

**FEASIBILITY REPORT**

**For The Issuance of**

**Not to Exceed  
\$1,395,000 Principal Amount**

**OF**

**SUPERSTITION VISTAS  
COMMUNITY FACILITIES  
DISTRICT NO. 1**

**ASSESSMENT AREA NO. 2  
SPECIAL ASSESSMENT BONDS,  
SERIES 2023**

**Public Hearing Date: September 19, 2023**

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**SECTION ONE**

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

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## **INTRODUCTION**

This Feasibility Report (this “Report”) has been prepared for presentation to the Board of Directors of the Superstition Vistas Community Facilities District No. 1 (the “District”) in connection with the proposed issuance by the District of its Assessment Area No. 2 Special Assessment Bonds, Series 2023 (the “Bonds”) in a principal amount of not to exceed \$1,395,000, pursuant to the Community Facilities District Act of 1988, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes (“A.R.S.”).

## **PURPOSE OF FEASIBILITY REPORT**

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

This Report has been prepared for the consideration of the Board of Directors of the District only. 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, District staff, City (as defined herein) staff and other experts have been consulted as deemed appropriate.

## **GENERAL DESCRIPTION OF THE DISTRICT**

The District consists of approximately 1,375 acres of a larger 2,783-acre project within the City of Apache Junction, Arizona (the “City”), where D. R. Horton, Inc., a corporation organized and existing pursuant to the laws of the State of Delaware (the “Developer”), was the successful bidder at the public auction conducted by Arizona State Land Department (“ASLD”) and pursuant to the terms of the Certificate of Purchase 53-120190 executed November 12, 2020, and the Developer is now developing the mixed use, master planned community known as Radiance at Superstition Vistas, on approximately 1,375 acres of a larger 2,783-acre project (the “Project”). The Project is located east of Meridian Road, west of Ironwood Drive, south of Solina (Radiance) Avenue and north of Ray Avenue. Construction on the Project commenced in November 2021, and the first home closings occurred in June 2023. Single family residential units represent approximately 700 acres within the Project. Non-residential development comprises approximately 675 acres within the Project and includes churches, government, police and fire stations, schools, civic and commercial uses and common area, and neighborhood open space.

The real property comprising Assessment Area No. 2 consists of 279 lots (the “Assessed Lots”) and is approximately 34 acres. The Assessed Lots have been finally established by the approval of final plats by the City, and all of the Assessed Lots will be developed by the Developer.

The following chart characterizes the approximate acreage within the District as well as the acreage within Assessment Area No. 2, which is fully within the boundaries of the District.

Total District	Approximate District Acres	Approximate Assessment Area No. 2 Lot Area Acres
Single Family Residential	700.00	34.00
Non-Residential (a)	675.00	0.00
Total	1,375.00	34.00

- (a) Includes churches, police and fire stations, schools, civic and commercial uses and common area, and neighborhood open space.

The District was created to assist with financing the acquisition of public infrastructure and public infrastructure purposes, including the Public Infrastructure, within the District. See Section Two for a description of the Public Infrastructure to be financed with a portion of the proceeds of the Bonds. A legal description of Assessment Area No. 2 is included in Appendix 1. Maps of the District, Assessment Area No. 2, including the location, in general, of the Public Infrastructure, are included in Section Three. The proposed acquisition of the Public Infrastructure as defined in this Report is consistent with the approved General Plan for the District.

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**SECTION TWO**

**DESCRIPTION OF PUBLIC  
INFRASTRUCTURE**

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## DESCRIPTION OF PUBLIC INFRASTRUCTURE

The Public Infrastructure subject to this Report has been publicly bid pursuant to State statutes and District guidelines and will be financed by the Bonds and/or subsequent bond issues and other sources, if necessary. It is expected that the Public Infrastructure listed below will be acquired from the Developer with estimated cost and construction timing as noted.

Acquisition Project Description	Total Estimated Cost	Certified Engineer's Cost	Paid by Prior Bonds	Eligible for Funding from Bonds and Future Bonds	Completion Date*
1. Phase 1B Paving Improvements	\$981,937.24	\$981,937.24	\$0	\$0	September 2023

\* Completion represents the date by which the Public Infrastructure was constructed, which may differ by the date that it was accepted by the City or other governmental entities, as applicable.

The Public Infrastructure consists of construction of asphaltic paving improvements including approximately 32,295 square yards consisting of 2 1/2 inches of asphalt over 6 inches of aggregate base course. All improvements are shown on approved plans and permits dated November 30, 2022 by the City, which may be amended from time to time to allow for future uses.

