

**APPLICATION  
FOR FORMATION OF  
  
LAKIN COMMUNITY  
FACILITIES DISTRICT  
(AVONDALE, ARIZONA)**

**SUBMITTED BY  
  
Brookfield Lakin LLC**

**April 3, 2018 DRAFT**

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## INTRODUCTION

This application is being submitted by Brookfield Lakin LLC (the “Applicant” or “Developer”) for the Lakin Ranch Community Facilities District of the City of Avondale (the “District”) pursuant to Section 48-701, et seq. Arizona Revised Statutes as amended (the “Act”) for financing certain public infrastructure relating to the development of Lakin Ranch, a master planned community located within the City of Avondale.

The District is being formed to provide a financing mechanism for certain public infrastructure, through the issuance of District general obligation bonds and special assessment bonds.

Lakin Ranch (the “Project”) consists of approximately 1,130 acres and will be the subject of a Pre-Annexation and Development Agreement ( “PADA”), annexation, and Planned Area Development Plan ( “PAD”) all of which are to be approved by the Avondale city council immediately prior to the approval of this Application (collectively, the “Entitlements”). The Project is located west of Avondale Blvd. and east of Dysart generally along the Broadway Rd. alignment. The District is anticipated to include approximately 3,695 residential dwelling units.

The Project is currently projected to break ground in 2019, with home closings anticipated to begin in the second half of 2020.

In preparing this application, the Applicant followed the format suggested in the City’s community facilities district policy and guidelines (the “Policy”).

## APPLICANT INFORMATION (Sections 2.1-2.4 of the Policy)

Applicant Information and Applicant Contact. The Applicant will purchase the property in six approximately equal take-downs of the acreage over five years (first takedown is approximately 180 acres in May 2018 and the last takedown is in May, 2023) , beginning shortly after the approval of the Entitlements. Brookfield Lakin’s sole Member is Brookfield Residential (Arizona) LLC (“BRA”). Both the Applicant and BRA are incorporated in Delaware. The address and officers of both are:

14646 N. Kierland Blvd., Suite 165  
Scottsdale, AZ. 85254  
President- John L. Bradley  
Senior Vice President- Bradley Chelton  
Executive Vice President and CFO- Chad Matheson  
Vice President- Thomas Lui  
Secretary- William Seith

Lakin Cattle Company and Cashion Farms Limited Partnership are the current Owners of the property comprising the District. The address and the officer of both are:

4456 South Dysart Road  
Avondale, AZ 85323  
President- Robert Giocomo

The Applicant has engaged the following professionals to assist in the preparation of this application:

Gallagher & Kennedy- Dana S. Belknap  
Wood, Patel & Associates- Frank Koo  
Swaback Partners PLLC- Jeff Denzak

Experience. BRA, through a subsidiary, is the Project Manager responsible for the planning and development of Eastmark, a 3200 acre mixed use master planned community located in Mesa, AZ, and is the Owner and Developer of San Tan Ridge, a 160 acre community in Pinal County, AZ. BRA is a co-venture partner in the communities of Vista Verde (850 acres/1250 units in Maricopa county, AZ) and Harvest QC (415 acres/1200 units in Queen Creek,

AZ) Representatives of the Developer led the original planning and development of Verrado, an 8800 acre master planned community in Buckeye, AZ.

Financial Capability. BRA's financial statements are attached as **Appendix 1**, and reflect a net worth of \_\_\_\_\_ at December 31, 2017. Those statements reflect BRA's investments in Eastmark, San Tan Ridge, Vista Verde, and Harvest Queen Creek.

### **BOARD MEMBER INFORMATION (Section 2.5 of the Policy)**

Contact Information. The names, addresses, telephone numbers, backgrounds and qualifications, and other relevant information for the two additional board members to be designated by the Developer are attached as **Appendix 2**.

Subsequent Designation of Members. On the expiration of the term of an additional appointed board member, or if a vacancy occurs because of death, resignation, or inability of either of the additional appointed members to discharge the duties of a board member, the City will appoint a person designated by the Developer to fill the position. Upon completion of development of the Project, as certified by the Developer or its successor, the City will appoint a person designated by the homeowners' association for the Project to fill the position.

Open Meeting Law and Conflict of Interest Law. Each such member will be provided with the League of Arizona Cities & Towns publication entitled "You As A Public Official," which describes each member's obligation to comply with Title 38, Chapter 3, Articles 3.1 and 8, ARS, and also will attend the training session provided by the City for its appointed board and commission members. Each such member will sign an annual statement of understanding and agreement to comply with Title 38, Chapter 3, Articles 3.1 and 8, ARS.

In addition, each additional board member will sign an unqualified "hold harmless" guarantees for the City, the CFD and officers, agent and employees thereof in the form provided by the City.

### **PETITION IN FAVOR OF CFD (Section 2.6 of the Policy)**

A petition in favor of creation of the CFD is attached as **Appendix 3**. The petition includes a list of all parcels in the proposed CFD along with the parcel number, owner names, situs address and lot size (parcel square footage or acreage) for each individual parcel. The petition is signed by all of the owners of and those having an interest in the land area proposed to be included in the CFD.

### **PROPOSED CFD AND PROJECT DESCRIPTION (Sections 2.7-2.10 of the Policy)**

- A. General Description (Section 2.7). The District consists of approximately 1,043 acres, which will be developed as a master-planned community known as Lakin Ranch. The District is being formed to provide a financing mechanism for certain public infrastructure as described in this Application, through the issuance of District general obligation bonds and special assessment bonds.
- B. Key Policy Tenants (Section 2.8). The Policy requests a clear and detailed explanation of how the proposed District meets the key tenants outlined in Section 1 of the Policy and how the proposed District facilitates significant City Council policy goals. The Policy also requests a description of how the proposed District meets the existing development objectives of the City, including the goals of the City's General Plan.

The City Council's development goals are, in large part, contained in the City's General Plan. With regard to the Project's conformance to the goals of the City's General Plan, please see **Appendix 4**; the proposed District is essential to developing the Project pursuant to the PAD.

Major Public Infrastructure. The Policy notes that a CFD should be considered primarily in connection with the financing of major public infrastructure for development of master planned communities or large projects that may involve substantial commercial development. The proposed District will provide financing to substantially augment the City's infrastructure and existing level of public services in south

Avondale. It will provide water, sewer, and road connectivity over two square miles where supportive infrastructure does not currently exist.

Financial Protection of Property Owners. A key tenant of the City' Policy is the financial protection of property owners within a CFD. The Developer supports this goal. As described in this Application, the Developer's proposed financing plan anticipates that the proposed District will issue general obligation bonds only if the assessed value of the Property will support the target tax rate or the Developer provides credit enhancement, such that homeowners will be protected from financial liability in excess of targeted tax rates and assessments. Similarly, this Application addresses the Policy requirements to meet all financial obligations and/or legal exposures of the CFD.

No Supplanting of Requirements. While the Policy notes that CFD financing typically will not be provided for subdivision and local improvements, special consideration may be given if the development is in conjunction with a major economic development project that is directly related to Council's economic development goals or the proposed development provides an enhanced level of infrastructure desired by the City. In this Application, and based on the Project's conformance with the City Council's economic development goals as expressed in the City's General Plan, the Developer requests the use of special assessment bonds to fund certain subdivision level improvements.

Enhanced Services. All public infrastructure financed by the proposed District will be in conformance with the City's General Plan in order to encourage orderly growth and development. As a secondary, lower level criteria, the Policy states that some consideration may possibly be given to CFDs that provide enhanced infrastructure and/or municipal services that are significantly beyond what is normally expected and/or required in a similar project. Through a combination of the proposed District and Developer-funded public infrastructure, the Project will provide enhanced infrastructure and municipal services, including the donation of land for a new fire/safety substation and enhanced drainage improvements for the region.

Developer Contributions. The Developer will provide, from non-CFD sources, at least \$0.25 in infrastructure or community improvements for each \$1.00 of debt to be issued by a CFD to finance public infrastructure purposes. If agreed to by the District Board, in its sole and absolute discretion, prior infrastructure and community improvements constructed or acquired and benefiting the property within the CFD may be included in calculating compliance with this requirement.

Governing Board. The District is proposed to be governed by a board of directors comprised of the members of the City Council, ex officio, with two additional members who are designated by the Applicant and who are appointed by the City Council (the "CFD Board"). The two additional members designated by the Applicant will serve terms of a length set forth in the Act; if no such terms are designated in the Act, the two members shall each serve six-year terms; provided, however, of the first two such additional members to be appointed, one shall serve a term of four years to establish staggered terms for such members. The day-to-day administrative responsibilities of the CFD will be performed pursuant to one or more contracts with outside personnel or by the City staff.

Self-Supporting. The proposed District will be self-supporting from the standpoint of financing and administration, and no City funds will be used for CFD purposes. Notwithstanding anything contained herein, the City's property, full faith and credit, and taxing power, shall not be pledged to the payment of any CFD obligation or indebtedness. Unless otherwise agreed to by the City, all costs of administration and operation of the CFD will be the responsibility of the CFD, the Developer, applicable homeowners associations, or any combination of the foregoing, as may be acceptable to the City and the CFD Board. The Public Infrastructure financed by the District will be dedicated to the City upon completion and ongoing maintenance and operation responsibility or expenses with respect to such Public Infrastructure will be as stated in the PADA.

Project Feasibility. After review of the project feasibility report, Member Appraisal Institute ("MAI") property appraisals (utilizing the appropriate appraisal methodology) acceptable to the City/CFD, and other required pertinent information, the CFD Board will determine, in its sole and absolute discretion, the amount, timing, and form of financing to be used by a CFD.

Public Procurement. All public infrastructure constructed or acquired by the CFD will utilize statutory public procurement procedures in accordance with applicable laws, rules and regulations, as applicable, and, if interpretation thereof is necessary, the procedures would be applied as they would be in the case of the City.

Real Property. The CFD will not use bond proceeds or other CFD funds to purchase public rights-of-way or other real property to be used for public infrastructure improvements if such real property would be required to be dedicated and conveyed to the City by the Developer upon development of the Developer's property.

- C. Location (Section 2.9). The CFD's location within the City of Avondale is generally between Avondale Boulevard on the east, Dysart Road on the west and extends both north and south of the Broadway Road Alignment. The boundaries of the CFD are generally consistent with those of the PAD and is not adjacent to any property owned by the State of Arizona. The boundaries have been established to assist with the financing of major public infrastructure typically associated with master planned communities. The District boundaries are appropriate because the improvements to be financed by the District will primarily benefit future residents within the District. A legal description of district property containing approximately 1,043 acres is attached as **Appendix 5** and a district map is attached as **Appendix 6**.

Ownership Interests (Section 2.10). A current title report showing the identity of all persons or entities with an interest in the Property is attached as **Appendix 7**. Current owners are Lakin Cattle Company and Cashion Farms Limited Partnership. Brookfield Lakin, as a purchaser under a pending sales contract, has an interest in the Property. Maricopa County Records, attached as **Appendix 8**, show two qualified electors as non-owner residents of the property.

A Qualified Electors Report will be submitted to the City at the appropriate time as formation of the District moves forward.

The following are the names and addresses of the landowner and other interested parties that will sign the petition for District formation, as described above:

Brookfield Lakin LLC  
14646 N. Kierland Blvd., Suite 165  
Scottsdale, AZ. 85254  
President- John L. Bradley  
Senior Vice President- Bradley Chelton

Lakin Cattle Company and Cashion Farms Limited Partnership  
4456 South Dysart Road  
Avondale, AZ 85323  
President- Robert Giocomo

### **PROPOSED IMPROVEMENTS (Sections 2.11-2.13 of the Policy)**

Description of Project (Section 2.11). A detailed description and cost estimates for the public infrastructure to be acquired by the District are set forth in the Estimated Costs of Project Improvements and Estimated Project Schedule of Project Improvements tables below.

Estimated Costs (Section 2.12).

**ESTIMATED COSTS OF PROJECT IMPROVEMENTS (a)**

<b>Project ID</b>	<b>Description of Project</b>	<b>Estimated Costs</b>	<b>CFD Eligible Costs</b>	<b>Non CFD Eligible Costs</b>
	<b><i>Roadways</i></b>			
<b>1</b>	Avondale Blvd Two lanes underground utilities and landscaping	\$1,209,553	\$1,209,553	\$ -
<b>2</b>	Dysart Road two lanes underground utilities and landscaping	\$2,288,977	\$2,288,977	\$ -
<b>3</b>	El Mirage/Broadway Major Collector Loop underground utilities and landscaping	\$8,246,903	\$8,246,903	\$ -
<b>4</b>	The Greenway Minor Collector Loop underground utilities and landscape	\$11,725,734	\$11,725,734	\$ -
<b>5</b>	Traffic Signals at Avondale & Broadway	\$805,000	\$805,000	\$ -
	<b>Total Roadways</b>	\$24,276,167	\$24,276,167	\$ -
	<b><i>Utilities</i></b>			
<b>6</b>	Wastewater Lift Stations	\$1,150,000	\$1,150,000	\$ -
<b>7</b>	Relocate Existing City of Avondale Effluent & Sewer Lines	\$227,700	\$227,700	\$ -
<b>8</b>	El Mirage Road Pressure Reducing Valve	\$172,500	\$172,500	\$ -
	<b>Total Utilities</b>	\$1,550,200	\$1,550,200	\$ -
	<b><i>Easement and Drainage Corridors</i></b>			
<b>9</b>	Improvements within SRP & APS electrical easement	\$8,880,992	\$8,880,992	\$ -
	Dust Control & Stabilization within Durango Regional Conveyance Channel	\$1,587,000	\$ -	\$1,587,000
<b>10</b>	Roadway Crossings over APS Effluent Line	\$517,500	\$517,500	\$ -
	<b>Total Easements and Drainage Corridors</b>	\$10,985,492	\$9,398,492	\$1,587,000
	<b><i>Amenities</i></b>			
	Regional/Community Park	\$6,900,000	\$ -	\$6,900,000
<b>11</b>	Elementary School Shared Park	\$862,500	\$862,500	\$ -
<b>12</b>	Neighborhood Parks	\$2,673,750	\$2,673,750	\$ -
<b>13</b>	Parkway Trail	\$191,372	\$191,372	\$ -
<b>13</b>	Greenway Trail	\$395,991	\$395,991	\$ -
<b>13</b>	Park Trail	\$66,792	\$66,792	\$ -
<b>13</b>	East-West & South End Connector Trail	\$170,016	\$170,016	\$ -
	<b>Total Amenities</b>	\$11,260,421	\$4,360,421	\$6,900,000

	<b>Water/Irrigation</b>			
	SRP tailwater delivery	\$2,875,000	\$ -	\$2,875,000
	Rigby Water Buy In	\$1,177,600	\$ -	\$1,177,600
	<b>Total Water/Irrigation</b>	\$4,052,600	\$ -	\$4,052,600
	<b>Parcel Improvements (c)</b>	\$123,951,864	\$ -	\$123,951,864
	<b>Total (b) (d)</b>	\$176,076,743	\$39,585,279	\$136,491,464

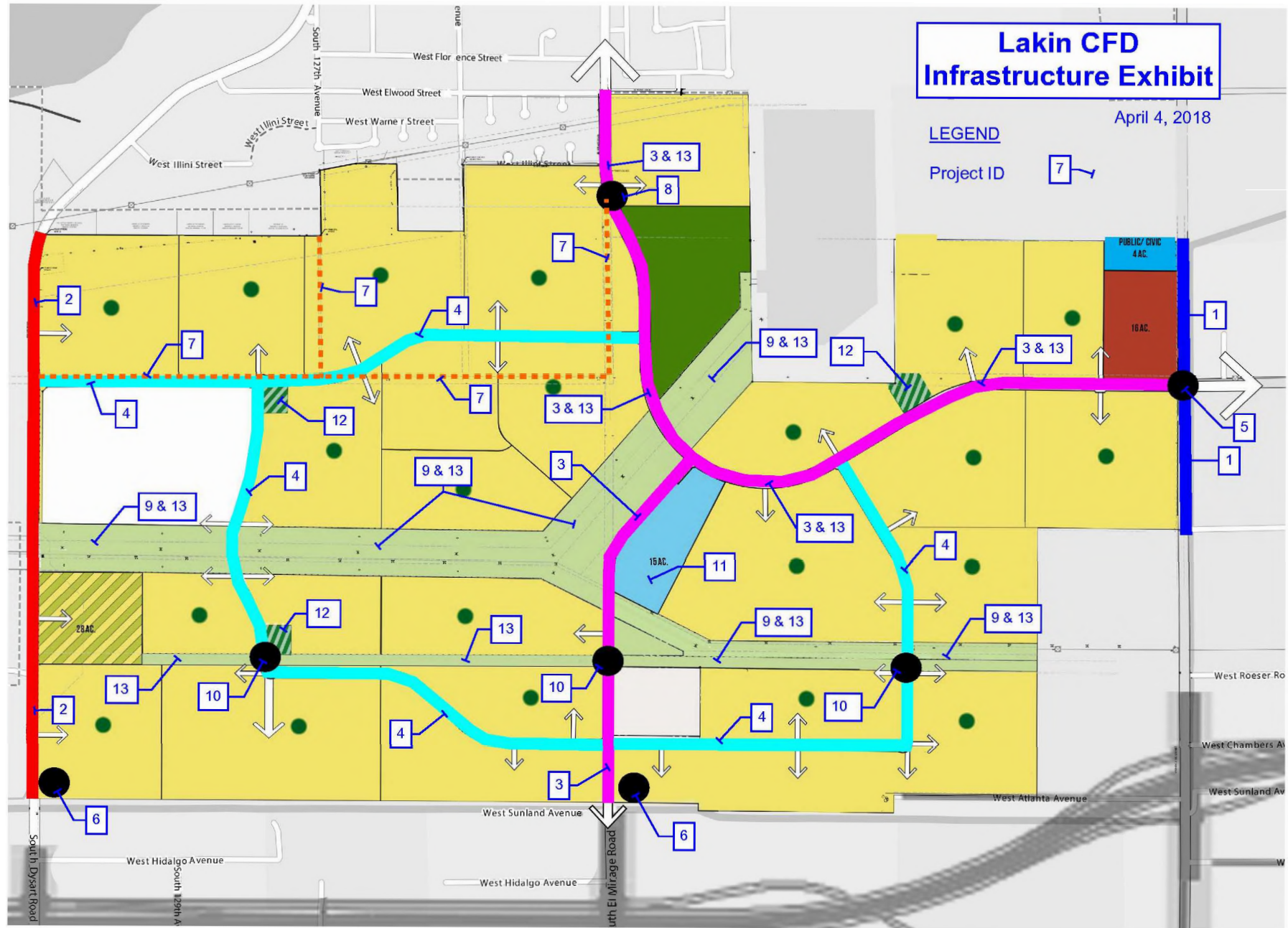
(a) The project costs include design, engineering, construction, contingency, construction management.

(b) Current CFD eligible infrastructure to be \$39MM plus issuance costs, reserves, inflation. **(Anticipated authorization to be \$70MM).**

(c) Parcel improvements include local neighborhood roadways, water, sewer, storm drain & landscape. Parcel improvements to be installed per the absorption schedule contained in Appendix 11.

(d) Non-CFD Eligible Costs shall be funded by Developer from Capital Contribution and Proceeds of Sales.





Development Timetable (Section 2.13).

**ESTIMATED SCHEDULE OF PROJECT IMPROVEMENTS (a)**

<b>Description of Project</b>	<b>Estimated Start Date</b>	<b>Estimated Completion Date</b>
<b><i>Roadways</i></b>		
Avondale Blvd	2019	2019
Dysart Rd	2025	2030
El Mirage/Broadway loop	2019	2022
West collector loop	2019	2028
Traffic Signals - Avondale/Broadway	2028	2030
<b><i>Utilities</i></b>		
Wastewater Lift Stations	2021	2028
Relocate Existing Effluent Line	2026	2028
El Mirage PRV	2020	2022
<b><i>Easement and Drainage Corridors</i></b>		
Electrical easement ground cover	2021	2028
DRCC ground cover	2021	2028
APS Effluent Line Roadway Crossings	2019	2028
<b><i>Amenities</i></b>		
Regional/Community Park	2020	2022
Elementary Park	2020	2022
Neighborhood Parks	2019	2028
Parkway Trail	2019	2022
Greenway Trail	2019	2028
Park Trail	2020	2022
East-West & South End Connector Trail	2020	2030
<b><i>Water/Irrigation</i></b>		
SRP tailwater delivery	2019	2030
Rigby Water Buy In	2020	2022
<b>Parcel Improvements</b>	2019	2033

(a) Avondale Blvd will be built in 2019, excluding approximately the northern most 800' due to grading constraints. The remaining 800' will be built with the public safety or commercial parcel, whichever is earlier

**FINANCING PLAN (Sections 2.14-2.19 of the Policy)**

A. Description of Financial Plan (Section 2.14).

Proposed Debt. It is anticipated that the District governing board call a general obligation bond election to authorize the issuance of 50mm of District general obligation bonds in series, over time. It is anticipated that the Developer will also request, over time, that the District governing board issue special assessment bonds. The general obligation bonds would be issued in series over time when the secondary assessed value of the property within the District is sufficient to support bond debt service given a target tax rate of \$3.85 per \$100 of net assessed limited property valuation or at such time as the Developer, provides collateral in amounts and type acceptable to the District governing board. The general obligation bond authorization anticipates costs related to the bond offerings, District formation costs and incidental costs as well as potential increases in public infrastructure costs.

Following formation of the District, it is anticipated that the Developer will also request that the District governing board levy assessments of the costs of public infrastructure on parcels, lots or pieces of property within the District based on the benefit to be received by such parcels, lots or property and issue special assessment lien bonds to finance Public Infrastructure benefiting certain parcels, lots or pieces of property within the District. At the time of the issuance of any proposed special assessment bonds, each parcel, lot or piece of property that is subject to assessment will have an appropriate value to lien ratio based on an MAI appraisal and as required by the City's Community Facilities District policy and guidelines.

The estimated general obligation bond program for the District through estimated build out is included in the Table below. The proposed first issue of general obligation bonds is to enable the governing board to levy the \$3.85 tax rate for general obligation bond debt service prior to the first homeowner occupancies which are expected in the first half of 2020. In addition, the Developer anticipates the levy of assessments and issuance of special assessment lien bonds, over time, based on the phasing of the Project. A detailed bond program is attached as **Appendix 9**.

<b>Fiscal Year</b>	<b>Estimated Net Assessed Limited Property Value</b>	<b>Estimated GO Bonding Capacity (1)</b>
2019-20	\$5,382,046	\$3,055,000
2020-21	11,059,807	6,055,000
2021-22	17,183,716	8,055,000
2022-23	23,780,948	11,055,000
2023-24	30,880,183	14,250,000
2024-25	38,511,685	17,750,000
2025-26	46,707,387	21,730,000
2026-27	55,500,978	25,730,000
2027-28	64,927,995	30,135,000
2028-29	75,025,922	34,920,000
2029-30	85,834,291	39,910,000
2030-31	97,394,790	44,945,000
2031-32	109,751,378	50,495,000
2032-33	118,603,945	54,085,000
2033-34	124,534,143	57,620,000
2034-35	130,760,850	61,070,000
2035-36	137,298,892	65,110,000
2036-37	144,163,837	70,850,000

Terms of the Bonds. The general obligation and special assessment bonds will have final maturities of 25 years from the dates of issuance. The general obligation bonds will be sized such that the ad valorem tax rate required to pay debt service is not expected to exceed a target tax rate of \$3.85 per \$100 of net assessed limited property value of the property within the District. The Developer will request the issuance of general obligation bonds only after the assessed value of the property within the District is sufficient to generate ad valorem taxes necessary to support debt service on the general obligation bonds given a \$3.85 tax rate or if the Developer provides other collateral in amounts and type acceptable to the District governing board.

Estimated Per Lot Special Assessment Amount. If and when issued, any per lot special assessment amount is expected to average approximately \$2,000-\$4,000 and in no event will exceed \$5,000 per lot. Each parcel, lot or piece of property on which a special assessment is levied will have an appropriate value to lien ratio based on an MAI appraisal and as required by the City’s CFD policy and guidelines.

- B. Sources and Uses of Funds (Section 2.15). The proceeds from the sale of the general obligation bonds (and, if issued, the special assessment bonds), after payment of costs of issuance, will be applied by the District to finance a portion of the Public Infrastructure described in the response to Section 2.8 of this Application. The sources and uses of funds can be seen in **Appendix 10**.
- C. Financial Feasibility (Section 2.16). Below is a summary of the overlapping tax rates of the property within the District including the proposed District levy:

<u>Overlapping Jurisdiction</u>	<u>2017-18 Primary Tax Rate</u>	<u>2017-18 Secondary Tax Rate</u>	<u>2017-18 Combined Tax Rate</u>
Maricopa County	\$1.8884	\$0.6701	\$2.5585
Maricopa County Community College District	1.1956	0.2140	1.4096
West MEC	0.0000	0.1780	0.1780
Littleton Elementary School District	2.4245	3.4563	5.8808
Tolleson Union High School District	2.1647	1.7730	3.9377
City of Avondale	0.7501	0.8499	1.6000
Lakin Ranch CFD	0.3000	3.8500	4.1500
<b>Total</b>			<b>\$19.7146</b>

The following are comparative fiscal year combined tax rates for other community facilities districts (includes assessment district bonds if applicable).

