

VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT (CFD) DISCLOSURE STATEMENT



In accordance with Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, a Community Facilities District (“CFD” or “District”) has been established by the City of Peoria, Arizona (“City”) at the development known as “Vistancia” (the “Vistancia CFD”). In addition, the City also established a CFD for a portion of the Vistancia development known as “Vistancia North” (the “Vistancia North CFD”). The CFDs have financed and/or, in the future will finance, certain public infrastructure improvements, which will result in a property tax liability for each property owner of Vistancia North.

BACKGROUND

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form CFDs for the primary purpose of financing the acquisition, construction, installation, operation, and/or maintenance of public infrastructure improvements, including water and sewer improvements.

HOW THE CFD WORKS

On October 15, 2002, the Mayor and Council of the City formed the Vistancia CFD, which includes all of the residential and commercial property in Vistancia. An election was held on November 12, 2002, at which time the owners of the property within the Vistancia CFD voted to authorize up to \$100,000,000 of ad valorem tax bonds to be issued over time by the Vistancia CFD to finance the acquisition or construction of water and sewer improvements.

On June 16, 2020, the Mayor and Council of the City formed the Vistancia North CFD, which includes all of the residential and commercial property in Vistancia, north of the Central Arizona Project Canal. An election was held on October 13, 2020, at which time the owners of the property within the Vistancia North CFD voted to authorize up to \$50,000,000 of ad valorem tax bonds to be issued over time by the Vistancia North CFD to finance the acquisition or construction of water and sewer improvements.

The improvements referenced above have been or will be dedicated to the City after acquisition or construction of such public infrastructure by the CFDs. The City will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The Vistancia CFD has been established to finance up to \$100,000,000 in public infrastructure improvements within Vistancia, including financing costs related to such improvements. Through 2020, Vistancia CFD had issued \$69,606,087 in ad valorem tax bonds; the outstanding balance of those bonds was subsequently refunded in both 2015 and 2020.

The Vistancia North CFD has been established to finance up to \$50,000,000 in public infrastructure improvements within Vistancia North CFD, including financing costs related to such improvements. As of December 31, 2020, the Vistancia North CFD has not yet issued any of the ad valorem tax bonds.

The proceeds of the bonds have been utilized to finance the engineering, design and construction of certain water, water delivery and wastewater treatment improvements for Vistancia. In addition, it is anticipated that the remainder of authorized bonds will be issued in the future for forthcoming phases of infrastructure at Vistancia.

BENEFITS TO RESIDENTS

The bond issued by the Vistancia CFD and Vistancia North CFD will benefit all residents within Vistancia North by providing water and sewer improvements. This benefit was considered by the Developer in connection with establishing the price of the lot on which, your home is to be located. Each resident of the CFDs will participate in the repayment of the bonds in the form of an additional property tax to the current property taxes assessed by other governmental entities. This added tax may currently be deductible for purpose of calculating federal and state income taxes.

PROPERTY OWNERS' TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the CFDs through the payment of property taxes collected by the Maricopa County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE CITY, OTHER THAN WITHIN THE VISTANCIA COMMUNITY FACILITIES DISTRICT, VISTANCIA WEST COMMUNITY FACILITIES DISTRICT AND THE VISTANCIA NORTH COMMUNITY FACILITIES DISTRICT, IS CURRENTLY SUBJECT TO A PROPERTY TAX LEVIED BY A COMMUNITY FACILITIES DISTRICT.)** The Vistancia North CFD levies a tax rate of \$2.65 per \$100 of net assessed limited property value to provide for repayment of the bonds. The \$2.65 tax rate in Vistancia North CFD is inclusive of the existing Vistancia CFD, which is charging a rate of \$2.10 and expected to expire in 2026. Following the expiration of the Vistancia CFD, the full \$2.65 tax rate will go towards the financing of the infrastructure improvements within Vistancia North CFD.

Although the level of the tax rate is not limited by law, the combined tax rate of the CFDs is not expected to exceed \$2.65 per \$100 of net assessed limited property value for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$2.65 level by means of agreements with Vistancia Residential LLC, an Arizona Limited liability company and certain other obligated entities (collectively, the “Developer”), which require the Developer to provide for the difference above such \$2.65 rate.

(There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.) As growth of the tax base occurs within the CFD, it is anticipated that such agreements with the Developer will no longer be necessary if debt service is covered by the \$2.65 tax rate, at which time, the District may release the Developer from such obligations.

In addition, the Developer is obligated to cover payment of certain operation and maintenance expenses associated with the CFD.

IMPACT OF ADDITIONAL CFD PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within the Vistancia CFD and the Vistancia North CFD and a \$2.65 combined tax rate:

Market Value of Residence	Estimated Annual Tax Liability*
\$300,000	\$473
\$400,000	\$631
\$500,000	\$788
\$600,000	\$946
\$800,000	\$1,261
\$1,000,000	\$1,577
\$1,200,000	\$1,892

*Assumptions:

1. Tax is computed by multiplying limited assessed value by the tax rate per \$100 of assessed valuation.
2. Limited assessed value is determined by the Maricopa County Assessor on an individual basis for each property and can range from 45% to 70% of market value.
3. Market value is not the same as full cash value as reported by the County Assessor, which is typically 75% to 85% of market value.
4. Assumes residential property assessment ratio will remain at 10%.

Additional information regarding the description of 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 Peoria City Clerk's office or at www.peoriaaz.gov/government/departments/finance.

