



Communities Facilities District

CITY COUNCIL CHAMBERS . 11465 WEST CIVIC CENTER DRIVE . AVONDALE, AZ 85323

**Communities Facilities District
Agenda
October 15, 2018 5:30 PM**

CALL TO ORDER BY DISTRICT CHAIR

1 ROLL CALL BY THE CITY CLERK

2. CONSIDERATION AND POSSIBLE ADOPTION OF A RESOLUTION TAKING CERTAIN ACTIONS WITH REGARD TO ORGANIZATION OF THE DISTRICT; APPROVING THE GENERAL PLAN FOR THE DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, AGREEMENT; AND ORDERING AND CALLING AN ELECTION WITH RESPECT TO ISSUANCE OF BONDS BY THE DISTRICT AND THE LEVY OF AN AD VALOREM PROPERTY TAX THEREFOR AND TO THE LEVY OF A SEPARATE AD VALOREM PROPERTY TAX ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT

To adopt a Resolution taking certain actions with regard to organization of the District, approving the general plan for the District, approving and authorizing the execution of a District development agreement and ordering and calling an election with respect to issuance of bonds by the District.

3. ADJOURNMENT

Respectfully submitted,

Linda Mendenhall
Acting City Clerk

Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1200 or TDD 623-333-0010 at least two business days prior to the meeting.

Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oído, impresión grande o interprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos días hábiles antes de la junta.

Lakin Ranch Community Facilities District

SUBJECT: Adoption of Resolution # 1-1018 taking certain actions with regard to organization of the District, approving the general plan for the District, approving and authorizing the execution of a District development agreement and ordering and calling an election with respect to issuance of bonds by the District.

MEETING DATE: October 15, 2018

TO: Board Members

FROM: Kevin Artz, Assistant City Manager 333-1013 

THRU: Charles Montoya, District Manager

PURPOSE:

To adopt a Resolution taking certain actions with regard to organization of the District, approving the general plan for the District, approving and authorizing the execution of a District development agreement and ordering and calling an election with respect to issuance of bonds by the District.

BACKGROUND:

A Community Facilities District (CFD) is a political subdivision of the State of Arizona, authorized to construct, acquire, or issue tax-exempt financing to fund public infrastructure improvements. The CFD must be formed within the corporate limits of a city.

The CFD is governed by a board of directors comprised of the members of the City Council, ex officio, with two additional members designated by land owner. The land owner has designated Rob Antoniak and Kevin Kugler as the additional board members.

Brookfield Lakin LLC, submitted a final application for formation of the Lakin Ranch Community Facilities District (the project has been renamed Alamar) in April 2018. Alamar is a master-planned community of approximately 1,130 acres and 3,695 dwelling residential dwelling units. The project is scheduled to break ground in 2019, with home closings beginning in 2020.

The CFD application identifies total infrastructure costs for the project of approximately \$176M, with \$39.5M of eligible CFD costs. CFD eligible projects include improvements to Avondale Blvd., Dysart Rd., the internal loop road, traffic signals, lift stations, ground cover for easements and park improvements. Most of the projects would begin in the 2019-2021-time frame.

The target GO tax rate has been set at \$3.85 per \$100 of net assessed valuation. The district may also

levy a \$0.30 tax to fund operation, maintenance and administration expenses, for a total tax rate of \$4.15. The developer is also requesting authorization for assessment bonds in the \$2,000-\$4,000 range.

On May 21, 2018, the Avondale City Council adopted Resolution 3453-518, ordering and declaring formation of Lakin Community Facilities District and approving and authorizing a district development, financing participation, waiver and intergovernmental agreement.

On October 15, 2018 the Avondale City Council will consider approval of an amended and restated district development agreement, which is the same document the District Board is considering in the attached Resolution.

DISCUSSION:

The first order of business for the District board is consideration of a District Resolution which provides for the following:

- Appointment of a Chairperson and Vice-Chairperson of the District Board
- Appointment of a District Clerk, District Treasurer, District Manager and District Counsel
- Ratification of notification of where notices of meetings will be posted
- Approval of the District General Plan
- Approval of the amended and restated District Development, Financing participation, and Intergovernmental Agreement (Lakin Community Facilities District)
- Order and Call of Bond and Operation and Maintenance Tax Election

The District Resolution appoints the Mayor and Vice-Mayor as the Chairperson and Vice-Chair of the District; and the City Clerk, Finance and Budget Director, City Manager, and City Attorney as the District Clerk, District Treasurer, District Manager and District Counsel, respectively.

Meeting notices will be posted on bulletin boards located at the Avondale City Hall and will also be posted on CFD tab on the City's website.

The General Plan for the District identifies the general area to be improved within the District and a general description of Public Infrastructure improvements within the District (Attachment B).

The District development agreement (Attachment C), financing participation and intergovernmental agreement outlines the responsibilities of the District, developer and the City of Avondale. The following general areas are included in the agreement:

- Construction of the projects by the developer
- Acquisition of the projects from the developer
- Financing cost of projects
- Bonds and other obligations of the District
- Acceptance of the infrastructure by the City
- Indemnification
- Payment of expenses and costs

The call for an election sets a special election to be held on November 13, 2018 at the City of Avondale, City Clerk's Office. The election is open to qualified residents and landowners within the District. Within 14 days after the election, the Board will convene again and canvas the returns (tentatively scheduled for November 19, 2018).

RECOMMENDATION:

Staff recommends the Board adopt a Resolution taking certain actions with regard to organization of the District, approving the general plan for the District, approving and authorizing the execution of a District development agreement and ordering and calling an election with respect to issuance of bonds by the District.

ATTACHMENTS:

[Attachment A – Resolution 1-1018](#)

[Attachment B – General Plan](#)

[Attachment C – Development Agreement](#)

[Attachment D – Application for formation of the Lakin Ranch Community Facilities District](#)

Attachment A

Resolution 1-1018

* District Resolution Regarding Organization Which Provides For:

- Appointment of Chairperson and Vice Chairperson of the District Board and District Clerk, District Treasurer, District Manager and District Counsel
- Ratification of notification of where notices of meetings will be posted
- Approval of General Plan
- Approval of District Development, Financing Participation and Intergovernmental Agreement (Lakin Community Facilities District) and authorization of execution and delivery thereof
- Order and call of Bond and Operation and Maintenance Tax Election

RESOLUTION NO. 1

(LAKIN COMMUNITY FACILITIES DISTRICT)

A RESOLUTION OF THE DISTRICT BOARD OF LAKIN COMMUNITY FACILITIES DISTRICT TAKING CERTAIN ACTIONS WITH REGARD TO ORGANIZATION OF THE DISTRICT; APPROVING THE GENERAL PLAN FOR THE DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (LAKIN COMMUNITY FACILITIES DISTRICT); AND ORDERING AND CALLING AN ELECTION WITH RESPECT TO ISSUANCE OF BONDS BY THE DISTRICT AND THE LEVY OF AN *AD VALOREM* PROPERTY TAX THEREFOR AND TO THE LEVY OF A SEPARATE *AD VALOREM* PROPERTY TAX ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT

BE IT RESOLVED BY THE DISTRICT BOARD OF LAKIN COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

a. On May 21, 2018, the Mayor and Council of the City of Avondale, Arizona (hereinafter called the "Municipality"), adopted Resolution No. 3453-518 which, among other things, ordered and declared formation of Lakin Community Facilities District (hereinafter called the "District").

