,168
	<u>468</u>	<u>55,145,000</u>	<u>117,831</u>
Houses complete or under construction-			
Sold-			
Beazer	66	8,530,000	129,242
Centex	19	2,090,000	110,000
	<u>85</u>	<u>10,620,000</u>	<u>124,941</u>
Unsold-			
Beazer	6	780,000	130,000
Centex	5	550,000	110,000
	<u>11</u>	<u>1,330,000</u>	<u>120,909</u>
Total-			
Roston	143	16,221,000	113,434
Beazer	290	36,446,000	125,676
Centex	131	14,428,000	110,137
	<u>564</u>	<u>67,095,000</u>	<u>118,963</u>

# **FEASIBILITY REPORT**

**For The Issuance of**

**Not To Exceed  
\$770,000 Principal Amount**

**of**

**WILDFLOWER RANCH**

**COMMUNITY FACILITIES DISTRICT NO. 2**

**OF GOODYEAR, ARIZONA**

**DISTRICT GENERAL OBLIGATION BONDS,**

**SERIES 2001**

**AUGUST 9, 2001**

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**SECTION ONE**

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

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## **INTRODUCTION**

This Feasibility Report (the "Report") has been prepared for presentation to the District Board (the "Board") of Wildflower Ranch Community Facilities District No. 2 (the "District") in connection with the proposed issuance by the District of its General Obligation Bonds, Series 2001 (the "Bonds") in an approximate aggregate principal amount of not to exceed \$770,000, 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 (Section Two); (ii) a map showing, in general, the location of the project to which this Report relates (Section Three); (iii) an estimate of the cost to construct, acquire, operate and maintain such project (Section Four); (iv) an estimate schedule for completion of such project (Section Five); (v) a map or description of the area to be benefited by such project (Section Six); (vi) and a plan for financing the project (Section Seven).

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**

Formation of the District was approved by the City on June 7, 1999 upon the request of the sole landowner within the District.

The District is located within the city limits of the City and comprises approximately 147 acres which will include 588 single-family homes and 28 acres of parks and open space at build-out.

The District was created to finance and acquire a portion of public infrastructure (the "Public Infrastructure") within the District which is part of the project known as Wildflower Ranch (the "Project" or "Wildflower Ranch"). The Project is a continuation of the completed development of 155 acres adjacent to this property which initially formed Wildflower Ranch. That portion of Wildflower Ranch was the land which formed the Wildflower Ranch Community Facilities District. The District and Wildflower Ranch Community Facilities District do not overlap. The Project boundaries include Van Buren to the north and Sarival Road to the west. 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 Development LLC ("Donros") is the developer of the Project.

Utilization of District financing, which has been provided for in both Wildflower Ranch Development Agreements, 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 home buyer. Implementation of the District will also result in an acceleration of growth to the City's property tax base.

The advantages of utilizing 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 as well. 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 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.

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**SECTION TWO**

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

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

Listed below are the Public Infrastructure Projects to be financed with the proceeds of the Bonds and the estimated costs of acquiring the Public Infrastructure. Proceeds from the sale of the Bonds, after the payment of the costs of issuance, will be used to reimburse Donros for expenditures to construct the following projects which will be acquired by and accepted by the District:

**Wildflower Ranch Community Facilities District No. 2  
District Infrastructure**

<u>Description of Improvement</u>	<u>Estimated or Actual Cost</u>	<u>Reimbursed By First Bond Issue</u>	<u>To Be Reimbursed By Second Bond Issue</u>	<u>Costs Not Reimbursed By Bond Issues</u>
1. Van Buren and Sarival Road (Paving) – One-half street improvements including paving, curb and gutter and sidewalk for a distance of approximately 5,000 ft. – Van Buren Road (south side), Sarival Road (west side). The improvements are complete and have been inspected and approved by the City. The improvements are constructed on public right-of-ways.	\$ 382,000	\$382,000	\$ 0	\$ 0
2. Roosevelt Irrigation District Canal (Sarival Road) – “Tiling” or undergrounding of a 36-inch pipe used for regional distribution of irrigation water. The improvements are complete and are owned by the Roosevelt Irrigation District.	104,400	104,400	0	0
3. Roosevelt Irrigation District Canal (between plats 6 and 7) – “Tiling” or undergrounding of a 36-inch pipe used for regional distribution of irrigation water. The improvements are complete and are owned by the Roosevelt Irrigation District.	251,900	145,000	106,900	0
4. Arterial/collector roads – 158 <sup>th</sup> Avenue, 159 <sup>th</sup> Avenue, Harrison Road	342,000	0	342,000	0
5. Intract street improvements – units VII and VIII	516,000	0	0	608,000
6. Landscape improvements, including parks/opens space	250,000	0	213,100	0
7. Engineering, surveying & administration	250,000	0	0	194,900
8. Other Project Infrastructure – Grading; dry utilities; street, water and sewer improvements, landscaping	4,300,000	0	0	4,300,000
<b>Total</b>	<u>\$6,396,300</u>	<u>\$631,400</u>	<u>\$662,000</u>	<u>\$5,102,900</u>

