INFORMATION ABOUT THE VISTANCIA COMMUNITY FACILITIES DISTRICT

General

The Vistancia Community Facilities District (the District) encompasses approximately 6,940 acres located within the northern portion of the City of Peoria, Arizona. The City formed the District pursuant to a resolution adopted on October 15, 2002. The District is entitled for maximum allowable residential build out of approximately 10,500 units and up to three golf courses, over 500 acres of authorized commercial uses, neighborhood centers and a regional commercial and employment core.

The District is a special purpose, tax levying public improvement district formed under Arizona Revised Statues Title 48, Chapter 4, Article 6. The District levies a property tax rate, currently at $2.10 per $100 of assessed value, on properties within the District. The property tax levy is not a special assessment loan and there is no special assessment loan payoff available for properties within the District. The property tax rate is levied to provide for repayment of bonds issued for the District. In 2002, owners of the properties within the District voted to authorize up to $100,000,000 of bonds to be issued over time to finance the acquisition and construction of water and sewer improvements that will benefit all residents within Vistancia. Three series of bonds totaling $36,985,000 have been issued, in 2002, 2005 and 2006 and have been expended on various infrastructure projects.

Property Owner’s Tax Liability

The obligation to retire the bonds is the responsibility of property owners in the District through the payment of property taxes collected by the Maricopa Country Treasurer. No other area within the boundaries of the City is subject to this property tax levied by the District. The District currently levies a tax rate of $2.10 per $100 of assessed valuation on properties within the District and this levy will be in place for as long as the bonds are outstanding. Although the level of tax rate is not limited by law, the tax rate of the District will be maintained at the $2.10 level by means of agreements with the Developer which require the Developer to provide for the difference above such $2.10 rate. There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for the repayment of the bonds. As growth of the tax base occurs within the District, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the $2.10 tax rate, at which time the District may release the Developers from such obligations.

Development of Vistancia

Construction of Vistancia began in November 2002, which consisted of the initial phase of the Trilogy Active Adult Village, an active adult community (“Trilogy”) and the initial phase of Vistancia Village, a conventional housing community (“Vistancia Village”). The initial phase of Trilogy includes an 18-hole championship golf course, an adjacent clubhouse, an active adult model complex and tour center, and a 35,000 square foot active adult recreation clubhouse, all of which are complete. The initial phase of Vistancia Village includes an 11-acre private recreation club, a community amenity center, a trail system and a 10-acre public park, all of which are complete. The third residential village in the Project, Blackstone at Vistancia (“Blackstone”), opened in December 2005. Blackstone is a 600-acre gated golf community consisting of approximately 650 home sites, including 62 custom home sites. The focus of Blackstone is an 18-hole championship private golf course and 30,000 square foot clubhouse.

As of the end of 2015, Trilogy has been completely sold out, Vistancia Village is 65% sold out and Blackstone is 53% sold out based on lot counts. Future development includes the completion of
lots/homes within Vistancia Village and Blackstone, the development of an additional 3.8M square feet of commercial development, and over 3,500 acres of development north of the Central Arizona Project (CAP) Canal (planned for 3,500 additional residential units in multiple villages, some convenience commercial, and potentially another golf course).

A portion of the District Land is presently zoned for commercial development. To date, 25 acres of commercial property has been sold to commercial developers. The Project’s first retail shopping center opened in 2007 and contains 139,000 square feet, featuring a full-service Safeway grocery store and a Walgreens Pharmacy, along with other retailers. An additional 1.5 acre site has been conveyed to the City for use as a fire station, which is complete and operational. Zoning authorizations for mixed use, retail, commercial, employment, and light industrial exist for the balance of the commercial land located within the District Land.

Vistancia is served by the Peoria Unified School District (“PUSD”). Pursuant to a Developer Assistance Agreement between the Developer and PUSD, the Developer has agreed to donate to PUSD up to three K-8 school sites within the District Land. Additionally, a high school site within the District Land is being reserved for future purchase by PUSD from the Developer. The first two K-8 school sites have been donated to PUSD by the Developer; the first of these schools opened in Spring 2006 and the second school opened in 2009. These schools serve the residents of the Project and surrounding communities.

All municipal services within Vistancia, including police, fire, water and sewer, are provided to residents in the normal course of operations by the City.

Cable television and telecommunications services are currently provided by Coxcom, Inc., a Delaware corporation d/b/a Cox Communications Phoenix (“Cox”). In addition, Accipiter Communications, Inc., an Arizona corporation d/b/a Zona Communications (“Zona”) provides telecommunications services.