<u>District</u>	<u>Total Tax Rate</u>
Lakin Ranch (Avondale)	\$20.56
Estrella Mountain Ranch CFD (Goodyear)	\$16.66
Sundance CFD (Buckeye)	\$18.92
Verrado CFD (Buckeye)	\$17.41
Vistancia CFD (Peoria)	\$15.23
Goodyear General CFD (Goodyear)	\$14.90
Goodyear Palm Valley CFD (Goodyear)	\$14.81

The Developer believes that the overall price and tax structure will make the homes within the Project a competitive home building product for prospective buyers in the West Valley. The financing of the private development will flow from several sources as circumstances dictate. These sources include: third party institutional development loans, internal cash flow and equity capital provided as needed by the principals of the Developer. Given the Developer's experience in the development of master-planned communities, a separate market absorption study has not been prepared. As required by law, a feasibility report for each bond issue will be filed and considered for District governing board approval at the time of each bond issuance.

As shown in the table included above in Section 2.12, there is approximately \$175 million in infrastructure costs (both public and non-public) associated with the Project. Of the \$175 million indicated above, approximately \$40 million of infrastructure costs would be reimbursed to the Developer by the issuance of CFD bonds over a period of approximately 20-25 years; such infrastructure is referred to as "public" for purposes of this discussion. A specific and detailed financing plan for the publicly funded infrastructure and CFD bonds that may be issued is included in Appendix 9, Appendix 10 and Appendix 11. The privately funded infrastructure ("non-public") will be funded by the Developer through the normal course of development activity and by activities such as Developer equity contributions, lots sales to home-builders, partnership contributions and other capital contributions or leverage (as needed).

The Developer estimates build-out within the District to be up to 3,695 residential dwelling units. Please refer to **Appendix 11** for the estimated single-family residential home absorption and commercial acreage absorption schedule for the District. The Developer expects the first home closings beginning in the first half of calendar year 2020.

- D. Fiscal Impact (2.17). While market pricing and values are difficult to anticipate, the Developer is extremely sensitive to the overall tax burden that the CFD will add to a homeowner’s obligation. The anticipated debt burden on homeowners living within the District will be consistent with comparable master-planned communities in the Phoenix Metropolitan area including the Vistancia community in Peoria, Estrella Mountain Ranch in Goodyear, Verrado and Festival Ranch in Buckeye and Anthem at Merrill Ranch in Florence. The table above provides a comparative analysis of the estimated total debt burden for these community facilities districts. The table shows the District with a \$3,500 per lot special assessment. A detailed summary of the table is located in **Appendix 12**.

<u>District</u>	<u>GO Taxes</u>	<u>Special Assessment</u>	<u>Est. Average Annual HOA Fees</u>	<u>Total Debt Burden</u>	<u>Total Burden As a % of Sales Price (a)</u>
Lakin Ranch	\$3,963	\$238	\$1,000	\$5,200	1.73%
Estrella Mountain Ranch CFD (Goodyear)	\$3,348	\$486	\$948	\$4,782	1.59%
Sundance CFD (Buckeye)	\$3,803	\$367	\$950	\$5,120	1.71%
Verrado CFD (Buckeye)	\$3,500	-	\$1,566	\$5,066	1.69%
Vistancia CFD (Peoria)	\$3,061	-	\$1,740	\$4,801	1.60%

(a) Table assumes \$300,000 average home price for all Districts

A.R.S. Section 32-2181, *et seq.* requires the disclosure of all property taxes to be paid by the homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report. In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of the form will be acknowledged in writing by the homebuyer. A signed copy of the form will be kept on file with the City Clerk. An example homebuyer disclosure form is included in **Appendix 13**.

- E. Value-to-Lien Ratio Analysis (Section 2.18). If and when issued, any per lot special assessment amount is expected to average approximately \$2,000-\$4,000 and in no event will exceed \$5,000 per lot. Each parcel, lot or piece of property on which a special assessment is levied will have an appropriate value to lien ratio based on an MAI appraisal and as required by the City’s CFD policy and guidelines. In no event would the value-to-lien ration be lower than a 4-1 lien ratio.
- F. Operation and Maintenance Costs (Section 2.19). The Public Infrastructure financed by the District will be dedicated to the City upon completion and ongoing maintenance and operation responsibility or expenses with respect to such Public Infrastructure will be as stated in the PADA. The District may levy a \$0.30 ad valorem tax rate per \$100 of net limited property assessed value (need to confirm) to fund the operation, maintenance and administration (“O&M”) expenses which are the responsibility of the District. Applying the \$0.30 ad valorem operations and maintenance tax rate over all of the estimated taxable real property contained within the District generates the revenue estimates depicted in the following table.

<b>Fiscal Year</b>	<b>Estimated Net Assessed Limited Property Value</b>	<b>Estimated O&amp;M Revenues Generated by a \$0.30 Tax Rate</b>
2017-18	\$122,242	\$367
2018-19	124,687	374
2019-20	5,382,046	16,146
2020-21	11,059,807	33,179
2021-22	17,183,716	51,551
2022-23	23,780,948	71,343
2023-24	30,880,183	92,641
2024-25	38,511,685	115,535
2025-26	46,707,387	140,122
2026-27	55,500,978	166,503
2027-28	64,927,995	194,784
2028-29	75,025,922	225,078
2029-30	85,834,291	257,503
2030-31	97,394,790	292,184
2031-32	109,751,378	329,254

**DISTRICT DEVELOPMENT AND FINANCING PARTICIPATION AGREEMENT (Section 2.20 of the Policy)**

The District Development and Financing Participation Agreement among the City, Brookfield Lakin, and BRA (the “CFD Agreement”), in substantially final form, is attached as **Appendix 14**. The Owners will consent to the recordation of the CFD Agreement on the Property.

**OTHER INFORMATION (Sections 2.21-2.25 of the Policy)**

- A. **Insurance (Section 2.21)**. The City Council members serving as District Board members will be provided insurance coverage by the City. Brookfield Lakin will provide insurance to the additional two Board members, if necessary.
- B. **Indemnification (Section 2.21)**. The CFD Agreement requires that the Developer, with certain exceptions, indemnify the City and the District, and their agents, officers, and employees for, from, and against any and all liabilities, claims, costs and expenses, including attorneys’ fees, incurred in any challenge or proceeding to the formation, operation, administration of the District, the offer and sale of CFD bonds, and the levying by the District of any tax, assessment, or charge. BRA agrees to be jointly and severally liable for the indemnification obligation. As previously stated, BRA’s financial statements for the year ending December 31, 2017 are attached as **Appendix 1**.
- C. **Marketing Plan (Section 2.22)**. The Developer will engage a land broker to sell finished platted parcels to individual builders. The broker will prepare a marketing package which will be distributed to each prospective builder and builders will submit offers. After acquisition of a parcel, each builder will build show models and will market their homes both on-site and on-line to individual home buyers.

- D. Disclosure to Prospective Property Owners (Section 2.23). State law requires that the existence and fiscal implications of any community facilities district overlapping a residence be disclosed as part of the formal real estate report related to the sale thereto. In addition to this minimum requirement, the Developer proposes a more comprehensive program of homebuyer disclosure. First, all sales contracts with homebuilders will include a provision that states that the homebuilder agrees to comply with the disclosure requirements of State law referenced above, plus the following additional requirements. Second, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact. Third, receipt of this form (a draft of which is included in **Appendix 13**) will be acknowledged in writing by the homebuyer, and a signed copy kept on file with the City Clerk. Further, as a matter of practice no less than annually, the homeowner's association will be briefed on the District, its finances and activities. Finally, one of the reasons the Developer favors creation of the District and levy of the tax prior to home sales is that all homebuyers will typically receive an indication of the monthly requirement for payment of property taxes (including the District portion) when applying for a mortgage. This provides another opportunity for the homebuyer to learn about the District and its financial implications.
- E. Operating Plan (Section 2.24). The Public Infrastructure financed by the District will be dedicated, accepted, operated, and maintained pursuant to the CFD Agreement, the Entitlements, and such additional agreements as may be executed by the City, the District, and the Developer. At the time of formation of the District and authorization of the general obligation bonds, the Developer agrees that provision for the authorization of a not to exceed tax rate of \$0.30 for operation and maintenance expenses of the District will be authorized. Please refer to the response to Section 2.19 (F) for projected revenues generated by a \$0.30 tax rate for administrative, operation and maintenance expenses of the District.

The Developer will coordinate with the District to create and maintain a website and data base remaining at all times in compliance required by the Act. Costs associated with the creation and maintenance of the website will be considered a "District Expense" and funded through revenues generated by the \$0.30 tax (as subsidized by the Developer per the requirements of the CFD Agreement).

- F. Development Agreements (Section 2.25). The PADA, in substantially final form, is attached as **Appendix 15**.



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**APPENDIX 1**

**BRA FINANCIAL STATEMENTS**

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**BROOKFIELD RESIDENTIAL (ARIZONA) LLC**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2017**  
**(UNAUDITED)**

## **CONFIDENTIALITY**

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These financial statements contain confidential subject matter and are intended for use by the recipients thereof only. You agree with Brookfield Residential (Arizona) LLC and its subsidiaries (collectively, the "**Company**") that you will not, and will cause your affiliates to not, divulge, communicate, use for yourself or for the benefit of any other business, firm, person, trust, partnership or corporation, or otherwise misuse, any confidential or proprietary information, data or trade secrets of or relating to the business of the Company contained in or accompanied with these financial statements or otherwise disclosed in connection herewith (collectively the "**Confidential Information**"). You acknowledge and agree that the Company has a proprietary interest in the Confidential Information and that the same is of value to the Company and that disclosure of the Confidential Information would cause irreparable harm to the Company. You agree to, and shall cause your affiliates to, upon demand by or on behalf of the Company, return or destroy, without retaining any copies thereof, all Confidential Information and documents containing Confidential Information, whether in physical or electronic format.

**BROOKFIELD RESIDENTIAL (ARIZONA) LLC**

**CONSOLIDATED BALANCE SHEETS**

*(all dollar amounts are in thousands of U.S. dollars)*

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
Land and Housing Inventory	7,096	15,288
Investments in Unconsolidated Entities (1)	70,755	53,004
Other Assets	1,732	410
Accounts Receivable	7,434	-
Cash	201	6
<b>Total Assets</b>	<b>87,218</b>	<b>68,708</b>
<b>Liabilities</b>		
Accounts Payable	8,697	650
Due to Parent	26,180	26,795
	34,877	27,445
<b>Equity</b>	<b>52,341</b>	<b>41,263</b>
<b>Total Liabilities and Equity</b>	<b>87,218</b>	<b>68,708</b>
(1) Eastmark	50,648	37,691
Vista Verde	4,567	15,313
Meridian	15,540	-
Total	70,755	53,004

**BROOKFIELD RESIDENTIAL (ARIZONA) LLC**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

*(all dollar amounts are in thousands of U.S. dollars)*

	<b>12 Months Ended December 31, 2017</b>	<b>12 Months Ended December 31, 2016</b>
<b>JV Lot Closings</b>	226	298
<b>Lot Closings</b>	405	-
<b>JV Acres</b>	47	-
Revenue	22,028	-
Direct Cost of Sales	(18,135)	-
<b>Gross Margin</b>	<b>3,893</b>	-
	<i>18%</i>	<i>0%</i>
General and Administrative Costs	(2,179)	(1,965)
Selling Costs	(370)	(17)
Equity Earnings in Unconsolidated Entities (1)	10,430	4,050
Other Income	-	-
<b>Operating Income/(Loss)</b>	<b>11,774</b>	<b>2,068</b>
Interest - Affiliate	(696)	(1,170)
<b>Income/(Loss) Before Tax</b>	<b>11,078</b>	<b>898</b>
<b>Members' Equity, Beginning of Period</b>	<b>41,263</b>	<b>40,365</b>
<b>Members' Equity, Ending of Period</b>	<b>52,341</b>	<b>41,263</b>
(1) Equity earnings		
Eastmark	9,697	3,237
Vista Verde	733	813
	10,430	4,050

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**APPENDIX 2**

**ADDITIONAL BOARD MEMBER INFORMATION**

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To Come

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**APPENDIX 3**

**PETITION FOR FORMATION**

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PETITION FOR ADOPTION OF A RESOLUTION  
ORDERING AND DECLARING  
FORMATION OF  
LAKIN COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA        )  
COUNTY OF MARICOPA    ) ss.  
CITY OF AVONDALE        )

THE UNDERSIGNED OWNERS (hereinafter referred to as, collectively, “Petitioner”) OF ALL OF THE REAL PROPERTY hereinafter described by the attached parcels, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the “Act”), respectfully petitions The Honorable City Council of the City of Avondale, Arizona (hereinafter referred to as the “Municipality”), to adopt a resolution (hereinafter referred to as the “Resolution”) declaring and ordering formation of a community facilities district (hereinafter referred to as the “District”) and would respectfully request the following with respect thereto:

I.

The name of the District to be “Lakin Community Facilities District,”

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District,

III.

The District to contain an area of approximately 1,130 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land

included in the parcels described by metes and bounds as provided in the Exhibit hereto, which is made a part hereof for all purposes,

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of *ad valorem* property taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

Before the Resolution is adopted, the Clerk of the Municipality to accept the filing of a "general plan" (as such term is defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved, and

VII.

The Municipality to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Maricopa County, Arizona, all of the land to be

in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District; that public convenience and necessity require the adoption of the Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the Municipality may, on receipt of this Petition, adopt the Resolution to declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully prays that this Petition be properly filed as provided by law; that the Municipality adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and

that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Common Council of the Municipality shall deem proper and necessary.

RESPECTFULLY SUBMITTED this \_\_\_\_ day of \_\_\_\_\_, 2018.

BROOKFIELD LAKIN LLC, a \_\_\_\_\_  
limited liability company

By: Brookfield Residential (Arizona) LLC, an  
Arizona limited liability company, its sole  
Member

By: \_\_\_\_\_  
John L. Bradley, President

STATE OF \_\_\_\_\_ )  
  )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by John L. Bradley, the President of Brookfield Residential (Arizona) LLC, the sole Member of Brookfield Lakin LLC, a \_\_\_\_\_ limited liability company.

\_\_\_\_\_  
Notary Public



ATTACHMENT:

EXHIBIT – List of Parcels in Proposed CFD

Parcel No	Owner Name	Situs / Address	Square Footage of Parcel
500-70-003D	CASHION FARM LIMITED PARTNERSHIP	NEC El Mirage Road & Sunland Avenue	1,002,893
500-70-005A	CASHION FARM LIMITED PARTNERSHIP	East of El Mirage Road, north of Sunland Avenue	3,484,800
500-71-003A	CASHION FARM LIMITED PARTNERSHIP	East side of El Mirage Road, south of Broadway Road	1,655,883
500-63-006	LAKIN CATTLE COMPANY	NEC Dysart Road & Broadway Road	3,335,726
500-64-001F	LAKIN CATTLE COMPANY	NWC El Mirage Road & Broadway Road	3,347,455
500-64-002N	LAKIN CATTLE COMPANY	SWC El Mirage Road & Illini Street	1,165,400
500-66-007A	LAKIN CATTLE COMPANY	NEC El Mirage Road & Broadway Road	3,379,385
500-66-008A	LAKIN CATTLE COMPANY	NWC Avondale Boulevard & Broadway Road	3,431,657
500-67-004B	LAKIN CATTLE COMPANY	11746 West Broadway Road, Tolleson, AZ 85353	6,665,987
500-71-002A	LAKIN CATTLE COMPANY	4602 South 121st Avenue, Tolleson, AZ 85353	3,432,092
500-72-001D	LAKIN CATTLE COMPANY	NEC El Mirage Road & Broadway Road	17,348,265
500-64-002J	LAKIN CATTLE COMPANY	West side of El Mirage Road, South of Illini Street	98,666

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**APPENDIX 4**

**CONFORMANCE TO GENERAL PLAN**

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## 2. CONFORMANCE WITH THE GENERAL PLAN

### Vision Statement

A city of variety, vitality, and values, whose citizens pursue an active role in molding a great place to live, work, and play, in a manner respectful of the City's rich history, growing culture, and invaluable natural resources.

Avondale is unique, choosing to appreciate and maintain its heritage while also pro-actively seeking innovative ways to provide the highest quality of life by becoming a healthy lifestyle community.

### Role of the General Plan and Relationship to Lakin Property

The PAD and intended development has been prepared to achieve the goals, objectives and policies set forth in the General Plan. The focus for this project is to facilitate growth in a manner that continues to elevate the quality of life for all citizens in Avondale.

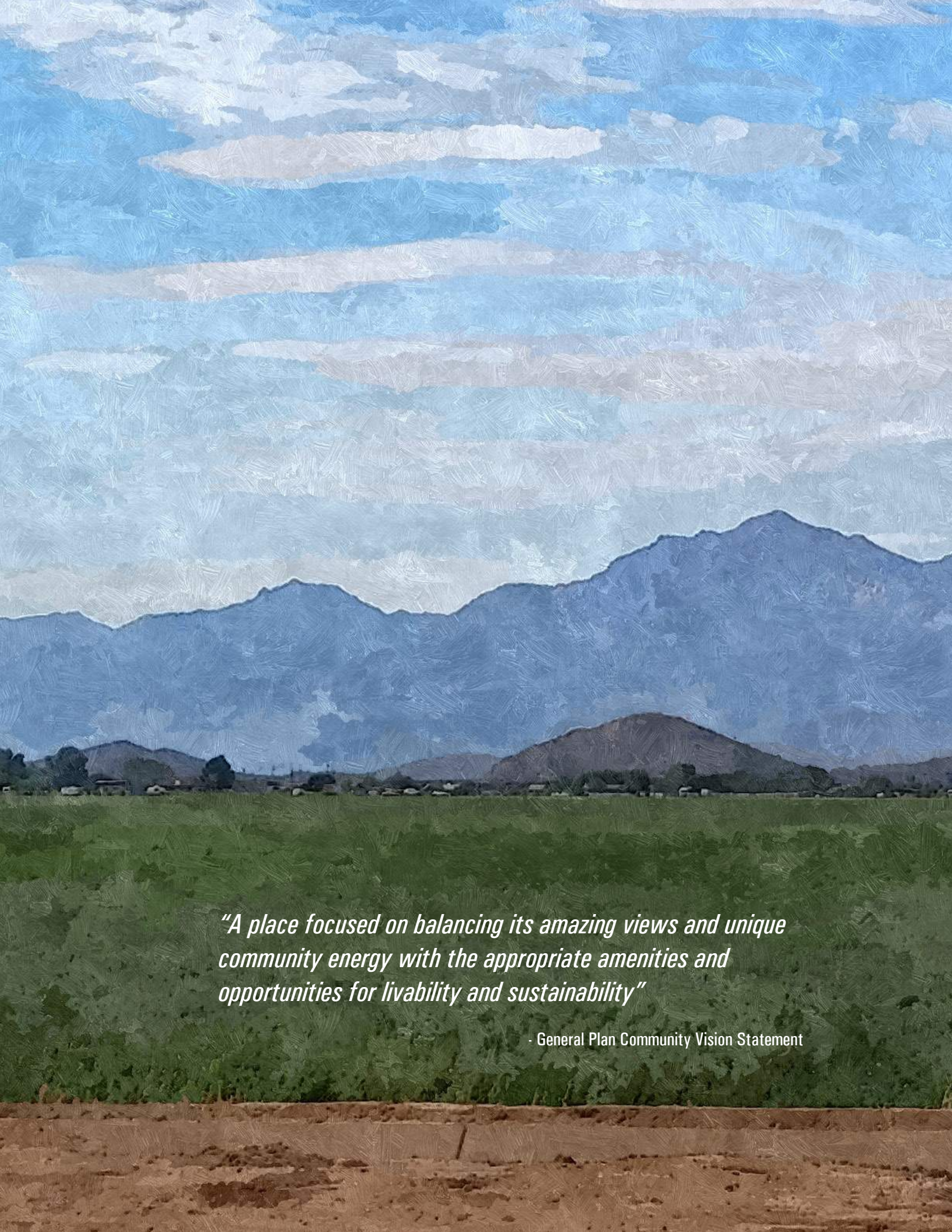
The City of Avondale General Plan 2030 discusses the importance of building a **"Healthy, Sustainable City"**. The General Plan notes that this concept is supported by:

- Increasing the City's "walkability" by adding pedestrian and bike paths that encourage people to use non-motorized means of travel rather than driving;
- Promoting neighborhood-serving businesses;
- Working with industry to reduce pollutants and conserve resources;
- Adding and maintaining parks, open space, trails, and greenery in neighborhoods for comfort and recreation;
- Ensuring that the outcome of development maintains quality of life expectations and grows in harmony with its environment and natural resources.

Achieving the aspirations of the City's General Plan requires acknowledging the links between built environments and healthy living, particularly the influence that patterns of land use, density, transportation strategies, and street design have on a community's and individual resident's well-being.

- VERNON D. SWABACK



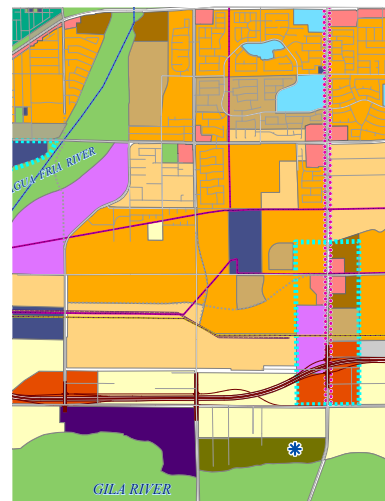


*"A place focused on balancing its amazing views and unique community energy with the appropriate amenities and opportunities for livability and sustainability"*

- General Plan Community Vision Statement

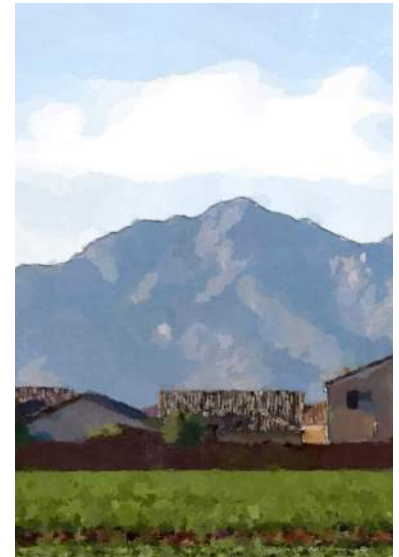


<b>LAND USE ELEMENT:</b>	
GP GOAL	Brookfield Response
<b><u>Goal 1: “Establish an Avondale identity based on a healthy lifestyle that promotes land uses which foster an economically sustainable and socially dynamic community.”</u></b>	The overall community design fabric will provide a fresh and hip community scene that focuses on social engagement and healthy living. A spirit of health and wellness will be made easy with an abundance of opportunities to hop on a trail and connect with friends and neighbors.
<b><u>Goal 3: “Promote a strong balance of high quality residential, employment, recreation, and educational land uses.”</u></b>	Brookfield is proposing a diverse range of housing product. The proposed development includes high and medium-high density product, medium size lots to low density lot sizes.
<b><u>Goal 4: “Ensure all land use decisions meet the long-term social and economic goals of the community.”</u></b>	The community will provide executive housing and larger lots for the community. Based on research to date, discussions with the home builder industry and an analysis of potential comparable projects, the inclusion of executive housing and larger lots will greatly expand the current offering in the Southwest Valley. However, it is important to note that the project will also be providing higher density housing where appropriate, adjacent to higher intensity uses such as utilities, commercial and public uses. The higher density products to include townhomes as well as creative drive court and green court products. All creative clusters to be carefully organized with convenient access to amenities and adjacent open space. This higher density housing will support more vibrant commercial areas through increased population supporting more diversity of non-residential uses and ultimately higher sales tax revenues.



**Goal 5: “Promote land uses that are respectful of the natural environment and which conserve valuable natural resources such as open space, clean air, water, and energy.”**

The project is envisioned as a connected, integrated and holistic master plan that will result in a very strong identity for the City. Because the Property is located directly northeast of the confluence of three major river corridors (Salt, Gila, and Agua Fria Rivers), Brookfield believes that this is a unique opportunity to develop a comprehensive community master plan that embraces the City’s desire to celebrate the natural beauty of the Sierra Estrella Mountains and provides a framework for community health and wellness. Respecting the natural environment is done not only through an expansive trail system, large community park and efficient drainage design, it is also accomplished through architectural design, community features, elements and design components organized around a series of materials and desert treatments. Proposed color palettes will be comprised of muted tones and will take clues from natural context of the land, river valley and adjacent mountains as well as the historic contexts of the surrounding properties.



