

**FEASIBILITY REPORT
FOR THE ISSUANCE OF
\$3,000,000 PRINCIPAL AMOUNT
OF
VISTANCIA WEST
COMMUNITY FACILITIES DISTRICT
(PEORIA, ARIZONA)
GENERAL OBLIGATION BONDS,
SERIES 2019**

**Submitted
August 13, 2019**

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SECTION ONE

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

INTRODUCTION

This Feasibility Report (this “Report”) was prepared for the Board of Directors of the Vistancia West Community Facilities District (the “District”) in connection with the issuance by the District of its General Obligation Bonds, Series 2019 (the “Series 2019 Bonds”) in an aggregate principal amount of \$3,000,000, pursuant to the Community Facilities Act of 1989, Title 48, Chapter 4, Article 6 of Arizona Revised Statutes, specifically in accordance with the provisions of Section 48-715, Arizona Revised Statutes (“A.R.S.”) with respect to the feasibility and benefits of certain “public infrastructure” (as defined in A.R.S. 48-701) described herein (the “Public Infrastructure”) and the plan for financing the costs of the Public Infrastructure with proceeds from the Series 2019 Bonds.

Pursuant to an election held December 2, 2014, the District is authorized to issue not to exceed \$9,000,000 in principal amount of general obligation bonds. On May 20, 2015, the District issued \$35,000 aggregate principal amount of General Obligation Bonds, Taxable Series 2015 (the “Series 2015 Bonds”). On July 14, 2016, the District issued \$3,000,000 aggregate principal amount of General Obligation Bonds, Series 2016 (the “Series 2016 Bonds”). The City of Peoria, Arizona (the “City”), the District, Vistancia West Construction, LP (the “Developer”) and other parties entered into the District Development, Financing Participation and Intergovernmental Agreement, dated as of October 1, 2014, as amended by a First Amendment to District Development, Financing Participation and Intergovernmental Agreement, dated as of March 1, 2016 (as so amended, the “Development Agreement”), which provides for the financing of the costs of certain portions of the public infrastructure necessary for the development of a new portion of Trilogy at Vistancia, a master planned, residential development (the “Project”), being developed by the Developer.

PURPOSE OF FEASIBILITY REPORT

Pursuant to A.R.S. 48-715, this Report includes (i) a description of the Public Infrastructure to be acquired [Section Two]; (ii) a map showing, in general, the location of the Public Infrastructure and area to be benefited by the Public Infrastructure [Section Three]; (iii) an estimate of the costs to acquire, and the estimated schedule of completion, the Public Infrastructure [Section Four]; and (iv) a plan for financing the Public Infrastructure [Section Five].

This Report has been prepared for the consideration of the Board of Directors of the District only. It is not intended or anticipated that this Report will be relied upon by other persons, including, but not limited to, purchasers of the Series 2019 Bonds. This Report does not attempt to address the quality of the Series 2019 Bonds as investments or the likelihood of repayment of the Series 2019 Bonds.

GENERAL DESCRIPTION OF DISTRICT

Formation of the District was approved by the City on August 27, 2014. The District is located within the boundaries of the City and was created to finance the acquisition of certain public infrastructure (including the Public Infrastructure) that relates to the development of portions of the Project. The Project consists of approximately 358 acres, with a maximum allowable residential build out of approximately 1,021 units.

The Project is an expansion of the active adult community of Trilogy at Vistancia. Trilogy at Vistancia originally began selling homes in 2004 and over the years has closed approximately 2,364 homes. As of May 31, 2019, there are 628 homes sold, 543 homes closed, 101 homes under construction, 125 finished lots and 254 lots under development. Homes in the District range from 1,392 square feet to 2,717 square feet. Base home prices for this community range from \$279,900 to \$504,990. The average sales price including options, premiums and incentives is \$501,562 or \$236.32 per square foot.

See Table One in Section Five for a current estimated absorption schedule for the Project. A map of the District is included in Section Three and a legal description depicting the boundaries of the District is included in Appendix A.