*For reference only; to be removed upon adoption

b. The District is 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 and, except as otherwise provided in Section 48-708(B), Arizona Revised Statutes, is considered to be a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality.

c. Certain matters relating to the organization of the District must be determined by the board of directors of the District (hereinafter referred to as the "District Board").

d. There was included in the application for formation at the District the "general plan" for the District, which sets out a general description of the public infrastructure improvements for which the District was formed, the general areas to be improved within the District and the estimated costs of construction or acquisition of the public infrastructure to be financed, constructed or acquired by the District (hereinafter referred to as the "General Plan").

e. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Municipality, the District, Brookfield Residential (Arizona), LLC (hereinafter called "Brookfield") and Brookfield Lakin LLC (hereinafter called "Lakin") are entering into 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.

f. With regard to the property which makes up the real property included within the District, the District, Brookfield and Lakin determined to specify some of such matters in such an agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance by the Municipality or other appropriate political subdivisions and the reimbursement or repayment of Brookfield and Lakin with respect thereto, all pursuant to the Act.

g. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, the District and the Municipality may enter into 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.

h. Pursuant to the Act, the District may also enter into an agreement with Brookfield and Lakin with respect to the advance of moneys for public infrastructure purposes and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, the hereinafter-described Bonds.

i. There has been placed on file with the District Clerk of the District and presented to the district board of the District (hereinafter called the "District Board") in connection with the purposes described in paragraphs 1.e. through h. a District Development, Financing Participation and Intergovernmental Agreement (Lakin Community Facilities District), to be dated as of October 1, 2018 (hereinafter referred to as the "Development Agreement"), by and among the Municipality, the District, Brookfield, and Lakin, relating to, among other things, the Bonds.

j. The District is authorized by Section 48-719, Arizona Revised Statutes to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with the General Plan and by Section 48-709(G), Arizona Revised Statutes to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Municipality pursuant to Section 48-709(A)(10), Arizona Revised Statutes.

k. Pursuant to Section 48-723, Arizona Revised Statutes, the District is authorized to levy an ad valorem tax on the assessed value of all real and personal property in the District at a rate which does not exceed the maximum rate specified in the ballot with respect thereto as hereinafter described, including taxes attributable to the operation and maintenance expenses of the District, but not in excess of thirty cents (30¢) per one hundred dollars (\$100) of such assessed valuation for such operation and maintenance.

l. Such bonds may not be issued and such tax may not be levied unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who are qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes (being, if no person has registered to vote within the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who are qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes) the question of authorizing the District Board to issue such bonds for such purposes (hereinafter referred to as the "Bonds") and to levy such tax (hereinafter referred to as the "Operation and Maintenance Expenses Tax").

2. District Officers and Consultants. The Mayor and the Vice Mayor of the Municipality are hereby appointed "Chairperson" and "Vice Chairperson," respectively, of the District Board; the City Clerk of the Municipality is hereby appointed "District Clerk"; the City Treasurer of the Municipality is hereby appointed "District Treasurer"; the City Manager of the Municipality is hereby appointed "District Manager" and the City Attorney of the Municipality is hereby appointed "District Counsel."

3. Posting of Notices. A statement directing where all public notices of the meetings of the District shall be posted in substantially the form attached hereto and marked as Exhibit "A" has been provided as indicated therein and is hereby approved and ratified for all purposes thereof.

4. Approval of General Plan. The General Plan as previously submitted to the City Clerk of the Municipality is hereby approved in all respects.

5. a. Approval of Development Agreement. The Development Agreement is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Chairperson of the District Board, with the advice of the District Manager and the District Counsel, shall authorize, the execution and delivery of the Development Agreement to be conclusive evidence of the propriety of such document and the authority of the person or persons executing the same.

b. Completion of Development Agreement. The District Manager or his or her designee is hereby authorized to complete the Development Agreement by including the appropriate materials as necessary therein.

c. Execution of Development Agreement. The Chairperson of the District Board, with the advice of the District Manager and the District Counsel, is hereby authorized and directed to execute, and the District Clerk to attest, the Development Agreement on behalf of the District.

6. a. Order and Call of Election. A special election be and the same is hereby ordered and called to be held on November 13, 2018 (hereinafter referred to as the "Election"), at which time there shall be submitted to those who will be qualified electors of the District the question with respect to the Bonds and the Operation and Maintenance Expenses Tax set forth in the official ballot described in Section 6c. of this Resolution.

b. Posting and Publishing of Matters Relating to Election. The Election shall be called by posting notices in three (3) public places within the proposed boundaries of the District not less than twenty (20) days before the date of the Election in substantially the form hereto attached and marked Exhibit "B." Notice shall also be published in the *Southwest Valley Republic*, a newspaper of general circulation in the Municipality, once a week for two consecutive weeks before the Election in substantially the form hereto attached and marked Exhibit "B."

c. Form of Ballot. The official ballot for the Election shall be in substantially the form hereto attached and marked Exhibit "C."

d. Polling Place. The polling place and the time the polls shall be opened and closed shall be as provided in Exhibit "B." While outside the boundaries of the District, the District Board hereby finds that such polling place is appropriate as it is the polling place for the precinct in which the area of the District is included for County-wide elections.

e. Affidavit of Landowners. Prospective electors voting in the Election shall execute an affidavit substantially in the form hereto attached and marked Exhibit "D."

f. Preparation of Ballots and Affidavits. The District Clerk is hereby authorized and directed to have printed and delivered to the election officers at such polling places such ballots and, if necessary, such affidavits, to be by them furnished to the qualified electors of the District offering to vote at the Election, in substantially the forms as hereto attached and marked Exhibits "C" and "D."

g. Compliance with Voting Rights Act of 1965. In order to comply with the Voting Rights Act of 1965, as amended, the following shall be translated into Spanish and posted, published and recorded in each instance where posting, publication and recording of such proceedings are required, to wit: Exhibits "B," "C" and "D," all absentee/early voting materials and all instructions at the polls.

h. Applicable Law. The Election shall be held, conducted and canvassed in conformity with the provisions of the general election laws of the State of Arizona, except as otherwise provided by law, and only such persons shall be permitted to vote at the Election who are the qualified electors. Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes.

i. Canvassing. Within fourteen (14) days after the date of the Election, the District Board shall meet and canvass the returns, and if a majority of the votes cast at the Election are in favor of issuing the Bonds and levying the Operation and Maintenance Expenses Tax, the District Board shall enter the fact on its minutes.