**Goal 7: “Plan for educational facility locations as development and redevelopment occurs”.**

Brookfield has coordinated with the Littleton Elementary School District (“LESD”) and has proposed a 15-acre school site on the Property. Brookfield understands the importance of schools to a community’s well-being and believes that the elementary school will be a significant asset to the overall fabric of the community. In addition, Brookfield is in discussions with both the City and the LESD on the potential opportunities for co-locating open space and recreation improvements within the context of land adjacent to the school site. This will likely include a co-use agreement to allocate improvement costs and govern operational and maintenance responsibilities.





**COST OF DEVELOPMENT ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 2: “Preserve and enhance infrastructure and the existing level of public services for residents and businesses.”</u></b></p>	<p>The successful development of this project will substantially augment the City’s infrastructure and existing level of public services in south Avondale through the reservation of land for the development of a new fire/ safety substation and a new elementary school. This project will also reserve land and contribute to the development of a new 30-acre community park site. Through the development of the Property, this project will provide water, sewer and road connectivity over two square miles where supportive infrastructure does not currently exist. This will have the added benefit of attracting other users to the area who will be able to capitalize on the new infrastructure.</p>



**HOUSING ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 2: “Champion the development of housing types not currently available in the City to allow for a variety of socio-economic levels”</u></b></p>	<p>Housing design will create a rich character and quality with a range of housing design styles that will help to curtail the typical suburban look of monotony and sameness. Based on the overall community theming and branding, the project will include four distinct architectural styles: Spanish Colonial, Territorial Ranch, Craftsman/Bungalow and Traditional Southwest.</p>
<p><b><u>Goal 4: “Require excellence and innovation in residential design and construction.”</u></b></p>	<p>The Developer will coordinate all residential building activities to ensure design excellence. A focus on key components and the appropriate design composition will be mandated through the proposed architectural design standards and guidelines in Section 5 of the PAD.</p>



**CONSERVATION, REHABILITATION, AND REDEVELOPMENT ELEMENT, AND NEIGHBORHOOD PRESERVATION AND REVITALIZATION ELEMENT:**

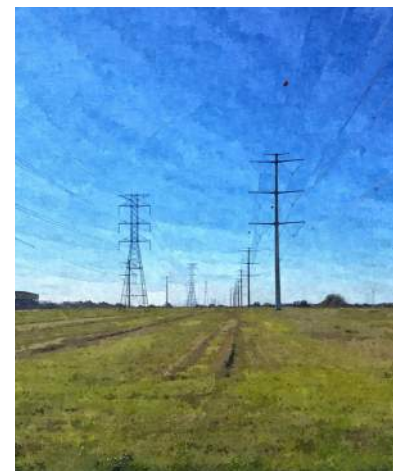
GP GOAL	Brookfield Response
<p><b><u>Goal 2: "Create a true sense of community that stretches beyond neighborhood boundaries."</u></b></p>	<p>Neighborhoods will be carefully positioned around formative parks and associated open space elements to help foster social engagement and a special sense of place. Rather than a simple series of block forms repeated over and over, residential blocks shall be organized in more interesting (and different) shapes, sizes and orientations that help to create for a more varied and visually interesting street scene.</p>

**ENERGY ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 5: "Integrate electric power line corridors, electric substations, and other energy infrastructure into future development."</u></b></p>	<p>The site includes a linear electrical corridor and associated easements that includes a "Y" separation near the middle of the Property. Brookfield has been working closely with the utility providers during the planning and preliminary engineering phases. Based on this coordination and collaboration, Brookfield plans to utilize the easements as part of the overall trail system, informal open space for recreation and for detention design requirements.</p>

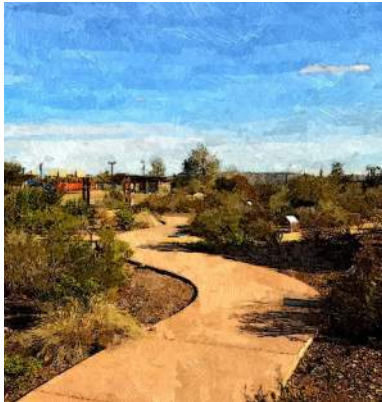
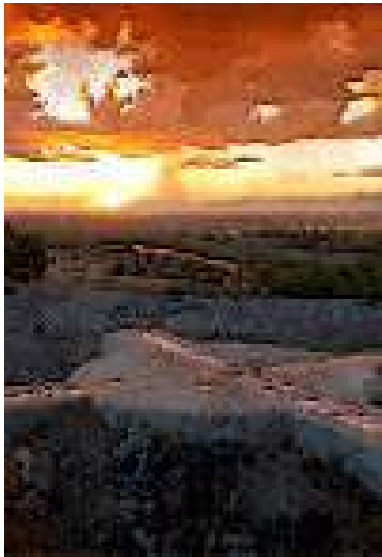
**ENVIRONMENTAL PLANNING AND CONSERVATION ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 1: "Protect floodways, floodplains, hillsides, and other environmentally sensitive areas from inappropriate development"</u></b></p>	<p>Brookfield understands the local and regional issues associated with drainage and floodplains and explored potential mitigation solutions for the current floodplains, as well as existing and proposed drainage. To address these drainage issues, Brookfield will prepare mass grading reclamation plans, multiple Conditional Letters of Map Revisions ("CLOMR") and multiple Letters of Map Revisions ("LOMR") to be submitted to FEMA as necessary. Brookfield will also cooperate in design of components related to the Durango Regional Conveyance Channel ("DRCC") relative to the Property.</p>





<p><b><u>Goal 4: “Maintain or enhance the quality of Avondale’s natural resources.”</u></b></p>	<p>Community features, elements and design components will be organized around a series of materials and desert treatments that take their clues from the overall community themes of health, wellness, community engagement and connection to nature.</p>
<p><b><u>Goal 8: “Conserve water”</u></b></p>	<p>Although the landscape form and structure will have a formal feel highlighted by rows of trees on streets, in parks and along borders, the overall landscape palette will be low water use and appropriate for the desert environment.</p>
<p><b>OPEN SPACE ELEMENT:</b></p>	
<p><b>GP GOAL</b></p>	<p><b>Brookfield Response</b></p>
<p><b><u>Goal 1: “Identify, protect, and preserve the natural amenities and environmental attributes that are unique to Avondale and contribute to a healthy lifestyle”</u></b></p>	<p>There will be an abundance of fun, attractive and healthy opportunities to get outside and reconnect with nature. The community trail system will also provide convenient linkage to the unique riverfront setting. The new community will be a source of pride for the City of Avondale that focuses on livability and long-term sustainability.</p>
<p><b><u>Goal 2: “Create linkages to parks, trails, rivers, and mountains.”</u></b></p>	<p>Over 9.5 miles of trails will connect a series of family friendly neighborhoods and an integrated series of specialty designed parks.</p>
<p><b><u>Goal 3: “Make Avondale’s unique natural setting central to its identity as a Healthy Lifestyle City.”</u></b></p>	<p>The Property’s unique location at the convergence of multiple rivers limits transportation circulation west of the Property as well as significant limitations south of the Property. These geographical and physical conditions reinforce the desire to create a carefully crafted destination-oriented master plan community that can become a regional destination within the City. The community will be a special asset that will complement the overall fabric of Avondale and help to reinforce the community as a great place to live, work and play.</p>



<p><b><u>Goal 4: “Protect views of and access to mountains and river corridors.”</u></b></p>	<p>A central theme of the project is its visual and physical access to the surrounding natural areas. With this in mind, the community will be carefully designed with an integrated street system to take advantage of the existing view sheds, and an open space and park system, and trail network that connects the neighborhoods to the surrounding natural areas.</p>
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**RECREATIONAL AMENITIES ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 1: “Ensure every person has convenient access to safe public parks and affordable recreation opportunities.”</u></b></p>	<p>Brookfield intends to reserve a large 30-acre community park site and contribute to the development of this site. Additionally, the project includes three strategically located neighborhood parks that will range in size from approximately 2 to 3 acres, as well as a series of formative parks. The neighborhood park space will be geared toward the community’s adjacent neighborhoods and residents and will incorporate a range of uses that give each neighborhood park a unique identity. Brookfield has also coordinated with the Littleton Elementary School District (LESD) and has proposed a 15-acre school site on the Property. 6-acres of the school site will be organized as open space with park amenities for joint use between the LESD and City of Avondale. The formative parks will be the most important aspect of the overall park system that provides direct access to neighborhoods and residents and will be strategically embedded in each grouping of neighborhoods.</p>



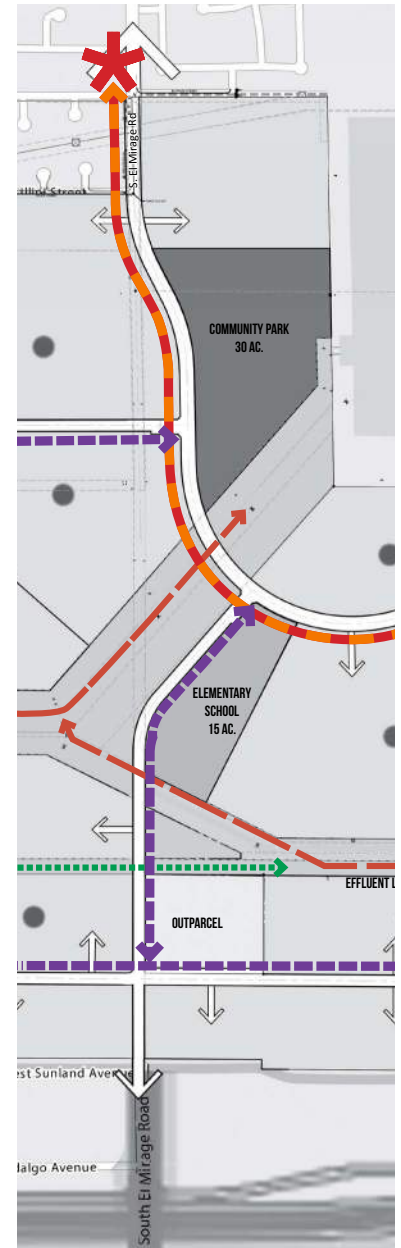


<b>CIRCULATION ELEMENT:</b>	
GP GOAL	Brookfield Response
<p><b><u>Goal 1: “Provide a transportation system that is complementary to the existing and planned land uses.”</u></b></p>	<p>The Property’s unique location at the convergence of the nearby rivers limits transportation circulation west of the Property. While the project is to be designed as a unique, destination-oriented master planned community, it still allows for circulation and connectivity around the Property.</p>
<p><b><u>Goal 3: “Provide a transportation system that serves the public in a safe, efficient, and cost-effective manner.”</u></b></p>	<p>The Property’s unique location at the convergence of three rivers limits transportation circulation west of the Property. Additionally, the Estrella Mountains significantly limits transportation circulation south of the property. The geographical and physical conditions reinforce the desire to create a carefully crafted destination-oriented master plan. In addition to these site constraints another significant factor that impacts the overall proposed circulation plan is the timing and design for the proposed SR 30 alignment.</p>



**Goal 4: “Promote and support an integrated transportation system that mitigates congestion, fosters a sense of community, and preserves the environment.”**

The circulation pattern proposed for the Property is intended to set the foundation for the community and establish a distinct sense of place. The primary access to the community will be from Broadway Road to El Mirage Road. These two roads have been planned to form a loop pattern which serves the community but reduces cut-through traffic in an intentional design that will preserve the long-term integrity of the community. The Property’s unique location at the convergence of three rivers limits transportation circulation west of the Property. As such, the plan’s proposed circulation solution allows the project to sufficiently accommodate traffic, mitigate congestion while still allowing for a circulation pattern that will establish a unique, destination-oriented master planned community.



**BICYCLING ELEMENT:**

**GP GOAL**

**Brookfield Response**

**Goal 1: “Develop a safe bicycle transportation system that provides connectivity throughout the City, including major public and private facilities, and to transit.”**

The proposed community provides an extensive network of bicycle and pedestrian paths that make-up the overall system. Connectivity is planned throughout the community as well as with the larger, external Avondale and regional network. The network includes over 9.5 miles of trails, which will allow for biking, walking and jogging.



<p><b><u>Goal 3: “Increase recreational opportunities for bicyclists throughout Avondale.”</u></b></p>	<p>The overall community trail system will be thoughtfully integrated with the Community Park to ensure convenient access for residents on foot or on bike. The proposed trail network is considered an ‘active’ transportation network that accommodates bicyclist, pedestrians and handicapped users.</p>
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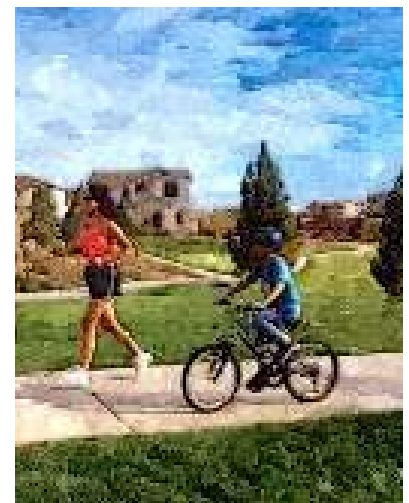
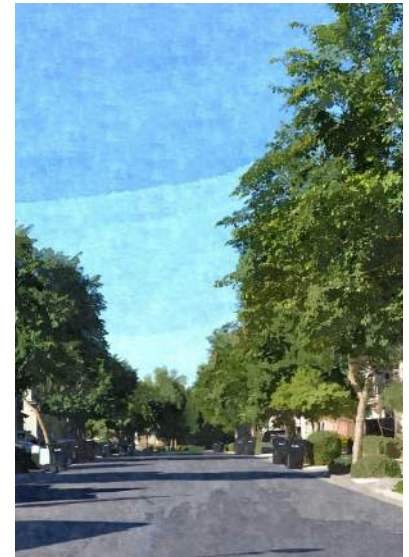
**PUBLIC BUILDINGS, SERVICES, AND FACILITIES ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 1: “Provide effective and efficient public safety services and facilities throughout Avondale.”</u></b></p>	<p>Property for a public safety facility has been reserved along Avondale Boulevard directly north of the commercial center. This location has been coordinated with the City.</p>
<p><b><u>Goal 2: “Provide equitable and well-planned community value services and facilities throughout Avondale.”</u></b></p>	<p>The Brookfield community enhances the equitable distribution of community services and facilities through the planning, design and development of a 30-acre community park site, three neighborhood parks, several smaller formative parks, extensive bike/pedestrian paths and the reservation of a K-8 school site as well as a public safety facility site. Each of these amenities have been thoughtfully planned throughout the entitlement process with City staff.</p>





<p><b><u>Goal 3: “Protect the community from flooding and plan for long-term, effective, and efficient storm water services.”</u></b></p>	<p>The Property is impacted by three floodplains along the east and south portions of the Property. Brookfield has proposed extensive design measures to mitigate the impacted areas. As part of the entitlement process, the developer is working with the City, MCFCD and FEMA to receive approval to proceed with the implementation of these measures as the Property develops. Once approved and implemented, these design measures will provide a long-term, effective and cost-efficient solution to protecting the property from flooding.</p>
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**SAFETY ELEMENT:**

GP GOAL	Brookfield Response
<p><b><u>Goal 1: “Provide a safe and healthy environment for all Avondale residents, employees, and visitors.”</u></b></p>	<p>The overall community design fabric will provide a fresh and hip community scene that focuses on social engagement and healthy living. A spirit of health and wellness will be made easy with an abundance of opportunities to hop on a trail and connect with friends and neighbors.</p>
<p><b><u>Goal 5: “Continue to provide for the protection of life and property from the destruction of fire and to mitigate other life-threatening incidents.”</u></b></p>	<p>A fire safety facility location, coordinated with the City’s fire department, has been reserved along Avondale Boulevard directly north of the proposed commercial site. This location will have direct access to Avondale Boulevard which will improve response times in the southern portions of the City.</p>
<p><b><u>Goal 6: “Provide fire, advanced life support, and emergency medical services to all residents and visitors in the City.”</u></b></p>	<p>The proposed fire safety site on Avondale Boulevard will greatly enhance the City’s service area in south Avondale.</p>

**WATER RESOURCE ELEMENT:**

GP GOAL	Brookfield Response
<u>Goal 4: "Encourage efficient water use and conservation throughout the community."</u>	Although the landscape form and structure will have a formal feel highlighted by rows of trees on streets, in parks and along borders, the overall landscape palette will be appropriate for the desert environment and sensitive to the use of water.

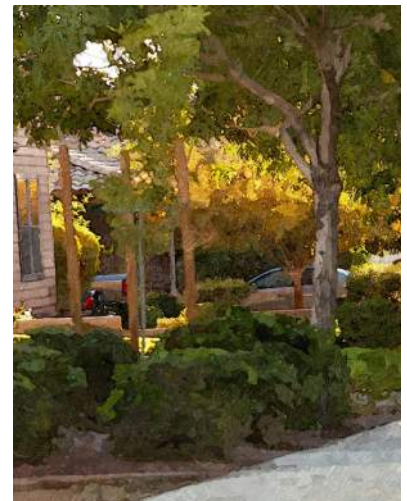
**URBAN DESIGN ELEMENT:**

GP GOAL	Brookfield Response
<u>Goal 1: "Identify and preserve Avondale's cultural resources and local sense-of-place."</u>	The Property is blessed with significant natural resources including the local river corridors and the Estrella Mountains to the south. These natural features will provide the foundation of the community theme, acting as the anchor to develop a distinct sense of place unique to Avondale. The community theme will a focus on health and wellness, community engagement and connections to nature. This will be achieved through several design features including the hierarchy of park space, the connection of these spaces through extensive paths and trails, as well as final design details such as lot orientation and road corridor layout that enhances and preserves view corridors.





<p><b><u>Goal 2: “Establish a positive and distinctive city image and identity by developing and improving focal points, gateways, specific areas, and major corridors.”</u></b></p>	<p>A proposed Heritage Site that is located near the south western portion of the Property along Dysart Road is included in the PAD. This project is envisioned as a living museum and event center that celebrates the farming and ranch heritage of the West Valley through the creative introduction of programs and activities that will educate City residents and guests about the past as well as the future of farming and ranching in Arizona. The Heritage site (to be developed by others) will provide a unique amenity contributing to a positive City image and focal point.</p>
<p><b><u>Goal 3: “Foster the idea of distinguishable urban neighborhoods and districts within Avondale.”</u></b></p>	<p>The focus on health and wellness will be realized through the design of family-friendly and multi-generational neighborhoods that are carefully integrated with an abundance of parks, trails and open space. These community amenities will encourage social engagement and place a premium on the opportunities to connect back to nature. We envision a creative interpretive art program integrated through the parks and trails that celebrates the geological history of the land, as well as the nearby mountains and rivers.</p>
<p><b><u>Goal 5: “Maximize housing opportunities in locations within a half-mile of transit, with good access to employment areas, neighborhood services, and public facilities in order to promote a healthy community both sustainable and economically.”</u></b></p>	<p>Overall trail network should provide connectivity throughout the community as well as linkage to the regional trail network.</p>



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**APPENDIX 5**

**LEGAL DESCRIPTION OF DISTRICT PROPERTY**

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See attached CFD Formation Limits Map

**PARCEL DESCRIPTION**  
**Lakin Property**  
**CFD Formation Limits**

A parcel of land lying within Sections 23, 24, 25 and 26, Township 1 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

**COMMENCING** at the southwest corner said Section 26, a 3-inch Maricopa County Highway Department brass cap in handhole, from which the south quarter of said Section 26, a 3-inch Maricopa County Highway Department brass cap in handhole, bears South 89°44'16" East (basis of bearing), a distance of 2622.79 feet;

**THENCE** along the west line of said Section 26, North 00°06'23" East, a distance of 1363.33 feet, to the north line of the south 66 feet of the north half of the southwest quarter of said Section 26, and the **POINT OF BEGINNING**;

**THENCE** continuing North 00°06'23" East, a distance of 1231.33 feet, to the west quarter corner of said Section 26;

**THENCE** continuing along the west line of said Section 26, North 00°06'28" East, a distance of 2594.90 feet, to the northwest corner of said Section 26, also being the southwest corner of said Section 23;

**THENCE** leaving said west line, along the west line of said Section 23, North 00°48'19" West, a distance of 965.92 feet, to the beginning of a curve;

**THENCE** leaving said west line, along the centerline of Dysart Road, northerly along said curve to the right, having a radius of 955.37 feet, concave easterly, whose radius bears North 89°11'41" East, through a central angle of 22°19'16", a distance of 372.19 feet, to the north line of the south half of the southwest quarter of said Section 23 and a point of intersection with a non-tangent line;

**THENCE** leaving said centerline, along said north line, South 89°56'32" East, a distance of 2550.30 feet, to the northeast corner of said south half of the southwest quarter, said point also being the southwest corner of the northwest quarter of the southeast quarter of said Section 23;

**THENCE** leaving said north line, along the west line of said northwest quarter of the southeast quarter, North 00°51'18" West, a distance of 598.74 feet, to the southwest corner of Lucy T. Homesites Unit Two, recorded in Book 142, page 26, Maricopa County Records (M.C.R.);

**THENCE** leaving said west line, along the southerly line of said Lucy T. Homesites Unit Two, North 79°56'43" East, a distance of 711.97 feet, to the east line of the west 50.00 feet of the east half of said northwest quarter of the southeast quarter;

**THENCE** leaving said southerly line, along said east line, South 00°56'08" East, a distance of 673.71 feet, to the north line of the south 50.00 feet of said southeast quarter of the northwest quarter of the southeast quarter;

**THENCE** leaving said east line, along said north line, South 89°56'50" East, a distance of 603.83 feet, to the east line of said southeast quarter of the northwest quarter of the southeast quarter



**THENCE** leaving said north line, along said east line, North 01°00'58" West, a distance of 606.33 feet, to the northeast corner of said southeast quarter of the northwest quarter of the southeast quarter, also being the northwest corner of the south half of the northeast quarter of said southeast quarter of Section 23;

**THENCE** leaving said east line, along the north line of said south half of the northeast quarter of the southeast quarter, South 89°49'25" East, a distance of 1306.08 feet, to the northeast corner of said south half of the northeast quarter of the southeast quarter, said point also being on the west line of said Section 24;

**THENCE** leaving said north line, along said west line, North 01°10'37" West, a distance of 653.56 feet, to the west quarter corner of said Section 24;

**THENCE** leaving said west line, along the east-west mid-section line of said Section 24, South 89°56'46" East, a distance of 1316.49 feet, to the northeast corner of the west half of the southwest quarter of said Section 24;

**THENCE** leaving said mid-section line, along the east line of said west half of the southwest quarter, South 00°56'20" East, a distance of 2621.40 feet, to the southeast corner of said west half of the southwest quarter;

**THENCE** leaving said east line, along the south line of said Section 24, South 89°37'21" East, a distance of 1305.77 feet, to the south quarter corner of said Section 24;

**THENCE** leaving said south line, along the north-south mid-section line of said Section 24, North 00°42'08" West, a distance of 1314.30 feet, to the northwest corner of the south half of the southeast quarter of said Section 24;

**THENCE** leaving said mid-section line, along the north line of said south half of the southeast quarter, South 89°47'10" East, a distance of 2622.42 feet, to the northeast corner of said south half of the southeast quarter;

**THENCE** leaving said north line, along the east line of said Section 24, South 00°13'52" East, a distance of 1321.53 feet, to the southeast corner of said Section 24, said point also being the northeast corner of said Section 25;

**THENCE** leaving said east line, along the east line of said Section 25, South 00°05'10" West, a distance of 1310.39 feet, to the southeast corner of the north half of the northeast quarter of said Section 25;

**THENCE** leaving said east line, along the south line of said north half of the northeast quarter, North 89°35'50" West, a distance of 1305.99 feet, to the northeast corner of the southwest quarter of the northeast quarter of said Section 25;

**THENCE** leaving said south line, along the east line of said southwest quarter of the northeast quarter, South 00°05'32" West, a distance of 1309.76 feet, to the southeast corner of said southwest quarter of the northeast quarter, said point also being the northeast corner of the northwest quarter of the southeast quarter of said Section 25;

**THENCE** leaving said east line, along the east line of said northwest quarter of the southeast quarter, South 00°05'36" West, a distance of 1146.52 feet, to the southeast corner of the north half of the south half of the south half of said northwest quarter of the southeast quarter;

**THENCE** leaving said east line, along the south line of said north half of the south half of the south half of the northwest quarter of the southwest quarter, North 89°32'04" West, a distance of 1306.23 feet, to the southwest corner of said north half of the south half of the south half of the northwest quarter of the southeast quarter, said point also being on the north-south mid-section line of said Section 25;

**THENCE** leaving said south line, along said mid-section line, South 00°05'54" West, a distance of 163.67 feet, to the southeast corner of the north half of the southwest quarter of said Section 25;

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See attached CFD Formation Limits Map

**THENCE** leaving said mid-section line, along the south line of said north half of the southwest quarter, North 89°32'03" West, a distance of 1768.47 feet, to the west line of the east 28 Rods of the northwest quarter of the southwest quarter of said Section 25;

**THENCE** leaving said south line, along said west line, North 00°06'27" East, a distance of 66.00 feet, to the north line of the south 66 feet of the north half of the southwest quarter of said Section 25;

**THENCE** leaving said west line, along said north line, North 89°32'03" West, a distance of 844.44 feet, to the west line of said Section 25, said point also being on the east line of said Section 26;

**THENCE** leaving said north line, along the north line of the south 66 feet of the north half of the southeast quarter of said Section 26, North 89°51'06" West, a distance of 2622.15 feet, to a point on the north-south mid-section line of said Section 26;

**THENCE** leaving said north line, along the north line of the south 66 feet of the north half of the southwest quarter of said Section 26, North 89°51'06" West, a distance of 2622.82 feet, to the **POINT OF BEGINNING**.