SECTION TWO

DESCRIPTION OF COST OF PUBLIC INFRASTRUCTURE

Westland Water Campus

Construct a 2.5 million gallon reservoir, booster pump station, associated facility site improvements, access improvements, and necessary transmission line to connect the storage facility to existing water line adjacent to the site. The estimated total design, acquisition and construction cost of the Public Infrastructure is \$15.3 million.

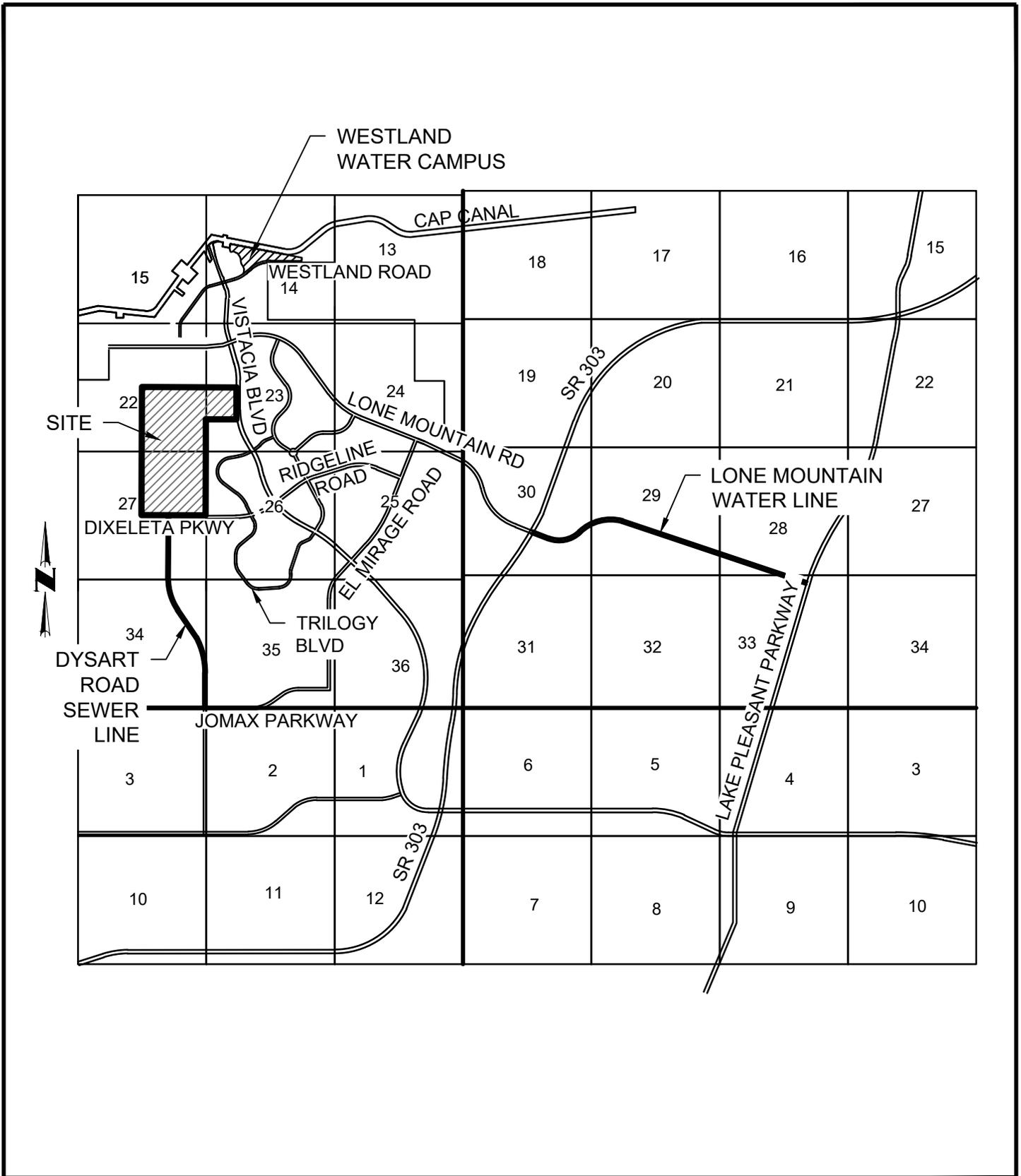
Lone Mountain Road Water Distribution Project

Extend 36 inch diameter domestic water transmission line approximately 11,130 lineal feet from Lake Pleasant Parkway to the existing water line located on the east side of the State Route Loop 303. The estimated total design, acquisition and construction cost of the Public Infrastructure is \$11.5 million.