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**SECTION THREE**

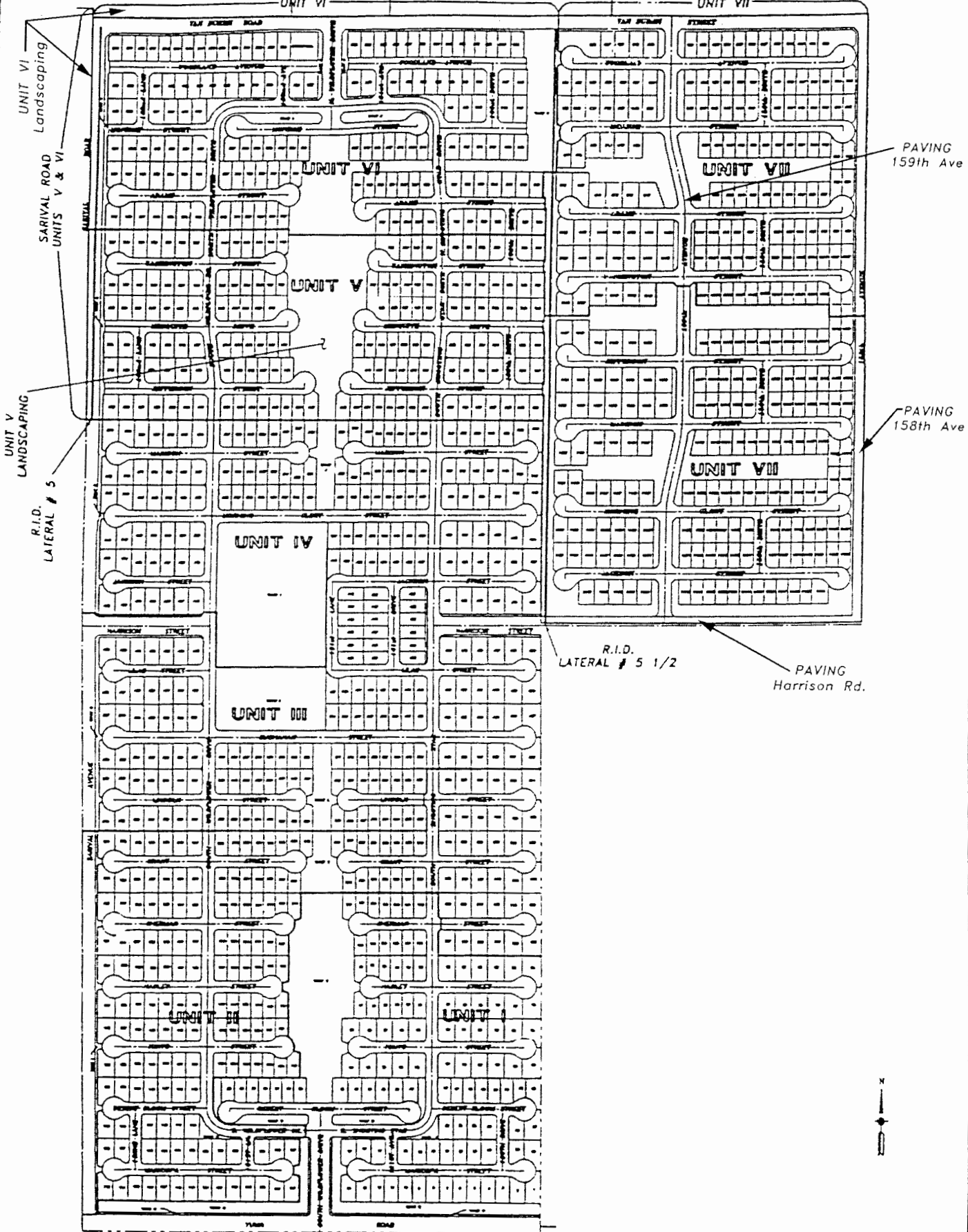
**MAP SHOWING LOCATION OF PUBLIC  
INFRASTRUCTURE WITHIN THE PROJECT**

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# WILDFLOWER RANCH

VAN BUREN ROAD  
UNIT VI

VAN BUREN ROAD  
UNIT VII



UNIT VI  
Landscaping

SARIVAL ROAD  
UNITS V & VI

UNIT V  
LANDSCAPING

R.I.D.  
LATERAL # 5

PAVING  
159th Ave

PAVING  
158th Ave

R.I.D.  
LATERAL # 5 1/2

PAVING  
Harrison Rd.



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**SECTION FOUR**

**TIMETABLE FOR ACQUISITION  
OF PUBLIC INFRASTRUCTURE**

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**TIMETABLE FOR  
ACQUISITION OF PUBLIC INFRASTRUCTURE**

The Public Infrastructure described in Section Two is complete. The Public Infrastructure is either constructed on public right-of-ways or owned by the Roosevelt Irrigation District and therefore dedication is not necessary. Proceeds of the Bonds, after payment of costs of issuance, will be used to reimburse Donros for monies expended, pursuant to a public bidding process, for the construction of the Public Infrastructure by Donros.