**EXCEPT** the following property described in Document 2007-0853115, M.C.R.:

BEING THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 26, TOWNSHIP 1 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, STATE OF ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26;

THENCE ALONG THE WEST LINE OF SAID SECTION 26, SOUTH 00 DEGREES 06 MINUTES 53 SECONDS EAST 104.65 FEET;

THENCE NORTH 89 DEGREES 53 MINUTES 07 SECONDS EAST 65.00 FEET TO A POINT IN A LINE PARALLEL WITH AND 65.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID WEST LINE OF SECTION 26; SAID POINT BEING THE TRUE POINT OF BEGINNING;

THENCE NORTH 44 DEGREES 43 MINUTES 56 SECONDS EAST 56.72 FEET TO A POINT IN A LINE PARALLEL WITH AND 65.00 FEET SOUTHERLY, MEASURED AT RIGHT ANGLES, FROM THE NORTHERLY LINE OF SAID SECTION 26;

THENCE ALONG LAST-MENTIONED PARALLEL LINE, NORTH 89 DEGREES 34 MINUTES 45 SECONDS EAST, 1857.16 FEET;

THENCE SOUTH 45 DEGREES 25 MINUTES 15 SECONDS EAST, 42.43 FEET;

THENCE SOUTH 00 DEGREES 25 MINUTES 15 SECONDS EAST, 125.93 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 2930.00 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 22 DEGREES 20 MINUTES 28 SECONDS AN ARC LENGTH OF 1142.49 FEET TO A POINT IN THE NORTH LINE OF THAT CERTAIN 160-FOOT ELECTRIC EASEMENT DESCRIBED IN DOCUMENT NOS. 02-1076599 AND 05-1738976, MARICOPA COUNTY, RECORDS;

THENCE ALONG SAID NORTH LINE, NORTH 89 DEGREES 32 MINUTES 53 SECONDS WEST 1714.06 FEET TO SAID PARALLEL LINE DESCRIBED HEREIN;

THENCE ALONG SAID PARALLEL LINE, NORTH 00 DEGREES 06 MINUTES 53 SECONDS WEST, 1203.60 FEET TO THE TRUE POINT OF BEGINNING.

**AND EXCEPT** the following property described in Document 2017-0704314, M.C.R.:

The westerly 840.07 feet of the northerly 668.35 feet of the northwest quarter of the southwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

**EXCEPT** the Northerly 40.00 feet and the Westerly 55.00 feet

**AND EXCEPT** the following property described in Document 2017-0799341, M.C.R.:

THE WESTERLY 15.00 FEET AND NORTHERLY 40.0 FEET OF EASTERLY 800.07 FEET OF WESTERLY 840.07 FEET OF NORTHERLY 668.35 FEET OF NORTHWEST QUARTER SOUTHWEST QUARTER SECTION 25, TOWNSHIP 1 NORTH, RANGE 1 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

**AND EXCEPT** a parcel of land lying within the northwest quarter of Section 26, Township 1 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly as follows:

**COMMENCING** at the west quarter corner of said Section 26, a 3-inch Maricopa County Highway Department brass cap in handhole stamped T1N R1W 1/4 S27 S26 2004 37174, from which the northwest corner of said section, a 3-inch Maricopa County Department of Transportation brass cap flush stamped T1N R1W S22 23 27 26 RLS 26411, bears North 00°06'28" East (basis of bearing), a distance of 2594.90 feet;

**THENCE** along the east-west mid-section line of said section, South 89°57'56" East, a distance of 50.00 feet, to the east line of the west 50 feet of said section and the **POINT OF BEGINNING**;

**THENCE** leaving said east-west mid-section line, along said east line, North 00°06'28" East, a distance of 1286.63 feet, to the westerly prolongation of the south line of that certain parcel of land described in Document No. 2007-0853115, Maricopa County Records (M.C.R.);

**THENCE** leaving said east line, along said prolongation and said south line, South 89°19'32" East, a distance of 940.05 feet;

**THENCE** leaving said south line, along a line that is parallel with the west line of said section, South 00°06'28" West, a distance of 1276.13 feet, to said east-west mid-section line;

**THENCE** leaving said parallel line, along said east-west mid-section line, North 89°57'56" West, a distance of 940.00 feet, to the **POINT OF BEGINNING**.

**AND EXCEPT** a parcel of land lying within the southeast quarter of Section 24, Township 1 North, Range 1 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly as follows:

**COMMENCING** at the southeast corner of said Section 24, a handhole with broken lid (monument not accessible – location based on lid and straddlers), from which the south quarter corner of said section, a 2-inch iron pipe with no identification, bears North 89°37'29" West (basis of bearing), a distance of 2611.69 feet;

**THENCE** along the south line of said section, North 89°37'29" West, a distance of 82.37 feet;

**Parcel Description  
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See attached CFD Formation Limits Map

**THENCE** leaving said south line, North 00°22'31" East, a distance of 35.00 feet, to the north line of the south 35 feet of said section and the **POINT OF BEGINNING**;

**THENCE** along said north line, North 89°37'29" West, a distance of 643.02 feet;

**THENCE** leaving said north line, along a line parallel with the east line of said section, North 00°13'52" West, a distance of 1033.66 feet;

**THENCE** leaving said parallel line, South 89°47'04" East, a distance of 675.00 feet, to the west line of the east 50 feet of said section;

**THENCE** along said west line, South 00°13'52" East, a distance of 660.23 feet;

**THENCE** leaving said west line, South 04°06'44" West, a distance of 158.46 feet, to the west line of the east 62 feet of said section;

**THENCE** along said west line, South 00°13'52" East, a distance of 197.18 feet;

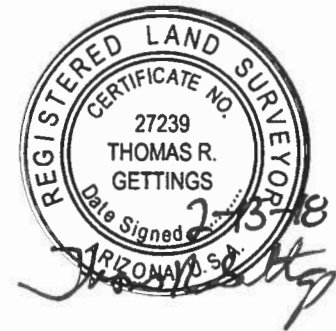
**THENCE** leaving said west line, South 45°04'19" West, a distance of 280.13 feet, to the **POINT OF BEGINNING**.

Containing 45,431,310 square feet or 1,042.9594 acres, more or less.

Subject to existing right-of-way and easements.

This parcel description is based on client provided information and is located within an area surveyed by Wood, Patel & Associates, Inc. during the month of March, 2017. Any monumentation noted in this parcel description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.

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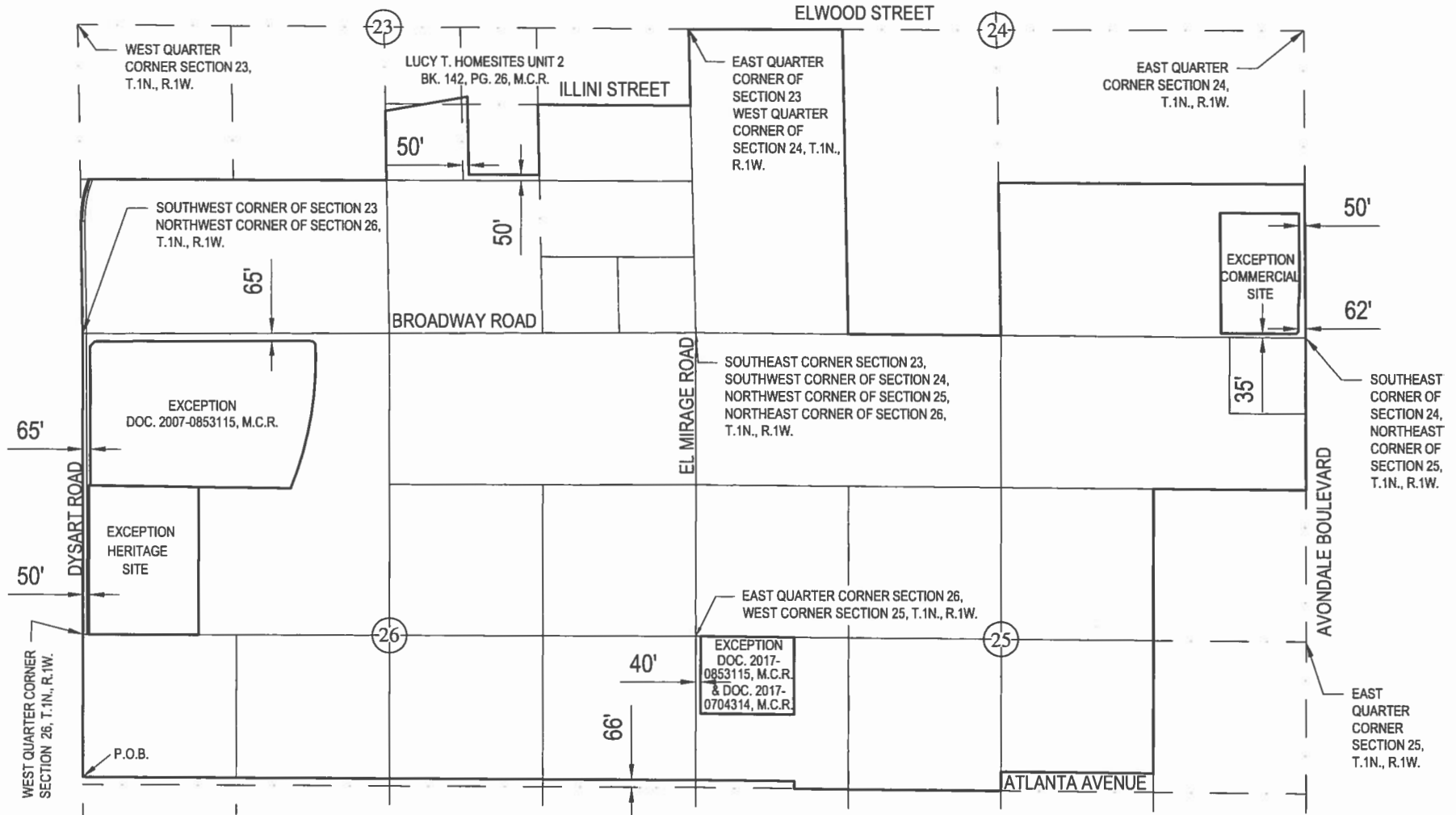
EXPIRES 06-30-20

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**APPENDIX 6**

**DISTRICT MAP**

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**WOOD/PATEL**  
 MISSION: CLIENT SERVICE®  
 (602) 335-8500  
 WWW.WOODPATEL.COM



LAKIN PROPERTY  
 CFD FORMATION LIMITS MAP  
 2/13/2018  
 WP# 174612  
 PAGE 6 OF 6  
 NOT TO SCALE  
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**APPENDIX 7**

**TITLE REPORT**

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**COMMITMENT FOR TITLE INSURANCE**

**ISSUED BY:**

**Thomas Title and Escrow Agency**

a division of EWTAZ

As agent for

**First American Title Insurance Company**

**INFORMATION**

The Title Insurance Commitment is a legal contract between you and the company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The policy will insure you against certain risks to the land title, subject to the limitations shown in the Policy.

The Company will give you a sample of the Policy form, if you ask.

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions.

THIS INFORMATION IS NOT PART OF THE TITLE INSURANCE COMMITMENT.

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**TABLE OF CONTENTS**

Agreement to Issue Policy

Schedule A

1. Commitment Date
2. Policies to be Issued, Amounts And Proposed Insured
3. Interest in the Land and Owner
4. Description of the Land

Schedule B-1 - Requirements

Schedule B-2 - Exceptions

Conditions

**Countersigned**

**Thomas Title and Escrow Agency**

By: Frank W. Bueck

**Authorized Signature**

*First American Title Insurance Company*

*Dennis J. Gilmore*

Dennis J. Gilmore  
President

*Jeffrey S. Robinson*

Jeffrey S. Robinson  
Secretary

**YOU SHOULD READ THE COMMITMENT VERY CAREFULLY**

**If you have any questions about the Commitment, contact:**

**Thomas Title and Escrow Agency**  
**7150 East Camelback Rd., Suite 195, Scottsdale, AZ 85251**  
**Phone: 480-222-1116 Fax: 480-222-1117**



COMMITMENT FOR TITLE INSURANCE  
ISSUED BY

**Thomas Title and Escrow Agency**  
a division of EWTAZ  
As agent for  
**First American Title Insurance Company**  
**AGREEMENT TO ISSUE POLICY**

We agree to issue a policy to you according to the terms of this Commitment.

When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the Commitment date shown in Schedule A.

If the Requirements shown in this Commitment have not been met within six months after the Commitment Date, our obligation under this Commitment will end. Also, our obligation under this Commitment will end when Policy is issued and then our obligation to you will be under the Policy.

Our obligation under the Commitment is limited by the following:

The Provisions in Schedule A.

The Requirements in Schedule B-1.

The Exceptions in Schedule B-2

The Conditions.

This Commitment is not valid without SCHEDULE A and Sections 1 and 2 of SCHEDULE B.

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Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

The above exceptions will be eliminated from any ALTA Extended Coverage Policy, ALTA Plain Language Policy, ALTA Homeowner's Policy, ALTA Expanded Coverage Residential Loan policy and any short form versions thereof. However, the same or similar exceptions may be made.

**FIRST AMERICAN TITLE INSURANCE COMPANY**  
**ISSUED BY**  
**Thomas Title and Escrow Agency**  
**SCHEDULE A**

Effective Date: **August 31, 2017 at 5:00 pm**

1. Policy or Policies to be issued:

A. ALTA Owners 2006 Extended Coverage **\$39,960,000.00**

Proposed Insured: **Brookfield Residential (Arizona) LLC, a Delaware limited liability**

2. The estate or interest in the land described in this Commitment and covered herein is **Fee Simple** and title thereto is at the effective date hereof vested in:

**Lakin Cattle Company, an Arizona corporation, as to Parcel Nos. 1 through 12 and 16 through 23 and Cashion Farm Limited Partnership, an Arizona limited partnership, as to Parcel Nos. 13, 14 and 15**

3. Title to the estate herein described upon issuance of the Policy shall be vested in:

**Empire West Title Agency, LLC d/b/a Thomas Title & Escrow, of the \_\_\_\_\_ Trust, dated \_\_\_\_\_**

4. The land referred to in the Commitment is situate in the county of **Maricopa**, State of **Arizona** and is described in the attached Exhibit "A".

Please direct all inquires and correspondence to:  
Thomas Title and Escrow Agency  
Escrow Officer: Sheila Hunter  
Phone: 480-222-1116

Thomas Title and Escrow Agency, issuing agent for  
First American Title Insurance Company  
By: Teri Guevara  
Title Department

**EXHIBIT "A"**

**Parcel No. 1:**

The South half of the Southwest quarter of Section 23, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT that portion conveyed to the County of Maricopa in Docket 1941, Page 97.

**Parcel No. 2:**

The South half of the Southeast quarter of Section 23, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South half of the Southeast quarter of the Southeast quarter of said Section 23.

**Parcel No. 3:**

The Southeast quarter of the Southeast quarter of the Southeast quarter of Section 23, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 4:**

The Southwest quarter of the Southeast quarter of the Southeast quarter of Section 23, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 5:**

The South half of the North half of the Southeast quarter of Section 23, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT that part described as follows:

That part of the Southwest quarter of the Northwest quarter of the Southeast quarter of Section 23, 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 Southwest quarter of the Northwest quarter of the Southeast quarter of Section 23;

Thence South 89 degrees 01 minutes 14 seconds East 335.64 feet along the North line of said Southwest quarter of the Northwest quarter of the Southeast quarter of Section 23;

Thence South 80 degrees 44 minutes 54 seconds West 339.94 feet to a point on the West line of said Southwest quarter of the Northwest quarter of the Southeast quarter of Section 23;

Thence North 00 degrees 04 minutes 14 seconds West 60.38 feet along the West line of said Southwest quarter of the Northwest quarter of the Southeast quarter of Section 23, to the POINT OF BEGINNING; and

EXCEPT that portion described as follows:

COMMENCING at the Southeast corner of said East half of the Northwest quarter of the Southeast quarter of Section 23;

Thence North 00 degrees 12 minutes 27 seconds West (measured), North 00 degrees 13 minutes 21 seconds West (record), along the East line of the said East half of the Northwest quarter of the Southeast quarter of Section 23, a distance of 50.01 feet to the TRUE POINT OF BEGINNING;

Thence North 89 degrees 08 minutes 22 seconds West (measured), North 89 degrees 08 minutes 54 seconds West (record), parallel to and 50.00 feet North of the South line of said East half of the Northwest quarter of the Southeast quarter of Section 23, a distance of 603.83 feet;

Thence North 00 degrees 07 minutes 39 seconds West, parallel to and 50.00 feet East of the West line of said East half of the Northwest quarter of the Southeast quarter of Section 23, a distance of 673.60 feet to a point on the South line of Lucy T. Homesites Unit Two, a subdivision recorded in Book 142 of Maps, Page 26, records of Maricopa County, Arizona;

Thence North 80 degrees 45 minutes 04 seconds East (measured), North 80 degrees 44 minutes 54 seconds East (record), along the South line of said Lucy T. Homesites Unit Two subdivision, a distance of 610.37 feet to a point on the East line of said East half of the Northwest quarter of the Southeast quarter of Section 23;

Thence South 00 degrees 12 minutes 27 seconds East (measured), South 00 degrees 13 minutes 21 seconds East (record), along the East line of the said East half of the Northwest quarter of the Southeast quarter of Section 23, a distance of 780.78 feet to the TRUE POINT OF BEGINNING, said point being North 00 degrees 12 minutes 27 seconds West, a distance of 50.01 feet from the said Southeast corner of the East half of the Northwest quarter of the Southeast quarter of Section 23.

**Parcel No. 6:**

The West half of the Southwest quarter of Section 24, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 7:**

The South half of the Southeast quarter of Section 24, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 8:**

The Northeast quarter of the Northeast quarter of the Northeast quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 9:**

The North half of the Northeast quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the Northeast quarter of the Northeast quarter of the Northeast quarter of said Section 25.

**Parcel No. 10:**

The North half of the Northwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 11:**

The Southwest quarter of the Northeast quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT all minerals including all coal, oil, petroleum, naphtha, asphaltum, brea, bitumen, natural gas and all other hydrocarbon substance as reserved in Book 389 of Deeds, Page 277.

**Parcel No. 12:**

The Northwest quarter of the Southeast quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South half of the South half of the South half of the Northwest quarter of the Southeast quarter; and

EXCEPT all minerals including all coal, oil, petroleum, naphtha, asphaltum, brea, bitumen, natural gas and all other hydrocarbon substance as reserved in Book 389 of Deeds, Page 277.

**Parcel No. 13:**

The Southeast quarter of the Northwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT all minerals including all coal, oil, petroleum, naphtha, asphaltum, brea, bitumen, natural gas and all other hydrocarbon substance as reserved in Book 389 of Deeds, Page 277.

**Parcel No. 14:**

The Northeast quarter of the Southwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT all minerals including all coal, oil, petroleum, naphtha, asphaltum, brea, bitumen, natural gas and all other hydrocarbon substance as reserved in Book 389 of Deeds, Page 277.

**Parcel No. 15:**

The Southwest quarter of the Northwest quarter and the Northwest quarter of the Southwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the Easterly 800 feet of the Westerly 840.07 feet of the Northerly 668.35 feet of the Northwest quarter of the Southwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

EXCEPT the following described property which was conveyed to the Salt River Project Agricultural Improvement and Power District in the Quit-Claim deed recorded in Book 343 of Deeds, Page 53;

The South 66 feet of the Northwest quarter of the Southwest quarter of Section 25, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the East 28 rods.

**Parcel No. 16:**

The North half of the Northeast quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 17:**

The Southeast quarter of the Northeast quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 18:**

The Southwest quarter of the Northeast quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

**Parcel No. 19:**

The Northeast quarter of the Southeast quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South 66 feet thereof.

**Parcel No. 20:**

The Northwest quarter of the Southeast quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South 66 feet thereof.

**Parcel No. 21:**

The Northeast quarter of the Southwest quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South 66 feet thereof.

**Parcel No. 22:**

The Northwest quarter of the Southwest quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the South 66 feet thereof.

**Parcel No. 23:**

The Northwest quarter of Section 26, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT the West 33 feet thereof; and

EXCEPT that portion lying within the following described property:

COMMENCING at the Northwest corner of said Section 26;

Thence along the West line of said Section 26, South 00 degrees 06 minutes 53 seconds East 104.65 feet;

Thence North 89 degrees 53 minutes 07 seconds East 65.00 feet to a point in a line parallel with and 65.00 feet Easterly, measured at right angles from said West Line of Section 26, said point being the TRUE POINT OF BEGINNING;

Thence North 44 degrees 43 minutes 56 seconds East 56.72 feet to a point in a line parallel with and 65.00 feet Southerly, measured at right angles from the Northerly line of said Section 26;

Thence along last-mentioned parallel line, North 89 degrees 34 minutes 45 seconds East, 1857.16 feet;

Thence South 45 degrees 25 minutes 15 seconds East, 42.43 feet;

Thence South 00 degrees 25 minutes 15 seconds East 125.93 feet to the beginning of a tangent curve concave Northwesterly and having a radius of 2930.00 feet;

Thence Southwesterly along said curve through a central angle of 22 degrees 20 minutes 28 seconds, an arc length of 1142.49 feet to a point in the North line of that certain 160 foot electric easement described in Document Nos. 2002-1076599 and 2005-1738976, Maricopa County records;

Thence along said North line, North 89 degrees 32 minutes 53 seconds West 1714.06 feet to said parallel line described herein;

Thence along said parallel line, North 00 degrees 06 minutes 53 seconds West, 1203.60 feet to the TRUE POINT OF BEGINNING.

**End of Exhibit "A"**



**SCHEDULE B**  
**SECTION ONE - REQUIREMENTS**

1. All of 2016 taxes are paid in full.

NOTE: Taxes are assessed in the total amount of \$1,170.88 for the year 2016 under Assessor's Parcel No. 500-63-006.  
(Affects Parcel No. 1)

NOTE: Taxes are assessed in the total amount of \$1,075.94 for the year 2016 under Assessor's Parcel No. 500-64-001F.  
(Affects Parcel Nos. 2, 3 and a portion of Parcel No. 4)

NOTE: Taxes are assessed in the total amount of \$781.88 for the year 2016 under Assessor's Parcel No. 500-64-002J.  
(Affects a portion of Parcel No. 4 and Parcel No. 5)

NOTE: Taxes are assessed in the total amount of \$8,822.98 for the year 2016 under Assessor's Parcel No. 500-64-002N.  
(Affects Parcel No. 5)

NOTE: Taxes are assessed in the total amount of \$1,135.56 for the year 2016 under Assessor's Parcel No. 500-66-007A.  
(Affects Parcel No. 6)

NOTE: Taxes are assessed in the total amount of \$1,103.02 for the year 2016 under Assessor's Parcel No. 500-66-008A.  
(Affects Parcel No. 7)

NOTE: Taxes are assessed in the total amount of \$2,142.72 for the year 2016 under Assessor's Parcel No. 500-67-004B.  
(Affects Parcel Nos. 8, 9, 11 and 12)

NOTE: Taxes are assessed in the total amount of \$1,103.14 for the year 2016 under Assessor's Parcel No. 500-71-002A.  
(Affects Parcel No. 10)

NOTE: Taxes are assessed in the total amount of \$1,120.12 for the year 2016 under Assessor's Parcel No. 500-70-005A.  
(Affects Parcel Nos. 13 and 14)

NOTE: Taxes are assessed in the total amount of \$532.26 for the year 2016 under Assessor's Parcel No. 500-71-003A.  
(Affects Parcel No. 15)

NOTE: Taxes are assessed in the total amount of \$5,576.16 for the year 2016 under Assessor's Parcel No. 500-72-001D.