7. No Liability of or for the Municipality; Severability; Amendment; Effective Date.

a. Neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

b. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

d. This Resolution shall be effective immediately.

[Signature page follows.]

PASSED by the District Board of Lakin Community Facilities District this
15th day of October, 2018.

.....
Chairperson, District Board,
Lakin Community Facilities District

ATTEST:

.....
Acting District Clerk,
Lakin Community Facilities District

APPROVED AS TO FORM:

.....
District Counsel,
Lakin Community Facilities District

ATTACHMENT:

EXHIBIT "A" --	Form of Statement Regarding Posting of Public Meetings
EXHIBIT "B" --	Form of Notice of Election
EXHIBIT "C" --	Form of Official Ballot
EXHIBIT "D" --	Form of Affidavit of Elector

* * *

EXHIBIT "A"

**FORMS OF STATEMENTS REGARDING
POSTING OF PUBLIC MEETINGS**

LAKIN COMMUNITY FACILITIES DISTRICT
C/O CITY OF AVONDALE, ARIZONA
11465 CIVIC CENTER DRIVE
AVONDALE, ARIZONA 85323

September 26, 2018

**CERTIFIED MAIL –
RETURN RECEIPT REQUESTED**

Ms. Fran McCarroll
Board of Supervisors of Maricopa County
10th Floor
301 West Jefferson Street
Phoenix, Arizona 85003

TO: Clerk of the Board of Supervisors of Maricopa County, Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Lakin Community Facilities District hereby states that all notices of its meetings will be posted on the official bulletin boards of the City of Avondale, Arizona, for posting notices which are located at the City Hall of the City of Avondale, Arizona (as well as on a separately indicated tab at the website for the City of Avondale, Arizona) which notices will be available for viewing by the public 24 hours a day. Such notices will indicate the date, time and place of the meeting and will include an agenda or information concerning the manner in which the public may obtain an agenda for the meeting. If you have questions about the foregoing, please contact Michael Cafiso, Esq. at 602-445-8451 or cafisom@gtlaw.com.

LAKIN COMMUNITY FACILITIES DISTRICT

By:.....
Special Counsel

EXHIBIT "B"

FORM OF NOTICE OF ELECTION

TO THE QUALIFIED RESIDENT AND LANDOWNER ELECTORS OF LAKIN COMMUNITY FACILITIES DISTRICT (THE "DISTRICT"):

A special election to establish certain matters will be held on November 13, 2018, at the following precincts' polling place, such precincts being the precincts in which the area within the District is located:

Precinct

Warner

Polling Place

City Clerk's Office
City of Avondale, Arizona
Suite 200
11465 Civic Center Drive
Avondale, Arizona 85323

The polling place will open at 9:00 a.m. and close at 2:00 p.m.

The purpose of the election is to permit those who would be the qualified resident and landowner electors of the District to vote on the following questions:

SHALL THE DISTRICT BOARD (THE "BOARD") OF LAKIN COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY (20) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF SEVENTY MILLION DOLLARS (\$70,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"):

(a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DIS-

PERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND

(8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE CITY OF AVONDALE, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES?

SHALL THE DISTRICT BOARD OF LAKIN COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS (\$100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723 ARIZONA REVISED STATUTES?

Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes. Absentee/early voting information may be obtained by contacting the office of the District Clerk, Suite 200, 11465 Civic Center Drive, Avondale, Arizona 85323, telephone number (623) 333-1200.

The “general plan” for the District required by Section 48-702(A)(8), Arizona Revised Statutes, is on file with the District Clerk at the same location described in the preceding paragraph.

EXHIBIT "C"

FORM OF OFFICIAL BALLOT

**OFFICIAL BALLOT
SPECIAL BOND ELECTION
LAKIN COMMUNITY FACILITIES DISTRICT
NOVEMBER 13, 2018**

SHALL THE DISTRICT BOARD (THE "BOARD") OF LAKIN COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY (20) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF SEVENTY MILLION DOLLARS (\$70,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"):

(a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND

PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE CITY OF AVONDALE, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10),

ARIZONA REVISED STATUTES AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES?

Place an "X" in the box beside the way you wish to vote.

☐

BONDS, YES

☐

BONDS, NO

SHALL THE DISTRICT BOARD OF LAKIN COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS (\$100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES?

Place an "X" in the box beside the way you wish to vote.

☐

TAX, YES

☐

TAX, NO

EXHIBIT "D"

FORM OF AFFIDAVIT OF ELECTOR

**AFFIDAVIT OF PROSPECTIVE ELECTOR
AS TO OWNERSHIP OF LAND OR
OTHER QUALIFICATION TO VOTE
PURSUANT TO SECTIONS 16-121 AND 48-3043,
ARIZONA REVISED STATUTES**

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

COMES NOW the undersigned and deposes and says "I am (place a mark next to 1, 2 or 3 to indicate your eligibility)

1. a qualified elector in precinct and resident at where I resided at the date of my registration, OR
2. a qualified elector in precinct and resident at where I resided at the date of my registration, AND a qualified voter pursuant to § 48-3043 (complete section 4) OR
3. a qualified voter pursuant to § 48-3043 (complete section 4)
4. I am an owner of land in the community facilities district to which this affidavit applies who is a qualified elector of such district; or otherwise qualified to vote pursuant to Section 48-3043, Arizona Revised Statutes (being a bona fide owner of land within the district holding title or evidence of title of record, including: an entrymen upon public lands under the public land laws of the United States or a certificate of purchase from the State of Arizona, who has held such title for ninety (90) days and who is a resident of the State of Arizona; when the holder of record title is a married person, the spouse in whose name the title stands; if record title is held in more than one name, an owner otherwise possessing the qualifications of an elector voting the number of fractions of acres represented by my legal interest or proportionate share of and in the lands; the administrator or executor of a deceased person or the guardian of a minor or an incompetent person, appointed and qualified under the laws of the State of Arizona, representing such person or estate; an officer of a corporation designated and authorized by a resolution of the Board of Directors of the corporation representing the corporation; the general partner of a partnership in whose name title to property within the district is vested as a holder of title or evidence of title, who is designated and authorized in writing by all of the general partners; or the trustee of a trust or the trustee who is designated and authorized in writing by all of the trustees of a trust in which there is more than one trustee, in whose name title to property within such district is vested as a holder of title or evidence of title)."

