

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 30, 2021**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**RATINGS:** See “RATINGS” herein.

**INSURANCE:** See “BOND INSURANCE” AND “RISK FACTORS RELATED TO BOND INSURANCE” herein.

*In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Further, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.*

*The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.*

**\$2,685,000\***

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
(MARANA, ARIZONA)  
GENERAL OBLIGATION BONDS, SERIES 2021  
(BANK QUALIFIED)**

**Dated: Date of Delivery**

**Due: July 15 as shown on inside front cover page.**

The Saguaro Springs Community Facilities District (Marana, Arizona) General Obligation Bonds, Series 2021 (the “Bonds”) are authorized pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes and an election held on November 21, 2007, in and for Saguaro Springs Community Facilities District (the “District”), a community facilities district formed within the boundaries of the Town of Marana, Arizona (the “Town”), and will be issued pursuant to a resolution of the district board of the District. The Bonds will be payable as to both principal and interest from *ad valorem* taxes to be levied on all taxable property within the boundaries of the District, without limitation as to rate or amount. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein. Interest will accrue from the date of delivery and be payable on January 15, 2022\*, and on each July 15 and January 15 thereafter, until maturity or prior redemption.

The Bonds will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), for purposes of the book-entry only system described herein. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. DTC will be responsible for distributing the principal and interest payments to the DTC Participants (defined herein) which will, in turn, be responsible for distribution of such amounts to the beneficial owners of the Bonds (the “Beneficial Owners”). As they will be in book-entry-only form, purchasers will not receive definitive certificates with respect to the Bonds. Beneficial ownership interests in the Bonds may be purchased through the facilities of DTC in amounts of \$5,000 of principal due on a specific maturity date and integral multiples thereof. So long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or a dealer which is, or acts through, a DTC Participant to receive payment of principal of and interest on such Bond. See APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM.”

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**SEE BOND MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE**

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The Bonds will be subject to redemption by the District prior to maturity as described under “THE BONDS – Redemption Provisions” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company.



Proceeds of the sale of the Bonds will be used to pay (i) costs of acquisition of certain public infrastructure benefiting the District and (ii) costs of issuance relating to the Bonds.

**Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” and “RISK FACTORS” herein.**

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OF ARIZONA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

This cover page contains certain information for general reference only. It is not a summary of the issue of which the Bonds are a part. Investors are advised to read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision with respect to the Bonds.

*The Bonds are offered when, as and if issued and subject to the approval of Greenberg Traurig, LLP, Bond Counsel. Certain matters will be passed upon for the Underwriter identified below by its counsel, Sherman & Howard L.L.C and for D.R. Horton, Inc. by Fennemore Craig, P.C. It is expected that delivery of the Bonds in book entry-only form will be made through the facilities of DTC on or about September 22, 2021\*.*

**PIPER | SANDLER**

\* Subject to change.

**\$2,685,000\***  
**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT**  
**(MARANA, ARIZONA)**  
**GENERAL OBLIGATION BONDS, SERIES 2021**  
**(BANK QUALIFIED)**

**Base CUSIP®<sup>(1)</sup> No. 78704R**

**MATURITY SCHEDULE\***

Maturity Date (July 15)	Principal Amount	Interest Rate	Price or Yield	CUSIP® <sup>(1)</sup> No. 78704R
2022	\$240,000	%	%	
2023	115,000			
2024	50,000			
2025	50,000			
2026	50,000			
2027	55,000			
2028	60,000			
2029	55,000			
2030	60,000			
2031	60,000			
2032	60,000			
2033	65,000			
2034	70,000			
2035	70,000			
2036	70,000			
2037	75,000			
2038	75,000			
2039	75,000			
2040	80,000			
2041	85,000			
2042	85,000			
2043	85,000			
2044	90,000			
2045	445,000			
2046	460,000			

\$ \_\_\_ % Term Bond Due 7/15/20 \_\_, Price \_\_\_ % CUSIP \_\_\_  
 \$ \_\_\_ % Term Bond Due 7/15/20 \_\_, Price \_\_\_ % CUSIP \_\_\_  
 \$ \_\_\_ % Term Bond Due 7/15/20 \_\_, Price \_\_\_ % CUSIP \_\_\_

\* Subject to change.

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2021 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Underwriter, the Developer or their agents or counsel assume responsibility for the accuracy of such numbers.

# **SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT**

## **DISTRICT BOARD**

Ed Honea, *Chairperson*

Jon Post, *Vice Chairperson*

Patti Comerford, *Member*

Jackie Craig, *Member*

Herb Kai, *Member*

John Officer, *Member*

Roxanne Ziegler, *Member*

## **DISTRICT ADMINISTRATIVE STAFF**

Terry Rozema  
*District Manager*

Yiannis Kalaitzidis  
*District Treasurer and Chief Financial Officer*

Jane Fairall, Esq.  
*District Counsel*

Cherry Lawson  
*District Clerk*

## **FINANCIAL ADVISOR**

Stifel, Nicolaus & Company, Incorporated  
*Phoenix, Arizona*

## **BOND COUNSEL**

Greenberg Traurig, LLP  
*Phoenix, Arizona*

## **BOND REGISTRAR AND PAYING AGENT**

UMB Bank, n.a.  
*Phoenix, Arizona*

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, should be considered in its entirety, and no one subject should be considered less important than another by reason of location in the text. Brief descriptions of the Bonds, the Bond Resolution, the security for the Bonds, the District, the Developer and the Public Infrastructure (as such terms are defined herein) and other information are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Bond Resolution and any documents are qualified in their entirety by reference to such documents, copies which may be obtained from Piper Sandler & Co. (the “Underwriter”).

No dealer, broker, salesperson or other person has been authorized by the District, the Underwriter or Stifel, Nicolaus & Company, Incorporated (the “Financial Advisor”), to give information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Underwriter, the Financial Advisor or the Developer.

The information set forth herein has been obtained from the District, the Developer and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District, the Underwriter, the Developer (except for the section entitled “LAND DEVELOPMENT”), or the Financial Advisor, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District, the Underwriter, the Developer (except for the section entitled “LAND DEVELOPMENT”), or the Financial Advisor.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District, the Underwriter, the Financial Advisor or the Developer and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX C – “FORM OF SERIES 2021 CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

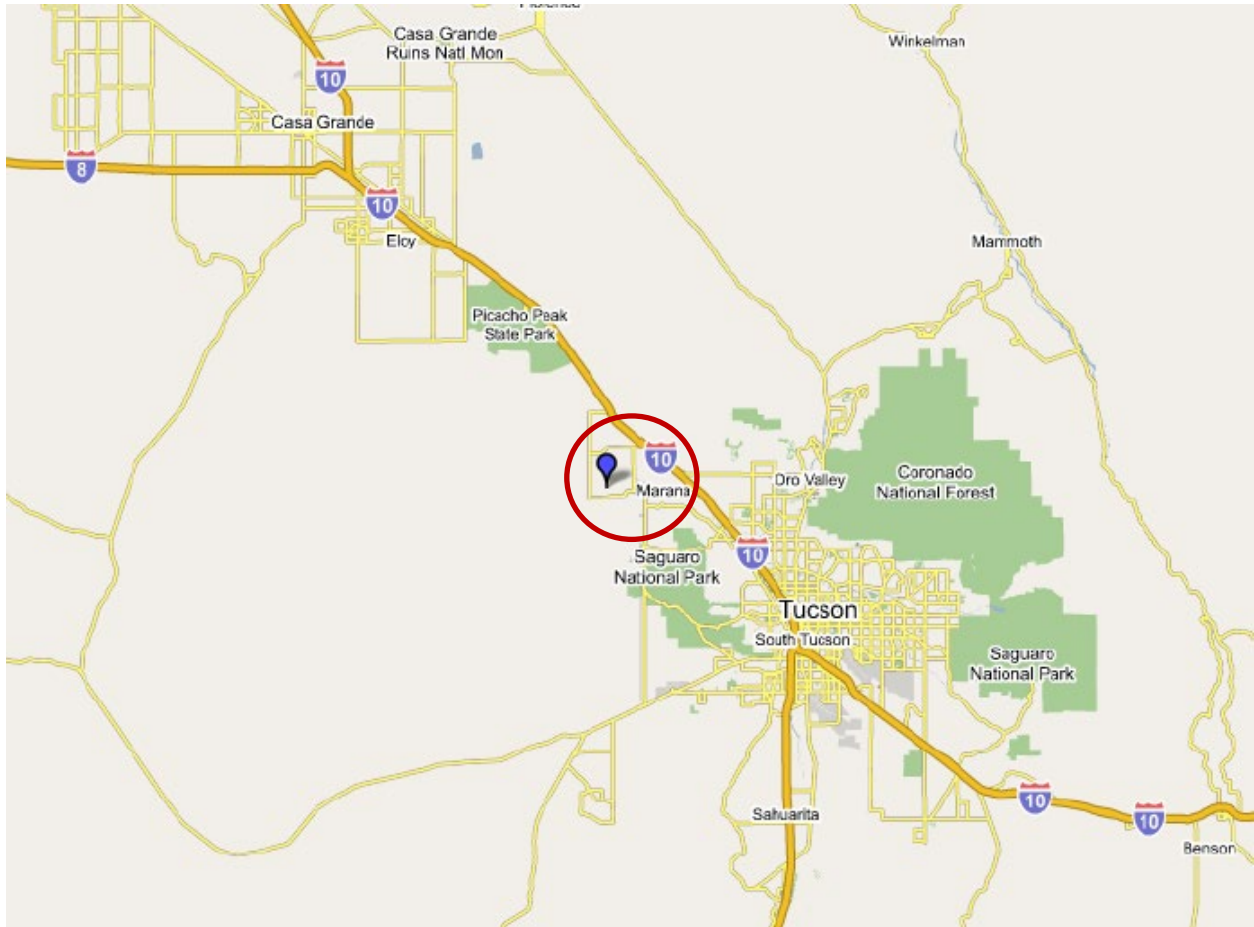
Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and APPENDIX E – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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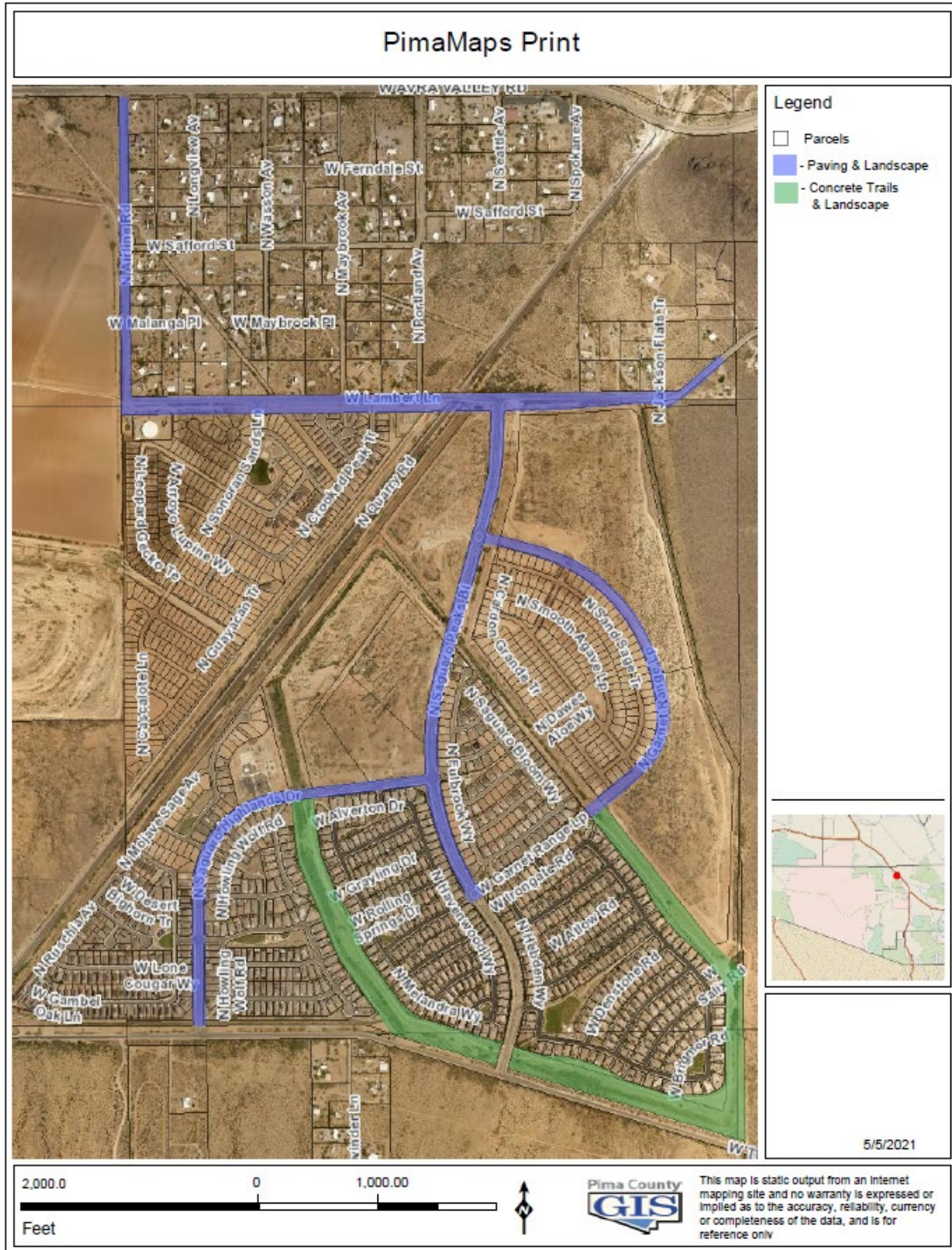
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**MAP SHOWING LOCATION OF DISTRICT IN CONTEXT OF SURROUNDING AREA**





# MAP SHOWING DETAILS OF THE SAGUARO SPRINGS COMMUNITY



# DEPICTION OF THE SAGUARO SPRINGS COMMUNITY MASTER PLAN



**LEGEND**

- SINGLE FAMILY RESIDENTIAL
- FUTURE SINGLE FAMILY RESIDENTIAL
- POCKET PARK
- FUTURE SCHOOL
- FUTURE COMMUNITY PARK
- COMMUNITY CENTER

**TO FEATURE:**

- SPORTS FIELDS AND COURTS
- PLAYGROUND
- AND MORE....