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**SECTION FIVE**

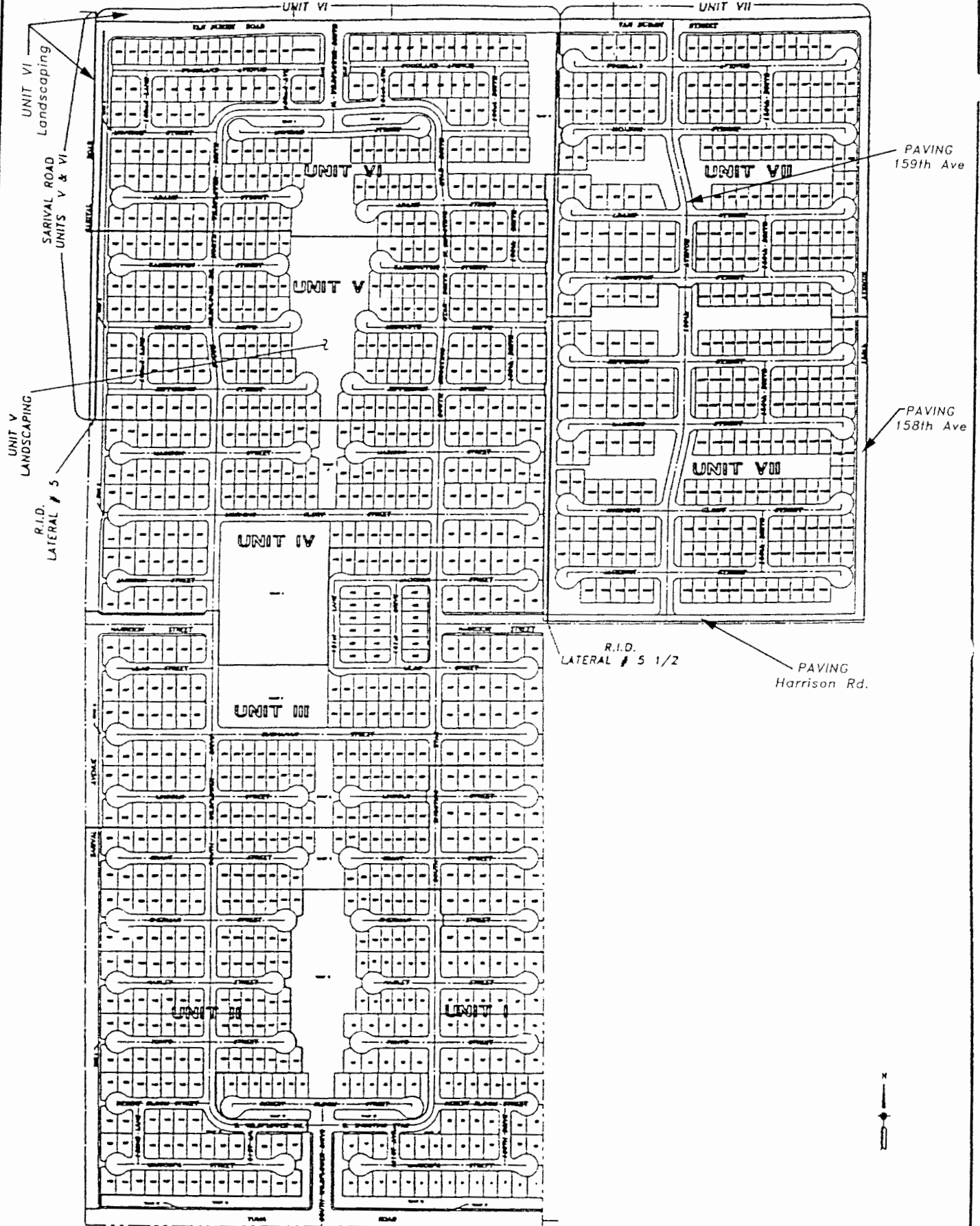
**MAP OF AREA TO BE BENEFITTED  
WITHIN THE PROJECT**

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# WILDFLOWER RANCH

VAN BUREN ROAD  
UNIT VI

VAN BUREN ROAD  
UNIT VII



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**SECTION SIX**

**PLAN OF FINANCE**

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## PLAN OF FINANCE

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

### (1) Formation and Authorization

- (a) The City Council, in response to a petition from the owners of 100% of the property within the District, adopted a resolution forming the District on June 7, 1999.
- (b) A bond election was held on July 26, 1999 authorizing \$2,000,000 of District general obligation bonds to be issued over time.

### (2) Existing Debt

The District issued \$720,000 of Series 2000 Bonds in July, 2000, all of which remain outstanding.

### (3) Proposed Bond Sale

It is proposed that the District issue general obligation bonds in a principal amount not to exceed \$770,000 to acquire the Public Infrastructure. The Bonds will have a 25 year maturity with one year of interest only and principal amortized to produce a level debt service structure in combination with the existing Series 2000 Bonds. (See Table One of this section for an estimated debt service schedule for the Bonds and Table Two for a debt service vs. projected revenue schedule.)

### (4) Sources and Uses of Funds

The estimated Sources and Uses of Funds relating to the issuance of the Bonds (exclusive of accrued interest and original issue discount, if any) follows:

#### Sources

Series 2001 Bonds	<u>\$770,000</u>
Total	<u>\$770,000</u>

#### Uses

Public Infrastructure	\$662,000
Costs of Issuance*	85,000
Underwriter's Discount	<u>23,000</u>
Total	<u>\$770,000</u>

#### \*Estimated Costs of Issuance:

Bond Counsel	\$20,000
Financial Advisor	15,000
Underwriter's Counsel	17,500
Trustee Counsel Fees	5,000
OS Printing	7,500
Structuring Fee	15,000
Miscellaneous	<u>5,000</u>
Total	<u>\$85,000</u>

**(5) 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.

**(6) Sale of the Bonds**

The Bonds will be unrated and sold through a limited offering (private offering pursuant to A.R.S. 48-722). Purchasers of the Bonds are required to sign a qualified investor letter and meet certain investor criteria. (See criteria listed in Table Three of this section.)