SECTION THREE

**MAPS SHOWING
LOCATION OF PUBLIC INFRASTRUCTURE AND
AREA TO BE BENEFITED**

See maps on following page.



N.T.S.
 EXHIBIT
 4550 North 12th Street
 Phoenix, Arizona 85014
 Phone 602-264-6831
<http://www.cvlci.com>

VISTANCIA WEST
COMMUNITY FACILITIES DISTRICT
 (AREA TO BE BENEFITED)



1 OF 1



VISTANCIA WEST
CFD



SCALE 1" = 1500'

EXHIBIT

4550 North 12th Street
Phoenix, Arizona 85014
Phone 602-264-6831
<http://www.cvlci.com>

VISTANCIA WEST

COMMUNITY FACILITIES DISTRICT
(AREA TO BE BENEFITED)



1 OF 1

SECTION FOUR

ESTIMATE OF COST AND SCHEDULE FOR ACQUISITION OF PUBLIC INFRASTRUCTURE

Listed below are estimated costs of site acquisition, design and construction and the anticipated dates for completion of the construction of the Public Infrastructure. The Developer will pay additional costs necessary to complete construction of the Public Infrastructure. It is not anticipated that another series of bonds will be issued by the District to acquire the balance of the Public Infrastructure from the Developer.

Upon acquisition by the District, the District will dedicate or otherwise transfer all portions of the Public Infrastructure to the City and, as such, there will be no costs borne by the District to operate and maintain the same.

Description	Estimated Cost ^(a)	Estimated Completion Date ^(a)
Westland Water Campus ^(b)	\$2,100,000	August 2019
Lone Mountain Road Water Line ^(b)	400,000	Completed
CFD Costs of Issuance and Underwriting	<u>500,000</u>	N/A
	<u>\$3,000,000</u>	

^(a) Costs for the Public Infrastructure and Completion Dates are estimated and once under contract are subject to change due to change orders and unforeseen events.

^(b) These will be constructed pursuant to joint development agreements with the City and other developers. Amounts reflect proportionate share for the Public Infrastructure under those agreements.

SECTION FIVE

PLAN OF FINANCE

The acquisition of the Public Infrastructure will be financed by the District as described in the Plan of Finance below.

Existing and Future Debt.

The Series 2015 Bonds were issued for a total principal amount of \$35,000 and matured on July 15, 2017. The Series 2016 Bonds were issued for a total principal amount of \$3,000,000 and mature on July 15, 2029. The District is authorized to issue not to exceed \$9,000,000 in principal amount of general obligation bonds. After issuance of the Series 2015 Bonds and the Series 2016 Bonds, \$5,965,000 principal amount of authorized, but unissued, District general obligation bonds remain. The debt of the District is not currently rated.

The Series 2019 Bonds.

The Series 2019 Bonds will be issued to finance the construction and/or acquisition of the Public Infrastructure. The Series 2019 Bonds mature on July 15, 2029 and will be structured such that when combined with the debt service on Series 2016 Bonds the total debt service will be approximately level. (See Table Two for the debt service requirements on the Series 2019 Bonds).

Target Tax Rate, Standby Contribution Agreement and Depository Agreement.

Any general obligation bonds of the District are, by law, to be paid from a property tax which is unlimited as to rate and amount. The Development Agreement establishes a “target” tax rate of \$2.10 per \$100 of limited property value.

Given that the existing and short term future tax base of the District will be insufficient to support aggregate debt service given the District’s target tax rate, the Developer, pursuant to a Standby Contribution Agreement, is obligated to pay amounts necessary to maintain \$2.10 tax rate given the then current tax base and the debt service requirements of the Series 2016 and Series 2019 Bonds. The Standby Contribution Agreement will be uncollateralized and in effect for the life of the Series 2019 Bonds, subject to termination if certain conditions are met, principally that the \$2.10 tax rate alone is sufficient to provide for maximum annual debt service of the Bonds for a period of time provided in the Standby Contribution Agreement.