**COMMUNITY CENTER FEATURING:**

- AMENITY BUILDING
- SWIMMING POOL
- SPA
- EVENT LAWN
- PLAYGROUND
- AND MORE....

**LOCATION MAP**



BLOCK 1 NEIGHBORHOOD PARK  
(SWIMMING POOL)

SAGUARO BLOOM  
COMMUNITY CENTER  
(SWIMMING POOL  
AND SPLASH PAD)



## COMMUNITY MASTER PLAN

## OFFICIAL STATEMENT

**\$2,685,000\***

### **SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT (MARANA, ARIZONA) GENERAL OBLIGATION BONDS, SERIES 2021 (BANK QUALIFIED)**

#### INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the issuance of Saguaro Springs Community Facilities District (Marana, Arizona) General Obligation Bonds, Series 2021 (the “Bonds”), in the aggregate principal amount of \$2,685,000\*.

The Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6, Arizona Revised Statutes (the “Enabling Act”), was enacted to provide a method of financing (including through the issuance by the District (as defined herein) of general obligation bonds) certain “public infrastructure purposes” (as such term is defined in the Enabling Act) relating to a community facilities district. As provided by, and with the limitations set forth in, the Enabling Act, once formed, a community facilities district is a legally constituted municipal corporation and political subdivision within defined boundaries.

Pursuant to the Enabling Act and in response to a petition by all of the then owners of land therein, the Council (the “Town Council”) of the Town of Marana, Arizona (the “Town”), formed Saguaro Springs Community Facilities District (the “District”) on September 4, 2007. The District encompasses approximately 784 acres (the “District Land”) located in the northern portion of the Town. The Town is located in the northwestern portion of the Tucson, Arizona metropolitan area in Pima County, Arizona (the “County”) in southern Arizona. See APPENDIX A – “INFORMATION REGARDING THE TOWN OF MARANA, ARIZONA,” which includes certain information about the Town and surrounding area, and, generally, the information on pages (vi) through (viii).

The District is a special purpose, tax levying public improvement district for certain constitutional purposes and a municipal corporation for certain other statutory purposes. The District has the power to implement the District’s general plan for public infrastructure primarily through the issuance of general obligation, special assessment or revenue bonds. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – *Ad valorem* Property Taxation in the District – Direct General Obligation Bonded Debt Outstanding and to be Outstanding” and “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS.” (The District has no outstanding special assessment or revenue bonds and has no current plans to issue any.)

The Town Council serves, *ex officio*, as the district board of the District (the “Board”). Additionally, the Board has appointed the Town Manager as the District Manager, the Town Finance Director as the District Treasurer and Chief Financial Officer, the Town Attorney as the District Counsel, and the Town Clerk as the District Clerk.

See “LAND DEVELOPMENT – The Developer” for certain information about D.R. Horton, Inc. (the “Developer”), the entity which owns the remainder of the District Land being developed.

Pursuant to the results of the Election (as defined herein), the District has the authority to issue general obligation bonds in an aggregate principal amount of not to exceed \$99,000,000, in one or more series, payable from *ad valorem* taxes (without limitation as to rate or amount) levied on all taxable property within the boundaries of the District. On July 12, 2018, the District issued \$3,845,000 aggregate principal amount of such general obligation bonds (the “2018 Bonds”) and on September 26, 2019, the District issued \$1,950,000 aggregate principal amount of such general obligation bonds (the “2019 Bonds”).

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\* *Subject to change.*

The Bonds are being issued to finance a portion of the costs of acquiring certain public infrastructure within the boundaries of the District necessary for development of public roadways within the District, including portions of Saguaro Peaks Boulevard, Lambert Lane and Airline Road (collectively, the “Public Infrastructure”).

Upon issuance of the Bonds and thereafter in each year, the Board will annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient to pay interest on and principal of the Bonds (“Debt Service”), as the same becomes due, whether at maturity or if applicable upon mandatory redemption. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – *Ad valorem* Property Taxation in the District” and “RISK FACTORS.”

In addition to the levy of *ad valorem* property taxes for the payment of Debt Service on the Bonds, pursuant to the results of the Election, the District also is authorized to levy and collect an *ad valorem* tax at a tax rate of not to exceed \$0.30 per \$100 of Net Limited Assessed Property Value (as defined herein) on all taxable property within the boundaries of the District for operation and maintenance expenses of the District (the “Operation and Maintenance Tax”). The District is currently levying and collecting the Operation and Maintenance Tax at a rate of \$0.30 per \$100 of Net Limited Assessed Property Value.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OF ARIZONA (THE “STATE”), OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.

## **THE BONDS**

### **Authorization and Purpose**

The Bonds are authorized pursuant to the Enabling Act and a vote of the owners of land in the District at a special bond election held in and for the District on November 21, 2007 (the “Election”), pursuant to which the District has been authorized to incur general obligation bonded indebtedness in an amount not to exceed \$99,000,000 in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs and the costs of issuing bonds, and will be issued pursuant to a resolution adopted by the Board on June 15, 2021 (the “Bond Resolution”). The Bonds represent the third series issued pursuant to the authorization approved at the Election, and, after issuance of the Bonds, \$90,520,000\* aggregate principal amount of bonds will remain authorized but unissued. In addition, certain amounts of net premium on general obligation bonds of the District reduce the principal amount of authorized but unissued general obligation bonds of the District. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS – *Ad valorem* Property Taxation in the District”, “ESTIMATED DEBT SERVICE REQUIREMENTS” and “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Additional General Obligation Bonded Indebtedness of the District.” Additional amounts of general obligation bonds payable from the same source as the Bonds may be issued in the future pursuant to authority approved at the Election or at future elections held in and for the District.

### **Terms of the Bonds – Generally**

The Bonds will be dated as of the date of initial delivery and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), under the book-entry-only system described herein (the “Book-Entry-Only System”). See APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will accrue from their dated date and be payable semiannually commencing on January 15, 2022\*, and on each July 15 and January 15 thereafter (each an “interest payment date”) until maturity or prior redemption. (The District has chosen the first day of the month of each interest payment date as the “record date” for the Bonds.)

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\* *Subject to change.*

See “TAX EXEMPTION” herein for a discussion of the treatment of interest on the Bonds for federal or State income tax purposes.

**Bond Registrar and Paying Agent**

UMB Bank, n.a. will serve as the initial bond registrar, transfer agent and paying agent (the “Bond Registrar and Paying Agent”) for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

**Redemption Provisions\***

*Optional Redemption.* The Bonds maturing before or on July 15, 20\_\_, will not be subject to redemption prior to maturity. The Bonds maturing on or after July 15, 20\_\_, will be subject to redemption prior to maturity, at the option of the District, in whole or in part from maturities selected by the District on July 15, 20\_\_, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond redeemed, plus interest accrued to the date fixed for redemption but without a premium.

*Mandatory Redemption.* The Bonds maturing on July 15 of the following years (the “Term Bonds”) will be subject to mandatory redemption and will be redeemed on July 15 of the respective years and in the principal amounts set forth below, by payment of the principal amount of each Bond redeemed, plus interest accrued to the date fixed for redemption, but without premium:

Term Bond Maturing July 15, 20\_\_ \*

Year	Principal Amount
20__	\$
20__	
20__	
20__ (maturity)	

Term Bond Maturing July 15, 20\_\_ \*

Redemption Dates	Principal Amount
20__	\$
20__	
20__	
20__ (maturity)	

Term Bond Maturing July 15, 20\_\_ \*

Redemption Dates	Principal Amount
20__	\$
20__	
20__	
20__ (maturity)	

Whenever Term Bonds are redeemed (other than pursuant to mandatory redemption) or are delivered to the Bond Registrar and Paying Agent for cancellation, the principal amount of the Term Bonds of such maturity so retired shall satisfy and be credited against the mandatory redemption requirements for such maturity on a pro rata basis, to the extent practicable provided, however, that each remaining mandatory payment shall be in an amount of at least \$5,000 of principal.

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\* Subject to change.

*Notice of Redemption.* Notices of redemption will be sent to DTC in the manner required by DTC not more than 60 nor less than 30 days prior to the date set for redemption. See APPENDIX D – “BOOK-ENTRY-ONLY SYSTEM.” If moneys for the payment of the redemption price are not held by or on behalf of the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on or prior to the redemption date and if not so held by the redemption date the redemption shall be cancelled and be of no force and effect. The notice of redemption shall describe the conditional nature of the redemption.

*Effect of Redemption.* On the date designated for redemption, the Bonds or portions thereof to be redeemed will become and be due and payable at the redemption price for such Bonds or portions thereof, and, if moneys for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or portions thereof to be redeemed will cease to accrue, such Bonds or portions thereof will cease to be entitled to any benefit or security under the Bond Resolution, the owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds or portions thereof will be deemed paid and no longer outstanding.

Any amount included in a Bond subject to prior redemption may be redeemed in a denomination equal to or in excess of, but divisible by, \$5,000.

## **SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS**

### **General**

The Board will annually levy, and cause to be collected, an *ad valorem* tax, at the same time and in the same manner as other such taxes are levied and collected, on all taxable property in the District, sufficient to pay Debt Service, whether at maturity or, if applicable, upon mandatory redemption. Amounts derived from the levy of such tax when collected constitute funds to pay Debt Service and will be kept separately from other funds of the District. With respect to such *ad valorem* property taxes, the Bonds will be payable from such taxes on the same basis as the 2018 Bonds, the 2019 Bonds and general obligation bonds and general obligation refunding bonds of the District that may be issued in the future.

The 2018 Bonds, the 2019 Bonds, the Bonds and other general obligation or general obligation refunding bonds of the District hereafter issued will be payable on a parity basis with respect to the collection and application of such and taxes will be allocated to each series of general obligation bonds in accordance with any debt service then due and, in any case, taking into account other funds held by the District for such payment. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad valorem* Property Taxation in the District – Direct General Obligation Bonded Debt Outstanding to be Outstanding” and “OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS – Additional General Obligation Bonded Indebtedness of the District.”

In addition to the levy of *ad valorem* property taxes for the payment of Debt Service on the Bonds, the Board also levies the Operation and Maintenance Tax. (The Operation and Maintenance Tax has been levied since fiscal year 2009/10.) See TABLE 2.

*Investment in the Bonds involves certain risks that each prospective investor should consider prior to investing. See “RISK FACTORS.”*

**NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS WILL BE OBLIGATIONS OF THE DISTRICT ONLY. NONE OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) WILL HAVE ANY OBLIGATION WITH RESPECT TO DEBT SERVICE FOR THE BONDS.**

## **Defeasance**

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of moneys or obligations issued or guaranteed by the United States of America (“Defeasance Obligations”) or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the moneys and Defeasance Obligations deposited in trust.

## ***Ad valorem* Property Taxation in the District**

*Taxable Property.* Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the “Department of Revenue”). Property valued by the Assessor of the County is referred to as “locally assessed” property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as “centrally valued” property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

*Full Cash Value.* In the context of a specific property parcel, full cash value (“Full Cash Value”) is statutorily defined to mean “the value determined as prescribed by statute” or if a statutory method is not prescribed it is “synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques,” which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

*Limited Property Value.* In the context of a specific property parcel, limited property value (“Limited Property Value”) is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than 15% of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

*Full Cash Value and Limited Property Value for Taxing Jurisdictions.* The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the District.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See “Primary Taxes” and “Secondary Taxes” below.