**(7) Existing Tax Base, Absorption and Projected Home Sales**

- (a) The full cash value and secondary assessed valuation for the District for fiscal years 2000-01 and 2001-02 are listed below:

	<u>Full Cash Value</u>	<u>Secondary Assessed Value</u>
2000-01	\$15,550,306	\$1,578,613
2001-02	33,397,012	3,413,692

- (b) Approximately 550 homes will have been completed or will be under construction by August 15, 2001 at an average price of approximately \$118,616. (Please see Appendix D).

**(8) District Tax Rate**

- (a) Pursuant to an agreement between the City and the developer of the Project, the tax rate to be levied by the District Board is \$2.60. The amount applied to the debt service of the Bonds is \$2.30; the remaining \$.30 is applied to maintenance and operation of the parks within the District.

**(9) Standby Contribution Agreement**

The \$2.30 tax levy, given the existing tax base, is not currently sufficient to provide for the 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 each July 1 of each fiscal year thereafter, Donros will make a payment to the District in amounts necessary to maintain the tax rate at \$2.30 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 \$2.30 tax rate for debt service can provide for annual maximum debt service of the Bonds and all outstanding bonds of the District.

**(10) Payment Agreement**

Donros will deliver at closing \$40,000, pursuant to a payment agreement (the "Payment Agreement"), which is the amount of shortfall Donros may need to provide during the first two years with respect to debt service for the 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 \$2.30 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.

Given the number of homes built to date and under construction, it is expected that the tax base will provide for the debt service of the Bonds by fiscal year 2003-04 assuming a \$2.30 debt tax rate.

TABLE ONE

**WILDFLOWER RANCH  
COMMUNITY FACILITIES DISTRICT NO. 2  
OF GOODYEAR, ARIZONA  
DISTRICT GENERAL OBLIGATION BONDS  
SERIES 2001**

Dated 9/1/2001  
Delivery 9/6/2001  
First Pmt 1/15/2002

Fiscal Year Ending	Principal	Coupon	Interest*	Total Debt Service
7/15/2002			48,692	48,692
7/15/2003	10,000	7.25%	55,825	65,825
7/15/2004	15,000	7.25%	55,100	70,100
7/15/2005	15,000	7.25%	54,013	69,013
7/15/2006	15,000	7.25%	52,925	67,925
7/15/2007	15,000	7.25%	51,838	66,838
7/15/2008	15,000	7.25%	50,750	65,750
7/15/2009	20,000	7.25%	49,663	69,663
7/15/2010	20,000	7.25%	48,213	68,213
7/15/2011	20,000	7.25%	46,763	66,763
7/15/2012	20,000	7.25%	45,313	65,313
7/15/2013	25,000	7.25%	43,863	68,863
7/15/2014	25,000	7.25%	42,050	67,050
7/15/2015	25,000	7.25%	40,238	65,238
7/15/2016	30,000	7.25%	38,425	68,425
7/15/2017	30,000	7.25%	36,250	66,250
7/15/2018	35,000	7.25%	34,075	69,075
7/15/2019	35,000	7.25%	31,538	66,538
7/15/2020	40,000	7.25%	29,000	69,000
7/15/2021	40,000	7.25%	26,100	66,100
7/15/2022	45,000	7.25%	23,200	68,200
7/15/2023	50,000	7.25%	19,938	69,938
7/15/2024	50,000	7.25%	16,313	66,313
7/15/2025	55,000	7.25%	12,688	67,688
7/15/2026	120,000	7.25%	8,700	128,700
Total	770,000		961,467	1,731,467

\* Net of accrued interest



TABLE TWO

**WILDFLOWER RANCH  
COMMUNITY FACILITIES DISTRICT NO. 2  
OF GOODYEAR, ARIZONA  
DISTRICT GENERAL OBLIGATION BONDS  
SERIES 2001**