(Affects Parcel Nos. 16 through 23)

2. **REQUIREMENT SATISFIED** - Furnish Plat of Survey of the subject property by a Registered Land Surveyor in accordance with the "Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys" which became effective February 23, 2016. Said Plat of survey shall include the required certification and, at a minimum, also have shown thereon Items 1, 8, 11, 16, 17, 20 from Table A thereof. If zoning assurances are requested, items 7(a), 7(b), 7(c) and 9 from Table A and information regarding the usage of the property must be included.

Survey needs to be certified to Thomas Title & Escrow

3. Completion of inspection now in progress by an employee of Thomas Title & Escrow. If said inspection discloses the necessity for additional exceptions and/or requirements, you will be notified.
4. Furnish full and complete copy of any unrecorded lease, agreement, contract and/or license with all supplements, assignments and amendments and fully executed owner's affidavit prior to close of transaction. The owner's affidavit shall also state that none of the leases referred to in the affidavit contain a first right of refusal or option to purchase. Thomas Title & Escrow reserves the right to except additional items and/or make requirements after review of the foregoing documents.
5. **INTENTIONALLY OMITTED** - Furnish a copy of the Articles of Organization, stamped filed by the Arizona Corporation Commission; a fully executed copy of the Operating Agreement, and any amendments thereto; and a list of the current members of Lakin Farms, LLC, a(n) Arizona limited liability company. NOTE: Final determination as to which parties must execute all documents on behalf of the company shall be made upon compliance with above.
6. **INTENTIONALLY OMITTED** - Furnish a copy of the Articles of Organization, stamped filed by the Arizona Corporation Commission; a fully executed copy of the Operating Agreement, and any amendments thereto; and a list of the current members of Brookfield Residential (Arizona), LLC, a(n) Delaware limited liability company. NOTE: Final determination as to which parties must execute all documents on behalf of the company shall be made upon compliance with above.
7. Record Full Reconveyance of a Deed of Trust securing an original indebtedness in the amount of \$not disclosed, dated February 18, 2009, recorded February 18, 2009 as 2009-0138613, of Official Records, by Lakin Farms, LLC, an Arizona limited liability company, Trustor, Jeffrey P. Hubbard, Esq., Trustee, and Journey Land Group, LLC, an Arizona limited liability company, Beneficiary.
8. Record Warranty Deed from Lakin Cattle Company, an Arizona corporation and Cashion Farm Limited Partnership, an Arizona limited partnership, to Buyer(s).
9. **INTENTIONALLY OMITTED** - Record Deed of Trust shown as Item 4, Schedule A.
10. Furnish a certified copy of a resolution by the Board of Directors of Lakiin Cattle Company, an Arizona corporation, attested to by its secretary, authorizing this transaction and naming the officers authorized to execute the instruments necessary to complete this transaction.
11. Furnish a copy of the Partnership Agreement of Cashion Farm Limited Partnership, an Arizona limited partnership, together with any amendments thereto.

NOTE: The Company reserves the right to make further requirements and/or exception based upon its review of the documentation submitted to satisfy the above requirements.

**End of Schedule B - Section One**

**SCHEDULE B**  
**SECTION TWO -- EXCEPTIONS**

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction. Printed exceptions and exclusions from coverage are contained in the policy or policies to be issued. Copies of the policy forms should be read. They are available from the office which issued this Commitment.

1. Taxes for the full year of 2017. (The first half is due October 1, 2017 and is delinquent November 1, 2017. The second half is due March 1, 2018 and is delinquent May 1, 2018).
2. Reservations or exceptions in Patents, or in Acts authorizing the issuance thereof.
3. Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records. This exception is not limited by reason of disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.
4. The liabilities and obligations imposed upon the land by reason of: (a) inclusion thereof within the boundaries of the Salt River Project Agricultural Improvement and Power District; (b) membership of the owner thereof in the Salt River Valley Water Users Association, an Arizona corporation, and (c) the terms of any Water Right Application made under the reclamation laws of the United States for the purpose of obtaining water rights for said land.  
(Affects Parcel Nos. 6 and 7)
5. The right to prospect for mine and remove all coal and other minerals, as reserved in the Patent.  
(Affects Parcel Nos. 11, 12, 13 and 14)
6. An easement for electric transmission lines and incidental purposes recorded as Book 68 of Miscellaneous Records, Page 206.  
(Affects Parcel No. 5)
7. An easement for electric transmission lines and incidental purposes recorded as Book 68 Miscellaneous Records, Page 300.  
(Affects Parcel No. 6)
8. An easement for electric transmission lines and incidental purposes recorded as Book 73 of Miscellaneous Records, Page 35.
9. All matters as set forth in Warranty Deed, recorded as Book 389 of Deeds, Page 277.  
(Affects Parcel Nos. 11, 12, 13 and 14)
10. A plat recorded in Book 2 of Maps, Page 14, purporting to show a county roadway.  
(Affects Parcel Nos. 1 through 6 and 8, 10, 16 and 23)
11. A plat recorded in Book 5 of Maps, Page 33, purporting to show a county roadway.  
(Affects Parcel Nos. 1, 22 and 23)
12. A plat recorded in Book 10 of Maps, Page 36 and in Docket 1880, Page 81, purporting to show a county roadway.  
(Affects Parcel Nos. 1, 22 and 23)

13. A plat recorded in Book 21 of Maps, Page 53, purporting to show a county roadway.  
(Affects Parcel Nos. 7, 8 and 9)
14. A plat recorded in Book 32 of Maps, Page 61 and as 88-145609, of Official Records, purporting to show a county roadway.  
(Affects Parcel Nos. 2, 4 and 5)
15. An easement for electric transmission lines and incidental purposes recorded as Docket 2026, Page 197.  
(Affects Parcel No. 6)
16. An easement for irrigation waste ditch and incidental purposes recorded as Docket 2209, Page 283.  
(Affects Parcel No. 6)
17. An easement for irrigation ditch and incidental purposes recorded as Docket 2390, Page 175.  
(Affects Parcel Nos. 1, 2, 5, 6 and 7)
18. An easement for electric transmission lines and incidental purposes recorded as Docket 2790, Page 558.  
(Affects Parcel Nos. 8, 9 and 10)
19. An easement for electric transmission lines and incidental purposes recorded as Docket 6025, Page 306.  
(Affects Parcel Nos. 10, 17 and 18)
20. An easement for electric transmission lines and incidental purposes recorded as Docket 6095, Page 80.  
(Affects Parcel Nos. 6, 16 and 23)
21. An easement for highway and incidental purposes recorded as Docket 6489, Page 491.  
(Affects Parcel No. 5)
22. An easement for highway and incidental purposes recorded as Docket 6489, Page 494.  
(Affects Parcel No. 5)
23. An easement for highway and incidental purposes recorded as Docket 6542, Page 393.  
(Affects Parcel No. 5)
24. An easement for highway and incidental purposes recorded as Docket 6544, Page 208.  
(Affects Parcel Nos. 2, 3, 6 and 16)
25. An easement for highway and incidental purposes recorded as Docket 6566, Page 527.  
(Affects Parcel No. 15)
26. An easement for highway and incidental purposes recorded as Docket 6607, Page 675.  
(Affects Parcel Nos. 10, 15, 17 and 19)
27. The terms, conditions and provisions contained in the document entitled Memorandum of Agreement recorded September 4, 1969 as Docket 7769, Page 411.

Thereafter, Transfer and Rights herein as set forth in Special Warranty Deed recorded May 29, 2002 as 2002-549251, of Official Records.  
(Affects Parcel Nos. 11 and 13)

28. An easement for electric transmission lines and incidental purposes recorded as Docket 8814, Page 630.  
(Affects Parcel No. 7)
29. An easement for highway and incidental purposes recorded as Docket 10087, Page 276.  
(Affects Parcel No. 5)
30. An easement for highway and incidental purposes recorded as Docket 10409, Page 1133.  
(Affects Parcel No. 7)
31. An easement for highway and incidental purposes recorded as Docket 10409, Page 1136.  
(Affects Parcel Nos. 8 and 9)
32. An easement for overhead and underground power lines and incidental purposes recorded as Docket 10567, Page 680.  
(Affects Parcel No. 5)
33. An easement for overhead and underground power lines and incidental purposes recorded as Docket 10567, Page 681.  
(Affects Parcel No. 5)
34. An easement for overhead and underground power lines and incidental purposes recorded as Docket 12183, Page 1153.  
(Affects Parcel No. 6)
35. An easement for ingress and egress and ditches and incidental purposes recorded as Docket 13678, Page 958.  
(Affects Parcel Nos. 11, 12, 13 and 14)
36. An easement for electric transmission lines and incidental purposes recorded as Docket 14387, Page 321 and Partial Assignment and Assumption recorded as 89-457460 of Official Records.  
  
Thereafter, Consent to Use of Easement Agreement recorded as 2008-0514698 of Official Records and as 2008-0695079 of Official Records.  
(Affects Parcel Nos. 17, 18 and 23)
37. An easement for water conveyance pipelines and incidental purposes recorded as Docket 16229, Page 213 and thereafter assigned as 90-0085362, of Official Records.  
(Affects Parcel Nos. 11, 13 and 15)
38. An easement for electric transmission lines and incidental purposes recorded as 85-554426, of Official Records.  
(Affects Parcel No. 6)
39. An easement for electric transmission lines and incidental purposes recorded as 86-128771, of Official Records.  
  
Thereafter assigned as 89-457460 of Official Records and thereafter Consent to Use of Easement Agreement recorded as 2008-0514698, of Official Records.  
(Affects Parcel Nos. 13 and 15)

40. An easement for electric transmission lines and incidental purposes recorded as 86-128780, of Official Records and Partial Assignment and Assumption recorded as 89-457460 of Official Records.  
  
Thereafter, Consent to Use of Easement Agreement recorded as 2008-0514698, of Official Records.  
(Affects Parcel No. 11)
41. An easement for overhead and underground power lines and incidental purposes recorded as 87-043517, of Official Records.  
(Affects Parcel No. 7)
42. An easement for odor encroachment and incidental purposes recorded as 91-541844, of Official Records.  
(Affects Parcel Nos. 21, 22 and 23)
43. An easement for sanitary sewer lines and incidental purposes recorded as 94-0560138, of Official Records and as 94-0560224, of Official Records.  
(Affects Parcel No. 1)
44. Roadway granted to Maricopa County by instrument recorded as 2001-0136495, of Official Records and thereafter Map of Roadway Designation, Road File No. A142, recorded as 2001-0307746, of Official Records.  
(Affects Parcel No. 12)
45. An easement for highway and incidental purposes recorded as 2001-0713572, of Official Records.  
(Affects Parcel No. 12)
46. An easement for underground power lines and incidental purposes recorded as 2002-0698941, of Official Records.  
(Affects Parcel No. 7)
47. An easement for transmission lines and incidental purposes recorded as 2002-0482453, of Official Records.  
(Affects Parcel No. 15)
48. An easement for conveyance of water and incidental purposes recorded as 2002-0549250, of Official Records.  
(Affects Parcel Nos. 12, 14 and 15)
49. An easement for drainage and incidental purposes recorded as 2003-0806198, of Official Records.  
(Affects Parcel No. 6)
50. An easement for overhead electric power lines and incidental purposes recorded as 2003-1337032, of Official Records.  
  
Thereafter, Assignment of Right-of-Way recorded as 2009-1196258, of Official Records.  
(Affects Parcel Nos. 6, 10, 16 and 17)
51. An easement for public utilities and incidental purposes recorded as 2004-0091790, of Official Records.  
(Affects Parcel Nos. 11, 13, 15, 16, 17, 18 and 23)

52. An easement for overhead electric power lines and incidental purposes recorded as 2004-1445598, of Official Records.  
  
Thereafter, Assignment of Right-of-Way recorded as 2009-1196258, of Official Records.  
(Affects Parcel No. 15)
53. An easement for overhead electric power lines and incidental purposes recorded as 2005-1738976, of Official Records.  
  
Thereafter, Assignment of Right-of-Way recorded as 2009-1196258, of Official Records.  
(Affects Parcel Nos. 6, 10, 16, 17, 18 and 23)
54. The effect of inclusion within the flood control district of said county as disclosed by instrument recorded as 2007-0259398, of Official Records.
55. An easement for access and incidental purposes recorded as 2007-0853116, of Official Records.  
(Affects Parcel No. 23)
56. Covenants, conditions, restrictions, liabilities and obligations in the document recorded as 2007-0853117, of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes.  
(Affects Parcel Nos. 1 and 16 through 23)
57. The terms, conditions and provisions contained in the document entitled Waiver of Claims for Diminution of Value recorded September 30, 2015 as 2015-0707269, of Official Records.
- 58. INTENTIONALLY OMITTED** - All matters as set forth in ALTA/ACSM Land Title Survey, recorded January 24, 2011, as Book 1074 of Maps, Page 41, of Official Records.  
(Affects Parcel No. 1)
59. The following matters disclosed by an ALTA/NSPS survey made by Wood/Patel on May 19, 2017, designated Job No. 174612.80:  
a) Overhead utility line and poles located at the North boundary of Parcel No. 1 and the West boundary of Parcel No. 5 without the benefit of an easement.  
b) Overhead utility line and poles located within Parcel No. 6 without the benefit of an easement.
60. Any facts about the land that an inspection or inquiry of parties in possession would disclose and that are not shown by the Public Records.
61. Any rights, interest or claims of parties in possession of the land not shown by the public records. NOTE: This matter will be more fully set forth or deleted upon compliance with the applicable requirement.
62. An easement for sewers and water mains and incidental purposes recorded as 92-0145309, of Official Records.  
(Affects Parcel No. 1)

**End of Schedule B - Section Two**



## **CONDITIONS**

### **1. DEFINITIONS**

(a) "Mortgage" means mortgage, deed of trust or other security instrument.

(b) "Public Records" means title records that give constructive notice of matters affecting the title according to the state law where the land is located.

### **2. LATER DEFECTS**

The Exceptions in Schedule B - Section Two may be amended to show any defects, liens or encumbrances that appear for the first time in the public records or are created or attached between the Commitment Date and the date on which all of the Requirements (a) and (c) of Schedule B - Section One are met. We shall have no liability to you because of this amendment.

### **3. EXISTING DEFECTS**

If any defects, liens or encumbrances existing at Commitment Date are not shown in Schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

### **4. LIMITATION OF OUR LIABILITY**

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

comply with the Requirements shown in Schedule B - Section One

or

eliminate with our written consent any Exceptions shown in Schedule B - Section Two.

We shall not be liable for more than the Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

### **5. CLAIMS MUST BE BASED ON THIS COMMITMENT**

Any claims, whether or not based on negligence, which you may have against us concerning the title to the land must be based upon this Commitment and is subject to its terms.



7150 East Camelback Rd., Suite 195  
Scottsdale, AZ 85251  
Phone: 480-222-1116  
Fax: 480-222-1117

## **PRIVACY POLICY**

### **We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information-particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information that you provide to us. Therefore, we have adopted this Privacy Policy to govern the use and handling of your personal information.

### **Applicability**

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity.

### **Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means.
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer-reporting agency.

### **Use of Information**

We request information from you for our own legitimate business purposes and not for benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us, or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis.

### **Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

### **Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities that need to know the information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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**APPENDIX 8**

**MARICOPA COUNTY RECORDER RECORDS**

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To Come

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**APPENDIX 9**

**DETAILED BOND PROGRAM**

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Lakin Ranch Community Facilities District  
(City of Avondale, Arizona)

Scenario 1: \$3,500 Assessment; \$3.85 Tax Rate

Estimated \$70,850,000 Bond Program; Assumes Annual Absorptions and 5% Annual PAV Growth

Fiscal Year (7/15)	Estimated Net Assessed Limited Property Valuation from Residential Absorptions	Estimated Net Assessed Limited Property Valuation w/Growth (1)	% Change	\$3,055,000 General Obligation Bonds Series 2020 Dated: 7/1/2020		\$3,000,000 General Obligation Bonds Series 2021 Dated: 7/1/2021		\$2,900,000 General Obligation Bonds Series 2022 Dated: 7/1/2022		\$3,900,000 General Obligation Bonds Series 2023 Dated: 7/1/2023		\$3,195,000 General Obligation Bonds Series 2024 Dated: 7/1/2024		\$3,500,000 General Obligation Bonds Series 2025 Dated: 7/1/2025		\$3,980,000 General Obligation Bonds Series 2026 Dated: 7/1/2026		\$4,000,000 General Obligation Bonds Series 2027 Dated: 7/1/2027		\$4,405,000 General Obligation Bonds Series 2028 Dated: 7/1/2028		
				Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal
2019	-	\$124,687	2.00%																			
2020	\$5,251,125	\$5,382,046	4216.45%	\$15,000	\$183,300																	
2021	5,408,659	11,059,807	105.49%	30,000	182,400	\$10,000	\$180,000															
2022	5,570,919	17,183,716	55.37%	70,000	180,600	65,000	179,400	\$10,000	\$120,000													
2023	5,738,046	23,780,948	38.39%	70,000	176,400	65,000	175,500	40,000	119,400	\$45,000	\$180,000											
2024	5,910,187	30,880,183	29.85%	70,000	172,200	70,000	171,600	40,000	117,000	65,000	177,300	\$55,000	\$191,700									
2025	6,087,493	38,511,685	24.71%	75,000	168,000	75,000	167,400	45,000	114,600	65,000	173,400	60,000	188,400	\$65,000	\$210,000							
2026	6,270,118	46,707,387	21.28%	80,000	163,500	80,000	162,900	45,000	111,900	65,000	169,500	65,000	184,800	70,000	206,100	\$65,000	\$238,800					
2027	6,458,221	55,500,978	18.83%	85,000	158,700	85,000	158,100	50,000	109,200	70,000	165,600	70,000	180,900	70,000	201,900	75,000	234,900	\$75,000	\$240,000			
2028	6,651,968	64,927,996	16.96%	90,000	153,600	90,000	153,000	50,000	106,200	75,000	161,400	75,000	176,700	80,000	197,700	80,000	230,400	75,000	235,500	\$85,000	\$264,300	
2029	6,851,527	75,025,922	15.55%	95,000	148,200	90,000	147,600	55,000	103,200	80,000	156,900	80,000	172,200	80,000	193,200	85,000	225,600	80,000	231,000	85,000	259,200	
2030	7,057,073	85,834,291	14.41%	100,000	142,500	95,000	142,200	60,000	99,900	85,000	152,100	85,000	167,400	85,000	188,400	90,000	220,500	85,000	226,200	90,000	254,100	
2031	7,268,785	97,384,790	13.47%	110,000	136,500	100,000	136,500	60,000	96,300	85,000	147,000	90,000	162,300	90,000	183,300	95,000	215,100	90,000	221,100	95,000	248,700	
2032	7,486,849	109,751,378	12.89%	115,000	129,900	105,000	130,500	65,000	92,700	90,000	141,900	95,000	156,900	95,000	177,900	105,000	209,400	95,000	215,700	100,000	243,000	
2033	3,364,998	118,603,945	8.07%	120,000	123,000	110,000	124,200	70,000	88,800	100,000	136,500	100,000	151,200	100,000	172,200	110,000	203,100	105,000	210,000	110,000	237,000	
2034	-	124,534,143	5.00%	130,000	115,800	115,000	117,600	75,000	84,600	105,000	130,500	105,000	145,200	110,000	166,200	115,000	196,500	110,000	203,700	115,000	230,400	
2035	-	130,760,850	5.00%	135,000	108,000	125,000	110,700	80,000	80,100	110,000	124,200	110,000	138,900	115,000	159,600	125,000	189,600	115,000	197,100	120,000	223,500	
2036	-	137,298,862	5.00%	145,000	96,900	130,000	103,200	85,000	75,300	115,000	117,600	115,000	132,300	120,000	152,700	130,000	182,100	125,000	190,200	130,000	216,300	
2037	-	144,163,837	5.00%	155,000	91,200	140,000	95,400	90,000	70,200	125,000	110,700	125,000	125,400	130,000	145,500	130,000	174,300	130,000	182,700	135,000	208,500	
2038	-	151,372,029	5.00%	165,000	81,900	145,000	87,000	95,000	64,800	130,000	103,200	130,000	117,900	135,000	137,700	145,000	166,500	140,000	174,900	145,000	200,400	
2039	-	158,940,630	5.00%	170,000	72,000	155,000	78,300	100,000	59,100	140,000	95,400	140,000	110,100	145,000	129,600	155,000	157,800	145,000	166,500	150,000	191,700	
2040	-	166,887,662	5.00%	185,000	61,800	165,000	69,000	105,000	53,100	145,000	87,000	150,000	101,700	155,000	120,900	165,000	148,500	155,000	157,800	160,000	182,700	
2041	-	175,232,045	5.00%	195,000	50,700	175,000	59,100	110,000	46,800	155,000	78,300	155,000	92,700	160,000	111,600	175,000	138,600	165,000	148,500	170,000	173,100	
2042	-	183,993,647	5.00%	205,000	39,000	185,000	48,600	120,000	40,200	165,000	69,000	165,000	83,400	170,000	102,000	185,000	128,100	175,000	138,600	180,000	162,900	
2043	-	193,193,329	5.00%	215,000	26,700	195,000	37,500	125,000	33,000	175,000	59,100	175,000	73,500	180,000	91,800	195,000	117,000	185,000	128,100	190,000	152,100	
2044	-	202,852,996	5.00%	230,000	13,800	210,000	25,800	135,000	25,500	185,000	48,600	185,000	63,000	195,000	81,000	210,000	105,300	195,000	117,000	205,000	140,700	
2045	-	212,995,646	5.00%			220,000	13,200	140,000	17,400	195,000	37,500	200,000	51,900	205,000	69,300	220,000	92,700	210,000	105,300	215,000	128,400	
2046	-	223,645,428	5.00%					150,000	9,000	210,000	25,800	210,000	39,900	215,000	57,000	235,000	79,500	220,000	92,700	230,000	115,500	
2047	-	234,827,699	5.00%							220,000	13,200			230,000	44,100	250,000	65,400	235,000	79,500	245,000	101,700	
2048	-	246,569,084	5.00%									235,000	14,100	245,000	30,300	265,000	50,400	250,000	65,400	255,000	87,000	
2049	-	258,897,538	5.00%											260,000	15,600	280,000	34,500	265,000	50,400	275,000	71,700	
2050	-	271,642,415	5.00%													295,000	17,700	280,000	34,500	290,000	55,200	
2051	-	285,434,536	5.00%															295,000	17,700	306,000	37,800	
2052	-	299,706,263	5.00%																	325,000	19,500	
2053	-	314,691,576	5.00%																			
2054	-	330,426,155	5.00%																			
2055	-	346,947,462	5.00%																			
2056	-	364,294,836	5.00%																			
2057	-	382,509,577	5.00%																			
2058	-	401,635,056	5.00%																			
2059	-	421,716,809	5.00%																			
2060	-	442,802,650	5.00%																			
2061	-	464,942,782	5.00%																			
				\$3,055,000	\$2,979,600	\$3,000,000	\$2,874,300	\$2,900,000	\$1,938,300	\$3,900,000	\$2,861,700	\$3,195,000	\$3,049,800	\$3,500,000	\$3,346,600	\$3,980,000	\$3,822,300	\$4,000,000	\$3,830,100	\$4,405,000	\$4,206,400	

(1) Estimated based on proposed residential and commercial absorptions, as provided by the Developer. Assumes 3.0% annual inflation on new home prices in 2016 & 2017 and 2.0% thereafter, 5% annual growth on existing Net Assessed Limited Property Valuation (NALPV). Residential absorptions assumed to occur at an estimated 67% of market value.  
(2) Interest rates estimated at 6.0% for all future bond issuances.  
(3) Debt tax rate of estimated \$3.00 and assumes a tax collection rate 95% (i.e. 5% delinquency).