*Property Classification and Assessment Ratios.* All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the “Limited Assessed Property Value” and the “Full Cash Assessed Value,” respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

**TABLE 1**

**Property Tax Assessment Ratios (Tax Year)**

Property Classification (a)	2017	2018	2019	2020	2021
Mining, utilities, commercial and industrial (b)	18%	18%	18%	18%	18%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property (c)	15	14	15	15	15

(a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body’s total valuation.*

(b) *The assessment ratio for this property classification will decrease to 17.5% for tax year 2022, 17% for tax year 2023, 16.5% for tax year 2024 and 16% for each tax year thereafter.*

(c) *This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.*

Source: *State and County Abstract of the Assessment Roll, Arizona Department of Revenue.*

*Primary Taxes.* Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are “primary taxes.” Primary taxes are levied against Net Limited Assessed Property Value. “Net Limited Assessed Property Value” is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year’s levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bonded indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district’s taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

*Secondary Taxes.* Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, and the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, and career technical education districts, are “secondary taxes.” Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness (including the Bonds) and overrides and certain special district assessments.

*Tax Procedures.* The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.



On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer of the County. (The Assessor of the County is required to have completed the assessment roll by December 15th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals or other reasons reduces the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years and liens imposed by the United States. Set forth below is a record of property taxes levied and collected in the District for a portion of the current fiscal year and the previous five fiscal years.

**TABLE 2**

**Property Taxes Levied and Collected (a)  
Saguaro Springs Community Facilities District**

Fiscal Year	District Tax Rate	District Tax Levy	Collected to June 30th of Initial Fiscal Year		Cumulative Collections to April 30, 2021	
			Amount	% of Levy	Amount	% of Levy
2021/22 (b)	\$ 2.8000	\$ 625,657	-	-	-	-
2020/21	2.8000	528,850	(c)	(c)	\$ 497,136	94.00%
2019/20	2.8000	408,475	\$ 406,672	99.56%	408,361	99.97
2018/19	2.8000	285,164	284,003	99.59	285,137	99.99
2017/18	0.3000	19,231	19,009	98.85	19,229	99.99
2016/17	0.3000	12,152	12,074	99.36	12,152	100.00
2015/16	0.3000	7,914	7,873	99.48	7,914	100.00

(a) Taxes are collected by the Treasurer of the County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.

(b) 2021/22 taxes in course of collection:  
First installment due 10-01-21; delinquent 11-01-21  
Second installment due 03-01-22; delinquent 05-01-22

(c) 2020/21 taxes in course of collection:  
First installment due 10-01-20; delinquent 11-01-20;  
Second installment due 03-01-21; delinquent 05-01-21.

Source: Office of the Treasurer of the County.

*Delinquent Tax Procedures.* The property taxes due the District are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum, prorated monthly at a rate of 1.33% as of the first day of the month. (Interest and penalties for delinquent taxes are waived if

a taxpayer, delinquent as to the November 1 payment, pays the entire year’s tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer’s deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the “Bankruptcy Code”), the law is currently unsettled as to whether a lien can attach against the taxpayer’s property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor’s estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that “tax sale investors” may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter (as defined herein), the Financial Advisor (as defined herein), the Developer or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District’s tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

**TABLE 3**

**Net Limited Assessed Property Value by Property Classification  
Saguaro Springs Community Facilities District**

Class	2021/22	2020/21	2019/20	2018/19	2017/18
Commercial, Industrial, Utilities & Mines	\$ 170,990	\$ 147,230	\$ 111,982	\$ 108,863	\$ 499
Agricultural and Vacant	1,538,346	1,754,384	1,259,989	730,968	847,603
Residential (owner occupied)	14,519,716	13,091,378	11,375,611	8,068,893	4,623,000
Residential (rental)	6,115,816	3,880,818	1,855,890	1,275,782	938,833
Totals (a)	<u>\$ 22,344,868</u>	<u>\$ 18,873,810</u>	<u>\$ 14,603,472</u>	<u>\$ 10,184,506</u>	<u>\$ 6,409,935</u>

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and *Abstract of Values*, Pima County Department of Finance and Risk Management.

**TABLE 4**

**Net Limited Assessed Property Value of Major Taxpayers  
Saguaro Springs Community Facilities District**

Major Taxpayer (a)	2020/21 Net Limited Assessed Property Value	As % of 2020/21 Net Limited Assessed Property Value
Title Security Agency of AZ TR 201434-T / DR Horton Inc	\$1,569,999 (b)	8.32 %
Unisource Energy Corporation	146,953	0.78
	\$1,716,952	9.10 %

- 
- (a) *Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). Such reports, proxy statements and other information (collectively, the “Filings”) may be inspected, copied and obtained at prescribed rates at the SEC’s public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the SEC’s EDGAR data base at <http://www.sec.gov>. No representative of the District, the Financial Advisor, the Underwriter, the Developer (except for Filings for D.R. Horton, Inc.), or counsel to any of them has examined the information set forth in the Filings for accuracy or completeness, nor does any such representative assume responsibility for the same.*
- (b) *Title Security Agency of Arizona Trust 201434-T for which the Developer is the sole beneficiary, is the owner of the property in the District accounting for 8.32% of the Net Limited Assessed Property Value. See “LAND DEVELOPMENT – The Developer.”*

Source: The Assessor of the County. The information above represents prior year data and is the most current information available from the Assessor of the County.

**TABLE 5**

**Comparative Net Limited Assessed Property Values  
Saguaro Springs Community Facilities District**

<u>Fiscal Year</u>	<u>Saguaro Springs Community Facilities District</u>	<u>Town of Marana</u>	<u>Pima County</u>	<u>State of Arizona</u>
2021/22	\$ 22,344,868	\$ 671,072,055	\$ 9,696,150,355	\$ 74,200,233,397
2020/21	18,873,810	620,250,845	9,140,425,898	69,914,763,468
2019/20	14,603,472	579,412,886	8,729,964,923	66,154,632,834
2018/19	10,184,506	535,042,025	8,333,892,906	62,328,439,592
2017/18	6,409,935	505,088,721	8,074,957,717	59,406,279,473

Source: *Property Tax Rates Assessed Values*, Arizona Tax Research Association, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and the Treasurer of the County

**TABLE 6**

**Estimated Net Full Cash Value History  
Saguaro Springs Community Facilities District**

<u>Fiscal Year</u>	<u>Estimated Net Full Cash Value (a)</u>
2021/22	\$ 242,298,165
2020/21	202,787,083
2019/20	153,465,620
2018/19	108,521,358
2017/18	64,578,699

(a) *Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and *Abstract of Values*, Pima County Department of Finance and Risk Management.

**Direct General Obligation Bonded Debt Outstanding and to be Outstanding  
Saguaro Springs Community Facilities District**

**TABLE 7**

<u>Issue Series</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity Date (July 15)</u>	<u>Balance Outstanding</u>
2018	\$3,845,000	Road improvements	2043	\$3,535,000
2019	1,950,000	Road and water utility improvements	2044	<u>1,850,000</u>
Total General Obligation Bonded Debt Outstanding				\$5,385,000
Plus: The Bonds				<u>2,685,000*</u>
Total General Obligation Bonded Debt to be Outstanding				<u><u>\$8,070,000*</u></u>

\* *Subject to change.*

**BOND INSURANCE**

**Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

**Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any

downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$488.6 million, \$165.5 million and \$323.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

#### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## RISK FACTORS RELATED TO BOND INSURANCE

The following are risk factors relating to bond insurance generally. In the event of default of the payment of principal or interest with respect to any of the Bonds when all or some become due, any owner of the Bonds on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will remain payable solely from *ad valorem* property taxes as described under “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.” In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance will be given that such event will not adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Bonds insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds and the marketability (liquidity) of the Bonds.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the District, the Underwriter, the Developer, the Financial Advisor or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

## SOURCES AND USES OF FUNDS

<b>Sources</b>	
Principal Amount	\$2,685,000.00*
[Net] Original Issue Premium (a)	_____
Total Sources of Funds	\$ _____
<b>Uses</b>	
Costs of Acquisition	\$
Costs of Issuance (b)	_____
Total Uses of Funds	\$ _____

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\* *Subject to change.*

(a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*

(b) *Will include the premium for the Policy and costs of the Underwriter with respect to the issuance of the Bonds.*

## ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates (i) the annual debt service on the 2018 Bonds and the 2019 Bonds, (ii) the estimated annual debt service on the Bonds and (iii) the estimated combined annual debt service requirements after issuance of the Bonds.

**TABLE 8 (a)**

Maturity Date July 15	Outstanding Bonds		The Bonds		Total Estimated Annual Debt Service Requirements*
	Principal	Interest	Principal*	Estimated Interest (b)	
2022	\$155,000	\$197,175	\$240,000	\$67,125 (c)	\$659,300
2023	160,000	192,525	115,000	73,350	540,875
2024	165,000	187,725	50,000	69,900	472,625
2025	170,000	182,775	50,000	68,400	471,175
2026	175,000	177,675	50,000	66,900	469,575
2027	180,000	171,225	55,000	65,400	471,625
2028	185,000	164,575	60,000	63,750	473,325
2029	195,000	157,725	55,000	61,950	469,675
2030	200,000	149,925	60,000	60,300	470,225
2031	210,000	141,925	60,000	58,500	470,425
2032	220,000	133,525	60,000	56,700	470,225
2033	225,000	124,725	65,000	54,900	469,625
2034	235,000	115,725	70,000	52,950	473,675
2035	245,000	106,325	70,000	50,850	472,175
2036	255,000	97,275	70,000	48,750	471,025
2037	265,000	87,825	75,000	46,650	474,475
2038	275,000	78,025	75,000	44,400	472,425
2039	285,000	67,825	75,000	42,150	469,975
2040	295,000	57,275	80,000	39,900	472,175
2041	305,000	46,219	85,000	37,500	473,719
2042	315,000	34,806	85,000	34,950	469,756
2043	330,000	22,994	85,000	32,400	470,394
2044	340,000	10,625	90,000	29,850	470,475
2045			445,000	27,150	472,150
2046			460,000	13,800	473,800
	\$5,385,000		\$2,685,000		

\* Subject to change.

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Financial Advisor").

(b) Interest is estimated.

(c) The first interest payment on the Bonds will be due on January 15, 2022\*. Thereafter, interest payments will be made semiannually on July 15 and January 15 until maturity or prior redemption.



## OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS

### Overlapping General Obligation Bonded Indebtedness

Overlapping general obligation bonded indebtedness is shown below including a breakdown of each overlapping jurisdiction's applicable general obligation bonded indebtedness, Net Limited Assessed Property Value and combined tax rate per \$100 Net Limited Assessed Property Value. The applicable percentage of each jurisdiction's Net Limited Assessed Property Value which lies within the District's boundaries was derived from information obtained from the Assessor of the County. See "RISK FACTORS - Direct and Overlapping Indebtedness."

**TABLE 9**

Overlapping Jurisdiction	2021/22 Net Limited Assessed Property Value	Net General Obligation Outstanding Bonded Debt (b)	Proportion Applicable to the District (a)		2021/22 Tax Rates per \$100 Net Limited Assessed Property Value
			Approximate Percent	Net Amount	
State of Arizona	\$ 74,200,233,397	None	0.03%	None	None
Pima County	9,696,150,355	\$133,965,000	0.23	\$308,120	\$ 4.7527(c)
Pima County Community College District	9,696,150,355	None	0.23	None	1.2733
Pima County Fire District Assistance Tax	9,696,150,355	None	0.23	None	0.0394
Pima County Library District	9,696,150,355	None	0.23	None	0.5353
Pima County Flood Control District (d)	8,794,451,623	None	0.25	None	0.3335
Central Arizona Water Conservation District	9,696,150,355	None	0.23	None	0.1400
Northwest Fire District	1,373,136,865	29,525,000	1.63	481,258	3.0495
Town of Marana	671,072,055	None	3.33	None	0.0000
Pima County Joint Technical Education District	9,200,588,338	None	0.25	None	0.0500
Marana Unified School District No. 6	1,033,704,839	143,070,000	2.16	3,090,312	5.9491
<b>Saguaro Springs Community Facilities District (e)</b>	<b>22,344,868</b>	<b>8,070,000*</b>	<b>100.00%</b>	<b>8,070,000*</b>	<b>2.8000</b>
<b>Total Net Direct and Overlapping General Obligation Bonded Debt and Tax Rate</b>				<b>\$11,949,690*</b>	<b>\$18.9228</b>

\* Subject to change.

(a) Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for fiscal year 2021/22.

(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various special assessment bonds, as those bonds are presently being paid from special assessments against property for such purpose.

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Authorized but unissued amounts in the following table may be subject to additional reductions based on certain amounts of net premium but such reductions are not reflected in the table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction

General Obligation Bonds  
Authorized but Unissued

Northwest Fire District	\$4,030,000
The District (f)	90,520,000*

\* Subject to change.