Proceeds of the Bonds are reasonably expected to be used to finance the acquisition of all or a portion of the Public Infrastructure upon acceptance by the District and the City, or other governmental entities, as applicable, of such Public Infrastructure pursuant to the terms of the District Development, Financing Participation, Waiver and Intergovernmental Agreement (the "District Development Agreement"), recorded on February 23, 2022, at Fee No. 2022-021689 in the records of Pinal County, Arizona (the "County"), and the terms and provisions of all applicable laws, ordinances, codes and rules. All interests in such Public Infrastructure financed by the District will be dedicated or otherwise transferred to the City or other governmental entities, as applicable, after acceptance. Additional portions of public infrastructure, as contemplated by the District's formational documents, may be constructed and will be subject to administrative approval by the District before such additional public infrastructure is eligible for funding from future bonds, if any.

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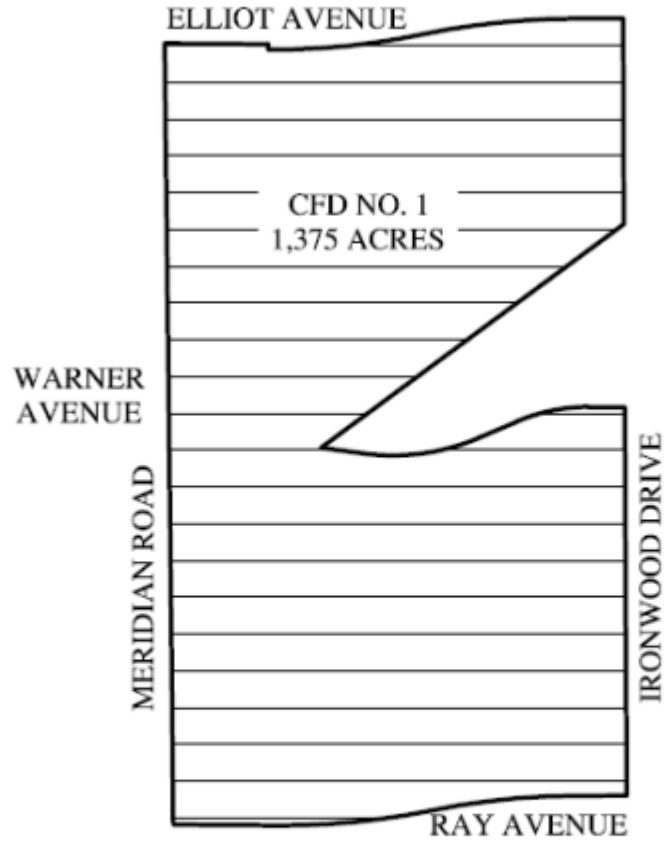
**SECTION THREE**