My vote represents acres OR square feet.

.....
Signature of Affiant

.....
Printed Name of Affiant

.....
Printed Name of Entity Represented by
Affiant, if any

SUBSCRIBED AND SWORN to before me this day of, 2018.

.....
Election Board Member

TO BE COMPLETED BY AN ELECTION BOARD MEMBER ONLY:

Ballot Stub No.

Attachment B

Lakin General Plan

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
ADRIAN FONTES
20180566173 07/26/2018 01:58
ELECTRONIC RECORDING

Recorded at the Request of:
Thomas Title & Escrow

72618SH-8-3-3--
morenoa

When Recorded Mail To:
COURTESY RECORDING
THOMAS TITLE & ESCROW
NO TITLE LIABILITY

CAPTION HEADING

**GENERAL PLAN FOR THE PROPOSED
LAKIN COMMUNITY FACILITIES
DISTRICT**

**DO NOT REMOVE
THIS IS PART OF THE OFFICIAL DOCUMENT**

GENERAL PLAN
FOR
THE PROPOSED
LAKIN
COMMUNITY FACILITIES DISTRICT

TO: CLERK, CITY OF AVONDALE, ARIZONA

For the purposes of Section 48-702(B), Arizona Revised Statutes, the following is the general plan for the proposed, captioned district (the "District"):

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT:

All that area in the parcels described in Exhibit "A" attached hereto and made a part hereof for all purposes.

GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE IMPROVEMENTS
FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED:

All that "public infrastructure" (as such term is defined in Section 48-701, Arizona Revised Statutes) described in Exhibit "B" attached hereto and made a part hereof for all purposes.

ESTIMATED COSTS OF CONSTRUCTION OR ACQUISITION OF THE PUBLIC INFRASTRUCTURE TO BE FINANCED, CONSTRUCTED OR ACQUIRED BY THE DISTRICT WILL BE NOT MORE THAN \$70,000,000.

Dated: May 10, 2018

Approved By:

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

By:

Printed Name: John L. Bradley

Title: President

By:

Printed Name: SEP Senior Vice President

Title: Brad Chelton

Title
Name

BROOKFIELD LAKIN LLC, a Delaware
limited liability company

By:

Printed Name: John L. Bradley

Title: President

By:

Printed Name: Brad Chelton

Title: Senior Vice President

LAKIN CATTLE COMPANY, an Arizona
corporation

Signed in counterpart

By: _____
Robert Giocomo, President

CASHION FARM LIMITED PARTNERSHIP, an
Arizona limited partnership

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

Signed in counterpart

By: _____
Robert Giocomo, President

Dated: May 10, 2018

Approved By:

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

By: [Signature]

Printed Name: John L. Bradley

Title: President

By: [Signature]

Printed Name: SEP Senior Vice President

Title: Bruce Chelton

Title
Name

BROOKFIELD LAKIN LLC, a Delaware
limited liability company

By: [Signature]

Printed Name: John L. Bradley

Title: President

By: [Signature]

Printed Name: Bruce Chelton

Title: Senior Vice President

LAKIN CATTLE COMPANY, an Arizona
corporation

By: [Signature]

Robert Giocomo, President

CASHION FARM LIMITED PARTNERSHIP, an
Arizona limited partnership

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

By: [Signature]

Robert Giocomo, President

ATTACHMENTS:

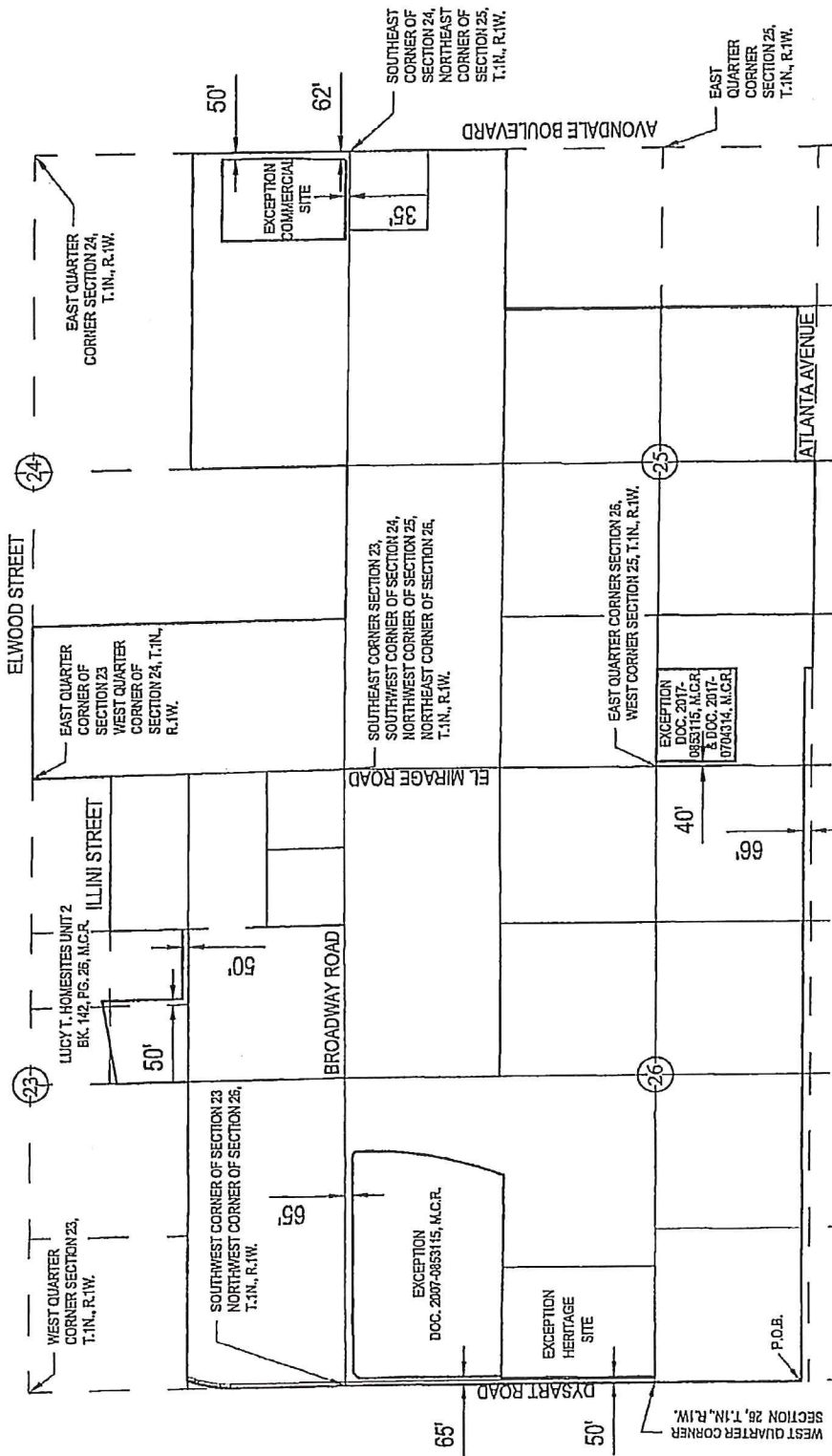
EXHIBIT "A" -- General Area To Be Improved Within The District