Also does not include the obligation of the Central Arizona Water Conservation District (“CAWCD”) to the United States Department of the Interior (the “Department of the Interior”), for repayment of certain capital costs for construction of the Central Arizona Project (“CAP”). CAP is a 336-mile long system of aqueducts, tunnels, pumping plants and pipelines which delivers water from the Colorado River to Maricopa, Pinal and Pima Counties in Arizona (including the Town). The obligation to CAP is evidenced by a master contract between CAWCD and the Department of the Interior. In April 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD’s obligation for substantially all of the CAP features that have been constructed so far will be set at \$1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the \$1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October 1, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD’s boundaries. At the date of this Official Statement, the tax levy is limited to 14 cents per \$100 of Net Limited Assessed Property Value, of which 14 cents is being levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

- (c) Includes the “State Equalization Assistance Property Tax” which is levied by the County and has been set at \$0.4263 per \$100 Net Limited Assessed Property Value for fiscal year 2021/22. Such amount is adjusted annually pursuant to Section 41-1276, Arizona Revised Statutes.
- (d) The assessed value of the Pima County Flood Control District does not include any personal property assessed valuation of the County.
- (e) Includes the Bonds.
- (f) Reflects reduction in authorization from the Election in connection with the issuance of the Bonds.

Source: The various entities, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue and the Treasurer of the County.

### **Additional General Obligation Bonded Indebtedness of the District**

In addition to the Bonds, the District retains the right to issue, in accordance with the procedures set forth in the Enabling Act, additional series of bonds payable from *ad valorem* taxes levied on all taxable property in the District. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad valorem* Property Taxation in the District – Direct General Obligation Bonded Debt Outstanding and to be Outstanding.” See also “**RISK FACTORS - Direct and Overlapping Indebtedness.**”

The Enabling Act provides that the total aggregate outstanding amount of bonds and any other indebtedness for which the full faith and credit of the District are pledged will not exceed 60 percent of the aggregate of the estimated market value of the real property and improvements in the District after the public infrastructure of the District is completed plus the value of the public infrastructure owned or to be acquired by the District with the proceeds of the bonds. (Based solely on the Full Cash Value of the District as reported by the County Assessor, the Board has determined that issuance of the Bonds will meet the test set forth above. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad valorem* Property Taxation in the District -- Full Cash Value.”)

Pursuant to the Election, the District was authorized to incur general obligation bonded indebtedness in an amount not to exceed \$99,000,000 and will have \$90,520,000\* of such amount remaining after issuance of the Bonds in order to finance, among other things, the costs of public infrastructure purposes within the District, including incidental costs. Such remaining authorized but unissued amount is subject to further reduction based on the amount of net premium on the general obligation bonds of the District. Additional general obligation indebtedness could be authorized for the District in the future pursuant to other elections.

### **Additional Overlapping General Obligation Bonded Indebtedness**

The District has no control over the amount of additional indebtedness payable from *ad valorem* taxes on all or a portion of the property within the District that may be issued in the future by other political subdivisions, including but not limited to, the Town, the County, Marana Unified School District No. 6 of Pima County, Arizona, Pima County Community College District, Pima County Flood Control District, Northwest Fire District or other entities having jurisdiction over all or a portion of the District Land. Additional indebtedness could be authorized for such overlapping jurisdictions in the future. See “**RISK FACTORS - Direct and Overlapping Indebtedness.**”

## **LAND DEVELOPMENT**

*The information contained in the following section relates to and has been obtained from the Developer unless otherwise sourced or noted, and none of the District, the Underwriter or the Financial Advisor have made any independent investigation regarding the accuracy or completeness thereof. The development of the District Land may be affected by factors, such as governmental policies with respect to land development, the availability of utilities, the availability of energy, construction costs, interest rates, competition from other developments, public health directives and restrictions, and other political, legal and economic conditions beyond the control of the District, the Developer, or other property owners and developers. Further, the District Land may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See “RISK FACTORS.”*

### **The Project**

The District Land is being developed as a planned residential community known as “Saguaro Bloom”, formerly known as “Saguaro Springs” (the “Project”), featuring a range of low to medium-high density neighborhood housing. The maximum allowable residential build-out of the Project is approximately 2,500 units; however, the Developer’s current plan for the Project contains approximately 2,100 units. The Project includes a 29-acre community park, a 10-acre future school site, and a 5-acre community center. A trail network connecting the linear park system to open spaces and community parks are part of the Open Space System within the Project. Approximately 310 acres has been set aside for open space purposes. Future marketing studies will determine the targeted demographic population for specific neighborhoods, but the Project is anticipated to be a diverse residential community serving both families and active adults. As of April 30, 2021, the Developer has closed 1,011 residential homes within the Project.

As of April 30, 2021, Developer or its predecessor has spent approximately \$9.6 million to construct and install water, sewer, streets, curbs, gutters, and other public facilities at the Project, including approximately 3.8 miles of collector or arterial roads; approximately \$30 million to build approximately 12.4 miles of local residential streets with all utilities installed; and approximately \$6.3 million on numerous community amenities, including approximately 33.5 acres of parks with multiple tot lots and ramadas within the community. The Developer is currently constructing approximately 2.3 additional miles of local residential streets with all utilities installed at an estimated cost of approximately \$6.6 million.

**TABLE 10**

<b>Project Descriptions</b>	<b>Paid by Previous Bonds</b>	<b>Paid By the Bonds</b>
1. Saguaro Peaks and Highlands road remediation	\$4,229,318	\$0
2. Water utility improvements	226,947	0
3. Lambert Lane and Airline Road improvements	931,300	394,919
4. Garnett Range Loop improvements		2,232,634

The Project is being developed with both a family-oriented community and an active adult community (Freedom Homes, with housing designed for those at least 55 years old). The Project is expected to include (i) an approximately 4,800 square foot amenity center with a fully equipped gym, kitchen, multi-purpose room, offices, and a resort-style outdoor pool and splash pad, playground, and bocce ball courts, (ii) a community park with basketball courts, pickleball courts, sand volleyball, lighted ball fields, and a dog park, and (iii) landscaped open areas with tot lots, ramadas, and benches within completed subdivisions. The amenity center is completed, but is not yet open to residents due to COVID-19 public health measures. The Saguaro Bloom Community Association (the “Association”) is responsible for the continued maintenance of the community amenities and costs for the continued maintenance are included in Association assessments. The Association may charge use and consumption fees for services and facilities provided by or through the Association.

Home closings within the Project, are set forth in Table 11 below. As of July 31, 2021, there were 182 homes under construction. From January 1, 2020 through April 30, 2021, the price range on home closings was from \$266,000 to \$480,263.

**TABLE 11**  
**SINGLE-FAMILY HOME CLOSINGS (a)**

Calendar Year	Saguaro Bloom
2013	2
2014	67
2015	103
2016	128
2017	152
2018	161
2019	143
2020	177
2021 (7/31/21)	123
Total	1,056

**SINGLE-FAMILY HOMES UNDER CONSTRUCTION (b)**

Saguaro Bloom
182

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(a) *The earliest close date shown is December 12, 2013 and the latest is July 31, 2021.*

(b) *Homes under construction as of July 31, 2021.*

**Services and Utilities**

The Project is within the boundaries of Marana Unified School District No. 6 of Pima County, Arizona. An elementary school serving the Project has been open since the inception of the Project and has been expanded for the 2020-21 school year. Leman Academy, a charter school, offering grades kindergarten through 8, is completed and has commenced operations.

The following retail establishments are within the area, but outside the District: Safeway (grocery store), U.S. Bank, the Tucson Premium Outlet Mall, and various smaller businesses. Northwest Hospital serves as a full emergency care center and has been open since the inception of the Project.

The Project is subject to certain development agreements with the Town and certain master plan and zoning approvals. Such agreements provide, among other things, the Town’s contributions to, and reimbursements for, infrastructure, the processing of permits, payment for Town services, and other matters generally provided for in similar agreements within the State.

The Town provides municipal services within the Project, including police protection and water and sewer services. Northwest Fire District of Pima County, a separate political subdivision which encompasses the District, provides fire protection; Tucson Electric Power Company provides electric power; Southwest Gas Corporation provides natural gas; and Comcast Corporation and CenturyLink provide cable television and telephone service, respectively.

## The Developer

The Developer is a public company formed under the laws of the State of Delaware, whose common stock is traded on the New York Stock Exchange under the symbol “DHI.” Founded in 1978 and headquartered in Arlington, Texas, the Developer constructs and sells homes in 29 states and 89 metropolitan markets of the United States under the names of D. R. Horton, America’s Builder, Emerald Homes, Express Homes, and Freedom Homes.

The Developer is subject to the informational requirements of the Exchange Act and in accordance therewith files the Filings with the SEC. Such filings, particularly, the Developer’s Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed by the Developer with the SEC on or about November 19, 2020, and the Developer’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020, as filed by the Developer with the SEC on or about April 29, 2020, set forth certain data relative to the consolidated results of operations and financial position of the Developer and its subsidiaries, as of such dates.

The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including the Developer. The address of such Internet website is [www.sec.gov](http://www.sec.gov). In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, NY 10005. All documents subsequently filed by the Developer pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of the Developer’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from the Developer’s website at [www.drhorton.com](http://www.drhorton.com).

*The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet websites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such Internet websites. Investors should not rely on the information and financial statements contained on these websites in evaluating whether to buy, hold or sell the Bonds. Some of the statements contained in the annual reports and the quarterly and current reports may be construed as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on Developer’s management’s beliefs as well as assumptions made by, and information currently available to, Developer’s management. These forward-looking statements typically include the words “anticipate,” “believe,” “consider,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “likely,” “may,” “outlook,” “plan,” “possible,” “potential,” “predict,” “projection,” “seek,” “should,” “strategy,” “target,” “will,” “would” or other words of similar meaning. Any or all of the forward-looking statements included in the annual reports and the quarterly and current reports may not approximate actual experience, and the expectations derived from them may not be realized, due to risks, uncertainties and other factors. As a result, actual results may differ materially from the expectations or results in the forward-looking statements.*

## RISK FACTORS

***THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS IN INVESTING IN THE BONDS. PROSPECTIVE INVESTORS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS OFFICIAL STATEMENT, BEFORE MAKING AN INVESTMENT DECISION. INVESTMENT IN THE BONDS SHOULD BE MADE ONLY AFTER CAREFUL EXAMINATION OF THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO.***

### **General Risks of Real Estate Investment and Development; Certain Factors Which May Adversely Affect Development; Consequences**

Investments in developing real estate such as undeveloped areas in the District are generally considered to be speculative in nature and to involve a high degree of risk. Owners of land in the District will be subject to the risks generally incident to real estate investments and development including those described herein.

Construction of houses on the remaining lots within the District may be affected by changes in the income tax treatment of real property ownership; changes in national, regional and local market and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls, including, without limitation, drought mitigation and other governmental actions taken to address certain water resource allocations; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the owners of such land. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. (Any approvals needed in the future for the development must come from the Town and other governmental authorities, over which the District has no control.)

Development requires obtaining a variety of governmental approvals and permits. Such approvals and permits are necessary to initiate development and construction and to allow the sale and occupancy of homes and to satisfy conditions included in the approvals and permits. There can be no assurance that all of these permits and approvals can be obtained or that the conditions to the approvals and permits can be fulfilled. The failure to obtain any of the required approvals or fulfill any one of the conditions could cause materially adverse financial results for the Developer.

### **Risks Related Coronavirus Disease 2019 (“COVID-19”)**

The COVID-19 global pandemic continues to affect the nation and the State with ongoing concerns related to health and safety, appropriate preventative protocols, fiscal and economic issues, and student learning loss. At present, government and business operations in the State, following the rescindment of numerous COVID-19-related Executive Orders by Arizona Governor Doug Ducey (the “Governor”), essentially function without government-imposed restrictions relating to the pandemic. Additionally, effective September 29, 2021, a State law will become effective retroactive to July 1, 2021, prohibiting the imposition of mask mandates for certain schools.

The District does not anticipate that the collection of property taxes, which may be a significant revenue source for operating purposes and is the security and source of payment of principal and interest due on the Bonds, will be affected unless severe economic hardship causes a significant decrease in property tax collections. Such a decline in property tax collections could negatively affect the District’s ability to pay debt service on the Bonds.

The District cannot predict how the spread of COVID-19 (including COVID-19 variants such as the delta variant and future, similar variants) or the various governmental or private actions taken in response thereto will affect its finances or operations, including the receipt of property tax collections.

The residential housing market, which provides the majority of the proceeds to fund the District obligations, has experienced a limited impact from the COVID-19 pandemic to-date. Although the pace of home sales decreased at the onset of COVID-19 and through state stay-at-home mandates, home pricing has continued to increase, and the sales pace has returned to levels consistent with levels prior to the onset of the COVID-19 pandemic.