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

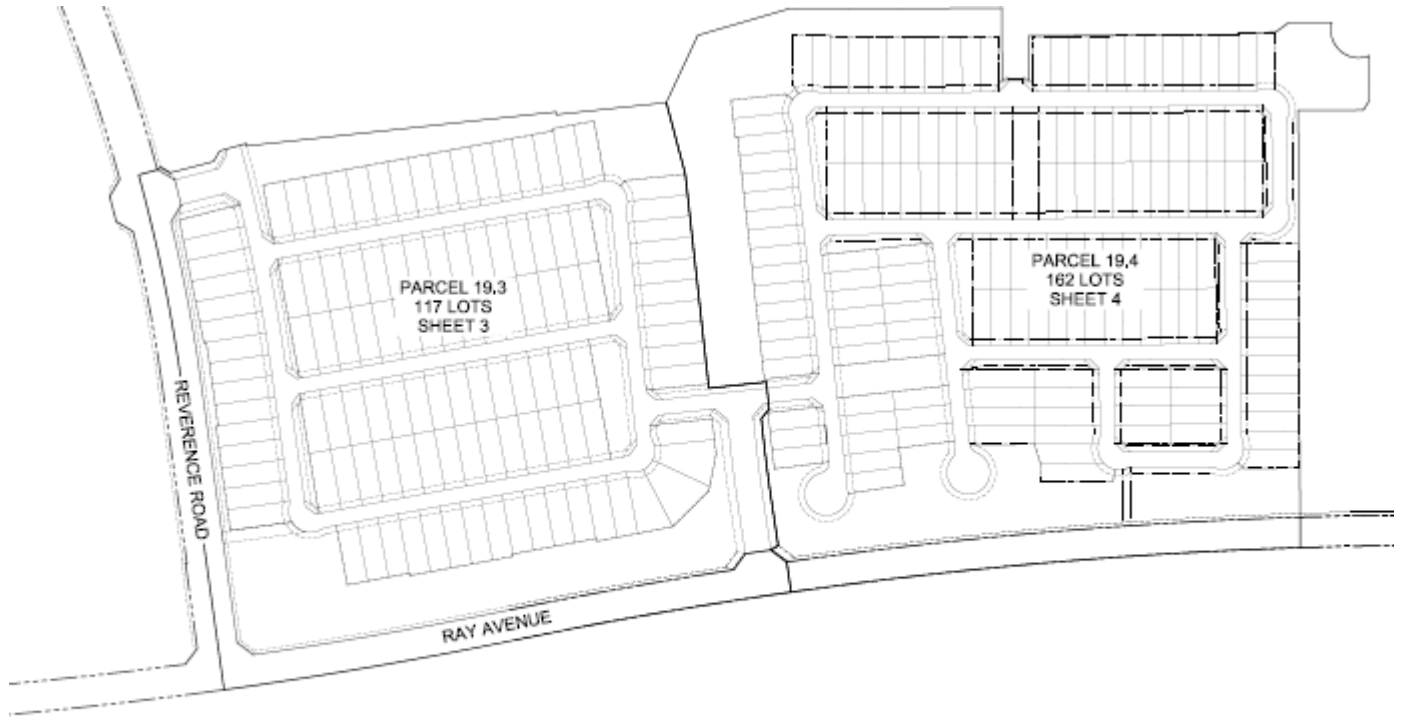
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# The District



Assessment Area No. 2



KEY MAP  
SCALE: 1" = 150'

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## **SECTION FOUR**

# **ESTIMATE OF COSTS AND TIMETABLE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE**

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

The table in Section Two outlines the cost estimate and completion dates for the construction of the Public Infrastructure. Proceeds of the Bonds, after payment of the costs of issuance, will be used to finance the acquisition of all or a portion of the Public Infrastructure projects listed in Section Two.

Listed below is an estimated draw schedule of the proceeds of the Bonds for acquisition of the Public Infrastructure.

Public Infrastructure	Estimated Acquisition Price	Completion Date (a)	Funds Draw Date
Phase 1B Paving Improvements	\$981,937.24	September 2023	November 2023
Total	<u>\$981,937.24</u>		

(a) Represents the date by which the Public Infrastructure was constructed, which may differ from the date that it was accepted by the City, or other governmental entities, as applicable.

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**SECTION FIVE**

**PLAN OF FINANCE**

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## **PLAN OF FINANCE**

Below is a financing plan that describes the process for financing a portion of the Public Infrastructure benefiting the property within the Assessment Area No. 2. This Plan of Finance is subject to modification to accommodate market conditions at the time of the actual sale of the Bonds and to the extent necessary to comply with federal and State law.

**(i) Formation and Authorization.**

In response to a petition from the Developer, the City Council formed the District on October 5, 2021. As contemplated by the District Development Agreement, the District has the authority to issue the Bonds.

**(ii) Proposed Bond Sale.**

The estimated debt service schedule for the Bonds is attached in this section as Table One. It is anticipated that the Bonds will be sold and delivered in November 2023. The amount shown on the cover of this Report is a not-to-exceed amount; the actual aggregate principal amount of the Bonds issued may be lower. It is currently estimated that the Bonds will have a final maturity of not more than 25-years and be structured to achieve generally level annual debt service. The Bonds will not be rated by any rating agency.

**(iii) Per Lot Assessment Amount**

The per residential lot assessment amount is expected to be no more than \$5,000.00 at the time of issuance of the Bonds. The Developer currently expects that at the time of sale of a home to the buyer, this amount will be assumed by the homebuyer and the assessment payments made over time. The \$5,000.00 per residential lot assessment results in an annual assessment payment of approximately \$426.50 per home, or approximately \$35.50 per month, assuming a 25-year maturity and a 6.75% interest rate. The special assessments will be collected on behalf of the District by the Pinal County Treasurer's Office.