EXHIBIT "B" -- General Description Of Public Infrastructure Improvements For Which The District Is Proposed To Be Formed

PHX 332700247v1

EXHIBIT A

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT



LAKIN PROPERTY
CFD FORMATION LIMITS MAP

2/13/2018
WP# 174612
PAGE 6 OF 6
NOT TO SCALE

Z:\2017\174612\Survey\Legal\4612-L06.dwg



EXPIRES 06-30-20

SOUTH QUARTER CORNER
SECTION 25, T.1N. R.1W.

SOUTHWEST CORNER
SECTION 26 T.1N., R.1W.
P.O.C.

WOODPATEL
MISSION: CLIENT SERVICE®

(602) 335-8500
WWW.WOODPATEL.COM

EXHIBIT B

GENERAL DESCRIPTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS
FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.

(b) Drainage and flow control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge.

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article.

(d) Highways, streets, roadways and parking facilities including all areas for vehicular use for travel, ingress, egress and parking.

(e) Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking.

(f) Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation.

(g) Landscaping including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems.

(h) Public buildings, public safety facilities and fire protection facilities.

(i) Lighting systems.

(j) Traffic control systems and devices including signals, controls, markings and signage.

(k) Equipment, vehicles, furnishings and other personality related to the items listed hereinabove.

Attachment C

Development Agreement

[AREA RESERVED FOR RECORDING INFORMATION]

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

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THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT (LAKIN COMMUNITY FACILITIES DISTRICT), dated as of October 1, 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, which has 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 Farm 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. The Owner intends to convey the Property to Empire West Title Company, L.L.C. d/b/a Thomas Title & Escrow, an Arizona limited liability company, acting not in its corporate capacity but solely as "Trustee" under its Trust No. 1305TRTAZ (the "Trust"). Upon such conveyance, the Trust will consent to this Agreement as Trustee under the Trust, and not in its corporate capacity.

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "*Act*"), and Section 9-500.05, Arizona Revised Statutes, 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 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 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, 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, specifically, pursuant to the procedures prescribed by Sections 48-576 through 48-549, Arizona Revised Statutes, as nearly as practicable, or such other procedures as the district board of the District provides, assessments of the costs of any public infrastructure purpose on any land in the District may be based on the benefit determined by such board to be received by such land, and, in that respect, Brookfield and the Developer have determined to waive certain matters and agree to certain other matters with respect thereto; and

WHEREAS, prior to the issuance of the Assessment Bonds, the District entered into this Agreement as a written agreement with Brookfield and the Developer as to the manner in which such assessments are to be allocated inasmuch as the portion of the Property upon which they are to be levied is to be divided into more than one parcel and assessments may be prepaid and reallocated; 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:

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

"*Assessment Bond Project Construction Contract*" means the Construction Contracts for the applicable work.

"*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 on 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.

"*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.

"*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 the professional engineer or firm of such engineer designated by the District Manager.

"*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 insurance premiums arising as a result of procuring insurance as described in Section 8.3 for the District (but not Brookfield and the Developer) and, to the extent necessary as a result of application to claims under such insurance, to pay the deductible described in Section 8.3.

"*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.

"*Financeable Amount*" means the total of amounts necessary (1) to pay the total of all amounts due pursuant to the Assessment Project Construction Contracts not otherwise paid from cash collections of the Assessments and (2) to pay (i) all other amounts indicated in this Agreement, (ii) all relevant issuance costs related to the Assessment Bonds, (iii) capitalized interest for a period not in excess of that permitted by the Act and described elsewhere herein and (iv) an amount necessary to fund a debt service reserve fund in an amount not in excess of that permitted by the Act and described elsewhere herein.

"*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. Initial Expenses also includes, prior to receipt of collections of the first levy of the O/M Tax, the amount of the insurance premiums arising as a result of procuring insurance as described in Section 8.3 for the District (but not Brookfield and the Developer) and to pay the initial deductible described in Section 8.3, and then thereafter, to the extent necessary as a result of application to claims under such insurance, to pay such deductible.

"*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. Pl-17-0223, date stamped April 2, 2018.

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

"*Plans and Specifications*" means the plans and specifications for a Project which shall be prepared and reviewed in accordance with the requirements for plans and specifications for construction projects of the Municipality similar to the Project.

"*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.

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

"*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.

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

"*Segment*" means a completed, discrete portion of a 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 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 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 of which is to be financed with the proceeds of the sale of Assessment 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

[ARTICLE RESERVED TO PRESERVE NUMBERING]

ARTICLE III

CONSTRUCTION OF PROJECTS BY THE DEVELOPER

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 shall, at its sole cost and expense, for which the Developer shall be liable, cause certain of the Projects 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 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 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 Projects as specified

in Avondale Code and any procurement guidelines promulgated in connection therewith. 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 Project Construction Contracts as specified by such code and guidelines. (Compliance with such requirements with respect to a 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 Project Construction Contract or risk of loss of or damage to any Project (or any part thereof) occurring prior to the time of acquisition of such Project (or part thereof) pursuant to Article IV.

(iv) The Municipality and the District shall be named as an additional insured on any insurance policies required under a bid for a 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 or if litigation ensues between the Developer and any contractor with respect to an Acquisition Project Construction Contract, the District shall not acquire the 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 shall clearly indicate that the Developer will be the "owner" for purposes of the 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 Project Construction Contract or contract 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 Project Construction Contract 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 Project Construction Contract.

(d) Any change order to any 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 a 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 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(b)(4) 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(c) hereof.

(c) The District shall not be liable for any payment or repayment to the Developer with respect to the 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 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 related to the Segment;
- (5) an acceptance letter issued by the Municipality; 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 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

Section 5.1. (a) [Reserved to preserve subsection numbering]

(b) (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 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.

(c) (1) Any acquisition of a Segment occurring after the sale and delivery of the Bonds 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 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.

(2) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such Segment Price. Neither the District nor the Municipality shall be liable to the Developer (or any contractor or assigns under any 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 such Segment Price.