**PROJECTED REVENUES AND DISTRICT DEBT SERVICE**

Fiscal Year Ending	Net Secondary Assessed Valuation (A)	District Debt Service			District Revenues		Difference (D)	Tax rate
		Actual Series 2000 Debt Service (B)	Proposed Series 2001 Debt Service	Total Debt Service Requirements	Projected District Revenues (C)	Projected District Revenues (C)		
2002	3,413,692	62,963	48,692	111,654	78,515	78,515	(33,139)	2.30
2003	5,349,582	62,063	65,825	127,888	123,040	123,040	(4,847)	2.30
2004	5,719,189	61,163	70,100	131,263	131,541	131,263	0	2.30
2005	5,719,189	60,263	69,013	129,275	131,541	129,275	0	2.26
2006	5,719,189	59,363	67,925	127,288	131,541	127,288	0	2.23
2007	5,719,189	63,463	66,838	130,300	131,541	130,300	0	2.28
2008	5,719,189	62,263	65,750	128,013	131,541	128,013	0	2.24
2009	5,719,189	61,013	69,663	130,675	131,541	130,675	0	2.28
2010	5,719,189	59,763	68,213	127,975	131,541	127,975	0	2.24
2011	5,719,189	63,513	66,763	130,275	131,541	130,275	0	2.28
2012	5,719,189	61,950	65,313	127,263	131,541	127,263	0	2.23
2013	5,719,189	60,388	68,863	129,250	131,541	129,250	0	2.26
2014	5,719,189	63,700	67,050	130,750	131,541	130,750	0	2.29
2015	5,719,189	61,675	65,238	126,913	131,541	126,913	0	2.22
2016	5,719,189	59,650	68,425	128,075	131,541	128,075	0	2.24
2017	5,719,189	62,625	66,250	128,875	131,541	128,875	0	2.25
2018	5,719,189	60,263	69,075	129,338	131,541	129,338	0	2.26
2019	5,719,189	62,900	66,538	129,438	131,541	129,438	0	2.26
2020	5,719,189	60,200	69,000	129,200	131,541	129,200	0	2.26
2021	5,719,189	62,500	66,100	128,600	131,541	128,600	0	2.25
2022	5,719,189	59,350	68,200	127,550	131,541	127,550	0	2.23
2023	5,719,189	61,200	69,938	131,138	131,541	131,138	0	2.29
2024	5,719,189	62,700	66,313	129,013	131,541	129,013	0	2.26
2025	5,719,189	58,850	67,688	126,538	131,541	126,538	0	2.21
2026	5,719,189		128,700	128,700	131,541	128,700	0	2.25
		<u>1,473,775</u>	<u>1,731,467</u>	<u>3,205,242</u>				

- (A) Secondary assessed valuation estimates for FYE 2002 as reported by the Maricopa County Assessor's Office. Secondary assessed valuation for FYE 2003 through FYE 2026 is estimated using absorption schedules provided by Donros.
- (B) Issue sized at \$770,000. Interest is estimated at 7.25%.
- (C) Revenues for FYE 2002 based on SAV provided by Maricopa County Assessor's Office and a 2.30 tax rate. Revenues for FYE 2003 through FYE 2026 based on the absorption schedule and average home price provided by Donros and **does not include a growth factor**.
- (D) By contractual obligation Donros to provide for shortfall. Amounts in parentheses reflect shortfall to be paid pursuant to Standby Contribution Agreement with Donros.

## TABLE THREE

### QUALIFIED INVESTOR CRITERIA

Among other things, purchasers of the Bonds will certify that they are one of the following:

- (1) a bank as defined in Section 3(a)(2) of the Securities Act of 1933, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; insurance company as defined in Section 2(13) of the Securities Act of 1933; investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivision, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (2) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (3) an organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of \$5,000,000;
- (4) a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase exceeds \$1,000,000;
- (5) a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with the person's spouse in excess of \$300,000 in each of those years and who reasonably expects reaching the same income level the current year;
- (6) the general partner, limited partner and any member of the general or limited partner and the general manager of any member of the general or limited partner, of Wildflower Ranch L.P.;
- (7) any officer of Dain Rauscher Incorporated;
- (8) an entity in which all of the equity owners, either directly or indirectly, are of the type described under paragraph (1), (2), (3), (4), (5), (6) or (7) above.

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**APPENDIX A**

**Legal Description for Wildflower  
Ranch Community Facilities District No. 2  
of Goodyear, Arizona**

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**LEGAL DESCRIPTION  
WILDFLOWER RANCH COMMUNITY FACILITIES DISTRICT NO. 2**

THAT PORTION OF THE NORTH HALF OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 7;

THENCE NORTH 89°58'11" EAST AND ALONG THE NORTH LINE OF SAID SECTION 7, A DISTANCE OF 2581.39 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 7;

THENCE NORTH 89°58'33" EAST, AND CONTINUING ALONG THE NORTH LINE OF SAID SECTION 7, A DISTANCE OF 738.14 FEET;

HENCE SOUTH 00°18'55" EAST, A DISTANCE OF 2622.55 FEET;

THENCE SOUTH 89°58'17" WEST, A DISTANCE OF 1340.64 FEET;

THENCE NORTH 00°19'02" WEST, A DISTANCE OF 876.29 FEET;

THENCE SOUTH 89°58'11" WEST PARALLEL TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 7, A DISTANCE OF 1977.32 FEET TO A POINT ON THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 7;

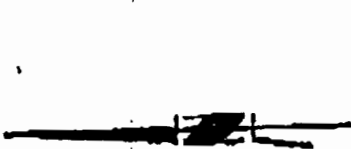
THENCE NORTH 00°21'58" WEST ALONG SAID WEST LINE, A DISTANCE OF 1746.11 FEET TO THE POINT OF BEGINNING.

EXCEPTING FROM THE ABOVE DESCRIBED PARCEL:

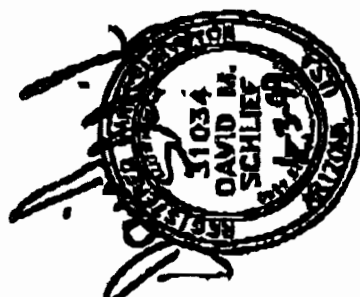
LOT 616, 619, 620, 623 THROUGH 626, 629 AND 633 OF WILDFLOWER RANCH UNIT V, A PLAT RECORDED AT BOOK 481, PAGE 35, MARICOPA COUNTY RECORDER'S OFFICE, MARICOPA COUNTY, ARIZONA.