### **Postponed Foreclosures**

On March 26, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, certain homeowners may be eligible to receive forbearance and pause payments for a minimum of six months, with the possibility of an additional six months. The CARES Act provides for the suspension of foreclosure actions and evictions. Homeowners subject to any of the following federally-backed loans may be eligible: (i) loans insured by the Federal Housing Administration (FHA) under Title II of the National Housing Act, which is the main title under which FHA insures residential mortgage loans; (ii) loans insured under National Housing Act section 255, which addresses home equity conversion (i.e., reverse) mortgage loans insured by FHA; (iii) loans guaranteed under Housing and Community Development Act of 1992, sections 184 or 184A, which address loans related to Native American families and housing authorities and loans related to Native Hawaiian families and authorities; (iv) loans guaranteed or insured by the U.S. Department of Veterans Affairs (VA); (v) loans Guaranteed or insured by the U.S. Department of Agriculture (USDA); (vi) loans originated by the USDA; or (vii) loans purchased or securitized by Fannie Mae or Freddie Mac. On July 31, 2021, the Federal Housing Administration (FHA), the U.S. Department of Agriculture (USDA), the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Treasury, and the U.S. Department of Veterans Affairs (VA) announced extensions of their moratorium on evictions for foreclosed borrowers and their occupants through September 30, 2021. The extensions are part of President Biden's announcement on July 29, 2021, that federal agencies will use their authority to extend their respective eviction moratoria through the end of September 2021, which will provide continued protection for households in federally-insured, single-family properties. Similarly on July 31, 2021, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac (the Enterprises) are extending the moratorium on single-family real estate owned (REO) evictions until September 30, 2021. The REO eviction moratorium applies to properties that have been acquired by an Enterprise through foreclosures or deeds-in-lieu of foreclosure. The current moratorium was set to expire on July 31, 2021. Additionally, other mortgage lenders have announced similar suspensions of foreclosures or forbearance options in connection with loans that may not be backed by the federal government. Any impact of such suspension of foreclosures on properties within the District with delinquent property taxes cannot be predicted at this time. Any impact of such forbearance options mortgage payments, which may include property taxes (including, ad valorem property taxes securing repayment the Bonds) that are collected by the mortgage lender with monthly mortgage payments and then remitted to the Treasurer, cannot be predicted at this time. On March 24, 2020, the Governor signed Executive Order 2020-14: "Postponement of Eviction Actions," which mandates that Arizona law enforcement officers shall temporarily delay enforcement of eviction action orders for residential premises under certain circumstances related to the effects of COVID-19, which has been extended through October 31, 2020. Although the Governor's Executive Order only pertains to rental property evictions, governors of other states have announced temporary suspensions of residential mortgage foreclosure actions in response to the COVID-19 outbreak. Whether the Governor will sign a similar Executive Order temporarily suspending residential mortgage foreclosure actions in Arizona, and the impact of any such potential Executive Order on foreclosures on properties within the District with delinquent ad valorem property tax payments, cannot be determined at this time.

### **Unregulated Compounds in the Potable Water System**

The District and the Project are served by the Airline Lambert Water System ("Airline Lambert"), a Town-owned municipal potable water system operated by the Town's Water Department. Airline Lambert is served by four wells, all of which exceed the health advisories for 1,4-dioxane and combined PFOA and PFOS levels adopted by the United States Environmental Protection Agency ("EPA"). The EPA-adopted health advisory for 1,4-dioxane is 0.35 parts per billion ("ppb"); the 1,4-dioxane levels tested at the Airline Lambert wells in May 2019 ranged from approximately 0.58 to 0.73 ppb. The EPA-adopted health advisory for combined PFOA and PFOS is 70 parts per trillion ("ppt"); the combined PFOA and PFOS levels tested at the Airline Lambert wells in May 2019 ranged from approximately 90 to 124 ppt.



1,4-dioxane, PFOA, and PFOS are unregulated compounds. EPA sometimes issues health advisories for unregulated compounds. As explained in a PFOA and PFOS fact sheet published by EPA, “EPA develops health advisories to provide information on contaminants that can cause human health effects and are known or anticipated to occur in drinking water. EPA’s health advisories are non-enforceable and non-regulatory and provide technical information to states agencies and other public health officials on health effects, analytical methodologies, and treatment technologies associated with drinking water contamination.”

Arizona and federal potable water regulations do not require the Town to remove 1,4-dioxane, PFOA, and PFOS from potable water delivered to its customers. Nevertheless, on September 25, 2018, the Town Council adopted a resolution that included approval of the Airline Lambert water treatment campus capital project. As of March 2021, the water treatment campus has been fully operational and removing 1,4-dioxane, PFOA, and PFOS.

Information about the possible health effects of 1,4-dioxane, PFOA, and PFOS may be found in fact sheets published by EPA.

### **Competition from Other Developments**

The residential development business, particularly with respect to communities such as the Project, is highly competitive in the County area. The business of homebuilding by the Developer in the District will face competition from a number of competitors in the Town and other developments throughout the surrounding area, many of which offer or intend to offer lots and parcels to a similar target market.

### **Assessed Valuation of Property**

The District’s ability to retire the indebtedness evidenced by the Bonds solely from *ad valorem* property taxes levied on all taxable property in the District is dependent upon the development and maintenance of an adequate tax base from which the District may collect revenues. The District’s ability to achieve a tax base adequate to generate *ad valorem* property tax revenues for timely payment of the Bonds will depend upon the continued and successful development of the Project. The District faces competition from other residential developments in surrounding areas. Such competition may adversely affect the rate of development within the District. Many unpredictable factors could influence the actual rate of construction within the District, including the prevailing interest rates, availability of funds, market and economic conditions generally, supply of housing in the greater Tucson metropolitan area, construction costs, labor conditions, access to building supplies, availability of water and water taps, availability and costs of fuel and transportation costs, among other things.

It is anticipated that the assessed valuation of the land in the District will increase if and as the development of the Project continues. However, changes in the future assessed valuation of the land in the District may reduce the willingness of landowners to pay the *ad valorem* property taxes securing the Bonds or adversely affect the interest of potential buyers of such property. See also “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - *Ad valorem* Property Taxation in the District.”

### **Concentration of Ownership; Subsequent Transfers**

As of tax year 2020, the Developer owned 8.32% of the taxable property within the District and is responsible for paying the *ad valorem* property taxes thereon. Such land comprises the remaining residential lots currently expected to be ultimately developed as part of the Project. There is no other homebuilder that owns land in the Project other than the Developer. There can be no assurance that the Developer or future developers or homebuilders will have the financial capability to continue and complete development of the Project. None of the District, the Underwriter or the Financial Advisor have reviewed the financial resources or development capabilities of the Developer to develop its property or sell it to others for development, or the capability of the Developer to pay *ad valorem* property taxes as they come due. No assurances can be given that the Developer or any subsequent District property owner will have the necessary financial resources to pay *ad valorem* property taxes as they come due. See “LAND DEVELOPMENT.”

### **Failure or Inability to Complete Proposed Project**

The continuing development and successful completion of the Project is contingent upon construction or acquisition of major public improvements, such as arterial streets, water distribution facilities, wastewater collection and transmission facilities, drainage facilities, telephone and electrical facilities, recreational facilities and street lighting, as well as local in-tract improvements. If the Developer or other developers or, as applicable, the Town are unable to complete these additional improvements, the ability to sell homes in the Project would be affected adversely.

No assurances can be given that the homebuilder will be able to obtain on a continuing basis the financing necessary to pay for required development costs. Cash generated from the sale of land within the District is expected to fund a substantial portion of the costs of the development. However, the cost of these additional improvements plus the public and private in-tract, on-site and off-site improvements would increase the public and private debt for which all or portions of the District Land is security. See "-- Direct and Overlapping Indebtedness" below.

The Project may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, increases in development costs and other similar factors as well as availability of utilities and the development of environmental problems with such land. See "LAND DEVELOPMENT" above. While the Developer has in place a development agreement with the Town, addressing, among other things, the vesting of zoning approvals necessary to develop the Project, development within the District could nevertheless be affected by changes in governmental policies and laws, including, but not limited to, governmental policies and laws to restrict or control development. (Any approvals needed in the future for the development of the Project must come from the Town or other governmental authorities, over which the District has no control.) Land development within the District also could be affected by competition from other residential developments in surrounding areas. A slowdown of the development process and the related absorption rate within the Project because of any or all of the foregoing could affect adversely land values and impair the developers' ability to finance the costs of development. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF LANDOWNERS TO PAY *AD VALOREM* PROPERTY TAXES AND COULD GREATLY REDUCE THE VALUE OF SUCH PROPERTY IN THE EVENT IT HAS TO BE FORECLOSED UPON.

### **Effect of Valuation of Property**

Information is provided herein with respect to the valuation of land within the District. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem Property Taxation in the District." Such valuation and particularly decreases therein may reduce the willingness of landowners to pay the ad valorem taxes securing the Bonds, as well as adversely affect the interest of potential buyers of such property at any foreclosure sale for purposes of paying such taxes.

### **Direct and Overlapping Indebtedness**

The willingness or ability of owners of land in the District to pay their ad valorem taxes could be affected by the existence of other taxes and assessments imposed upon the property. The District and other political subdivisions, such as the State, the County, the Town, Pima County Community College District, Northwest Fire District, Pima County Joint Technical Education District and Marana Unified School District No. 6 of Pima County, Arizona, etc., whose boundaries overlap those of the District could, without the consent of the District and, in certain cases, without the consent of the owners of the land within the District, impose additional ad valorem taxes or assessment liens on the property within the District in order to finance public improvements to be located inside or outside of the District. (The existing public debt relating to the District is set forth in "OVERLAPPING, ADDITIONAL AND ADDITIONAL OVERLAPPING INDEBTEDNESS" above). The lien created on the property within the District by the levy of additional ad valorem taxes would be on a parity with the lien for the ad valorem taxes securing the Bonds.

The imposition of additional parity liens, or junior liens in the case of, for instance, special assessments, may reduce the ability or willingness of the landowners to pay the ad valorem taxes securing the Bonds as well as, in the case of failure of payment thereof, the existence of buyers of such property at any foreclosure sale for purposes of paying such taxes. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem Property Taxation in the District."

From time to time, there are legislative proposals in the Arizona Legislature that, if enacted, could alter the basis on which ad valorem taxes (including those that secure the Bonds) are assessed, levied and collected and which could affect, among other things, the distribution of the amount of taxes that various classifications of property may be obligated to pay. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, they would affect the Bonds or other obligations issued prior to their enactment.

### **Bankruptcy and Foreclosure Delays**

The payment of the ad valorem taxes securing the Bonds and the ability of the District to foreclose the lien of delinquent, unpaid, ad valorem taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not extinguish the ad valorem taxes securing the Bonds, bankruptcy of a property owner could result in a delay in the foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of the Bonds when due. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS - Ad valorem Property Taxation in the District -- Delinquent Tax Procedures."

It should be noted that in the event of a bankruptcy of a taxpayer pursuant to the Bankruptcy Code, the law is currently unsettled as to whether a lien can be attached against the taxpayer's property for property taxes levied during the pendency of the bankruptcy proceedings. Such taxes might constitute an unsecured and possible non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are over secured, and then possibly only on a pro rata basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact the bankruptcy of a property owner might have on the ability of the District to collect ad valorem taxes levied on that property before or during the bankruptcy proceedings. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover any claim against the debtor or its estate that arose before the commencement of the bankruptcy is automatically stayed pursuant to the Bankruptcy Code. While the stay may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor in bankruptcy would be subject to the stay of bankruptcy court. Furthermore, "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

In the event none of the District is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent years.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Financial Advisor, the Underwriter, the Developer, or their respective agents or consultants have undertaken any independent investigation of the operations and financial condition of any of the property owners in the District, nor have they assumed responsibility for the same.

In addition, the various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

## **Tax Risks**

As discussed under “TAX EXEMPTION” below, interest on the Bonds could become includable in gross income of the owners thereof for purposes of federal income taxation retroactive to the date the Bonds were issued if the District acts or fails to act in a manner which violates its covenants in the Bond Resolution. In that event, the Bonds are not subject to special redemption and will remain outstanding on a taxable basis until maturity or until redeemed in accordance with the redemption provisions contained in the Bond Resolution.

## **Amendment of Documents Referenced**

The development of the property within the District is in the early phases. Circumstances could change as the development process continues and other issues are raised or new developers or owners become involved. Accordingly, the Developer anticipates that there may be significant changes to the agreements and contracts relating to the development of the Project to address any such issues; however, the Developer does not presently anticipate that any modifications of the current contracts or agreements would materially affect the repayment of the Bonds.

## **Environmental Matters**

Property in the District will be subject to risks arising out of environmental, archaeological and biological considerations generally associated with the ownership of real estate and the construction of improvements located thereon. Such risks include, in general, potential liability arising as a result of any contamination later discovered on the site and the possibility of a decline in property values resulting from any contamination on the site or from the proximity of the site to other contaminated areas; or discovery of archaeological artifacts located on the site or in the vicinity of the site; discovery of endangered species of animals, plants or other habitat for endangered species and a determination of the waterways of the United States against dredging or fill. In addition, liability may arise under a variety of federal, state or local environmental laws and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Endangered Species Act and the National Historical Preservation Act.