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 sell and issue, 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 the Segment Prices 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 the District has acquired from the Developer public infrastructure from proceeds of sale of the General Obligation Bonds in the amount of \$50,000,000, 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(a) or all of the Segment Prices for the Infrastructure, 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 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 the 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 or placement and transfer restrictions, if any, at the time each series of Bonds is sold.

(b) (1) The total aggregate principal amount of all of the series of the General Obligation Bonds shall not exceed \$70,000,000, of which \$50,000,000 is spent as provided in Section 6.1(a).

(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 Brookfield or the Developer or any entity owned or controlled (as such term is used in the Securities Act) by Brookfield or the Developer or any entity which owns or controls (as such term is used in the Securities Act) Brookfield or 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 Brookfield or the Developer or any entity owned or controlled (as such term is used in the Securities Act) by Brookfield or the Developer or any entity which owns or controls (as such term is used in the Securities Act) Brookfield or the Developer or any homebuilder to whom Brookfield or the Developer or any entity owned or controlled (as such term is used in the Securities Act) by Brookfield or the Developer or any entity which owns or controls (as such term is used in the Securities Act) Brookfield or 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 based on the Financeable Amount and pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, 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 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, 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, which shall be the owner of record prior to the levy of the Assessments, 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) The 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 acknowledges 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) This Agreement shall be construed to be an express consent by the Developer that (I) the District may, with respect to the Assessed Property, incur costs and expenses necessary to complete the related Work and (II) the District may levy and collect the Assessments in amounts sufficient to pay the applicable Financeable Amount, including the Work, but not in excess of the Financeable Amount.

(7) Notwithstanding that Section 32-2181(I), Arizona Revised Statutes, may be construed to prevent any waiver of the right to appear before the District Board on any hearing required at or prior to the confirmation of the Assessments, the Developer instead hereby requests that the District Board hold hearings on any protests with respect to the Work and

objections to the extent of the Assessed Property (all of which is to be assessed) pursuant to Sections 48-579 and 580, Arizona Revised Statutes, any objections to award of applicable contracts with respect to the Work pursuant to Section 48-584, Arizona Revised Statutes, and any objections with respect to the Assessments or to any previous proceedings connected therewith or claim that the Work has not been performed according to any applicable contract or the plans and specifications pursuant to Section 48-590, Arizona Revised Statutes, should any protests or objections or any requests for hearings with respect thereto be made prior to the confirmation of the Assessments, the Developer hereby waives all formal requirements of notice (whether to be mailed, posted or published) and the passage of time prior to such hearings and further consents that hearings and proceedings may be consolidated and held by the District Board on the same day or days.

(8) (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. Other than the interest reserved in the property in or upon which a Segment or Project has been constructed to accommodate the financing of the acquisition of such Segment or Project, the Segment or Project 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 Projects typically accepted by the Municipality and the Land Development Agreement, and 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 Project 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 is required to be in effect pursuant to this Agreement unless the District is unable to procure such insurance because of a breach by the Developer to pay amounts due pursuant to Section 9.2,

(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 District shall maintain primary general liability and public official liability insurance for the District and each member of the board of directors of the District with limits of \$1,000,000 per occurrence or claim, an annual aggregate liability of \$3,000,000 and defense costs not included in the limits. An additional \$2,000,000 of excess insurance shall be maintained above such primary underlying limits. The deductible associated with the insurance obtained for the District and the members of the board of directors shall not be more than \$10,000 per occurrence or claim.

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 obligation of the Developer or homeowner's or similar association to pay any shortfall pursuant to this Section shall terminate at such time as fifteen percent (15%) of the total acreage of the Property remains undeveloped pursuant to the PAD. 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 and Brookfield shall be jointly and severally 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 and Brookfield 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 and Brookfield 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.

(c) Any seller of a property in the District who is otherwise required to obtain a subdivision public report as prescribed by Section 32-2183, Arizona Revised Statutes, shall disclose to a prospective purchaser the existence of the District, the purpose for which the District was formed as set forth in the resolution forming the District, the estimated tax rate and the estimated annual tax amount that is based on applying that tax rate to a hypothetical residential property value.

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: District Manager

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: District Manager

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.

Section 10.21 To ensure that the Developer and its subcontractors are complying with the warranty under subsection 10.22 below, the Developer's and its subcontractor's books, records, correspondence, accounting procedures and practices, and any other supporting evidence relating to this Agreement, including the papers of the Developer and its subcontractors' employees who perform any work or services pursuant to this Agreement (all of the foregoing hereinafter referred to as "Records"), shall be open to inspection and subject to audit and/or reproduction during normal working hours by the District, to the extent necessary to adequately permit (A) evaluation and verification of any invoices, payments or claims based on the Developer's and its subcontractors' actual costs (including direct and indirect costs and overhead allocations) incurred, or units expended directly in the performance of work under this Agreement and (B) evaluation of the Developer's and its subcontractors' compliance with the Arizona employer sanctions laws referenced in subsection 10.22 below. To the extent necessary for the District to audit Records as set forth in this subsection, the Developer and its subcontractors hereby waive any rights to keep such Records confidential. For the purpose of evaluating or verifying such actual or claimed costs or units expended, the District shall have access to said Records, even if located at its subcontractors' facilities, from the effective date of this Agreement for the duration of the work and until three years after the date of final payment by the District to the Developer pursuant to this Agreement. The Developer and its subcontractors shall provide the District with

adequate and appropriate workspace so that the District can conduct audits in compliance with the provisions of this subsection. The District shall give the Developer or its subcontractors reasonable advance notice of intended audits. The Developer shall require its subcontractors to comply with the provisions of this subsection by insertion of the requirements hereof in any subcontract pursuant to this Agreement.

Section 10.22 To the extent applicable under § 41-4401, Arizona Revised Statutes, the Developer and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements under § 23-214(A), Arizona Revised Statutes. The Developer's or its subcontractor's failure to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the District.

Section 10.23 The Developer certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in a "boycott," as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.

* * *

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 _____, 2018, 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 _____, 2018, 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: John L. Bradley
Title: President

By: _____
Printed Name: Brad Chelton
Title: Sr. Vice President

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2018, before me personally appeared John L. Bradley, as an officer of Brookfield Residential (Arizona) LLC a Delaware limited liability company, as President, 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 company.

Notary Public

On _____, 2018, before me personally appeared Brad Chelton, as an officer of Brookfield Residential (Arizona) LLC a Delaware limited liability company, as Sr. Vice President, 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 company.