(iv) **Estimated Sources and Uses of Funds.**

The proceeds of the Bonds will be applied by the District to finance the acquisition of all or a portion of the Public Infrastructure listed in Section Two of this Report. The estimated sources and uses of funds related to the sale of the Bonds is:

**SOURCES:**

Principal Amount of Bonds	\$1,395,000.00
Total	<u>\$1,395,000.00</u>

**USES\*:**

Cost of Public Infrastructure	\$981,937.24
Debt Service Reserve Fund	120,000.00
Capitalized Interest	106,000.00
Estimated Costs of Issuance	187,062.76
Total	<u>\$1,395,000.00</u>

**ESTIMATED COSTS OF ISSUANCE\***

Underwriter's Compensation	\$25,000.00
Bond Counsel	77,500.00
Underwriter's Counsel	22,500.00
Financial Advisor	45,000.00
District Engineer	10,000.00
Appraisal Fee	5,000.00
Registrar & Paying Agent	750.00
Miscellaneous	1,312.76
Total	<u>\$187,062.76</u>

(v) **Value to Lien Ratio.**

Included as Appendix 2 is a summary of the appraisal relating to the parcels to be included in Assessment Area No. 2, prepared by Schnepf Ellsworth Appraisal Group, LLC on August 24, 2023. The appraisal demonstrates a value-to-lien ratio on a per lot basis of at least 21 to 1. A complete copy of the appraisal report is available upon request.

(vi) **Disclosure of Assessment Payments.**

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

In addition, the Developer will require the homebuyer to sign an additional form that highlights and discloses the additional assessment payments as a result of District financing.

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\* Preliminary, subject to change.

**(vii) Operation and Maintenance of Public Infrastructure.**

All infrastructure financed by the District will be dedicated to and accepted by the City, or other governmental entities, as applicable. The obligations pertaining to the operation and maintenance of the Public Infrastructure have been negotiated between the City, the District and the Developer and are set forth in the various development agreements among the parties. The administrative costs of the District and those costs associated with the operation and maintenance of the Public Infrastructure which are not the obligation of the City will be provided by several sources of funds: the levy of a \$0.30 per \$100 of net assessed limited property valuation ad valorem tax in the District (the “O&M Tax”), Homeowner’s Association fees and Developer contributions, if any.

**(viii) Other District Information.**

Shown in the table below is the District’s overlapping general obligation bonded indebtedness including a breakdown of each overlapping jurisdiction’s applicable general obligation bonded indebtedness, net assessed limited property value and combined tax rate per \$100 of net assessed limited property value.

**OVERLAPPING GENERAL OBLIGATION BONDED INDEBTEDNESS & OVERLAPPING  
NET ASSESSED LIMITED PROPERTY VALUES – 2023/24**

Portion Applicable to the District (a)	Net Assessed Limited Property Value	General Obligation Bonded Debt (b)	Proportion Applicable to the District (a)		Total Tax Rates Per \$100 Net Assessed Limited Property Value (c)
			Approximate Percent	Net Debt Amount	
State of Arizona	\$ 83,026,530,244	None	% 0.00	None	None
Pinal County	3,390,905,658	None	0.01	None	\$3.8810 (d)
Pinal County Community College District	3,390,905,658	\$ 54,905,000	0.01	\$ 7,901	1.9200
Central Arizona Water Conservation District	3,390,905,658	None	0.01	None	0.1400 (d)
East Valley Institute of Technology	862,566,705	None	0.06	None	0.0500
Apache Junction Unified School District No. 43	536,976,475	10,225,000	0.09	9,292	4.1254
Superstition Fire & Medical District	521,438,586	1,977,000	0.09	1,850	3.5900
City of Apache Junction	198,538,048	None	0.25	None	0.0000
Superstition Vistas Community Facilities District No. 1 (e)	487,977	None	100.00	None	3.6000
				<u>\$ 19,043</u>	

(a) Proportion applicable to Assessment Area No. 2 is not available. In future years, proportion applicable to the District will be used instead. For Tax Year 2023, portions of the land within the boundaries of the District was still owned by ASLD and therefore not subject to property taxes and assessed values were not assigned to such portions of the District. Because the area that encompasses Assessment Area No. 2 only encompasses the area shown on the maps in Section Three, which is a smaller area than the area of the District, these amounts are greater than what actually overlaps such area. If the assessed value within the District increases at a faster rate than the overlapping jurisdictions, the amount of overlapping debt allocated for payment within the District will increase.



- (b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amounts of certificates of participation or revenue obligations outstanding for the jurisdictions listed above. Also does not include outstanding principal amounts of bonds of various assessment districts or areas as the obligations of these districts or areas are presently being paid from special assessments against property within the various districts or areas. Does not include authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future.

