

**DISCLOSURE STATEMENT
EASTMARK COMMUNITY FACILITIES DISTRICT NO. 1
(CITY OF MESA, ARIZONA)
(Special Assessment District 5)**

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

HOW THE CFD WORKS

On April 2, 2012, the Mayor and Council of the City formed the CFD consisting of approximately 2,171 acres of land in Eastmark. An election was held on May 17, 2012, at which time the owners of the property within the CFD voted to authorize up to \$435,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of public infrastructure improvements benefitting principally land within the CFD. The proceeds of separate special assessment lien bonds will be used to finance acquisition or construction of public infrastructure improvements benefitting principally designated areas within the CFD. Such improvements have been or will be dedicated to the City upon acquisition or construction of such public infrastructure by the CFD. The City will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance, at the request of DMB, not more than \$350,000,000 in public infrastructure improvements within the CFD, including financing costs related to such improvements, through *ad valorem* tax bonds to be issued over the next twenty-five (25) years to finance the acquisition and construction of public infrastructure benefitting principally land within the CFD. The CFD issued \$3,250,000 of its General Obligation Bond Series 2014 on June 10, 2014 and \$6,800,000 of its General Obligation Bond Series 2015 on September 10, 2015.

In addition, a special assessment bond has been issued in the amount of \$1,060,000 to finance the acquisition of completed public infrastructure, consisting of roadway, sewer, water, storm drain, signage, street light, landscape and related improvements benefitting principally the land area depicted on Attachment 1 hereto (“**Assessment Area 5**”). The lot and residence for which this Disclosure Statement is provided is located in Assessment Area 5.

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

PROPERTY OWNERS' TAX AND ASSESSMENT LIABILITY

The obligation to retire the *ad valorem* tax bonds will become the responsibility of all property owners in the CFD through the payment of *ad valorem* property taxes collected by the Maricopa County Treasurer in addition to all other property tax payments. The CFD has levied a \$3.85 per \$100.00 of net assessed limited property value tax rate for the District’s current fiscal year 2017-2018 to provide for repayment of the *ad valorem* tax bonds. The CFD has also levied a \$0.30 per

\$100.00 of net assessed limited property value tax rate to provide for the payment of certain administrative expenses and operation and maintenance of the public infrastructure improvements financed by the CFD (“O/M Tax”).

Although the *ad valorem* tax rate levied by the CFD to retire the *ad valorem* tax bonds is not limited by law, beginning in this fiscal year, the rate of the *ad valorem* tax is not expected to exceed a rate of \$3.85 per \$100.00 of net assessed limited property value for as long as any *ad valorem* tax bonds are outstanding. However, in the event of declining assessed values or significant delinquencies in the collection of *ad valorem* taxes, the *ad valorem* tax rate could increase above the rate that would generate the same levy as would have been generated under a rate of \$3.85 per \$100.00 of net assessed limited property value. **Accordingly, there can be no guarantee *ad valorem* tax rates will not be increased to provide for repayment of such *ad valorem* tax bonds in the future.**

The obligation to retire the special assessment bonds issued to finance the acquisition of the completed public infrastructure benefitting principally Assessment Area 5 will be the responsibility of all property owners in Assessment Area 5 through the collection of installments of assessment liens of \$3,500 per lot levied by the CFD. It is anticipated that such assessment lien will be collected by the Maricopa County Treasurer through its standard *ad valorem* property tax collection process.

IMPACT OF ADDITIONAL CFD PROPERTY TAX AND ASSESSMENTS

The following illustrates the estimated additional annual *ad valorem* tax liability imposed by the CFD, based on a range of residential values within Eastmark and a combined \$4.15 tax rate for the current fiscal year 2017-2018 (the \$3.85 tax rate to retire the *ad valorem* tax bonds plus the \$0.30 O/M Tax rate):

Assumed Value of Residence	Estimated Annual Additional CFD Tax Liability*
\$200,000	\$541
\$250,000	\$677
\$300,000	\$812
\$350,000	\$947
\$400,000	\$1,082
\$450,000	\$1,218
\$500,000	\$1,353
\$550,000	\$1,488

***Assumptions:**

1. Improved residential property assessment ratio will remain at 10%.
2. The estimated total *ad valorem* tax amount is computed by multiplying the \$4.15 per \$100 of assessed limited property value times the estimated limited tax rate of property value times the improved residential property assessment ratio. The actual limited property value is determined by the Maricopa County Assessor.

The estimated annual assessment lien liability imposed by the CFD in the Assessment Area, in addition to the *ad valorem* tax liability described above, is \$238.

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

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

Home Buyer Signature/Date

Home Buyer Printed Name

IF PURCHASING JOINTLY OR OTHERWISE WITH ANOTHER PARTY:

Home Buyer Signature/Date

Home Buyer Printed Name

Builder Name: _____

Parcel No. _____

Lot No. _____

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

ATTACHMENT 1