For example, development may require approvals and actions under the Clean Water Act and the National Environmental Protection Act may limit, delay or change materially the number and type of development on the site. Beginning in January 2022, Arizona will operate under a drought contingency plan and receive a reduced allocation of Colorado River water for agricultural purposes through CAP. (See the third paragraph to footnote (b) to Table 9 for a description of CAP.) (Representatives of the Developer have been informed that the Town does not anticipate any near-term disruption to the provision of water to the Project by the Town because the reductions do not affect municipal water supply, and the Town is expected to receive its full water allocation from CAP and otherwise has available water resources to continue providing water service to the Project as is currently provided.)

## **Tax Cuts and Jobs Act**

H.R. 1 of the 115th U.S. Congress, known as the “Tax Cuts and Jobs Act,” was enacted into law on December 22, 2017 (the “Tax Act”). The Tax Act makes significant changes to many aspects of the Code (as defined herein). For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District. However, neither the Town nor the District can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the District, the pace at which homes in the District are sold to individual homeowners or the ability or willingness of homeowners to pay property taxes.

## **Risk of Internal Revenue Service Audit**

The Internal Revenue Service has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Internal Revenue Service agrees (a) with the determination of bond counsel that interest on the Bonds is tax-exempt for federal income tax purposes or (b) that the District is in or remains in compliance with Internal Revenue Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination

by the Internal Revenue Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Bond Resolution does not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Owners of the Bonds should note that, if the Internal Revenue Service audits the Bonds, under current audit procedures the Internal Revenue Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Internal Revenue Service. No transaction participant, including the District, Bond Counsel, counsel to the Underwriter, or the Underwriter is obligated to pay or reimburse the owner of any of the Bonds for audit or litigation costs in connection with any legal action, by the Internal Revenue Service or otherwise, relating to the Bonds.

There can be no assurance that an audit by the Internal Revenue Service of the Bonds will not be commenced. However, the District has no reason to believe that any such audit will be commenced, or that if commenced, an audit would result in a conclusion of noncompliance with any applicable Internal Revenue Service position, regulation or ruling. No rulings have been or will be sought from the Internal Revenue Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of the Bonds. See also “TAX EXEMPTION” herein.

## **LITIGATION**

At the time of delivery and payment for the Bonds, appropriate representatives of the District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, overtly threatened against the District affecting the existence of the District, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Bond Resolution, or the collection or application of any revenues providing for the payment of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Resolution, any action of the District contemplated by any of the said documents, or the collection or application of the revenues provided for the payment of the Bonds, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”), as the Board does not reasonably anticipate that the aggregate amount of qualified tax-exempt obligations that will be issued by or on behalf of the District in calendar year 2021 will exceed \$10,000,000.

## **FINANCIAL STATEMENTS**

The financial statements of the District as of June 30, 2020, and for its fiscal year then ended, which are included as APPENDIX F to this Official Statement, have been audited by Henry & Horne LLP as stated in its opinion which appears in APPENDIX F – “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2020.” The District neither requested nor obtained the consent of Henry & Horne LLP to include its report and Henry & Horne LLP has performed no procedures subsequent to rendering its opinion on the financial statements. In addition, as a “blended component unit” of the Town, certain information regarding the District is contained in the Town’s comprehensive annual financial reports. The Town’s comprehensive annual financial report for the fiscal year ended June 30, 2020, is publically available and is available upon request from the District Treasurer.

## **TAX EXEMPTION**

### **In General**

The Code includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District's failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District and the Developer have covenanted in the Bond Resolution and a development agreement with the District respectively, to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and the continuing compliance by the District and the Developer with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds will be excludable from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the interest on the Bonds will be exempt from income taxation under the laws of the State. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Bonds will be based on and will assume the accuracy of certain representations and certifications of the District, and compliance with certain covenants of the District and the Developer to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Bonds, (iii) the inclusion of the interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on the Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Original Issue Discount and Original Issue Premium**

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the

obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals suggested, debated, introduced or pending in congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Bonds. This withholding generally applies if the owner of the Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

## **RATINGS**

S&P is expected to assign the rating of “AA” to the Bonds with the understanding that the Policy will be delivered by the Bond Insurer simultaneously with the issuance of the Bonds. S&P has also assigned an underlying rating of “BBB-” to the Bonds. Such ratings reflect only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31<sup>st</sup> Floor, San Francisco, CA 94111. Such ratings may be revised downward or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure undertaking with respect to the Bonds that it will file notice of any formal change in any rating relating to the Bonds. See “CONTINUING DISCLOSURE” and APPENDIX C – “FORM OF SERIES 2021 CONTINUING DISCLOSURE UNDERTAKING” herein.

## **LEGAL MATTERS**

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, a form of which is included herein as APPENDIX B. See “TAX EXEMPTION.” Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered upon the initial delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Sherman & Howard L.L.C, Phoenix, Arizona; and for the Developer by Fennemore Craig, P.C., Phoenix, Arizona.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issue explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **UNDERWRITING**

The Bonds will be purchased by Piper Sandler & Co. (the “Underwriter”) at an aggregate purchase price of \$ \_\_\_\_\_, pursuant to a purchase contract (the “Purchase Contract”) entered into by and between the District and the Underwriter. If the Bonds are sold to produce the prices or yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$ \_\_\_\_\_. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices, including the Bonds. Pursuant to the Distribution Agreement, CS&Co will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co sells.



## **FINANCIAL ADVISOR**

The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor has not verified, and does not assume any responsibility for, the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement: "The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information."

## **RELATIONSHIPS AMONG PARTIES**

Greenberg Traurig, LLP, Bond Counsel, and Sherman & Howard L.L.C., counsel to the Underwriter, have each acted as bond counsel in other transactions underwritten by the Underwriter and have each acted as counsel to the Underwriter and to the Financial Advisor in other transactions. Greenberg Traurig, LLP and Sherman & Howard L.L.C. have also acted as bond counsel and/or underwriter's counsel with respect to bonds issued by the Town and other overlapping political subdivisions.

## **CONTINUING DISCLOSURE**

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 of each year, commencing February 1, 2022 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The method of filing of, and specific nature of the information to be contained in, the Annual Reports and the Notices of Listed Events are set forth herein in APPENDIX C - "FORM OF SERIES 2021 CONTINUING DISCLOSURE UNDERTAKING" which includes the form of undertaking which will be executed by the District with respect to the Bonds (the "Undertaking").

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the SEC. The ability of the District to comply with such covenants will be subject to the annual appropriation of funds, sufficient to provide for the costs of compliance for such covenants. Should the District not comply with such covenants, it has covenanted to provide notice of such fact as it would for a Notice of Listed Event. A failure to provide continuing disclosure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District was late filing its Fiscal Year 2019 operating data without notice of late filing, and that filing did not include all required information. The missed information, along with a failure to file notice, was filed in August 2021.

The District has implemented procedures to facilitate compliance with the Undertaking, current similar undertakings and future similar undertakings.

## CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

### SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT

By \_\_\_\_\_  
Chairperson, District Board

**INFORMATION REGARDING THE TOWN OF MARANA, ARIZONA**

*The following information regarding the Town is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE TOWN. The Bonds will be direct obligations of the District, payable solely from ad valorem property taxes levied against all taxable property in the District as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."*

**General**

The Town adjoins the north border of Tucson and extends to the northern border of the County and also includes about 440 acres located in Pinal County. The Town encompasses an approximate area of 122 square miles and sits at an elevation of 2,055 feet above sea level. The Town was incorporated in 1977.

**POPULATION STATISTICS**

<u>Years</u>	<u>Town of Marana</u>	<u>Pima County</u>	<u>State of Arizona</u>
2020 Census	51,908	1,043,433	7,151,502
2010 Census	34,961	980,263	6,392,017
2000 Census	13,556	843,746	5,130,632
1990 Census	2,187	666,957	3,665,305
1980 Census	1,674	531,443	2,716,546
1970 Census	1,154	351,667	1,775,399

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Source: United States Census Bureau.

**Municipal Government and Organization**

The Town operates under the Council-Manager form of government. The Mayor and six council members are elected at large for staggered four-year terms. The Town Council appoints a Town Manager who has full responsibility for carrying out council policies and administering Town operations. Functions of government and operation are provided by a staff of approximately 402 full-time employees. The Town provides police, sewer, and water services to its residents.

Tucson Electric Power Corporation and Trico Electric Cooperative provide electricity to the Town’s residents. Southwest Gas Corporation provides natural gas. Water is provided by the Town, as well as certain public and private providers. Sewer services are provided by the Town. Telephone and internet services are provided by Century Link and Comcast. Waste disposal and sanitation services are provided by various private disposal companies.

## Economy

The economy of the Town and the area surrounding the Town has historically been dominated by agricultural activities. Though agriculture is still a large part of the economy, commercial, retail and industrial elements are becoming large contributors. The Town's agricultural elements include a variety of irrigated crops.

The commercial elements of the economy have developed due to the growth of the Town and the growth of Tucson. The Town has become a retail trade center for suburban northern Tucson and the rural outlying areas surrounding the Town. Also, the Town's proximity to both the cities of Phoenix and Tucson has attracted business. Many residents commute from the Town to the Tucson metropolitan area for employment as well.

The following table is a partial list of major employers within the Town.

### MAJOR EMPLOYERS Town of Marana, Arizona

<u>Employer</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
Marana Unified School District	Education	1,657
Ascent Aviation	Engineering	525
Top Golf	Recreation	435
Town of Marana	Government	402
Wal-Mart	Retail	343
The Ritz-Carlton, Dove Mountain	Hospitality	320
Sargeant Aerospace & Defense	Engineering	313
Tucson Hauling & Transfer	Logistics	300
Costco	Retail	250
Northwest Fire District	Public safety	249

Source: ArizonaCommerce.com, Marana Chamber of Commerce, Pima County, Northwest Fire District.

The following table illustrates unemployment rate averages for the Town.

**UNEMPLOYMENT RATE AVERAGES**

Calendar Year	Town of Marana (a)
2021 (b)	4.7%
2020	5.7
2019	3.5
2018	3.4
2017	3.6
2016	3.9

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(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data through July 2021.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Commerce**

The Town is home to numerous retail establishments that accommodate the needs of the Town’s growing population.

The following table illustrates the past five years of municipal privilege tax collections.

**MUNICIPAL PRIVILEGE TAX COLLECTIONS**

**Town of Marana, Arizona**  
**(\$000s omitted)**

Fiscal Year	Amount
2019/20	\$40,069
2018/19	42,079
2017/18	39,628
2016/17	37,500
2015/16	35,442

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Source: The Finance Department of the Town.

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FORM OF LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAUIG, LLP]

[Closing Date]

District Board  
Saguaro Springs Community Facilities District  
c/o Town of Marana, Arizona  
11555 West Civic Center Drive  
Marana, Arizona 85653

Re: \$2,685,000\* Saguaro Springs Community Facilities District (Marana, Arizona) General  
Obligation Bonds, Series 2021

We have acted as Bond Counsel in connection with the issuance by Saguaro Springs Community Facilities District (hereinafter referred to as the "Issuer") of the captioned Bonds, dated the date hereof (hereinafter referred to as the "Bonds"). The Issuer, pursuant to Section 3.k.3. of the hereinafter defined Bond Resolution, has designated the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the "Code"), and has represented that it meets the requirements for such designation.

We have examined, and in rendering the opinions herein have relied upon, original or certified copies of the proceedings had in connection with issuance of the Bonds; certifications made by officers of the Issuer relating to, among other things, the expected use of proceeds of the sale of the Bonds and certain other funds of the Issuer and to certain other facts within the knowledge and control of such officers; representations made by the officers of D.R. Horton, Inc. (hereinafter referred to as "Horton"), as to plans to develop and sell land owned within the boundaries of the Issuer and such other material and matters of law as we deem relevant to the matters discussed herein below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified or photostatic copies and the accuracy of the statements contained in such certifications and representations. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings, certifications, representations, material and matters.

We are of the opinion, based upon such examination and subject to the reliances, assumptions and exceptions hereinabove and hereinafter set forth, that, under applicable law of the State of Arizona and federal law of the United States of America in force and effect on the date hereof:

1. The Bonds are valid and legally binding obligations of the Issuer payable from the sources, and enforceable in accordance with the terms and conditions, described therein, except to the extent that the enforceability thereof and provisions for the security therefor may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.
2. The Issuer is to annually levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property within the boundaries

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\* *Subject to change.*

of the Issuer, sufficient to pay debt service on the Bonds when due. All of the taxable property within the Issuer is subject to the levy of a tax, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

3. Under existing statutes, regulations, rulings and court decisions, subject to the reliance and assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Based on the designation of the Issuer as described in the first paragraph hereof, and subject to the requirements of section 265(b)(3) of the Code, the Bonds are “qualified tax-exempt obligations” for purposes of section 265(b)(3) of the Code. (We express no opinion regarding other federal and State tax consequences resulting from the receipt or accrual of interest on, or ownership or disposition of, the Bonds.) The Code includes requirements which the Issuer and Horton must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the Issuer or Horton to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. Officers of the Issuer and Horton have either indicated their compliance with, or covenanted to take the actions required by, applicable provisions of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In rendering the opinion expressed hereinabove, we have relied on certifications of officers of the Issuer and Horton with respect to certain matters necessary for, and have assumed continuing compliance with certain covenants by the Issuer and Horton included in, respectively, the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) and a District Development, Financing Participation and Intergovernmental Agreement (Saguaro Springs Community Facilities District), dated as of June 1, 2013, as amended, by and among the Issuer, the Town of Marana, Arizona and Horton (which are, as to their enforceability, subject to the same exceptions described in paragraph 1 hereinabove) that must be met after the issuance of the Bonds in order that, interest on the Bonds not be included in gross income for federal tax purposes.