Notary Public

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

BROOKFIELD LAKIN LLC,
a Delaware limited liability company

By: _____
Printed Name: Brad Chelton
Title: Sr. Vice President

STATE OF ARIZONA)) ss.
COUNTY OF MARICOPA)

Notary Public

Notary Public

6777152v2/24831-0002

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 FARM 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)

CONSENTED TO BY TRUSTEE:

_____, an Arizona corporation,
as Trustee under Trust Number _____ and not in its
corporate capacity

By: _____
Printed Name: _____
Title: _____

(ACKNOWLEDGMENT)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

On _____, 2018, before me personally appeared
_____, as _____ of _____, 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

DESCRIPTION OF THE INFRASTRUCTURE

All that “public infrastructure” (as such term is defined in Section 48-701, Arizona Revised Statutes) as follows:

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.

(b) Drainage and flow control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge.

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article.

(d) Highways, streets, roadways and parking facilities including all areas for vehicular use for travel, ingress, egress and parking.

(e) Areas for pedestrian, equestrian, bicycle or other non-motor vehicle use for travel, ingress, egress and parking.

(f) Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation.

(g) Landscaping including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems.

(h) Public buildings, public safety facilities and fire protection facilities.

(i) Lighting systems.

(j) Traffic control systems and devices including signals, controls, markings and signage.

(k) Equipment, vehicles, furnishings and other personality related to the items listed hereinabove

EXHIBIT C

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

CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF
PROJECT

(insert description of 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 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 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!!!]***

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

EXHIBIT D

FORM OF CONVEYANCE OF SEGMENT OF PROJECT

CONVEYANCE OF SEGMENT OF PROJECT

(Insert description of 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, 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 Project/Segment]

together with any and all benefits, including warranties and performance and payment bonds, under the Project Construction Contract (as such term is defined in such Development Agreement) or relating thereto, all of which are located within utility or other public easements dedicated by plat or otherwise free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same, 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.

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 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 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 E

FORM OF DISCLOSURE STATEMENT

**LAKIN COMMUNITY FACILITIES DISTRICT
DISCLOSURE STATEMENT**

Attachment D

Application for formation of the
Lakin Ranch CFD

**APPLICATION
FOR FORMATION OF**

**LAKIN COMMUNITY
FACILITIES DISTRICT
(AVONDALE, ARIZONA)**

**SUBMITTED BY
Brookfield Lakin LLC**

May 9, 2018

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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").

To the extent permitted by law, the Applicant hereby waives the requirement that the City of Avondale hold a public hearing to consider the formation of the District within sixty days after submittal of the Application, so long as such public hearing is conducted at the same city council meeting and immediately following the city council's consideration of the PAD.

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 Farm 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 \$52 million 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. Pursuant to the Act, 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 (Section 2.7 of the Policy)

- A. General Description. 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. 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's 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 six-year terms. 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. 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**.
- D. Ownership Interests. 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 Farm 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 Farm Limited Partnership
4456 South Dysart Road
Avondale, AZ 85323
President- Robert Giocomo

PROPOSED IMPROVEMENTS (Section 2.8 of the Policy)

Description of Project. 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.

ESTIMATED COSTS OF PROJECT IMPROVEMENTS (a)

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

	Water/Irrigation			
	SRP tailwater delivery	\$2,875,000	\$ -	\$2,875,000
	Rigby Water Buy In	\$1,177,600	\$ -	\$1,177,600
	Total Water/Irrigation	\$4,052,600	\$ -	\$4,052,600
	Parcel Improvements (c)	\$123,951,864	\$ -	\$123,951,864
	Total (b) (d)	\$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.

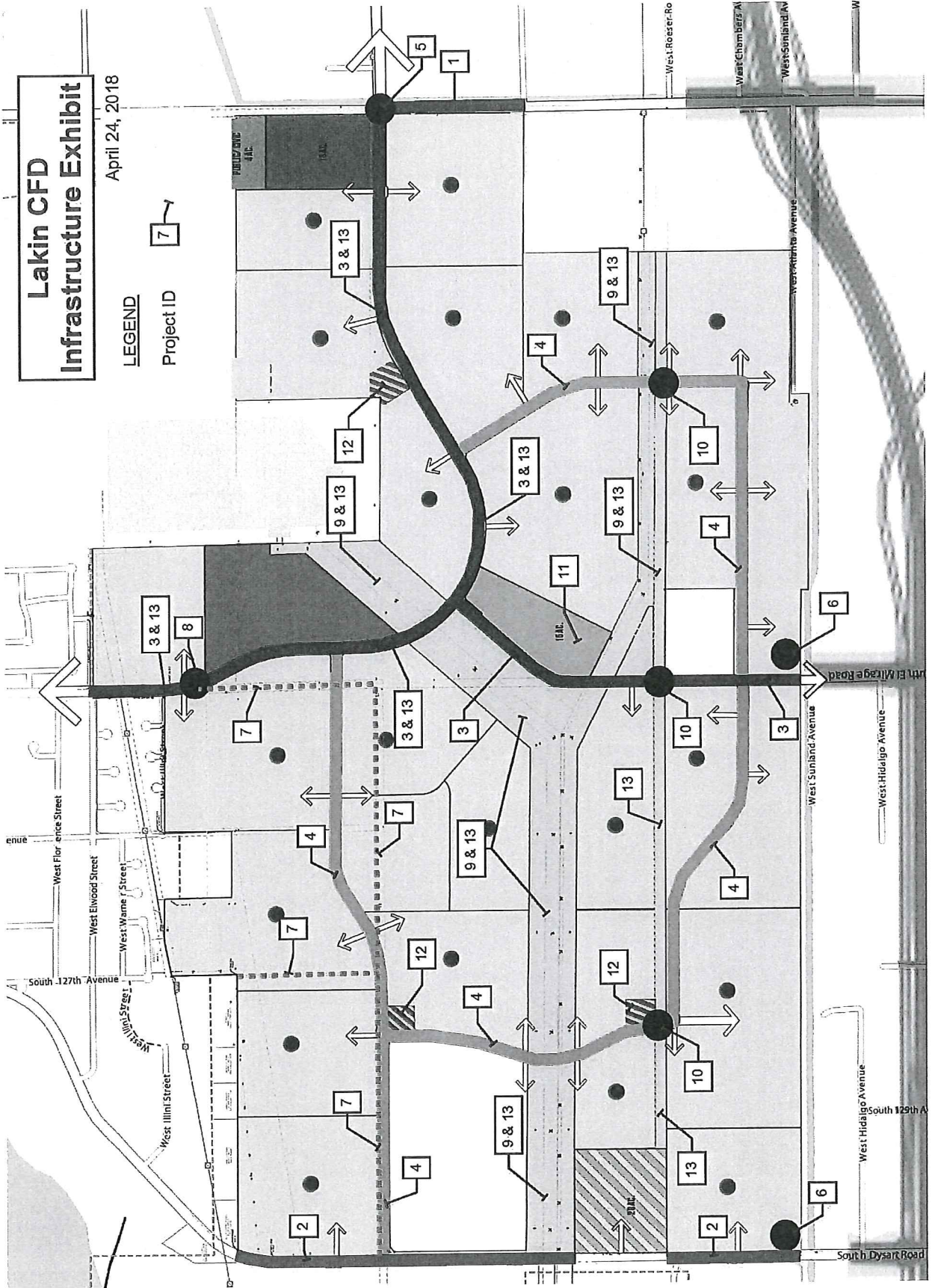
(d) Non-CFD Eligible Costs shall be funded by Developer from Capital Contribution and Proceeds of Sales.