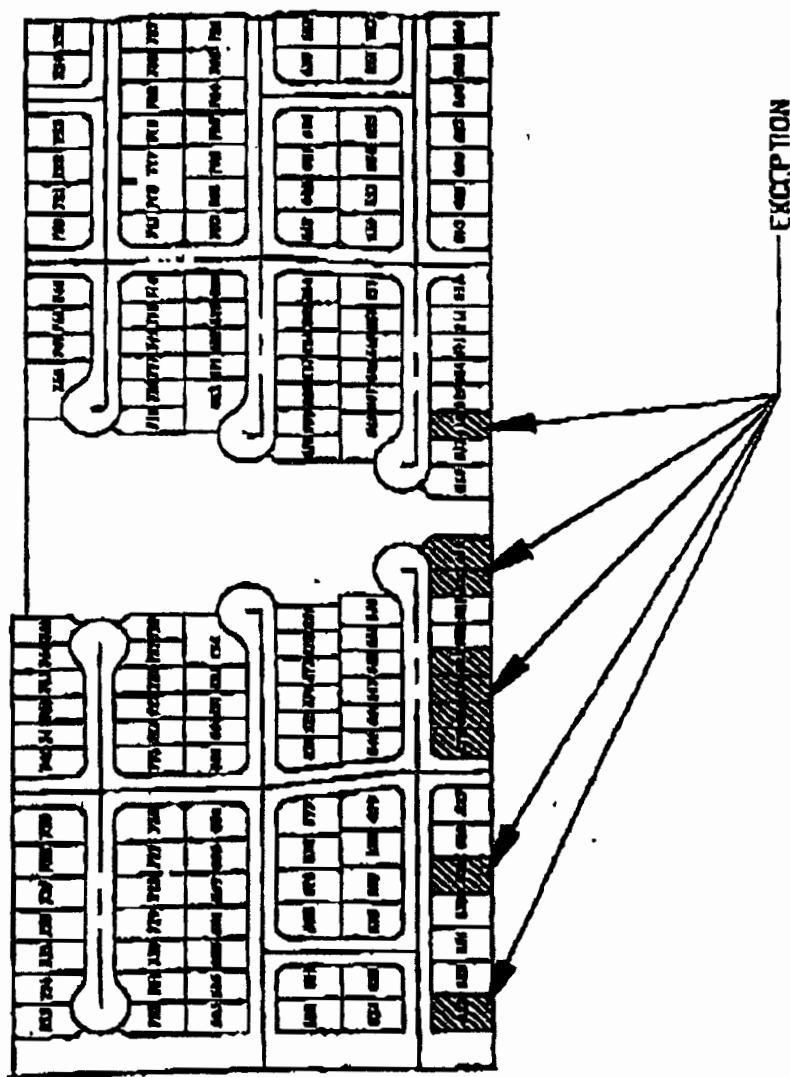
EXHIBIT A.



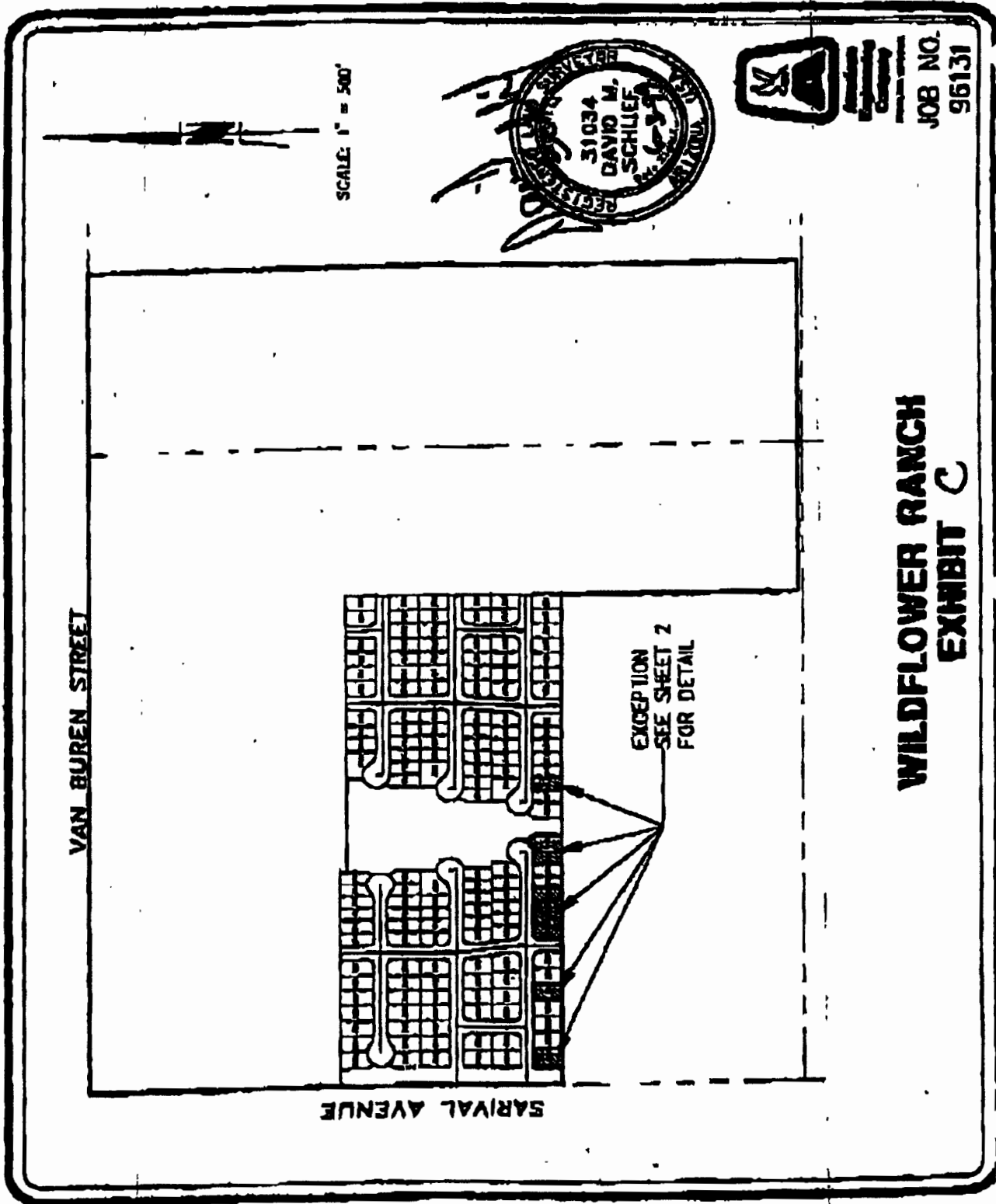
SCALE: 1" = 300'