Also does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States Department of the Interior the (“Department of the Interior”), for repayment of certain capital costs for construction of the Central Arizona Project (“CAP”), a major reclamation project that has been substantially completed by U.S. Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD’s obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre-feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages have been fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona’s Maricopa, Pima and Pinal Counties. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. CAWCD was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States’ portion of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD’s boundaries. At the date of this Report, the tax levy is limited to 14 cents per \$100 of Net Assessed Limited Property value, of which 14 cents is currently being levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (c) The combined tax rate includes the tax rate for debt service payments and the tax rate for all other purposes such as maintenance and operation and capital outlay.
- (d) The County’s tax rate includes the \$0.1693 tax rate of the Pinal County Flood Control District, the \$0.0965 tax rate of the Pinal County Free Library, the \$0.0552 tax rate for the contribution to the Pinal County Fire District Assistance and the \$3.5600 tax rate of the County. The net assessed limited property value of the County Flood Control District does not include the personal property assessed valuation within the County. The net assessed limited property value for the CAWCD reflects the assessed valuation located within the County only. The County is mandated to levy a tax annually in support of fire districts in the County. All levies for library districts, hospital districts, fire districts, technology districts, water conservation districts and flood control districts are levied on the net full cash assessed value.
- (e) Does not include the Bonds. Does not include special assessment bonds outstanding in the aggregate principal amount of \$2,000,000, or other special assessment bonds or general obligation bonds expected to be issued by the District in the future. The District levied the O&M Tax in fiscal year 2023-24 to collect revenues from the portion of the land within the District

boundaries patented by the Developer and no longer owned by ASLD. The lien for taxes for both debt service and operation and maintenance purposes would be superior and paramount to that for the Special Assessments with respect to the Bonds.

Source: Pinal County Assessor Department, the various entities, the Pinal County Finance Department and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

**TABLE ONE**  
**ESTIMATED DEBT SERVICE SCHEDULE\***

Fiscal Year	Principal	Interest (a)	Total Estimated Annual Debt Service Requirements*
2024/25	\$ 25,000	94,163	119,163
2025/26	27,000	92,475	119,475
2026/27	28,000	90,653	118,653
2027/28	30,000	88,763	118,763
2028/29	32,000	86,738	118,738
2029/30	34,000	84,578	118,578
2030/31	37,000	82,283	119,283
2031/32	39,000	79,785	118,785
2032/33	42,000	77,153	119,153
2033/34	45,000	74,318	119,318
2034/35	48,000	71,280	119,280
2035/36	51,000	68,040	119,040
2036/37	54,000	64,598	118,598
2037/38	58,000	60,953	118,953
2038/39	62,000	57,038	119,038
2039/40	66,000	52,853	118,853
2040/41	71,000	48,398	119,398
2041/42	75,000	43,605	118,605
2042/43	80,000	38,543	118,543
2043/44	86,000	33,143	119,143
2044/45	92,000	27,338	119,338
2045/46	98,000	21,128	119,128
2046/47	104,000	14,513	118,513
2047/48	111,000	7,493	118,493
	<u>\$ 1,395,000</u>		

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(a) Interest column reflects total interest payments for each fiscal year; interest will be paid semi-annually on January 1 and July 1, commencing on January 1, 2024\*. Interest is estimated at 6.75%.

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\* Preliminary, subject to change.

Reviewed and accepted by:

**DEVELOPER:**

D. R. HORTON, INC., a  
Delaware corporation

  
By: Brent Davis (Sep 6, 2023 16:32 PDT)

Name: Brent Davis

Its: Division President – Phoenix East

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**EXHIBIT 1**

**LEGAL DESCRIPTION FOR ASSESSMENT  
AREA NO. 2**

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## **LEGAL DESCRIPTION OF ASSESSMENT AREA NO. 2**

Lots 440 through 556, inclusive, according to the Final Plat for Superstition Vistas – Phase 1B – Parcel 19.3, recorded as Fee No. 2023-057340, Records of Pinal County, Arizona; and

Lots 557 through 718, inclusive, according to the Final Plat for Superstition Vistas – Phase 1B – Parcel 19.4, recorded as Fee No. 2023-057341, Records of Pinal County, Arizona.

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**EXHIBIT 2**

**SUMMARY OF APPRAISAL FOR  
ASSESSMENT AREA NO. 2**

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