Lakin CFD Infrastructure Exhibit

April 24, 2018

LEGEND

Project ID



Development Timetable.

ESTIMATED SCHEDULE OF PROJECT IMPROVEMENTS (a)

Description of Project	Estimated Start Date	Estimated Completion Date
Roadways		
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
Utilities		
Wastewater Lift Stations	2021	2028
Relocate Existing Effluent Line	2026	2028
El Mirage PRV	2020	2022
Easement and Drainage Corridors		
Electrical easement ground cover	2021	2028
DRCC ground cover	2021	2028
APS Effluent Line Roadway Crossings	2019	2028
Amenities		
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
Water/Irrigation		
SRP tailwater delivery	2019	2030
Rigby Water Buy In	2020	2022
Parcel Improvements	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 (Section 2.9 of the Policy)

A. Description of Financial Plan.

Proposed Debt. It is anticipated that the District governing board call a general obligation bond election to authorize the issuance of \$70 million of District general obligation bonds in series, over time, which will be allocated as provided in the CFD Agreement. 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**.

<u>Fiscal Year</u>	<u>Estimated Net Assessed Limited Property Value</u>	<u>Estimated GO Bonding Capacity (1)</u>
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. 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. 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
Total			\$19.7146

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 2.8, 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 absorption schedule reflects anticipated home sales; home construction and sales generate the assessed value that will support the issuance of the Bonds over a 20-25 year period. The absorption schedule is economically feasible for the Developer, and that the tax rate will

have no adverse impact on the marketing of homes within the District due to the enhanced level of Public Infrastructure and amenities. The Developer expects the first home closings beginning in the first half of calendar year 2020.

- D. Fiscal Impact. 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.**

District	GO Taxes	Special Assessment	Est. Average Annual HOA Fees	Total Debt Burden	Total Burden As a % of Sales Price (a)
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. 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 ratio be lower than a 4-1 lien ratio.
- F. Operation and Maintenance Costs. 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.

Fiscal Year	Estimated Net Assessed Limited Property Value	Estimated O&M Revenues Generated by a \$0.30 Tax Rate
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 2.10 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 (Section 2.11 of the Policy)

- A. **Insurance.** The City currently is working with an insurance broker to procure insurance coverage for the District Board members. If such insurance coverage does not initially include a securities rider, then the District Board will not issue any CFD Bonds prior to obtaining such a securities rider. The cost of insurance will be a District Expense as provided in the CFD Agreement.
- B. **Indemnification.** 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.** 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. 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. The Public Infrastructure financed by the District will be as described in the General Plan for the District, which is attached hereto as **Appendix 16**. Such Public Infrastructure 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. The PADA, in substantially final form, is attached as **Appendix 15**.

[signatures on following pages]

RESPECTFULLY SUBMITTED this 10 day of May, 2018.

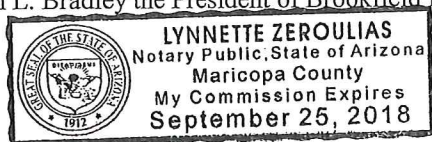
BROOKFIELD RESIDENTIAL (ARIZONA) LLC,
a Delaware limited liability company

By: [Signature]
Printed Name: John L. Bradley
Title: President

By: [Signature]
Printed Name: Brad Chelton
Title: Sr. Vice President

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 10 day of May, 2018, by John L. Bradley the President of Brookfield Residential (Arizona) LLC, a Delaware limited liability company.



[Signature]
Notary Public
[Signature]

STATE OF ARIZONA)
)
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 10 day of May, 2018, by Brad Chelton the Sr. Vice President of Brookfield Residential (Arizona) LLC, a Delaware limited liability company.



[Signature]
Notary Public
[Signature]

RESPECTFULLY SUBMITTED this 10 day of May, 2018.

BROOKFIELD LAKIN LLC, a Delaware limited liability company

By: [Signature]

Printed Name: John L. Bradley

Title: President

By: [Signature]

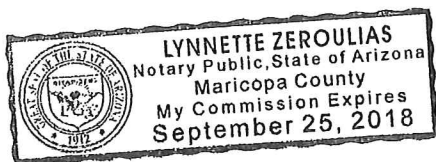
Printed Name: Brad Chelton

Title: Sr. Vice President

STATE OF ARIZONA)

COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 10 day of May, 2018, by John L Bradley the President of Brookfield Lakin LLC, a Delaware limited liability company.



[Signature]
Notary Public
[Signature]

STATE OF ARIZONA)

COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 10 day of May, 2018, by Brad Chelton the Sr. Vice President of Brookfield Lakin LLC a Delaware limited liability company.



[Signature]
Notary Public
[Signature]

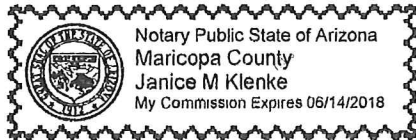
RESPECTFULLY SUBMITTED this 14th day of MAY, 2018.

LAKIN CATTLE COMPANY, an Arizona corporation partnership

By: Robert Giocomo
Robert Giocomo, President

STATE OF Arizona)
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 14th day of MAY, 2018, by Robert Giocomo, the President of Lakin Cattle Company, an Arizona corporation.



Janice M Klenke
Notary Public

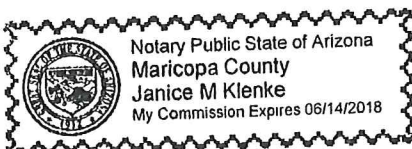
CASHION FARM LIMITED PARTNERSHIP, an Arizona limited partnership

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

By: Robert Giocomo
Robert Giocomo, President

STATE OF Arizona)
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 14th day of MAY, 2018, by Robert Giocomo, the President of Lakin Realty Development, Inc., an Arizona corporation, as General Partner of CASHION FARM LIMITED PARTNERSHIP, an Arizona limited partnership.



Janice M Klenke
Notary Public