Lakin Ranch Community Facilities District  
(City of Avondale, Arizona)

Scenario 1: \$3,500 Assessment; \$3.85 Tax Rate

Estimated \$70,850,000 Bond Program; Assumes Annual Absorptions and 5% Annual PAV Growth

\$4,785,000 General Obligation Bonds Series 2029 Dated: 7/1/2029		\$4,990,000 General Obligation Bonds Series 2030 Dated: 7/1/2030		\$5,035,000 General Obligation Bonds Series 2031 Dated: 7/1/2031		\$5,550,000 General Obligation Bonds Series 2032 Dated: 7/1/2032		\$3,590,000 General Obligation Bonds Series 2033 Dated: 7/1/2033		\$3,525,000 General Obligation Bonds Series 2034 Dated: 7/1/2034		\$3,450,000 General Obligation Bonds Series 2035 Dated: 7/1/2035		\$4,040,000 General Obligation Bonds Series 2036 Dated: 7/1/2036		\$5,740,000 General Obligation Bonds Series 2037 Dated: 7/1/2037		Total Combined Debt Service	Combined Debt Tax Rate (3)	District Revenues at \$3.85 Tax Rate & 95% Collections (3)	Estimated Revenue (Shortfall/ Excess)
Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)	Principal	Interest (3)				
																		0.00	4,560	4,560	
																		\$198,300	3.85	\$196,848	(1,452)
																		402,400	3.83	404,512	2,112
																		625,000	3.83	628,494	3,494
																		871,300	3.85	869,788	(1,512)
																		1,129,800	3.85	1,129,443	(357)
																		1,406,800	3.85	1,408,585	1,785
																		1,707,500	3.85	1,708,323	823
																		2,029,300	3.85	2,029,948	648
																		2,373,800	3.85	2,374,741	941
																		2,744,200	3.85	2,744,073	(127)
																		3,138,400	3.85	3,139,389	(11)
																		3,558,600	3.85	3,562,214	3,614
																		4,008,200	3.84	4,014,157	5,957
																		4,334,100	3.85	4,337,939	3,839
																		4,550,300	3.85	4,554,836	4,536
																		4,780,700	3.85	4,782,578	1,878
																		5,019,300	3.85	5,021,707	2,407
																		5,268,900	3.85	5,272,792	3,892
																		5,533,200	3.85	5,539,432	6,232
																		5,809,300	3.68	5,813,254	3,954
																		6,093,100	3.51	6,103,916	10,816
																		6,384,100	3.33	6,408,112	24,012
																		6,682,100	3.18	6,729,568	47,468
																		6,987,100	3.02	7,066,046	78,946
																		7,298,100	2.89	7,419,348	121,248
																		7,614,100	2.63	7,790,316	176,216
																		7,936,100	2.21	8,179,832	243,732
																		8,264,100	2.21	8,518,823	254,723
																		8,594,100	2.01	9,019,264	425,164
																		8,924,100	1.81	9,469,177	545,077
																		9,254,100	1.61	9,942,636	688,536
																		9,584,100	1.42	10,339,768	755,668
																		9,914,100	1.24	10,961,757	1,047,657
																		10,244,100	1.07	11,509,844	1,265,744
																		10,574,100	0.90	12,085,337	1,511,237
																		10,904,100	0.74	12,689,603	1,785,503
																		11,234,100	0.59	13,324,084	2,090,000
																		11,564,100	0.44	13,990,288	2,426,188
																		11,894,100	0.35	14,689,802	2,795,702
																		12,224,100	0.26	15,424,292	3,200,192
																		12,554,100	0.19	16,195,507	3,641,407
																		12,884,100	0.10	17,005,282	4,121,182
<b>\$4,785,000</b>	<b>\$4,572,600</b>	<b>\$4,990,000</b>	<b>\$4,778,100</b>	<b>\$5,035,000</b>	<b>\$4,783,200</b>	<b>\$5,550,000</b>	<b>\$5,253,900</b>	<b>\$3,590,000</b>	<b>\$3,348,800</b>	<b>\$3,525,000</b>	<b>\$3,348,200</b>	<b>\$3,450,000</b>	<b>\$3,337,200</b>	<b>\$4,040,000</b>	<b>\$3,958,800</b>	<b>\$5,740,000</b>	<b>\$5,588,100</b>	<b>\$138,723,800</b>			

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**APPENDIX 10**

**SOURCES AND USES OF FUNDS**

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Lakin Ranch Community Facilities District  
(City of Avondale, Arizona)

Estimated \$70,850,000 Phased General Obligation Bonding Program

	Series 2020	Series 2021	Series 2022	Series 2023	Series 2024	Series 2025	Series 2026	Series 2027	Series 2028	Series 2029	Series 2030	Series 2031	Series 2032	Series 2033	Series 2034	Series 2035	Series 2036	Series 2037	Series 2038	Total
<b>SOURCES OF FUNDS</b>																				
Par Amount of Bonds	\$3,055,000	\$3,000,000	\$2,000,000	\$3,000,000	\$3,195,000	\$3,500,000	\$3,980,000	\$4,000,000	\$4,405,000	\$4,785,000	\$4,990,000	\$5,035,000	\$5,550,000	\$3,590,000	\$3,535,000	\$3,450,000	\$4,040,000	\$5,740,000	\$5,740,000	\$0
<b>Total Sources</b>	\$3,055,000	\$3,000,000	\$2,000,000	\$3,000,000	\$3,195,000	\$3,500,000	\$3,980,000	\$4,000,000	\$4,405,000	\$4,785,000	\$4,990,000	\$5,035,000	\$5,550,000	\$3,590,000	\$3,535,000	\$3,450,000	\$4,040,000	\$5,740,000	\$5,740,000	\$0
<b>USES OF FUNDS</b>																				
Deposit to Project Acquisition Fund	\$2,838,350	\$2,785,000	\$1,815,000	\$2,785,000	\$2,974,150	\$3,270,000	\$3,735,600	\$3,755,000	\$4,147,850	\$4,491,450	\$4,690,300	\$4,758,950	\$5,233,500	\$3,357,300	\$3,303,950	\$3,221,500	\$3,793,800	\$5,442,800	\$5,442,800	\$0
Costs of Issuance (a)	216,650	215,000	185,000	215,000	220,850	230,000	244,400	245,000	257,150	293,550	299,700	278,050	316,500	232,700	231,050	228,500	246,200	297,200	297,200	-
<b>Total Uses</b>	\$3,055,000	\$3,000,000	\$2,000,000	\$3,000,000	\$3,195,000	\$3,500,000	\$3,980,000	\$4,000,000	\$4,405,000	\$4,785,000	\$4,990,000	\$5,035,000	\$5,550,000	\$3,590,000	\$3,535,000	\$3,450,000	\$4,040,000	\$5,740,000	\$5,740,000	\$0

Estimated \$12,932,500 Special Assessments Bonding Program

Based on \$3,500 Per Lot Special Assessment

	Series 2020	Series 2022	Series 2024	Series 2026	Series 2028	Series 2030	Series 2032	Total
<b>Estimated Number of Lots (b) (Absorption Years)</b>	550 (2019+2020)	550 (2021+2022)	550 (2023+2024)	550 (2025+2026)	550 (2027+2028)	550 (2029+2030)	395 (2031+2032)	3,695
<b>SOURCES OF FUNDS</b>								
Par Amount of Bonds	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,382,500	\$0
<b>Total Sources</b>	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,382,500	\$0
<b>USES OF FUNDS</b>								
Deposit to Project Acquisition Fund	\$1,612,500	\$1,612,500	\$1,612,500	\$1,612,500	\$1,612,500	\$1,612,500	\$1,144,250	\$0
Costs of Issuance (a)	192,500	192,500	192,500	192,500	192,500	192,500	138,250	\$10,819,250
Debt Service Reserve Fund (MADS)	120,000	120,000	120,000	120,000	120,000	120,000	100,000	\$20,000
<b>Total Uses</b>	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,925,000	\$1,382,500	\$0

(a) Costs of issuance include estimates for the following: bond counsel, underwriter's discount, underwriter's counsel, financial advisor, preliminary and limited offering memorandum printing, trustee and trustee counsel and miscellaneous costs.

(b) The timing of absorptions for special assessment is based on estimated lot sales to home builders and not to the end user, as provided by the Developer.

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**APPENDIX 11**

**ABSORPTION SCHEDULE**

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Lakin Ranch Community Facilities District  
(City of Avondale, Arizona)

RESIDENTIAL ABSORPTIONS (1)  
As of 03-05-2018

Residential Home Assumptions	
Starting Avg. Home \$	\$285,000
On the Rolls at:	67%
Assessment Ratio:	10%

General Assumptions	
Delinquency Rate:	95%
Debt Tax Rate:	\$3.85
Existing NALPV Growth:	5.00%
New Home Growth 2018-19	3.00%
New Home Growth thereafter	3.00%

Residential Homes					
Fiscal Year	Homes Added (Cal. Year)	Homes (Cumulative)	Annual Home Price Inflation Rate	Average Home Price	Absorption NALPV
2018					
2019	275	275	0.00%	\$285,000	0
2020	275	550	3.00%	293,550	5,251,125
2021	275	825	3.00%	302,357	5,408,659
2022	275	1,100	3.00%	311,427	5,570,919
2023	275	1,375	3.00%	320,770	5,738,046
2024	275	1,650	3.00%	330,393	5,910,187
2025	275	1,925	3.00%	340,305	6,087,493
2026	275	2,200	3.00%	350,514	6,270,118
2027	275	2,475	3.00%	361,029	6,458,221
2028	275	2,750	3.00%	371,860	6,651,968
2029	275	3,025	3.00%	383,016	6,851,527
2030	275	3,300	3.00%	394,507	7,057,073
2031	275	3,575	3.00%	406,342	7,268,785
2032	120	3,695	3.00%	418,532	7,486,849
2033					3,364,998
		3,695			0

(1) Estimated home absorptions are based on home closings in a calendar year. The related values of the absorptions are included in the tax rolls in the fiscal year following the home closing at 67% for residential homes and vacant lot conversions.

All estimates contained in these schedules including absorptions, home prices and annual growth percentages are provided by the Developer.



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**APPENDIX 12**

**ESTIMATED TOTAL DEBT BURDEN-TAX RATE  
COMPARATIVE ANALYSIS**

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Lakin Ranch CFD	
Target Tax Rate (includes O&M)	\$4.15
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$834
CFD GO Monthly Tax Amount	\$70

CFD Combined Tax Rate	\$19.7146
Total GO Annual Payments	\$3,963
Total Assessment Annual Payments	\$238

Lakin Ranch CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$238
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$4,200
Combined Monthly Payments	\$350
Taxes and Assessment as % of Sales Price:	1.40%

Vistancia CFD	
Target Tax Rate (includes O&M)	\$2.10
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$422
CFD GO Monthly Tax Amount	\$35

CFD Combined Tax Rate	\$15.2296
Total GO Annual Payments	\$3,061
Total Assessment Annual Payments	\$0

Vistancia CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,061
Combined Monthly Payments	\$255
Taxes and Assessment as % of Sales Price:	1.02%

Goodyear General CFD	
Target Tax Rate (includes O&M)	\$0.96
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$193
CFD GO Monthly Tax Amount	\$16

CFD Combined Tax Rate	\$14.9022
Total GO Annual Payments	\$2,995
Total Assessment Annual Payments	\$0

Goodyear General CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$2,995
Combined Monthly Payments	\$249.61
Taxes and Assessment as % of Sales Price:	1.00%

Goodyear Palm Valley CFD	
Target Tax Rate (includes O&M)	\$0.87
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$175
CFD GO Monthly Tax Amount	\$15

CFD Combined Tax Rate	\$14.8104
Total GO Annual Payments	\$2,977
Total Assessment Annual Payments	\$0

Goodyear Palm Valley CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$2,977
Combined Monthly Payments	\$248
Taxes and Assessment as % of Sales Price:	0.99%

Estrella Mountain Ranch CFD	
Target Tax Rate (includes O&M)	\$1.30
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$261
CFD GO Monthly Tax Amount	\$22

CFD Combined Tax Rate	\$16.6592
Total GO Annual Payments	\$3,348
Total Assessment Annual Payments	\$486

Estrella Mountain Ranch CFD	
Average Assessment Amount per Lot	\$6,870
Interest Rate on Bonds	4.00%
Amortization on Bonds (approx. years)	23
CFD Assessment Annual Payment	\$486
CFD Assessment Monthly Payment	\$40

Combined Annual Payments	\$3,834
Combined Monthly Payments	\$320
Taxes and Assessment as % of Sales Price:	1.28%

Village at Litchfield Park CFD	
Target Tax Rate (includes O&M)	\$1.42
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$285
CFD GO Monthly Tax Amount	\$24

CFD Combined Tax Rate	\$12.7542
Total GO Annual Payments	\$2,564
Total Assessment Annual Payments	\$0

Village at Litchfield Park CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$2,564
Combined Monthly Payments	\$214
Taxes and Assessment as % of Sales Price:	0.85%

Sundance CFD	
Target Tax Rate (includes O&M)	\$3.25
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$653
CFD GO Monthly Tax Amount	\$54

CFD Combined Tax Rate	\$18.9184
Total GO Annual Payments	\$3,803
Total Assessment Annual Payments	\$367

Sundance CFD	
Average Assessment Amount per Lot	\$4,337
Interest Rate on Bonds	6.50%
Amortization on Bonds (approx. years)	13
CFD Assessment Annual Payment	\$367
CFD Assessment Monthly Payment	\$31

Combined Annual Payments	\$4,170
Combined Monthly Payments	\$348
Taxes and Assessment as % of Sales Price:	1.39%

Verrado CFD	
Target Tax Rate (includes O&M)	\$4.28
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$860
CFD GO Monthly Tax Amount	\$72

CFD Combined Tax Rate	\$17.4121
Total GO Annual Payments	\$3,500
Total Assessment Annual Payments	\$0

Verrado CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,500
Combined Monthly Payments	\$292
Taxes and Assessment as % of Sales Price:	1.17%

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**APPENDIX 13**

**HOMEBUYER DISCLOSURE FORMS**

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**FORM OF DISCLOSURE**

**GENERAL OBLIGATION BONDS**

**Lakin Community Facilities District  
(Avondale, Arizona)**

***BACKGROUND***

In September 1988, the Arizona Legislature passed the Community Facilities District Act. The act was created to allow Arizona municipalities to form community facilities districts ("CFD") for the purpose of, among others, the financing of and operation and/or maintenance related to public infrastructure within a CFD.

***HOW THE CFD WORKS***

On \_\_\_\_\_, the Avondale City Council formed Lakin Community Facilities District No. 1. An election was held on \_\_\_\_\_, at which the owners of the property within Lakin Community CFD No. 1 voted to authorize \_\_\_\_\_, of ad valorem tax bonds to be issued over time by Lakin CFD No. 1 to finance the acquisition of public infrastructure including, but not limited to, roadways, water, parks, sewer, and public facilities. The public infrastructure will be dedicated to the City after acquisition of such public infrastructure by the Lakin CFD No. 1 for perpetual operation and maintenance.

***WHAT WILL BE FINANCED?***

Lakin CFD No. 1 has been established to finance approximately \$ \_\_\_\_\_, in public infrastructure within the Lakin CFD No. 1 plus costs related to the financing.

***BENEFITS TO RESIDENTS***

Lakin CFD No. 1 benefits all residents within the District by providing for a majority of the major public improvements. These benefits were taken into account by the developer of the Lakin Property when establishing the price of the lots on which your home was built. Each landowner within the CFD will participate in the repayment of the bonds in the form of an addition to his or her annual property tax bill. This added tax is currently deductible for purpose of calculating federal and state income taxes.

***PROPERTY OWNERS' TAX LIABILITY***

The obligation to retire the bonds will become the responsibility of any property owner in Lakin CFD No. 1 through the payment of property taxes collected by the Maricopa County Treasurer in the same manner as all other property tax payments. Beginning as early as tax year \_\_\_\_\_, the District Board will levy a tax rate of \$ \_\_\_\_\_ per \$100 of secondary assessed valuation for the payment of debt service on the bonds of Lakin CFD No. 1. Based upon a residential market value of \$ \_\_\_\_\_, this would result in an additional annual tax liability of approximately \$ \_\_\_\_\_ or \$ \_\_\_\_\_ per month.

The tax rate of Lakin CFD No. 1 is not expected to exceed \$ \_\_\_\_\_ per \$ \_\_\_\_\_ of secondary assessed valuation while the bonds and other indebtedness of the District are outstanding.

This property tax amount does not include the Lakin Homeowner's Association fee of \_\_\_\_\_ per month per unit.

Date \_\_\_\_\_

\_\_\_\_\_  
*Homeowner*



**DISCLOSURE STATEMENT**  
**LAKIN COMMUNITY FACILITIES DISTRICT NO. 1**  
**(CITY OF AVONDALE, ARIZONA)**  
**(Special Assessment District 1)**

Brookfield Lakin LLC, a Delaware limited liability company (“**Brookfield**”), in conjunction with the City of Avondale, Arizona (the “**City**”), have established a community facilities district (the “**CFD**”) within the planned community development known as Lakin Property. The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability and a separate special assessment lien liability for each residential property owner in Lakin Property.

**HOW THE CFD WORKS**

On xxx, the Mayor and Council of the City formed the CFD consisting of approximately xxx acres of land in the Lakin Property. An election was held on May xxx, at which time the owners of the property within the CFD voted to authorize up to \$\_\_\_\_\_ of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of public infrastructure improvements benefitting principally land within the CFD. The proceeds of separate special assessment lien bonds will be used to finance acquisition or construction of public infrastructure improvements benefitting principally designated areas within the CFD. Such improvements have been or will be dedicated to the City upon acquisition or construction of such public infrastructure by the CFD. The City will operate and maintain such improvements.

**WHAT WILL BE FINANCED?**

The CFD has been established to finance, at the request of Brookfield, not more than \$xxx in public infrastructure improvements within the CFD, including financing costs related to such improvements, through *ad valorem* tax bonds to be issued over the next twenty-five (25) years to finance the acquisition and construction of public infrastructure benefitting principally land within the CFD. The CFD issued \$\_\_\_\_\_ of its General Obligation Bond Series \_\_\_\_\_ on \_\_\_\_\_.

In addition, a special assessment bond has been issued in the amount of \$\_\_\_\_\_ to finance the acquisition of completed public infrastructure, consisting of roadway, sewer, water, storm drain, signage, street light, landscape and related improvements benefitting principally the land area depicted on Attachment 1 hereto (“**Assessment Area 1**”). The lot and residence for which this Disclosure Statement is provided is located in Assessment Area 1.

Brookfield may be reimbursed from CFD bond proceeds for eligible public infrastructure improvements for up to ten (10) years after the date of acceptance of such infrastructure by the City.

**PROPERTY OWNERS' TAX AND ASSESSMENT LIABILITY**

The obligation to retire the *ad valorem* tax bonds will become the responsibility of all property owners in the CFD through the payment of *ad valorem* property taxes collected by the Maricopa

County Treasurer in addition to all other property tax payments. The CFD has levied a \$ \_\_\_ per \$100.00 of net assessed limited property value tax rate for the District’s current fiscal year \_\_\_ to provide for repayment of the *ad valorem* tax bonds. The CFD has also levied a \$ \_\_\_ per \$100.00 of net assessed limited property value tax rate to provide for the payment of certain administrative expenses and operation and maintenance of the public infrastructure improvements financed by the CFD (“**O/M Tax**”).

Although the *ad valorem* tax rate levied by the CFD to retire the *ad valorem* tax bonds is not limited by law, beginning this fiscal year, the rate of the *ad valorem* tax is not expected to exceed a rate of \$ \_\_\_ per \$100.00 of net assessed limited property value for as long as any *ad valorem* tax bonds are outstanding. However, in the event of declining assessed values or significant delinquencies in the collection of *ad valorem* taxes, the *ad valorem* tax rate could increase above the rate that would generate the same levy as would have been generated under a rate of \$ \_\_\_ per \$100.00 of net assessed limited property value. **Accordingly, there can be no guarantee *ad valorem* tax rates will not be increased to provide for repayment of such *ad valorem* tax bonds in the future.**

The obligation to retire the special assessment bonds issued to finance the acquisition of the completed public infrastructure benefitting principally Assessment Area 1 will be the responsibility of all property owners in Assessment Area 1 through the collection of installments of assessment liens of \$ \_\_\_ per lot levied by the CFD. It is anticipated that such assessment lien will be collected by the Maricopa County Treasurer through its standard *ad valorem* property tax collection process.

**IMPACT OF ADDITIONAL CFD PROPERTY TAX AND ASSESSMENTS**

The following illustrates the estimated additional annual *ad valorem* tax liability imposed by the CFD, based on a range of residential values within Lakin Property and a combined \$ \_\_\_ tax rate for the current fiscal year \_\_\_ (the \$ \_\_\_ tax rate to retire the *ad valorem* tax bonds plus the \$ \_\_\_ O/M Tax rate):

<b>Assumed Value of Residence</b>	<b>Estimated Annual Additional CFD Tax Liability*</b>
\$150,000	\$xxx
\$200,000	\$xxx
\$250,000	\$xxx
\$300,000	\$xxx
\$350,000	\$xxx
\$400,000	\$xxx
\$450,000	\$xxx
\$500,000	\$xxx
\$550,000	\$xxx
\$600,000	\$xxx

*\*Assumptions:*

1. *Improved residential property assessment ratio will remain at \_\_\_%*
2. *The estimated total ad valorem tax amount is computed by multiplying the \$\_\_\_per \$100 of assessed limited property value times the estimated limited tax rate of property value times the improved residential property assessment ratio. The actual limited property value is determined by the Maricopa County Assessor.*

The estimated annual assessment lien liability imposed by the CFD in the Assessment Area, in addition to the *ad valorem* tax liability described above, is \$\_\_\_\_\_

Additional information regarding the description of public infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the City of Avondale City Clerk's office.

Your signature below acknowledges that you have read this Disclosure Statement at the time you made your decision to purchase property at Lakin Property and signed your purchase contract and that you understand the property you are purchasing will be taxed and separately assessed to pay the CFD bonds described above and issued in the future and taxed to pay the CFD operation, administration and maintenance expenses.

\_\_\_\_\_  
Home Buyer Signature/Date

\_\_\_\_\_  
Home Buyer Printed Name

*IF PURCHASING JOINTLY OR OTHERWISE WITH ANOTHER PARTY:*

\_\_\_\_\_  
Home Buyer Signature/Date

\_\_\_\_\_  
Home Buyer Printed Name

Builder Name: \_\_\_\_\_

Parcel No. \_\_\_\_\_

Lot No. \_\_\_\_\_

**UPON EXECUTION, MAIL DIRECTLY TO:  
CFD DISTRICT CLERK, CITY OF AVONDALE  
20 E. MAIN STREET  
AVONDALE, AZ 85201**

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**APPENDIX 14**

**CFD AGREEMENT**

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**[AREA RESERVED FOR RECORDING INFORMATION]**

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DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND  
INTERGOVERNMENTAL AGREEMENT  
(LAKIN COMMUNITY FACILITIES DISTRICT)

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THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (LAKIN COMMUNITY FACILITIES DISTRICT), dated as of \_\_\_\_\_, 2018 (hereinafter referred to as this "*Agreement*"), is entered into by and among the City of Avondale, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"); Lakin Community Facilities District, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"); Brookfield Residential (Arizona) LLC, which has an interest in certain property in the District and is an investor, guarantor and indemnitor but is not a developer (hereinafter referred to as "*Brookfield*"); and Brookfield Lakin LLC, a Delaware LLC having an interest in certain property within the boundaries of the District and is an investor, developer, guarantor and indemnitor (hereinafter referred to as the "*Developer*"). Lakin Cattle Company, an Arizona corporation and Cashion Farms Limited Partnership, an Arizona limited partnership (collectively hereinafter referred to as the "*Owner*") own the Property and have consented to the recordation of this Agreement on the Property.

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District, Brookfield, and the Developer entered into this Agreement as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the real property described in Exhibit "A" hereto (hereinafter referred to as the "*Property*") which makes up the real property included within the District, the Municipality, the District, Brookfield, and the Developer determined to specify some of such matters in this Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of the Developer with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Developer to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, this Agreement as a "development agreement" is consistent with the "general plan" of the Municipality, as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, pursuant to an election to hereafter be held in and for the District (the "*Election*"), questions authorizing the district board of the District (i) to sell and issue the portion of the general obligation bonds of the District authorized to, as applicable, be sold and issued by the District as described in this Agreement to provide moneys for certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District heretofore approved by the Municipality and the District (hereinafter referred to as the "*General Obligation Bonds*") including the levy, assessment and collection of a debt service tax against all real and personal property in the District, unlimited as to rate or amount therefor, and (ii) to levy, assess and collect an operation and maintenance tax in an amount up to \$0.30 per \$100.00 of net assessed valuation for all real and personal property in the District (hereinafter referred to as the "*O/M Tax*") to provide for amounts which become attributable to the operation and maintenance expenses of the District and in the future are expected to be approved pursuant to the Act; and

WHEREAS, special assessment lien bonds of the District shall be issued if certain conditions are met to provide moneys for certain public infrastructure purposes described in such General Plan (herein referred to as the "*Assessment Bonds*"); and

WHEREAS, the use of the proceeds of the sale of the General Obligation Bonds and the Assessment Bonds and amounts which will be collected with respect to the O/M Tax in the future is a subject of this Agreement; and

WHEREAS, pursuant to the Act, the District entered into this Agreement with the Developer with respect to the advance of moneys for public infrastructure purposes by the Developer and the repayment of such advances, and to process disbursement and investment of proceeds of, the General Obligation Bonds and the Assessment Bonds; and

WHEREAS, pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, the District and the Municipality entered into the specified sections of this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure, including particularly to provide for the acceptance by the Municipality of certain public infrastructure constructed or acquired by the District;

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, and subject to the conditions set forth herein, the parties hereto agree that:

ARTICLE I  
DEFINED TERMS; MISCELLANEOUS  
MATTERS RELATING TO USE THEREOF

Section 1.1. (a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined hereinabove and in this Section have the meanings assigned to them in this Section and hereinabove and include, as appropriate, the plural as well as the singular:

"*Acquisition Infrastructure*" means that portion of the Infrastructure other than that which is the subject of a request of the Developer and approval of the District Manager described in Section 2.1.