JOB NO. 96131



# WILDFLOWER RANCH DETAIL EXHIBIT C



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## **APPENDIX B**

**An analysis of the impact of the financing  
on the tax rates or other charges borne by  
the owners of the Property**

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## APPENDIX B

The impact of the District financing on the tax rate or other charges borne by the property owner will be \$2.30 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 \$.30 per \$100 of secondary assessed valuation on all of the taxable property within the District for operation and maintenance expenses. The combined \$2.60 tax rate to be levied by the District represents the only expenses or charges borne by the property owners within the District.

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

<u>Overlapping Municipality</u>	<b>2000-01 Primary Tax Rate</b>	<b>2000-01 Secondary Tax Rate</b>	<b>2000-01 Combined Tax Rate</b>
Maricopa County	\$ 1.6764	\$0.5503	\$ 2.2267
Maricopa County Community College District	0.9691	0.1503	1.1194
Aqua Fria Union High School District No. 216	3.6158	1.5731	5.1889
Avondale Elementary School District No. 44	2.5706	1.9346	4.5052
City of Goodyear	1.3403	0.7413	2.0816
Wildflower Ranch Community Facilities District No. 2	<u>-</u>	<u>2.6000</u>	<u>2.6000</u>
<b>Total</b>	<b>\$10.1722</b>	<b>\$7.5496</b>	<b>\$17.7218</b>

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

<u>Combined Tax Rates for Other Developments:</u>	<b>2000-01 Total Tax Rate</b>
<i>West-side developments:</i>	
Arrowhead Ranch (Glendale)	\$13.1220
Garden Lakes (Avondale)	\$16.5004
The Village at Litchfield Park (Litchfield Park)	\$16.1638
Rancho Santa Fe (Avondale)	\$14.3185
Westbrook Village (Peoria)	\$14.4660
<i>Other Communities with CFDs:</i>	
Eagle Mountain (Fountain Hills)	\$13.9934
Estrella Mountain Ranch (Goodyear)	\$13.9021
McDowell Mtn. Ranch (Scottsdale)	\$13.1068
PebbleCreek (Goodyear)	\$16.7454
Palm Valley (Goodyear)	\$17.7454
Scottsdale Mountain (Scottsdale)	\$13.1068
Sundance (Buckeye) <sup>1</sup>	\$15.2209
Tatum Ranch (Phoenix)	\$13.4227

<sup>1</sup> Sundance Community Facilities District was formed in June, 2001. The tax rate contemplated by the District is \$3.30. This tax rate includes the proposed CFD tax.

The following page includes a breakdown of the tax rates for the previously listed developments.