4. The interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of interest on, or disposition or ownership of, the Bonds.)

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligations to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,



**FORM OF SERIES 2021 CONTINUING DISCLOSURE UNDERTAKING**

SERIES 2021 CONTINUING DISCLOSURE UNDERTAKING

\$2,685,000\*

SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
(MARANA, ARIZONA)  
GENERAL OBLIGATION BONDS, SERIES 2021

(CUSIP BASE NUMBER 78704R)

This Series 2021 Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered by Saguaro Springs Community Facilities District (the “Issuer”), in connection with the issuance of the captioned municipal securities (the “Securities”) for the benefit of the owners of the Securities, being the registered owners thereof or any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Securities (including persons holding the Securities through nominees, depositories or other intermediaries), or any person that is treated as the owner of any of the Securities for federal income tax purposes.

Section 1. Definitions.

“Annual Report” shall mean any annual report provided by the Issuer pursuant to, and as described in, Section 2.

“Authorizing Document” shall mean the resolution or resolutions authorizing the issuance of the Securities.

“Dissemination Agent” shall mean any agent which has executed a dissemination agent agreement with the Issuer and such successors and assigns of such agent.

“EMMA” shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 3(a).

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Notice of Listed Event” shall mean any notice provided by the Issuer pursuant to, and as described in, Section 3.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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\* *Subject to change.*

Section 2. Contents and Provision of Annual Reports.

(a) (i) **SUBJECT TO ANNUAL APPROPRIATION OF FUNDS SUFFICIENT TO PROVIDE FOR THE COSTS THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, NOT LATER THAN FEBRUARY 1 OF EACH YEAR, COMMENCING FEBRUARY 1, 2022, PROVIDE TO THE MSRB THROUGH EMMA AN ANNUAL REPORT WHICH IS CONSISTENT WITH THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION.**

(ii) **IF THE ISSUER IS UNABLE OR FOR ANY OTHER REASON FAILS TO PROVIDE AN ANNUAL REPORT OR ANY PART THEREOF BY THE DATE REQUIRED IN SUBSECTION (a)(i) OF THIS SECTION AND SUBJECT TO ANNUAL APPROPRIATION OF FUNDS SUFFICIENT TO PROVIDE FOR THE COSTS THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, SEND A NOTICE TO THAT EFFECT NOT LATER THAN SUCH DATE TO THE MSRB THROUGH EMMA ALONG WITH THE OTHER PARTS, IF ANY, OF THE ANNUAL REPORT.**

(b) (i) The Annual Reports shall contain or incorporate by reference the following:

(A) Information or operating data of the type in TABLES 2 (Property Taxes Levied and Collected), 3 (Net Limited Assessed Property Value by Property Classification), 4 (Net Limited Assessed Property Value of Major Taxpayers) and 5 (Comparative Net Limited Assessed Property Values) (but as to any valuations required, only the actual amount of the current valuation) of the Official Statement, dated \_\_\_\_\_, 2021, with respect to the Securities.

(B) Audited financial statements for the preceding fiscal year, such statements to be prepared on the basis of generally accepted accounting principles as applied to governmental units. **IF THE FISCAL YEAR OF THE ISSUER CHANGES, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.**

(ii) The Annual Report may be submitted as a single document or as separate documents comprising a package and may incorporate by reference from other documents other information, including final offering documents of debt issues of the Issuer or related public entities which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(iii) **If audited financial statements are to be included in an Annual Report but are not available in time to satisfy the requirements of Subsection (a)(i) of this Section, unaudited financial statements must be provided at the requisite time as part of the Annual Report and as soon as possible (but not later than thirty (30) days) after such audited financial statements become available, the audited financial statements shall be provided to the MSRB through EMMA.**

Section 3. Reporting of Listed Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events (the "Listed Events") with respect to the Securities:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(vii) Modifications to rights of security holders, if material.

(viii) Bond calls, if material, and tender offers.

(ix) Defeasances.

(x) Release, substitution or sale of property securing repayment of the securities, if material.

(xi) Rating changes.

(xii) Bankruptcy, insolvency, receivership or similar events of the obligated person, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(xiii) The consummation of a merger, consolidation or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiv) Appointment of a successor or additional trustee or the change of the name of the trustee, if material.

(xv) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(xvii) Notice of a failure of the obligated person to provide required annual financial information on or before the date specified in Section 2 above, including any non-appropriation to cover applicable costs.

(b) Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

(c) ***SUBJECT TO ANNUAL APPROPRIATION OF FUNDS SUFFICIENT TO PROVIDE FOR THE COSTS THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, PROMPTLY, BUT NOT MORE THAN TEN (10) BUSINESS DAYS THEREAFTER, FILE A NOTICE OF LISTED EVENT OF EACH SUCH OCCURRENCE (LISTED IN SECTION 3(a) ABOVE) TO THE MSRB THROUGH EMMA.***

Section 4. Termination of Reporting Obligation. The obligations of the Issuer pursuant to this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. ***SUBJECT TO ANNUAL APPROPRIATION OF FUNDS SUFFICIENT TO PROVIDE FOR THE COSTS THEREOF, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, GIVE NOTICE OF SUCH TERMINATION TO THE MSRB THROUGH EMMA AS SOON AS PRACTICABLE, BUT NOT LATER THAN THE DATE AN ANNUAL REPORT WOULD OTHERWISE HAVE BEEN DUE.***

Section 5. Amendment or Waiver.

(a) Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking, and any provision of this Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted; (ii) this Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (iii) such amendment or waiver does not materially impair the interests of the owners of the Securities, as determined either by parties (such as bond counsel) unaffiliated with the Issuer or by an approving vote of the registered owners of the Securities pursuant to the terms of the Authorizing Document at the time of the amendments.

(b) The Annual Report containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to enable investors to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. ***IF THE ACCOUNTING PRINCIPLES OF THE ISSUER CHANGE, THE ISSUER SHALL, OR SHALL CAUSE THE DISSEMINATION AGENT TO, FILE A NOTICE OF SUCH CHANGE IN THE SAME MANNER AS FOR A NOTICE OF LISTED EVENT.***

Section 6. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or Notice of Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Report or Notice of Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or Notice of Listed Event.

Section 7. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, any owner of a Security for the benefit of which this Undertaking is being provided may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default for other purposes of the Authorizing Document, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance pursuant to the terms of this Undertaking.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in satisfying the obligations of the Issuer hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking and the applicable, related agency agreement,

and, to the extent permitted by applicable law, the Issuer shall indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless for, from and against any loss, expense and liabilities which the Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties of the Dissemination Agent pursuant to this Undertaking and the applicable, related agency agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the gross negligence or willful misconduct of the Dissemination Agent. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Securities.

Dated: [Closing Date]

SAGUARO SPRINGS COMMUNITY FACILITIES  
DISTRICT

By \_\_\_\_\_  
Chairperson, District Board

ATTEST:

By \_\_\_\_\_  
District Clerk

APPROVED AS TO FORM:

By \_\_\_\_\_  
District Counsel

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### BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Bond Registrar and Paying Agent for DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Developer, Bond Counsel, the Financial Advisor, the Underwriter or counsel to any of them takes responsibility for the accuracy thereof.



**APPENDIX E**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIAL MEMBER

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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**APPENDIX F**

**AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Town Council  
Saguaro Springs Community Facilities District  
Town of Marana, Arizona  
Marana, Arizona

We have audited the accompanying financial statements of the governmental activities and each major fund of the Saguaro Springs Community Facilities District, Arizona, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Saguaro Springs Community Facilities District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Saguaro Springs Community Facilities District, Arizona, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saguaro Springs Community Facilities District, Arizona's basic financial statements. The supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial information listed as supplementary information in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as supplementary information in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Henry + Horne, LLP*

Tempe, Arizona  
December 16, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020**

As management of the Saguaro Springs Community Facilities District (District) we offer readers a narrative overview and analysis of the financial activities for the District. The District is one of the Town of Marana, Arizona's component units for financial reporting purposes for the fiscal year ended June 30, 2020.

Formed in 2007, the District is a special purpose taxing district and separate political subdivision under Arizona statutes. As such, the District can levy taxes and issue bonds, independent of the Town of Marana, Arizona (Town). Property owners within the District boundaries pay for District infrastructure and functions through secondary property tax assessments. The Marana Town Council also serves as the District Board of Directors.

## **FINANCIAL HIGHLIGHTS**

For fiscal year ending June 30, 2020, the District's:

- Tax collections were sufficient to pay debt service.
- Tax rate was \$2.80 per \$100 assessed valuation. The tax rate remained the same from the budgeted amount.
- Governmental funds reported a combined ending fund balance of \$454,131. Of this amount, \$166,392 was in the General Fund and \$287,739 was in the Debt Service Fund.
- Governmental fund revenues were greater than expenses by \$145,903.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis introduces the District's basic financial statements. Because of its limited purpose, the District's basic financial statements are comprised of two components: 1) Statement of Net Position and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and 2) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Because the District has only one governmental program, the government-wide and fund financial statements are combined.

### **Government-wide Financial Statements**

The *Statement of Net Position* presents information with a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. The focus on net position is important because over time, increases and decreases in net position may serve as a useful indicator of how the financial position of the District may be changing. Increases may indicate an improved financial position. However, decreases in net position may not necessarily indicate the District's financial position is deteriorating. As a result, other financial and non-financial indicators must also be considered to effectively assess the District's overall financial health.

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. Since economic resources measurement focus and accrual basis of accounting are used for the government-wide financial statements, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and expenses related to accrued interest).

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like the Town, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Debt Service funds are restricted as to use and the General funds are unassigned.

The District maintains two governmental funds, general and debt service. Information is presented in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Debt Service Fund.

The District adopts an annual budget for its General Fund and Debt Service Fund. Supplementary budgetary schedules have been provided to demonstrate compliance with these budgets.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Required supplementary information other than MD&A.** In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information a comparison between budgeted and actual amounts within the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the liabilities exceeded its assets at the close of the most recent fiscal year by \$5,473,397. The large negative net position balance results from the nature of the District's operations. The District's purpose is to acquire and improve public infrastructure in specified land areas. As a special purpose district and a separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the Town. Property owners in the designated areas are assessed for District taxes to pay the debt service over the life of the bonds. The Town Council serves as the Board of Directors. However, the Town has no liability for the District's debt. For financial reporting purposes, transactions of the District are combined together and included as if they were part of the Town's operations and the assets financed through the District are combined with the infrastructure of the Town. Because the capital assets are recorded in the Town's basic financial statements, the Statement of Net Position for the District reflects a large liability without an offsetting asset.

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2020 and June 30, 2019.

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Net Position**

June 30, 2020 and 2019

	<b>Governmental Activities</b>	
	2020	2019
<b>Assets</b>		
Current Assets	\$ 167,129	\$ 127,167
Noncurrent Assets	287,002	181,523
Total Assets	<u>454,131</u>	<u>308,690</u>
<b>Liabilities</b>		
Current Liabilities	262,188	172,037
Noncurrent Liabilities	5,665,340	3,829,369
Total Liabilities	<u>5,927,528</u>	<u>4,001,406</u>
<b>Net Position</b>		
Restricted	(5,639,789)	(3,817,913)
Unrestricted	166,392	125,197
Total Net Position	<u>\$ (5,473,397)</u>	<u>\$ (3,692,716)</u>

During the fiscal year, the District's total net position decreased by \$1,780,681.

**Changes in Net Position**

June 30, 2020 and 2019

	<b>Governmental Activities</b>	
	2020	2019
<b>Revenues</b>		
Taxes	\$ 407,932	\$ 284,213
Contributions	-	3,385
Interest	-	-
Total Revenues	<u>407,932</u>	<u>287,598</u>
<b>Expenses</b>		
General Government	1,773,934	3,621,463
Debt Service	414,679	455,345
Total Expenses	<u>2,188,613</u>	<u>4,076,808</u>
Change in Net Position	(1,780,681)	(3,789,210)
Net Position, Beginning of Year	<u>(3,692,716)</u>	<u>96,494</u>
Net Position, End of Year	<u>\$ (5,473,397)</u>	<u>\$ (3,692,716)</u>

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District’s ability to pay the debt service on the general obligation bonds it issues to fund construction or acquisition of public infrastructure.