As additional security for the Series 2019 Bonds, the Developer will deposit with a depository pursuant to a Depository Agreement, for the benefit of the District, a standby letter of credit equal to three times the maximum annual debt service of the Series 2019 Bonds. If amounts are not available pursuant to the Standby Contribution Agreement pursuant to its terms or if such letter of credit is not timely renewed before its expiration, such depository will be obligated to draw upon such letter of credit in the full amount thereof. Once drawn upon, the proceeds of such letter of credit will be held and disbursed as a cash deposit pursuant to the terms of the Depository Agreement, and will not be subject to reinstatement. The letter of credit held pursuant to the

Depository Agreement is subject to reductions and may be released to the Developer under circumstances similar to those in the Standby Contribution Agreement, principally that the \$2.10 tax rate alone is sufficient to provide for maximum annual debt service of the Bonds for a period of time provided in the Depository Agreement.

Once amounts available from the Standby Contribution Agreement and the Depository Agreement are exhausted, the tax rate would, if necessary, have to be increased to pay debt service on the Series 2016 and the Series 2019 Bonds.

Homeowner's Obligation and Disclosure of Property Tax Payments.

At the \$2.10 target tax rate, assuming an average market value of \$500,000, the initial period ending July 15, taxes for the Series 2016 and Series 2019 Bonds would equal approximately \$48 per month or \$580 annually. Subsequent year taxes for each property owner will depend upon the taxable value established by the County Assessor's office (limited to 5% annual growth on existing properties) applied to the \$2.10 per \$100 of net limited assessed property value.

A.R.S. Section 32-2181 et seq. requires the disclosure of all property taxes to be paid by a 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 to the foregoing minimum requirement, the Developer proposes a more comprehensive program of homebuyer disclosure for initial homebuyers:

First, all sales contracts between the Developer and homebuilders that purchase from the Developer will include a provision that states that the homebuilder agrees to comply with the disclosure requirements of State law referenced above, plus the additional requirements which follow.

Second, general marketing materials used by the Developer related to the development of the Project will reference the District.

Third, each homebuyer that purchases a home from a homebuilder described in the first item above will sign a Vistancia West Community Facilities District Disclosure Statement detailing the existence of the District and its financial impact on ownership of the home.

Fourth, receipt of this form will be acknowledged in writing by the homebuyer, and a signed copy kept on file with the City Clerk.

Sources and Uses of Funds.

The sources and uses of funds of the Series 2019 Bonds are shown below.

SOURCES OF FUNDS

Par Amount of Bonds \$3,000,000

TOTAL SOURCES \$3,000,000

USES OF FUNDS

Costs of Public Infrastructure \$2,500,000

Costs of Issuance (including Underwriter's Discount) 500,000

TOTAL USES \$3,000,000

TABLE ONE
TRILOGY WEST HISTORICAL AND PROJECTED HOME CLOSING SCHEDULE

<u>Calendar Year Ending</u>	<u>Active Adult Units</u>	<u>Cumulative Units</u>
2015	43	43
2016	163	206
2017	127	333
2018	161	494
2019*	135	629
2020**	150	779
2021**	150	929
2022**	92	1,021

* As of May 31, 2019, 628 home sold, 543 homes closed, 101 homes under construction, 125 finished lots and 254 lots under development.

** Projected.

Source: The Developer

TABLE TWO
VISTANCIA WEST COMMUNITY FACILITIES DISTRICT
(PEORIA, ARIZONA)
GENERAL OBLIGATION BONDS OUTSTANDING & PROJECTED BOND SALE
Estimated Debt Service Requirements & Estimated Projected Impact on the Bond Tax Rate