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

	Arrowhead Ranch	Garden Lakes	The Village at Litchfield Park	Pleasant Point	Rancho Santa Fe	Sun City Grand	Westbrook Village	Eagle Mountain	Estrella Mountain Ranch	McDowell Mountain Ranch, Scottsdale Mountain	Sundance <sup>1</sup>	Tatum Ranch	Wildflower Ranch	Palm Valley (Community Facilities General District No. 1)	PebbleCreek (Community Facilities Utilities District No. 1)
<b>Primary</b>															
State and County	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455	2.6455
Elementary School District	0.0000	2.5049	2.6218	0.0000	2.5706	0.0000	0.0000	0.0000	2.2552	0.0000	2.3195	0.0000	2.5706	2.6218	2.6218
High School District	0.0000	2.8120	3.6158	0.0000	3.6158	0.0000	0.0000	0.0000	2.2354	0.0000	2.2354	0.0000	3.6158	3.6158	3.6158
Unified School District	4.3697	0.0000	0.0000	4.8655	0.0000	4.5713	4.8655	3.9062	0.0000	4.0442	0.0000	3.5353	0.0000	0.0000	0.0000
City	0.3800	0.5996	0.0000	0.3249	0.5996	0.4110	0.3249	0.0000	1.3403	0.5289	0.8981	0.8600	1.3403	1.3403	1.3403
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	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	0.0519	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Total Primary</b>	<b>7.3952</b>	<b>8.5620</b>	<b>8.8831</b>	<b>7.8359</b>	<b>9.4315</b>	<b>7.6278</b>	<b>7.8359</b>	<b>6.5517</b>	<b>8.4764</b>	<b>7.2705</b>	<b>8.0985</b>	<b>7.0408</b>	<b>10.1722</b>	<b>10.2234</b>	<b>10.2234</b>
<b>Secondary</b>															
State and County	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006	0.7006
Elementary School District	0.0000	4.9039	2.5070	0.0000	1.9346	0.0000	0.0000	0.0000	2.0767	0.0000	1.8577	0.0000	1.9346	2.5070	2.5070
High School District	0.0000	1.6552	1.5731	0.0000	1.5731	0.0000	0.0000	0.0000	0.6071	0.0000	0.6071	0.0000	1.5731	1.5731	1.5731
Unified School District	3.6862	0.0000	0.0000	4.6270	0.0000	1.5735	4.6270	2.3841	0.0000	1.4113	0.0000	2.2213	0.0000	0.0000	0.0000
City	1.3400	0.6787	0.0000	1.3025	0.6787	0.4400	1.3025	0.3331	0.7413	0.6577	0.6570	0.9600	0.7413	0.7413	0.7413
CFD	0.0000	0.0000	2.5000	0.0000	0.0000	0.0000	0.0000	3.0000	1.3000	3.0000	3.3000	2.5000	2.6000	2.0000	1.0000
Other	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0239	0.0000	0.0667	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Total Secondary</b>	<b>5.7268</b>	<b>7.9384</b>	<b>7.2807</b>	<b>6.6301</b>	<b>4.8870</b>	<b>2.7141</b>	<b>6.6301</b>	<b>7.4417</b>	<b>5.4257</b>	<b>5.8363</b>	<b>7.1224</b>	<b>6.3819</b>	<b>7.5496</b>	<b>7.5220</b>	<b>6.5220</b>
<b>Total Tax Rate</b>	<b>13.1220</b>	<b>16.5004</b>	<b>16.1638</b>	<b>14.4660</b>	<b>14.3185</b>	<b>10.3419</b>	<b>14.4660</b>	<b>13.9934</b>	<b>13.9021</b>	<b>13.1068</b>	<b>15.2209</b>	<b>13.4227</b>	<b>17.7218</b>	<b>17.7454</b>	<b>16.7454</b>

<sup>1</sup> Sundance Community Facilities District was formed in June, 2001. The tax rate contemplated by the District is \$3.30. This tax rate includes the proposed CFD tax.

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## **APPENDIX C**

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

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## APPENDIX C

The District's financing is not expected to adversely effect the City's general financing abilities. The Bonds of the District are secured solely from revenues derived from a \$2.30 per \$100 of secondary assessed valuation levied on all taxable property within by 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 Investor Service and Standard and Poor's Corporation. While one agency has chosen to upgrade the City's rating, the other has kept it the same.

The following table illustrates the District's overlapping debt for FY 2001-02:

<u>Overlapping Jurisdiction</u>	<u>2001-02 Net Secondary Assessed Valuation</u>	<u>Net Outstanding Bonded Debt</u>	<u>Proportion Applicable to the District</u>	
			<u>Approx. Percent</u>	<u>Amount</u>
State of Arizona	\$31,837,391,782 (a)	None	0.011%	None
Maricopa County	22,913,134,480	\$ 58,205,000	0.015%	\$ 8,672
Maricopa County CCD	22,913,134,480	305,750,000	0.015%	45,552
City of Goodyear	174,404,952	12,270,000	1.957%	240,165
Avondale ESD No. 44	112,0213,666	10,145,000	3.048%	309,176
Agua Fria UHSD No. 216	297,157,951	31,185,000	1.149%	358,247
<b>Wildflower Ranch Community Facilities District No. 2</b>	<b>3,413,692</b>	<b>1,490,000*</b>	<b>100.000%</b>	<b><u>1,490,000*</u></b>
Total Net Direct and Overlapping General Obligation Bonded Debt				<u>\$2,451,812</u>

(a) Net secondary assessed valuation shown for the State of Arizona is for the FY 2000-01. FY 2001-02 value is not yet available.

\*Includes proposed Series 2001 Bonds.

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## **APPENDIX D**

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

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## APPENDIX D

Donros has provided the following data as to home construction and sales within the District as of August 15, 2001:

	<u>Units</u>	<u>Total Sales</u>	<u>Per Unit Price*</u>
Closed escrow	444	\$52,278,000	\$117,743
Complete or under construction - Sold, in escrow	86	10,521,000	122,337
Unsold	<u>20</u>	<u>2,440,000</u>	<u>122,000</u>
	<u>550</u>	<u>\$65,239,000</u>	<u>\$118,616</u>

An additional 20 homes, for a total of 570 homes, are expected to be built or under construction by the time of the sale of the Bonds in September, 2001.

All necessary Public Infrastructure for these homes has been constructed.

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