"*Acquisition Project*" means each project which is a part of the Acquisition Infrastructure on a project-by-project basis.

"*Acquisition Project Construction Contract*" means a construction contract for an Acquisition Project.

"*Assessed Property*" means parcels of the Property which from time to time are designated by an amendment to this Agreement.

"*Assessment Bonds*" means the series of special assessment lien bonds of the District authorized to be sold and issued by the District as described in this Agreement, payable

from amounts collected from, among other sources, the Assessments as the applicable Assessed Property.

"*Assessments*" means, as to be originally levied and as thereafter reallocated as described herein, the "not to exceed" proportionate share of costs and expenses of Work levied against each parcel of the Assessed Property pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes, as amended.

"*Bonds*" means, as applicable, the Assessment Bonds or the General Obligation Bonds.

"*Certificate of the Engineers*" means a certificate of the Developer Engineer and the District Engineer in substantially the form of Exhibit "B" hereto.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto.

"*Construction Contract*" means a construction contract for a Project.

"*Conveyance*" means a conveyance for a Segment in substantially the form of Exhibit "C" hereto.

"*Court*" means the Maricopa County Superior Court.

"*Cure Period*" shall have the meaning provided in Section 10.20.

"*Developer Engineer*" means any firm of professional engineers hired by the Developer after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

"*Disclosure Statement*" means the disclosure statement substantially in the form of Exhibit "D" hereto.

"*District Budget*" means the budget of the District required for each Fiscal Year by the Act.

"*District Engineer*" means \_\_\_\_\_.

"*District Expenses*" means the reasonable expenses and costs of the operation and administration of the District (but not O/M Expenses) including the reasonable expenses and costs incurred by the Municipality in connection with the formation of the District; its operations; its relationship with the Municipality; its development and maintenance of the website required by the Act; its issuance of the Assessment Bonds or the General Obligation Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the Municipality, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the Municipality with respect thereto and specifically allocated to the District Expenses. District Expenses also includes the amounts of the incremental insurance premiums arising as a result of procuring insurance as described in Section 8.3. The deductible contributions due from the District described in Section 7.3(b) shall become "District Expenses" as set forth in Section 7.3(b).

"*District Indemnified Party*" means the Municipality and each legislator, director, trustee, member, officer, official or employee thereof or of the District.



"Engineers" means, collectively, the Developer Engineer and the District Engineer; provided, however, that neither may be changed upon less than thirty (30) days written notice and, in the case of the Developer Engineer, without compliance with the other provisions hereof with respect to such change.

"First Series of Bonds" means the series of the General Obligation Bonds to be sold and issued in the District's Fiscal Year 2019-2020 in the principal amount of not to exceed \$\_\_\_\_\_.

"Fiscal Year" means the twelve (12) month period beginning on July 1 of any year and ending on June 30 of the following year.

"Force Majeure" means any condition or event not reasonably within the control of a party obligated to perform hereunder, including, without limitation, "acts of God"; strikes, lock-outs, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of the government of the United States or any state thereof or any of their departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosion; and partial or entire failure of utilities. Failure to settle strikes, lock-outs and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of the opposing party or parties, in either case when such course is in the judgment of the party hereto unfavorable to such party, shall not constitute failure to use commercially reasonable efforts to remedy such a condition or event.

"General Obligation Bonds" means the series of general obligation bonds of the District authorized to be sold and issued by the District as described in this Agreement.

"Indemnified Party" means the Municipality and the District and each legislator, director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Municipality and/or the District within the meaning of the Securities Act.

"Infrastructure" means any "public infrastructure" (as such term is defined in the Act) which is intended by the District and the Developer to be the subject of a Report.

"Initial Expenses" means, prior to receipt of collections of the first levy of the O/M Tax, the reasonable expenses and costs of the operation and administration of the District including the reasonable expenses and costs incurred by the Municipality in connection with the formation of the District, its operations, its relationship with the Municipality, its issuance of the Assessment Bonds or the General Obligation Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the Municipality, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the Municipality with respect thereto and specifically allocated to the Initial Expenses.

"Initiation Notice" shall have the meaning provided in Section 10.20(d).

"Intergovernmental Agreement Act" means Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended.

"Land Development Agreement" means the Pre-Annexation and Development Agreement entered into on \_\_\_\_\_, 2018, by and among the Municipality, and the Developer

and recorded \_\_\_\_\_, 2018, as Document No. \_\_\_\_\_, in the official records of Maricopa County, Arizona, as amended from time to time.

"*O/M Expenses*" means the reasonable expenses and costs of the operation and maintenance of the Projects and for accumulating a Replacement Reserve Amount with respect to the Projects including any overhead incurred by the Municipality with respect thereto and specifically allocated to the O/M Expenses.

"*O/M Tax*" means an operation and maintenance tax in the amount up to \$0.30 per \$100.00 of assessed valuation for all real and personal property in the District.

"*PAD*" means the Planned Area Development zoning for the Property approved by the City as Case No. \_\_\_\_\_, date stamped \_\_\_\_\_.

"*Panel*" shall have the meaning provided in Section 10.20(d).

"*Plans and Specifications*" means the plans and specifications for a Project which, if the District acquires, shall be prepared and reviewed in accordance with the requirements for plans and specifications for construction projects of the Municipality similar to the Project or the Acquisition Project, as applicable.

"*Process*" shall have the meaning provided in Section 10.20(d).

"*Project*" means each project which is a part of the Infrastructure on a project-by-project basis.

"*Replacement Reserve Amount*" means an amount calculated using reasonable accounting practices based on the useful life of the various assets composing the Projects established by the Internal Revenue Code of 1986, as amended, to be used to replace such assets.

"*Report*" means the study of the feasibility and benefits required by the Act for the applicable Project or Acquisition Project.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Segment*" means a completed, discrete portion of an Acquisition Project as determined by the District Engineer and the District Manager.

"*Segment Price*" means an amount equal to the sum of the amounts paid by the Developer for (1) Plans and Specifications for the Segment (including the costs of the review of such design by the District Engineer), (2) construction of the Segment pursuant to the Acquisition Project Construction Contract for such Segment (such amount to be equal to the contract amount plus any increases to such contract amount approved as described in Section 3.5 less any change orders decreasing the contract amount), (3) inspection and supervision of performance under such Acquisition Project Construction Contract and (4) other miscellaneous costs for such Segment attributable to construction of the Segment approved by the Engineers as certified in the Certificate of the Engineers for that Segment.

"*State*" means the State of Arizona.

“*Total Debt Service*” means debt service with respect to the General Obligation Bonds for the next succeeding Fiscal Year plus the amounts described in Section 9.1 for such Fiscal Year.

"*Work*" means the portions of the Infrastructure which from time to time are designated by an amendment to this Agreement, the acquisition or construction of which is to be financed with the proceeds of the sale of Bonds.

(b) All references in this Agreement to designated "Exhibits," "Articles," "Sections," and other subdivisions are to the designated Exhibits, Articles, Sections, and other subdivisions of this Agreement as originally executed. References to "subsections" are to subsections of the Section in which the subsections are included.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Exhibit, Article, Section or other subdivision.

## ARTICLE II CONSTRUCTION OF PROJECTS BY THE DISTRICT; ACQUISITION OF PLANS AND SPECIFICATIONS

Section 2.1. At any time after the sale and delivery of the Bonds (and while there are remaining available, unrestricted proceeds of the sale of the Bonds in amounts sufficient in the judgment of the District Manager therefore) pursuant to Section 5.1(b), the District, upon written request of the Developer and after approval by the District Manager prior to the construction bidding therefor, shall cause Plan of Specifications for the Infrastructure indicated in such request (which otherwise would have been Acquisition Projects) to be prepared and then constructed pursuant to the Plans and Specifications in a fashion which allows for development of the Property to proceed in accordance with the terms of, and the timing provided by, Sections 2.1 and 8.17 of the Land Development Agreement.

Section 2.2. (a) The construction of the Infrastructure shall be bid, and the Infrastructure shall be constructed, in accordance with the requirements for bidding and constructing projects of the Municipality similar to the Projects.

(b) The Infrastructure (or any Project which is a part thereof) shall be bid in one or more parts by and in the name of the District, and Construction Contracts shall be entered into with the bidders selected in accordance with the requirements for awarding contracts for projects of the Municipality similar to the Construction Contracts as specified in the Avondale Code and any procurement guidelines promulgated in connection therewith.

Section 2.3. Plans and Specifications for the Projects which are not Acquisition Projects may, instead of as otherwise provided in Section 2.1, upon written request of the Developer and after approval by the District Manager, be prepared by the Developer Engineer and then acquired by the District pursuant to Section 5.2(b) simultaneously with the financing of the construction of the related Project pursuant to Section 5.1(b). The District shall not be liable for any payment or repayment with respect to the Plans and Specifications except as provided by this Agreement.

ARTICLE III  
CONSTRUCTION OF ACQUISITION PROJECTS BY THE DEVELOPER;  
CERTAIN MATTERS RELATED TO PLANS AND SPECIFICATIONS

Section 3.1. (a) (i) Subject specifically to the obligation under the circumstances described herein to pay the Segment Price for a Segment as hereinafter provided, the Developer, at its sole cost and expense, for which the Developer shall be liable shall cause each Acquisition Project to be constructed pursuant to the Plans and Specifications, in a fashion which allows for development of the Property to proceed in accordance with the terms of, and the timing provided by, the PAD and the Land Development Agreement on real property in which the Developer has an interest. (Underlying ownership of real property on which the Acquisition Project is to be built shall be determined in the final plat or final development plan process of the Municipality or as otherwise determined to the satisfaction of the District Manager and documented to the satisfaction of District Counsel.)

(ii) The construction of the Acquisition Projects shall be procured pursuant to the provisions of Title 34, Chapter 2, Article 1, Arizona Revised Statutes and in accordance with the requirements for construction projects of the Municipality similar to the Acquisition Projects as specified in Avondale Code and any procurement guidelines promulgated in connection therewith. Acquisition Project Construction Contracts shall be entered into with the bidders selected in accordance with the requirements for awarding contracts for projects of the Municipality similar to the Acquisition Project Construction Contracts as specified by such code and guidelines. (Compliance with such requirements with respect to an Acquisition Project shall be evidenced by a Certificate of the Engineers.)

(iii) Neither the Municipality or the District shall bear any risks, liabilities, obligations or responsibilities under any Acquisition Project Construction Contract or risk of loss of or damage to any Acquisition Project (or any part thereof) occurring prior to the time of acquisition of such Acquisition Project (or part thereof) pursuant to Article IV.

(iv) The Municipality and the District shall be named as an insured on any insurance policies required under a bid for an Acquisition Project and as a third party beneficiary with respect to all warranties, guarantees and bonds with respect thereto.

(v) An indication of final payment and contract closeout shall be provided to the District Manager before any acquisition pursuant to Article IV. If any liens are placed on any portion of a Project which is the subject of a Acquisition Project Construction Contract or if litigation ensues between the Developer and any contractor with respect to an Acquisition Project Construction Contract, the District shall not acquire the Acquisition Project or any portion thereof until such liens are removed or such litigation is resolved.

(b) (i) Any advertisement for bids for construction of any Project or provision of any Plans and Specifications to be acquired shall clearly indicate that the Developer will be the "owner" for purposes of the Acquisition Project Construction Contract or contract for such Plans and Specifications and shall include the following language: **"THE WORK WHICH IS THE SUBJECT OF THE BID IS THE SUBJECT OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT AMONG DEVELOPER, BROOKFIELD RESIDENTIAL ARIZONA, THE CITY OF AVONDALE, ARIZONA, AND LAKIN COMMUNITY FACILITIES DISTRICT PURSUANT TO WHICH SUCH WORK MAY BE ACQUIRED FROM OWNER BY SUCH COMMUNITY FACILITIES DISTRICT. THE SUCCESSFUL CONTRACTOR WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO**

**SUCH CITY OR COMMUNITY FACILITIES DISTRICT FOR ANY COSTS UNDER ANY CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (The Developer is "OWNER" for purposes of the foregoing.)

(ii) Each Acquisition Project Construction Contract or contract for such Plans and Specifications to be acquired shall provide that the respective contractors shall not have recourse, directly or indirectly, to the Municipality or the District for the payment of any costs pursuant to such Acquisition Project Construction Contract or contract for such Plans and Specifications or any liability, claim or expense arising therefrom and that the Developer shall have sole liability therefor.

(c) The Developer shall provide for inspection by the Engineers of work performed under any Acquisition Project Construction Contract.

(d) Any change order to any Acquisition Project Construction Contract shall be subject to approval by the Engineers (which approval shall not be unreasonably withheld or delayed) and shall be certified to in the applicable Certificate of the Engineers; provided, however, that any change order expected to increase the amount of an Acquisition Project Construction Contract shall be the subject of the same approval requirements that a change order to increase the cost of a construction contract of the Municipality would be subject unless modified by action of the District Board and, specifically, the approval of the District Treasurer.

#### ARTICLE IV ACQUISITION OF ACQUISITION PROJECTS FROM THE DEVELOPER

Section 4.1. (a) The Developer shall sell to the District, and the District shall acquire from the Developer, the Segments for the Segment Prices upon dates established by the District Manager in his sole and absolute discretion at the request of the Developer.

(b) Acquisition of a Segment shall be financed (1) at any time before the sale and delivery of the Bonds (or after there are no available, unrestricted proceeds of the sale of the Bonds remaining) only pursuant to Section 5.1(a) hereof and (2) at any time after the sale and delivery of the Bonds (and while there are available, unrestricted remaining proceeds of the sale of the Bonds) only pursuant to Section 5.1(b) hereof.

(c) The District shall not be liable for any payment or repayment to the Developer with respect to the Acquisition Infrastructure except as provided by this Agreement.

Section 4.2. The District shall pay the Segment Price for and acquire from the Developer, and the Developer shall accept the Segment Price for and sell to the District, each Segment as provided in Section 4.1 after the approval of the Report and within thirty (30) days after receipt by the District Manager of the following with respect to such Segment, in form and substance reasonably satisfactory to the District Manager:

- (1) the Certificate of the Engineers;
- (2) the Conveyance;
- (3) evidence that public access to the Segment or the Acquisition Project, as applicable, has been or will be provided to the Municipality;

(4) the assignment of all contractors' and materialmen's warranties and guarantees as well as payment and performance bonds;

(5) an acceptance letter issued by the Municipality and by its terms subject specifically to recordation of the Conveyance which is the subject of such letter and

(6) such other documents, instruments, approvals or opinions as may reasonably be requested by the District Manager including, with respect to any real property related to the Acquisition Project, title reports, insurance and opinions and evidence satisfactory to the District Manager that such real property does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such real property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

ARTICLE V  
FINANCING OF COSTS OF PROJECTS  
AND PLANS AND SPECIFICATIONS

Section 5.1. (a) (1) To provide for any acquisition of a Segment occurring before the sale and delivery of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, the Segment Price of that Segment shall be advanced by the Developer pursuant to the terms of this Agreement and the Conveyance for that Segment.

(2) As soon as possible after the sale and delivery of the Bonds, the amounts advanced by the Developer for the Segment Price of a Segment prior to the sale and delivery of the Bonds shall, subject to the requirements of Section 4.2, be paid to the Developer, from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof (and, if applicable, cash collections, if any, from the Assessments). Neither the District nor the Municipality shall be liable to the Developer (or any contractor or assigns under any Acquisition Project Construction Contract) for payment of any Segment Price except to the extent available, unrestricted proceeds of the sale of the Bonds (and, if applicable, cash collections, if any, from the Assessments) are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient available, unrestricted proceeds from the sale of the Bonds shall be available to pay any Segment Price. Proceeds of the sale of the Assessment Bonds shall only be applied for such purposes to amounts advanced for Work.

(3) Until the sale and delivery of the Bonds and after there are no available, unrestricted remaining proceeds of the sale of the Bonds, the District shall not have any obligation to repay the Developer for any advance made by the Developer to pay a Segment Price.

(b) (1) Any acquisition of a Segment occurring after the sale and delivery of the Bonds (or of Plans and Specifications for a Project) to be acquired which may occur only after sale and delivery of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) shall, subject to the requirements of Section 4.2, be provided for by the payment of the Segment Price for such Segment or of the costs of such Plans and Specifications as determined by the District Engineer and the District Manager based

on actual amounts paid by the Developer to the Developer Engineer therefor from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof (and, if applicable, cash collections, if any, from the Assessments). Proceeds of the sale of the Assessment Bonds shall only be applied for such purpose to amounts provided for Work. (The District shall pay the costs of such Plans and Specifications to the Developer as provided in Section \_\_\_\_ after approval of the Report and within thirty (30) days after receipt by the District Manager of evidence of exclusive ownership of the architectural materials (including memorandums, notes and preliminary and final drawings) and the related intellectual property rights (including copyright, if any) related to such Plans and Specifications, in all media, including electronic, and that the District shall be held harmless and be free to use such Plans and Specifications in any way it determines, including particularly, but not by way of limitation, giving them to another firm for the design of a similar structure in form and substance reasonably satisfactory to the District Manager.

(2) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such Segment Price or such costs of such Plans and Specifications. Neither the District nor the Municipality shall be liable to the Developer (or any contractor or assigns under any Acquisition Project Construction Contract) for payment of any Segment Price or for the costs of such Plans and Specifications except to the extent available, unrestricted proceeds of the sale of the Bonds (and, if applicable, cash collections, if any, from the Assessments) are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient, available, unrestricted proceeds from the sale of the Bonds shall be available to pay such Segment Price or such costs of such Plans and Specifications.

ARTICLE VI  
MATTERS RELATING TO THE ASSESSMENT BONDS AND  
THE GENERAL OBLIGATION BONDS AND  
OTHER OBLIGATIONS OF THE DISTRICT

Section 6.1. (a) The District Board shall, from time to time, take all such reasonable action necessary for the District to issue and sell, pursuant to the provisions of the Act, an applicable amount of the Bonds in an amount sufficient to repay advances for or to pay directly from the available, unrestricted proceeds thereof the total of all amounts due for the purposes of any Construction Contract for the Infrastructure and the Segment Prices for the Acquisition Infrastructure and costs of the Plans and Specifications for the Infrastructure to be acquired, established or reasonably expected to be established pursuant hereto plus all relevant issuance costs related thereto (except the amounts due in those respects with regard to Work which shall be provided from the proceeds of the sale of the Assessment Bonds). To the extent the District is not otherwise prohibited from agreeing pursuant to applicable law, until such time as less than fifteen percent (15%) of the total acreage of the Property remains undeveloped pursuant to the PAD, the District shall not undertake the issuance of any of the General Obligation Bonds to finance costs of any public infrastructure other than the Infrastructure without written approval of the Developer.

(b) If the Bonds are not issued or if the available, unrestricted proceeds of the sale of the Bonds are insufficient to pay any or all of the amounts due described in Section 5.1 or all of the Segment Prices for the Acquisition Infrastructure and costs of the Plans and Specifications for the Infrastructure to be acquired, there shall be no recourse against the District or the Municipality for, and neither the District nor the Municipality shall have liability with

respect to, such amounts so due or the Segment Prices for the Acquisition Infrastructure, except from the available, unrestricted proceeds of the sale of the Bonds, if any and as applicable.

Section 6.2. (a) The District Board shall, in its sole discretion, determine on a series by series basis then method of sale of the Bonds. The District will consider factors such as investment grade ratings (as assigned by a nationally recognized bond rating agency), “public sale” (as such term is used in the Act) versus private sale or placement and transfer restrictions, if any, at the time each series of Bonds is sold. [for discussion]

(b) (1) The total aggregate principal amount of all of the series of the General Obligation Bonds shall not exceed \$70,000,000.

(2) A series of the General Obligation Bonds shall only be issued if the debt service therefor can be amortized with substantially equal amounts of annual debt service from amounts generated by a tax rate of not to exceed \$3.85 per one hundred dollars of assessed valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year shall be assumed; all property in the District owned by the Developer or any entity owned or controlled (as such term is used in the Securities Act) by the Developer shall be assigned the last value such property had when categorized as "agricultural" for purposes of assessed valuation and the debt service for any outstanding series of the General Obligation Bonds theretofore issued shall be taken into account in determining whether such tax rate will produce adequate debt service tax collections provided, however, that the First Series of the General Obligation Bonds shall be issued no later than necessary to have the debt service tax costs therefor appear on the first tax bill applicable to any single family residential dwelling unit to be located within the boundaries of the District to be owned by other than the Developer or any entity owned or controlled (as such term is used in the Securities Act) by the Developer or any homebuilder to whom the Developer or any entity owned or controlled (as such term is used in the Securities Act) by the Developer sells property within the boundaries of the District.

(3) If necessary in the discretion of the District Board, the "sale proceeds" of the sale of each series of the General Obligation Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on that series of the General Obligation Bonds, in an amount equal to the maximum amount permitted by the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto.

(c) (1) The Assessments shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable and except as otherwise provided herein, upon the applicable Assessed Property shall be collected pursuant to the procedures prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as amended, as nearly as practicable and, in the event of nonpayment of any of the Assessments, the procedures for collection thereof and sale of the applicable portion of the Assessed Property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, shall apply, as nearly as practicable, except that neither the District nor the Municipality is required to purchase any of the Assessed Property at the sale if there is no other purchaser.

(2) The Developer shall accept the Assessments and have the Assessments allocated and recorded with the County Recorder of Maricopa County, Arizona, by means of an amendment to this Agreement against the various parcels comprising the Assessed



Property; provided, however, that the District Board in its sole and absolute discretion may modify the Assessments after the Assessments have been legally assessed to correspond to subsequent changes in the development of the affected property but in no case shall the Assessments be reduced below a total necessary to provide for debt service for the corresponding Assessment Bonds.

(3) Assessed Property shall receive benefits from Work equal to not less than the Assessments as so allocated to the parcels into which the Assessed Property is or is to be divided, and the Assessments shall be final, conclusive and binding upon the Developer whether or not the Work is completed.

(4) To prepay in whole or in part the applicable portion of any of the Assessments, the following shall be paid in cash to the District: (I) the interest on such portion to the next date Bonds may be redeemed plus (II) the unpaid principal amount of such portion rounded up to the next highest multiple of \$1,000 plus (III) any premium due on such redemption date with respect to such portion plus (IV) any administrative or other fees charged by the District with respect thereto less (V) the amount by which any reserve therefor may be reduced on such redemption date as a result of such prepayment.

(5) The Developer hereby acknowledge that lenders and other parties involved in financing future improvements on Assessed Property (including mortgages for single family residences) may require that liens associated with the Assessments (or applicable portions thereof) be paid and released prior to accepting a lien with respect to any such financing.

(6) (A) At the time of sale of any series of the Assessment Bonds, an appraisal prepared by an MAI appraiser must show that the bulk, wholesale value of the applicable Assessed Property with all of the Infrastructure described in the applicable Report in place is worth at least four (4) times as much as the principal amount of such series of the Assessment Bonds.

(B) If necessary in the sole discretion of the District Board, the "sale proceeds" of the sale of a series of the Assessment Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on such series of the Assessment Bonds, up to an amount equal to the maximum amount permitted by the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto. Payment from such reserve shall not effect a reduction in the amount of the applicable Assessments, and any amount collected with respect to the applicable Assessments thereafter shall be deposited to such reserve to the extent the applicable Assessments are so paid therefrom.

Section 6.3. Other than (1) this Agreement, (2) the Assessment Bonds and the General Obligation Bonds and (3) any obligations necessary in connection with either of the foregoing, the District shall not incur, or otherwise become obligated with respect to, any other obligations.

## ARTICLE VII ACCEPTANCE BY THE MUNICIPALITY

Section 7.1. Simultaneously with the payment of the related Segment Price or completion of construction of a Project, whichever first occurs, the Segment of Acquisition Infrastructure or the Project constructed is hereby accepted (including for purposes of

maintenance and operation thereof if not theretofore provided) by the Municipality, subject to the conditions pursuant to which facilities such as the Acquisition Projects and the Projects so constructed are typically accepted by the Municipality and the Land Development Agreement, thereafter shall be made available for use by the general public.