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			\$3,000,000 Series 2016 Dated: 6/9/2016		PLUS: \$3,000,000 Series 2019 Dated: 9/12/2019				
Period Ending July 15	Net Limited Assessed Valuation (a)	Estimated Growth in Assessed Valuation (b)	Principal	Interest	Principal	Estimated Interest	Total Debt Service	Estimated Shortfall Amount (c)	Estimated Tax Rate (d)
2020	\$14,269,714		\$225,000	\$106,713	\$215,000	\$101,000	\$647,713	\$363,032	\$2.10
2021		\$18,380,616	235,000	99,963	265,000	111,400	711,363	344,669	2.10
2022		23,368,717	240,000	92,325	275,000	100,800	708,125	241,919	2.10
2023		28,606,222	250,000	84,525	285,000	89,800	709,325	138,631	2.10
2024		33,720,603	255,000	76,400	295,000	78,400	704,800	32,074	2.10
2025		35,350,703	265,000	68,113	305,000	66,600	704,713		2.10
2026		37,062,308	275,000	59,500	320,000	54,400	708,900		2.10
2027		38,859,494	290,000	45,750	335,000	41,600	712,350		2.10
2028		40,746,538	305,000	31,250	345,000	28,200	709,450		2.03
2029		42,727,935	320,000	16,000	360,000	14,400	710,400		1.93
			\$2,660,000	\$680,538	\$3,000,000	\$686,600	\$7,027,138	\$1,120,325	

(a) 2020 is preliminary, provided by the Assessor of the County based on net limited property value.

(b) Projected homes and estimated home prices provided by Shea. Based on residential market valuations provided by Shea with residential growing at 5.0% per year.

(c) Estimated shortfall amount to be contributed.

(d) Assumes District levies for \$2.10. Tax rates are per \$100 of limited property value assessed. Subsequent years are estimates and include a 5.0% delinquency factor, but do not include arbitrage rebate payments or interest interest earnings (if any) and are subject to change.

APPENDIX A
LEGAL DESCRIPTION

May 2, 2016

LEGAL DESCRIPTION FOR
VISTANCIA WEST CFD

That part of Sections 22, 23 and 27, Township 5 North, Range 1 West of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Beginning at the Maricopa County Aluminum Cap marking the East Quarter Corner of said Section 27;

Thence North $89^{\circ}43'03''$ West, along the South line of the Northeast Quarter of said Section 27, a distance of 2,634.31 feet to the 1/2" Rebar with cap LS#22782 marking the Center of said Section 27;

Thence North $00^{\circ}13'52''$ East, along the West line of the Northeast Quarter of said Section 27, a distance of 2,638.20 feet to the G.L.O. Brass Cap marking the South Quarter Corner of said Section 22;

Thence North $00^{\circ}10'13''$ East, along the West line of the Southeast Quarter of said Section 22, a distance of 2,641.74 feet to the Aluminum Cap marked LS#36113 marking the Center of said Section 22;

Thence South $89^{\circ}42'34''$ East, along the North line of the Southeast Quarter of said Section 22, a distance of 2,636.21 feet to the G.L.O. Brass Cap marking the West Quarter Corner of said Section 23;

Thence South $89^{\circ}41'28''$ East, along the North line of the Southwest Quarter of said Section 23, a distance of 1,255.89 feet to a point on the Westerly right-of-way line of Vistancia Boulevard, as dedicated in Document No. 2006-1150898, Records of Maricopa County, Arizona;

Thence South $00^{\circ}14'08''$ West, along said Westerly right-of-way line, a distance of 1,319.76 feet to a point on the South line of the Northwest Quarter of the Southwest Quarter of said Section 23;

Thence North $89^{\circ}41'33''$ West, along said South line, a distance of 1,255.62 feet to the 1" Iron Pipe with tag LS#22782 marking the Southwest Corner of the Northwest Quarter of the Southwest Quarter of said Section 23;

Thence South $00^{\circ}13'26''$ West, along the East line of the Southeast Quarter of said Section 22, a distance of 1,319.98 feet to the Northeast Corner of said Section 27;

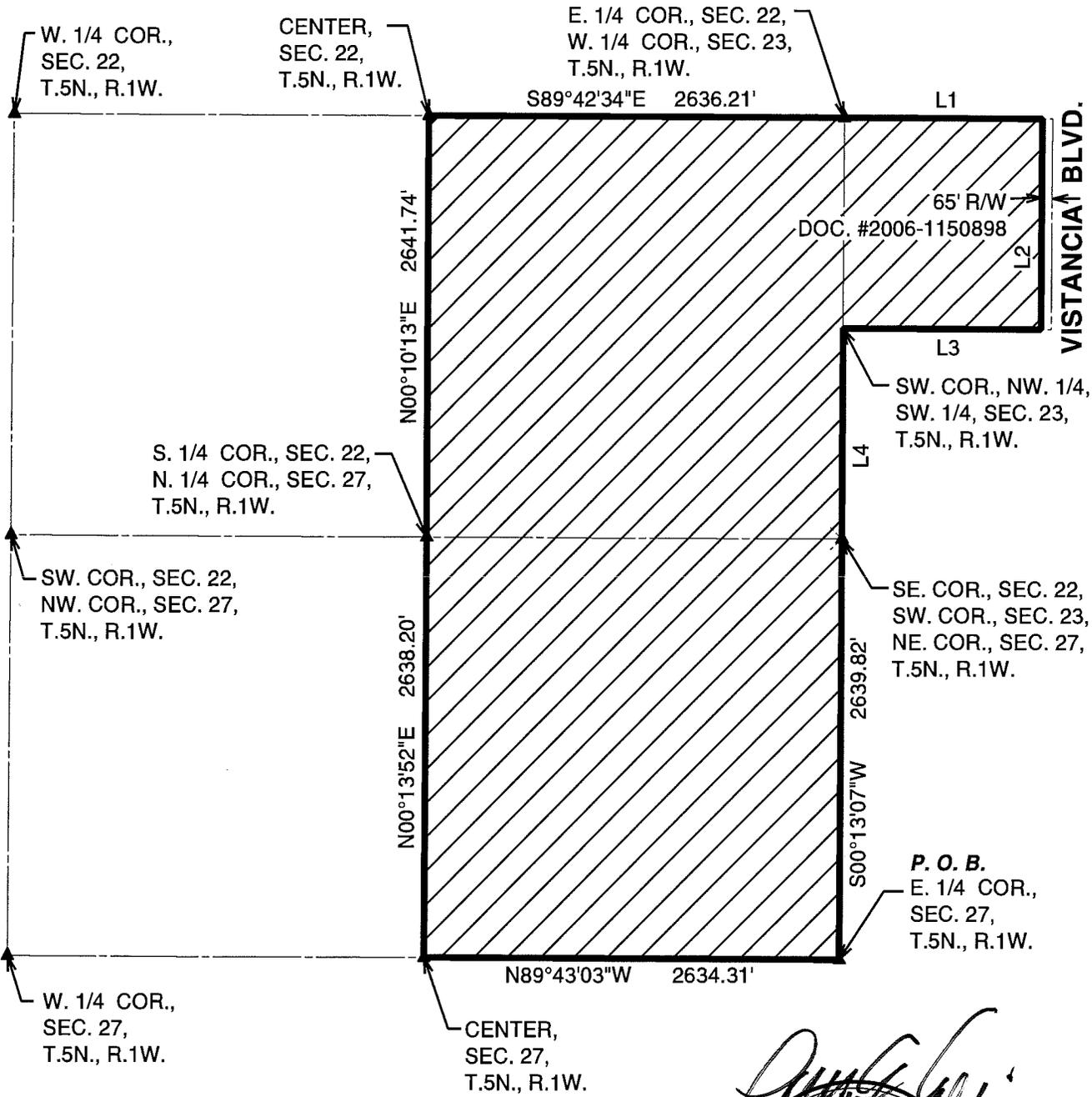
Legal Description for
Vistancia West CFD
May 2, 2016

Thence South 00°13'07" West, along the East line of the Northeast Quarter of said Section 27, a distance of 2,639.82 feet to the Point of Beginning.

Containing 357.365 Acres, more or less.



Expires 6/30/2016



SCALE: 1" = 1000'

LINE TABLE

LINE	BEARING	DISTANCE
L1	S89°41'28"E	1255.89'
L2	S00°14'08"W	1319.76'
L3	N89°41'33"W	1255.62'
L4	S00°13'26"W	1319.98'



EXHIBIT

VISTANCIA WEST CFD

JOB NO
07 0218101

N:\070218101\CADD\EHLGTOTAL.DGN

4550 NORTH 12TH STREET
PHOENIX, ARIZONA 85014
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SHEET
1 OF 1