## ARTICLE VIII INDEMNIFICATION

Section 8.1. (a) Brookfield and the Developer (1) shall, jointly and severally, indemnify and hold harmless each Indemnified Party for, from and against any and all losses, claims, damages or liabilities, joint or several, arising from any challenge or matter relating to the formation, activities or administration of the District (including the establishment of the Assessed Property), or the carrying out of the provisions of this Agreement (but not for any matters which are related to infrastructure which is not part of the Infrastructure), including particularly but not by way of limitation for any losses, claims or damages or liabilities (A) related to any Acquisition Project Construction Contract or Project constructed pursuant to a Construction Contract including claims of any contractor, vendor, subcontractor or supplier, (B) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in any offering document relating to the Bonds, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and (C) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of Brookfield and the Developer (which consent shall not be unreasonably withheld) and (2) shall reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the foregoing shall not apply to any loss, claim, damage or liability relating to or arising from the activities or administration of the District with respect to any portion of the Infrastructure that has been accepted by the Municipality pursuant to Section 7.1.

(b) Section 8.1(a) shall, however, not be applicable to any of the following:

(1) matters involving any gross negligence or willful misconduct of any Indemnified Party,

(2) any loss, claim, damage or liability for which insurance coverage is actually procured which names the District as an insured, in order to provide insurance against the errors and omissions of the District Board or the other representatives, agents or employees of the District and any loss, claim, damage or liability that is covered by any commercial general liability insurance policy actually procured which names the District as an insured (provided, however, that if the Developer also has insurance coverage for any such loss, claim, damage or liability, claims shall be made first against such coverage),

(3) any loss, claim, damage or liability arising from or relating to defects in any Infrastructure that are not known to the Developer and are discovered two (2) years or more following acceptance thereof by the Municipality pursuant to Section 7.1 or

(4) matters arising from or involving any breach of this Agreement by the District or any other Indemnified Party.

(c) An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against Brookfield and the Developer, notify Brookfield and the Developer in writing of the commencement thereof and provide a copy of the written threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability of Brookfield and the Developer by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Brookfield and the Developer, but the omission to notify Brookfield and the Developer of any such action shall not relieve Brookfield or the Developer from any liability that any of them may have to such Indemnified Party otherwise than under this section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify Brookfield and the Developer of the commencement thereof, Brookfield and the Developer may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and Brookfield and the Developer (it being understood that, except as hereinafter provided, Brookfield and the Developer collectively shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Brookfield and the Developer to such Indemnified Party of an election so to assume the defense thereof, Brookfield and the Developer shall not be liable to such Indemnified Party under this section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; provided, however, that unless and until Brookfield and the Developer defends any such action at the request of such Indemnified Party, Brookfield and the Developer shall have the right to participate at their own expense in the defense of any such action. If the Developer shall not have employed counsel to defend any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Developer (in which case the Developer shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Developer.

Section 8.2. To the extent permitted by applicable law, the District shall indemnify, defend and hold harmless each Indemnified Party for, from and against any and all liabilities, claims or demands for injury or death to persons or damage to property arising from in connection with, or relating to the performance of this Agreement. The District shall not, however, be obligated to indemnify the District Indemnified Parties with respect to damages caused by the negligence or willful misconduct of the District Indemnified Parties. The District shall not indemnify, defend and hold harmless the Municipality with respect to matters relating to public infrastructure owned by the Municipality.

Section 8.3. The Municipality shall arrange for the District shall maintain general liability and public official liability insurance for each Board Member with limits of \$1,000,000 per occurrence and an annual aggregate liability of \$3,000,000 and excess coverage of an additional \$2,000,000 above such underlying limits with a deductible of \$10,000 per insurable occurrence.

ARTICLE IX  
PAYMENT OF CERTAIN EXPENSES AND COSTS

Section 9.1. (a) To provide for expenses and costs for agents or third parties required to administer the General Obligation Bonds and the levy and collect *ad valorem* taxes for payment of the General Obligation Bonds and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and shall be paid from amounts available from the tax levy described in Section 6.2(b)(2).

(b) To provide for the payment of expenses and costs for agents or third parties required to administer the Assessment Bonds and the levy and collection of the Assessments and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and shall be paid from amounts collected for such purposes as a portion of the interest portion of the installments due with respect to the applicable Assessments.

Section 9.2. To provide for the payment of the District Expenses and the O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District Expenses and *second* to pay the O/M Expenses. If the District levies the maximum O/M Tax and to the extent the collections of the O/M Tax are not sufficient to pay the District Expenses, the Developer shall, to the extent of reasonable amounts necessary therefor, be liable and obligated to pay or, on a reasonable basis acceptable to the District Manager in his sole discretion, obligate a homeowner's or similar association to pay, to the District on July 1 of each fiscal year of the District the amount of any shortfall indicated in the District Budget with respect to the District Expenses, including any amount required because of any shortfall in the prior Fiscal Year as provided in such District Budget and no matter how such shortfall was otherwise funded. The District shall only levy the O/M Tax in an amount necessary for the District Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor.

Section 9.3. The Developer shall deposit \$50,000 as a deposit on account to be applied by the Municipality in its sole and absolute discretion to pay Initial Expenses upon written demand by the District Manager. When \$45,000 of the \$50,000 deposit is expended, an accounting will be made to the Developer of all amounts incurred by the Municipality for the Initial Expenses to date, and the Developer shall be liable and obligated to provide additional funds as necessary for the Initial Expenses in an amount requested by the Municipality which must be paid forthwith and which shall thereafter be the subject of a similar accounting. Amounts paid pursuant to this Section by the Developer which may be reimbursed under applicable law from the proceeds of the sale of the General Obligation Bonds shall, at the request of the Developer and to the extent of available amounts therefor, be included as part of the purpose of the General Obligation Bonds. The obligations of the Developer pursuant to this Section shall only be effective until the first full Fiscal Year after the first Fiscal Year in which the O/M Tax is levied.

ARTICLE X  
MISCELLANEOUS

Section 10.1. None of the Municipality, the District, Brookfield or the Developer shall knowingly take, or cause to be taken, any action which would cause interest on any Bond to

be includable in gross income for federal income tax purposes pursuant to Section 61 of the Internal Revenue Code of 1986, as amended.

Section 10.2. (a) To provide evidence satisfactory to the District Manager that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future be outstanding, the Disclosure Statement shall be produced by the Developer; provided, however, that the Disclosure Statement may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and the Developer.

(b) The Developer shall or shall require that the Developer or each homebuilder to whom the Developer has sold land:

(1) cause any purchaser of land to sign the Disclosure Statement upon entering into a contract for purchasing such land;

(2) provide a copy of each fully executed Disclosure Statement to be filed with the District Manager and

(3) provide such information and documents, including audited financial statements to any necessary repository or depository, but only to the extent necessary for the underwriters of the Bonds to comply with Rule 15c2-12 of the Securities Exchange Act of 1934.

Section 10.3. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, successors and assigns and the rights and obligations under this Agreement are attached to and run with the Property; provided, however, that none of the parties hereto shall be entitled to assign its rights and obligations hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Agreement, which consent shall not be unreasonably withheld. This Agreement shall not create conditions or exceptions to title to or, except with regard to waivers, consents and other matters relating to the Assessments, covenants running with any individual lots into which the Property is subdivided. Any title insurer can rely on this section when issuing any commitment to insure title to any individual lot or when issuing a title insurance policy for any individual lot. For this section, "lot" shall be any lot upon which a home or commercial building has been completely constructed and approved to be occupied that is contained in a recorded subdivision plat that has been approved by the Municipality.

Section 10.4. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

Section 10.5. This Agreement sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto; and provided further, however, that such an amendment shall be effective against Brookfield, the Developer and the District only if such amendment does not amend Section 7.1 or 9.3 and shall be effective against Brookfield, the Developer, the District and the Municipality, as applicable, only if such amendment only amends Section 7.1 or 9.3 as it relates to the Municipality. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 10.6. This Agreement shall be governed by and interpreted in accordance with the laws of the State.

Section 10.7. The waiver by any party hereto of any right granted to it under this Agreement shall not be deemed to be a waiver of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.

Section 10.8. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.

Section 10.9. The Municipality and the District may, within three 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 the Municipality or the District, respectively, is, at any time while this Agreement is in effect, an employee or agent of the Developer in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, from the Developer arising as the result of this Agreement. the Developer have not taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the Developer in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

Section 10.10. The term of this Agreement shall be as of the date of the execution and delivery hereof by each of the parties hereto and shall expire upon the earlier of the agreement of the District, the Municipality, the Developer to the termination hereof, November 1, 2065, and the date on which all of the Bonds are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 10.11. All notices, certificates or other communications hereunder (including in the Exhibits hereto) shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed as follows:

If to the Municipality:

11465 West Civic Center Drive  
Avondale, Arizona 85323  
Attn: \_\_\_\_\_

With copy to: GUST ROSENFELD, P.L.C.

One East Washington Street, Suite 1600  
Phoenix, Arizona 85004-2553

Attn: Andrew J. McGuire P.O. Box 2670

If to the District:

11465 West Civic Center Drive  
Avondale, Arizona 85323  
Attention: Manager

With a copy to:

If to the Developer or Brookfield:

14646 N. Kierland Blvd., Suite 165  
Scottsdale, Arizona 85254  
Attention: John Bradley

Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.12. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 10.13. The headings or titles of the several Articles and Sections hereof and in the Exhibits hereto, and any table of contents appended to copies hereof and thereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

Section 10.14. This Agreement does not relieve any party hereto of any obligation or responsibility imposed upon it by law; provided, however, that if the provisions of this Agreement conflict in any particular with those of the Land Development Agreement relating to the District, the provisions of this Agreement shall supersede and control those of the Land Development Agreement, as amended, in all respects.

Section 10.15. No later than ten (10) days after this Agreement is executed and delivered by each of the parties hereto, the Municipality shall record a copy of this Agreement with the County Recorder of Maricopa County, Arizona.

Section 10.16. Unless otherwise expressly provided, the representations, covenants, indemnities and other agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

Section 10.17. If any party hereto shall be unable to observe or perform any covenant or condition herein by reason of *Force Majeure*, then the failure to observe or perform such covenant or condition shall not constitute a default hereunder so long as such party shall use its best efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time.

Section 10.18. Whenever the consent or approval of any party hereto, or of any agency therefor, shall be required under the provisions hereof, such consent or approval shall not

be unreasonably withheld, conditioned or delayed unless specifically otherwise limited as provided herein.

Section 10.19. Notwithstanding any other provision of this Agreement to the contrary, the provisions of Sections 7.1, 8.1, 8.2, 9.3, 10.1, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 10.10, 10.11, 10.12, 10.13, 10.14, 10.16, 10.17, 10.18, 10.19 and 10.20 are the only provisions that are effective against the Municipality for purposes of the Intergovernmental Agreement Act and as the Intergovernmental Agreement Act is intended to be applied for purposes of this Agreement.

Section 10.20. (a) Notwithstanding any provision of this Agreement to the contrary, no act, requirement, payment, or other agreed upon action to be done or performed by the Municipality or the District which would, under any federal, state, or City constitution, statute, charter provision, ordinance or regulation, require formal action, approval or concurrence by the City Council or the District Board, respectively, shall be required to be done or performed by the Municipality or the District, respectively, unless and until said formal action of the City Council or the District Board, respectively, has been taken and completed. This Agreement in no way acquiesces to or obligates the Municipality or the District to perform a legislative act.

(b) Failure or unreasonable delay by any party to perform or otherwise act in accordance with any term or provision of this Agreement for a period of thirty (30) days (hereinafter referred to as the "Cure Period") after written notice thereof from any other party, shall constitute a default under this Agreement; provided, however, that if the failure or delay is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provision hereof, then such party shall have such additional time as may be necessary to perform or comply so long as such party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Said notice shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event such default is not cured within the Cure Period, any non-defaulting party shall have all rights and remedies that are set forth in the next subsection.

(c) Except as provided in subsection (b), the parties shall be limited to the remedies and the dispute resolution procedure set forth in this subsection and subsection (d). Any decision rendered by the Panel (as hereinafter defined) pursuant to the provisions of subsection (d) shall be binding on the parties unless and until a court of competent jurisdiction renders its final decision on the disputed issue, and if any party does not abide by the decision rendered by the Panel during the pendency of an action before the court of competent jurisdiction or otherwise (if no court action), any other party may institute an action for money damages on the issues that were the subject of the Panel's decision and/or any other relief as may be permitted by law.

(d) (1) If an event of default is not cured within the Cure Period, any non-defaulting party may institute the dispute resolution process set forth in this subsection (hereinafter referred to as the "Process") by providing written notice initiating the Process (hereinafter referred to as the "Initiation Notice") to the defaulting party.

(2) Within fifteen (15) days after delivery of the Initiation Notice, each involved party shall appoint one person to serve on an arbitration panel (herein referred to as the "Panel"). Within twenty-five (25) days after delivery of the Initiation Notice, the persons appointed to serve on the Panel shall themselves appoint one person to serve as a member of the Panel. Such person shall function as the chairman of the Panel.



(3) The remedies available for award by the Panel shall be limited to specific performance, declaratory relief and injunctive relief.

(4) Any party can petition the Panel for an expedited hearing if circumstances justify it. Such circumstances shall be similar to what a court would view as appropriate for injunctive relief or temporary restraining orders. In any event, the hearing of any dispute not expedited shall commence as soon as practicable, but in no event later than forty-five (45) days after selection of the chairman of the Panel. This deadline can be extended only with the consent of all parties to the dispute or by decision of the Panel upon a showing of emergency circumstances.

(5) The chairman of the Panel shall conduct the hearing pursuant to the Center For Public Resources' Rules for Non-Administered Arbitration of Business Disputes then in effect. The chairman of the Panel shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence, consistent with the deadlines provided herein, and the parties' objective that disputes be resolved in a prompt and efficient manner. No discovery may be had of privileged materials or information. The chairman of the Panel upon proper application shall issue such orders as may be necessary and permissible under law to protect confidential, proprietary or sensitive materials or information from public disclosure or other misuse. Any party may make application to the Court to have a protective order entered as may be appropriate to confirm such orders of the chairman of the Panel.

(6) The hearing, once commenced, shall proceed from business day to business day until concluded, absent a showing of emergency circumstances. Except as otherwise provided herein, the Process shall be governed by the Uniform Arbitration Act as enacted in the State.

(7) The Panel shall, within fifteen (15) days from the conclusion of any hearing, issue its decision. The decision shall be rendered in accordance with this Agreement and the laws of the State.

(8) Any involved party may appeal the decision of the Panel to the Court for a *de novo* review of the issues decided by the Panel, if such appeal is made within thirty (30) days after the Panel issues its decision. The remedies available for award by the Court shall be limited to specific performance, declaratory relief and injunctive relief. The decision of the Panel shall be binding on both parties until the Court renders a binding decision. If a non-prevailing party in the Process fails to appeal to the Court within the time frame set forth herein, the decision of the Panel shall be final and binding. If one party does not comply with the decision of the Panel during the pendency of the action before the Court or otherwise, then another party shall be entitled to exercise all rights and remedies that may be available under law or equity, including without limitation the right to institute an action for money damages related to the default that was the subject of the Panel's decision and the provisions of this subsection shall not apply to such an exercise of rights and remedies.

(9) All fees and costs associated with the Process before the Panel, including without limitation the fees of the Panel, other fees, and the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-prevailing party or parties. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Panel. Similarly, all fees and costs associated with an appeal to the Court or any appellate court thereafter, including without limitation, the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-

prevailing party. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Court.

\* \* \*

IN WITNESS WHEREOF, the officers of the Municipality and of the District have duly affixed their signatures and attestations, and the officers of the Developer their signatures, all as of the day and year first written above.

**“Municipality”**

CITY OF AVONDALE,  
an Arizona municipal corporation

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the Municipality who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the Municipality.

\_\_\_\_\_  
City Attorney

(ACKNOWLEDGMENT)

STATE OF ARIZONA        )  
  ) ss.  
COUNTY OF MARICOPA    )

On \_\_\_\_\_, 20\_\_, before me personally appeared \_\_\_\_\_, as Mayor of the CITY OF AVONDALE, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the City of Avondale.

\_\_\_\_\_  
Notary Public

(Affix notary seal here)

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**“District”**

LAKIN COMMUNITY FACILITIES  
DISTRICT, an Arizona community  
facilities district

By: \_\_\_\_\_  
Chairman, District Board

ATTEST:

\_\_\_\_\_  
District Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the District, who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

\_\_\_\_\_  
District Counsel

(ACKNOWLEDGMENT)

STATE OF ARIZONA        )  
  ) ss.  
COUNTY OF MARICOPA    )

On \_\_\_\_\_, 20\_\_, before me personally appeared \_\_\_\_\_, as Chairman of the District Board of Lakin Community Facilities District, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the District.

\_\_\_\_\_  
Notary Public

(Affix notary seal here)

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**“Brookfield”**

BROOKFIELD RESIDENTIAL (ARIZONA) LLC,  
 a Delaware limited liability company

By: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

By: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

(ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ )  
                                        ) ss.  
 COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2018, before me personally appeared \_\_\_\_\_, as a member of \_\_\_\_\_ a \_\_\_\_\_, as \_\_\_\_\_, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
 Notary Public

(Affix notary seal here)

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**“Developer”**

BROOKFIELD LAKIN LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ )  
   ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2018, before me personally appeared \_\_\_\_\_, as a member of \_\_\_\_\_ a \_\_\_\_\_, as \_\_\_\_\_, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

(Affix notary seal here)

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**CONSENTED TO BY OWNER:**

LAKIN CATTLE COMPANY,  
an Arizona corporation

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(ACKNOWLEDGMENT)

STATE OF ARIZONA        )  
  ) ss.  
COUNTY OF MARICOPA )

On \_\_\_\_\_, 2018, before me personally appeared \_\_\_\_\_, as a member of \_\_\_\_\_ a \_\_\_\_\_, as \_\_\_\_\_, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

(Affix notary seal here)

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

**CONSENTED TO BY OWNER:**

CASHION FARMS LIMITED PARTNERSHIP,  
an Arizona limited partnership

By: Lakin Realty Development, Inc.,  
an Arizona corporation, its General Partner

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(ACKNOWLEDGMENT)

STATE OF ARIZONA            )  
  ) ss.  
COUNTY OF MARICOPA    )

On \_\_\_\_\_, 2018, before me personally appeared \_\_\_\_\_, as a member of \_\_\_\_\_ a \_\_\_\_\_, as \_\_\_\_\_, whose identity was proven to me on the basis of satisfactory evidence to be the person who he claims to be, and acknowledged that he signed the above document, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

(Affix notary seal here)

**ATTACHMENTS:**

- EXHIBIT A    --   Legal Description Of The Property
- EXHIBIT B    --   Description Of The Infrastructure
- EXHIBIT C    --   Form Of Certificate Of Engineers For Conveyance Of Segment Of Project
- EXHIBIT D    --   Form Of Conveyance Of Segment Of Project
- EXHIBIT E    --   Form Of Disclosure Statement



**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY  
TO BE INCLUDED IN THE DISTRICT**

**EXHIBIT B**

**FORM OF CERTIFICATE OF ENGINEERS FOR  
CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT**

**CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF  
ACQUISITION PROJECT**

*(insert description of Acquisition Project/Segment)*

STATE OF ARIZONA )  
COUNTY OF MARICOPA )  
CITY OF AVONDALE ) ss.  
LAKIN COMMUNITY )  
FACILITIES DISTRICT )

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Lakin Community Facilities District (hereinafter referred to as the "District"), and the engineer employed by Brookfield Lakin LLC (hereinafter referred to as "the Developer"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement (Lakin Community Facilities District), dated as of \_\_\_\_\_ (hereinafter referred to as the "Agreement"), by and among the District, the City of Avondale, Arizona and the Developer that:

1. The Segment indicated above has been performed in every detail pursuant to the Plans and Specifications (as such term and all of the other initially capitalized terms in this Certificate are defined in the Agreement) and the Acquisition Project Construction Contract (as modified by any change orders permitted by the Agreement) for such Segment.

2. The Segment Price as publicly bid and including the cost of approved change orders for such Segment is \$.....

3. The Developer provided for compliance with the requirements for public bidding for such Segment as required by the Agreement (including, particularly but not by way of limitation, Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended) in connection with award of the Acquisition Project Construction Contract for such Segment.

4. The Developer filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Segment with the Municipality.

5. The Developer obtained good and sufficient performance and payment bonds in connection with such Contract.

DATED AND SEALED THIS ..... DAY OF ....., 200..

[P.E. SEAL]

By.....  
District Engineer

[P.E. SEAL]

By.....  
Engineer for the Developer

[Confirmed for purposes of Section  
3.5 of the Development Agreement by

.....  
Manager for Lakin Community  
Facilities District\*]

***[THIS WILL BE REQUIRED  
FOR EVERY SEGMENT ACQUIRED  
WITH PROCEEDS OF THE  
SALE OF THE BONDS!!!]***

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\* To be inserted if the provisions of Section 3.5 hereof are applicable to the respective Segment of the Project

**EXHIBIT C**

**FORM OF CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT**

CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

*(Insert description of Acquisition Project/Segment)*

STATE OF ARIZONA )  
COUNTY OF MARICOPA )  
CITY OF AVONDALE ) ss.  
LAKIN COMMUNITY )  
FACILITIES DISTRICT )

KNOW ALL MEN BY THESE PRESENTS THAT:

Brookfield Lakin LLC ("the Developer"), for good and valuable consideration received by the Developer from Lakin Community Facilities District, a community facilities district formed by the City of Avondale, Arizona (the "Municipality"), and duly organized and validly existing pursuant to the laws of the State of Arizona (the "District"), receipt of which is hereby acknowledged [, and the promise of the District to hereafter pay the amounts described in the hereinafter described Development Agreement]\*, does by these presents grant, bargain, sell and convey to the District, its successors and assigns, all right, title and interest in and to the following described property, being the subject of a District Development, Financing Participation and Intergovernmental Agreement (Lakin Community Facilities District), dated as of \_\_\_\_\_, by and among the Developer, Brookfield, the Municipality and the District and more completely described in such Development Agreement:

[Insert description of Acquisition Project/Segment]

together with any and all benefits, including warranties and performance and payment bonds, under the Acquisition Project Construction Contract (as such term is defined in such Development Agreement) or relating thereto, all of which are or shall be located within utility or other public easements dedicated or to be dedicated by plat or otherwise free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same [, such subsequent dedications not affecting the promise of the District to hereafter pay the amounts described in such Development Agreement]\*, but subject to all taxes and other assessments, reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Exhibit I hereto.

\*Insert with respect to any acquisition financed pursuant to Section 5.2(a) hereof.

\*Insert with respect to any acquisition financed pursuant to Section 5.2(a) hereof.

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereunto in anywise belonging, including all necessary rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the District, its successors and assigns, forever; and the Developer does hereby bind itself, its successors and assigns to warrant and forever defend, all and singular, the above-described property, subject to such exception(s) and reservation(s), unto the District, its successors and assigns, against the acts of the Developer and no other.

The Developer binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the District of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and the Developer hereby agrees that the amounts specified above and paid [or promised to be paid\*] to the Developer hereunder satisfy in full the obligations of the District under such Development Agreement and hereby releases the District from any further responsibility to make payment to the Developer under such Development Agreement except as above provided.

The Developer, in addition to the other representations and warranties herein, specifically makes the following representations and warranties:

1. The Developer has the full legal right and authority to make the sale, transfer, and assignment herein provided.
2. The Developer is not a party to any written or oral contract which adversely affects this Conveyance.
3. The Developer is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.
4. The Developer is not engaged in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.
5. The person executing this Conveyance on behalf of the Developer has full authority to do so, and no further official action need be taken by the Developer to validate this Conveyance.
6. The facilities conveyed hereunder are all located within property owned by the Developer or utility or other public easements dedicated or to be dedicated by plat or otherwise.

IN WITNESS WHEREOF, the Developer has caused this Conveyance to be executed and delivered this ..... day of ....., 200..

.....

By.....

By.....

Title:.....

STATE OF ARIZONA        )  
  ) ss.  
COUNTY OF MARICOPA    )

This instrument was acknowledged before me on ....., 200.. by ....., of ....., a ....., on behalf of said corporation.

.....  
Notary Public

.....  
Typed/Printed Name of Notary

My Commission Expires:.....

[NOTARY SEAL]

EXHIBIT I  
TO  
CONVEYANCE OF SEGMENT OF PROJECT

*(Insert description of Project/Segment)*

**EXHIBIT D**

**FORM OF DISCLOSURE STATEMENT**

**LAKIN COMMUNITY FACILITIES DISTRICT  
DISCLOSURE STATEMENT**



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**APPENDIX 15**

**PRE-ANNEXATION DEVELOPMENT AGREEMENT**

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To Come