As of the end of fiscal year 2019/20, the District’s governmental funds reported expenses in excess of revenues by \$1,853,443 and an ending fund balance of \$454,131. Of the total ending fund balance, \$166,392 is in the General Fund and \$287,739 is in the Debt Service Fund.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District was formed to finance and acquire or construct amenities that are subsequently dedicated to the Town for operation. The District does not own or operate infrastructure. Since formation, District bonds have been issued, and the proceeds used to acquire or construct public amenities including roadways, sidewalks and a park. The District is authorized to issue bonds up to \$99,000,000.

The District general obligation bonds have a 25-year term. In the event that the District board decides at a future time to dissolve the District, State statute provides that all taxable property in the District will remain subject to the lien for the payment of the bonds until all bonds have been defeased.

The District is not engaged in any significant activities other than providing for the levy of secondary property taxes to pay debt service and administrative fees.

**Outstanding Debt**

June 30, 2020 and 2019

	<b>Governmental Activities</b>	
	2020	2019
General Obligation Bonds	\$5,695,000	\$3,845,000

**NEXT YEAR’S BUDGET AND RATES**

The fiscal year 2019/20 District budget includes a \$2.80 tax rate per \$100 of assessed value. There is no change from the rate used in the fiscal year 2018/19 budget. The levy comprises \$0.30 for operations and maintenance and \$2.50 for debt service. The levy shall be the net of all cash in excess of ten percent of the annual payments of principal and interest in the current fiscal year from the previous year remaining in the fund.

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the government's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Marana Town Finance Office at 11555 West Civic Center Drive, Marana, Arizona 85653, or visit [www.MaranaAZ.gov](http://www.MaranaAZ.gov).



**BASIC FINANCIAL STATEMENTS**

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ 166,304	\$ -	\$ 166,304	\$ -	\$ 166,304
Property taxes receivable	88	737	825	-	825
Noncurrent assets:					
Restricted cash and investments	-	287,002	287,002	-	287,002
<b>Total assets</b>	<u>166,392</u>	<u>287,739</u>	<u>454,131</u>	<u>-</u>	<u>454,131</u>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	-	-	-	102,188	102,188
General obligation bonds -Due within one year	-	-	-	160,000	160,000
Noncurrent liabilities:					
General obligation bonds -Due after one year	-	-	-	5,535,000	5,535,000
Bond premium	-	-	-	128,442	128,442
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,925,630</u>	<u>5,925,630</u>
<b><u>FUND BALANCES (DEFICITS)</u></b>					
Restricted	-	287,739	287,739	(287,739)	-
Unassigned	166,392	-	166,392	(166,392)	-
<b>Total fund balances (deficits)</b>	<u>166,392</u>	<u>287,739</u>	<u>454,131</u>	<u>(454,131)</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>					
	<u>\$ 166,392</u>	<u>\$ 287,739</u>	<u>\$ 454,131</u>		
<b>Net Position</b>					
Unrestricted				<u>(5,471,499)</u>	<u>(5,471,499)</u>
<b>Total Net Position</b>				<u>\$ (5,471,499)</u>	<u>\$ (5,471,499)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
<b>Revenues:</b>					
Property tax	\$ 43,707	\$ 364,225	\$ 407,932	\$ -	\$ 407,932
<b>Total revenues</b>	<u>43,707</u>	<u>364,225</u>	<u>407,932</u>	<u>-</u>	<u>407,932</u>
<b>Expenditures:</b>					
Current -					
General government	2,737	-	2,737	-	2,737
Capital outlay	-	1,771,197	1,771,197	-	1,771,197
Debt service					
Principal Retirement	-	100,000	100,000	(100,000)	-
Interest and fiscal charges	-	161,293	161,293	25,340	186,633
Bond Issuance Costs	-	226,148	226,148	-	226,148
<b>Total expenditures</b>	<u>2,737</u>	<u>2,258,638</u>	<u>2,261,375</u>	<u>(74,660)</u>	<u>2,186,715</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>40,970</u>	<u>(1,894,413)</u>	<u>(1,853,443)</u>	<u>1,853,443</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Issuance of debt	-	1,950,000	1,950,000	(1,950,000)	-
Premium on bonds issued	-	49,346	49,346	(49,346)	-
<b>Total other financing sources</b>	<u>-</u>	<u>1,999,346</u>	<u>1,999,346</u>	<u>(1,999,346)</u>	<u>-</u>
<b>Change in fund balances</b>	40,970	104,933	145,903	(145,903)	-
<b>Change in net position</b>	-	-	-	(1,778,783)	(1,778,783)
<b>Fund balances/Net position, beginning of year</b>	<u>125,422</u>	<u>182,806</u>	<u>308,228</u>	<u>(4,000,944)</u>	<u>(3,692,716)</u>
<b>Fund balances/Net position, end of year</b>	<u>\$ 166,392</u>	<u>\$ 287,739</u>	<u>\$ 454,131</u>	<u>\$ (5,925,630)</u>	<u>\$ (5,471,499)</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Saguaro Springs Community Facilities District (District), a component unit of the Town of Marana, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. A summary of the more significant accounting policies of the District follows.

**A. Reporting Entity**

The Saguaro Springs Community Facilities District (District) was formed by petition to the Town of Marana Town Council in September 2007. The District's purpose is to acquire and improve public infrastructure in specified land areas. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can levy taxes and issue bonds independently of the Town. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the District. The Town Council serves as the Board of Directors; however, the Town has no liability for the District's debt. For financial reporting purposes, transactions of the Saguaro Springs Community Facilities District are included as if the District were part of the Town's operations.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) present financial information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and miscellaneous revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

Financial statements are provided for major governmental funds, with an adjustments column to arrive at government-wide financial statement amounts.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

expenditures related to claims and judgments, which are recorded on when payment is due. However, since debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

The District reports the following major governmental funds:

The *General Fund* accounts for resources accumulated and used for the payment of operating expenses for the District, which may include insurance, legal fees and administration costs.

The *Debt Service Fund* accounts for resources accumulated and used for the payment of governmental long-term debt including principal, interest and related costs.

**D. Property Tax Calendar**

Property taxes are levied by the District and collected by the Pima County Treasurer. All property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to ARS, a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Investments**

Arizona Revised Statutes authorize the District to invest public monies in the State or County Treasurers' investment pools, interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations of the United States government that are guaranteed as to principal and interest by the United States government; or bonds of the State of Arizona counties, cities, towns, school districts or special districts as specified by statute. As required by statute, collateral is required for demand deposits, certificates of deposit and repurchase agreements at 100 percent of all deposits not covered by federal depository insurance.

Cash and investments in the Debt Service Fund at June 30, 2020, plus accrued interest, is restricted as to usage.

**2. Restricted Assets**

The trust indentures executed for the entire bond series issued require all cash and investments for each bond series to be held on deposit by the trustee/fiscal agents. These assets are restricted for payment of interest and trustee fees associated with the bond issues, retirement of principal balances, and to finance various capital projects.

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**3. Capital Assets**

Capital assets acquired or construction of infrastructure assets by the District are dedicated to the Town of Marana, Arizona to maintain and operate. As a result, the District owns no capital assets.

**4. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**5. Net Position/Fund Balance**

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amount in those funds can be spent. Nonspendable portions of fund balance consists of funds that are not in spendable form, such as inventories and prepaids, or can be legally or contractually required to be maintained intact. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Directors. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources. When an expenditure is incurred for purposes for which committed, assigned and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

In the government-wide financial statements, net position is reported in two categories: restricted and unrestricted. Restricted net position accounts for the portion of net position restricted by bond covenant. Unrestricted net position is the remaining net position not included in the previous category.

**NOTE 2 – RECONCILIATION GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Amounts reported in the statement of net position are different because:**

Total Fund Balance	\$	454,131
Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore, are not reported in the funds.		
General obligation bonds payable		(5,695,000)
Accrued interest payable		(102,188)
		(5,797,188)





**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**A. Assets**

**1. Deposits**

**Deposits** – At June 30, 2020, the carrying amount of the District’s deposits and bank balance were \$453,306.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be returned. As of June 30, 2020, the District had no deposits that were exposed to custodial credit risk.

**2. Restricted Assets**

Restricted cash at June 30, 2020, as follows:

Restricted for:	
Debt Service Fund	\$ <u>287,002</u>

**B. Long-Term Liabilities**

**1. General Obligation Bonds**

The District issues general obligation bonds to provide funds to acquire and improve public infrastructure in specified areas. General obligation bonds have been issued for governmental activities only. The bonds are generally callable with interest payable semiannually.

The CFD general obligation bonds outstanding as reported in governmental activities as of June 30, 2020, were as follows:

	Outstanding June 30, 2020
\$3,845,000 CFD General Obligation Bonds, 2018 Series, due in annual installments of \$100,000 to \$235,000; through July 15, 2043; at a 2.0% to 4.0% interest rate.	\$ 3,745,000
\$1,950,000 CFD General Obligation Bonds, 2019 Series, due in annual installments of \$55,000 to \$340,000; through July 15, 2044; at a 3.0% to 4.0% interest rate.	1,950,000
<b>Total</b>	<b>\$ 5,695,000</b>

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

Annual debt service requirements to maturity on the CFD general obligation bonds at June 30, 2020, are summarized as follows:

Year ending June 30	Principal	Interest	Total
2021	\$ 160,000	\$ 202,500	\$ 362,500
2022	150,000	198,900	348,900
2023	155,000	194,850	349,850
2024	160,000	190,125	350,125
2025	165,000	185,250	350,250
2026 – 2030	905,000	837,550	1,742,550
2031 – 2035	1,090,000	644,025	1,734,025
2036 – 2040	1,325,000	412,750	1,737,750
2041 – 2045	1,585,000	143,281	1,728,281
Totals	<u>\$ 5,695,000</u>	<u>\$ 3,009,231</u>	<u>\$ 8,704,231</u>

*Changes in Long-term liabilities*

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 3,845,000	\$1,950,000	\$ (100,000)	\$ 5,695,000	\$ 160,000
Issuance Premium	84,369	49,346	(5,273)	128,442	-
	<u>\$ 3,929,369</u>	<u>\$1,999,346</u>	<u>\$ (105,273)</u>	<u>\$ 5,823,442</u>	<u>\$ 160,000</u>

**NOTE 5 – RISK MANAGEMENT**

The District is exposed to various risks of loss. The District's insurance protection is provided by the Arizona Municipal Risk Retention Pool. The District carries commercial insurance for \$1,000,000 per occurrence and \$2,000,000 aggregate covering general liability exposures. The District also carries public entity management liability insurance for \$1,000,000 each wrongful act and \$1,000,000 aggregate to cover damages resulting from the conduct of duties by or for a public entity or its boards. There have been no known losses in any of the past three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Property tax	\$ 43,810	\$ 43,707	\$ (103)
Contributions	-	-	-
<b>Total revenues</b>	<u>43,810</u>	<u>43,707</u>	<u>(103)</u>
<b>Expenditures:</b>			
Current -			
General government	139,500	2,737	136,763
<b>Total expenditures</b>	<u>139,500</u>	<u>2,737</u>	<u>136,763</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(95,690)</u>	<u>40,970</u>	<u>136,660</u>
<b>Net change in fund balances</b>	(95,690)	40,970	136,660
<b>Fund balances (deficits), July 1, 2019</b>	<u>-</u>	<u>125,422</u>	<u>125,422</u>
<b>Fund balances (deficits), June 30, 2020</b>	<u>\$ (95,690)</u>	<u>\$ 166,392</u>	<u>\$ 262,082</u>

**SUPPLEMENTARY INFORMATION**

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - DEBT SERVICE  
YEAR ENDED JUNE 30, 2020**

	Original and Final Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 365,087	\$ 364,225	\$ (862)
<b>Total revenues</b>	<u>365,087</u>	<u>364,225</u>	<u>(862)</u>
<b>Expenditures:</b>			
Capital outlay	1,125,000	1,771,197	(646,197)
Debt service -			
Principal retirement	171,575	100,000	71,575
Interest and fiscal charges	103,075	161,293	(58,218)
Bond issuance costs	125,000	226,148	(101,148)
<b>Total expenditures</b>	<u>1,524,650</u>	<u>2,258,638</u>	<u>(733,988)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,159,563)</u>	<u>(1,894,413)</u>	<u>(734,850)</u>
<b>Other financing sources (uses):</b>			
Issuance of debt	1,250,000	1,950,000	(700,000)
Premium on bonds issued	-	49,346	(49,346)
<b>Total other financing sources (uses)</b>	<u>1,250,000</u>	<u>1,999,346</u>	<u>(749,346)</u>
<b>Change in fund balances</b>	90,437	104,933	14,496
<b>Fund balances (deficits), July 1, 2019</b>	<u>-</u>	<u>182,806</u>	<u>182,806</u>
<b>Fund balances (deficits), June 30, 2020</b>	<u>\$ 90,437</u>	<u>\$ 287,739</u>	<u>\$ 197,302</u>

**CONTINUING DISCLOSURE INFORMATION**

## **SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT CONTINUING DISCLOSURE INFORMATION**

SEC Rule 15c2-12, as amended, requires the Town to provide Continuing Disclosure Annual Reports that include audited financial statements and other financial information for the benefit of owners and holders of bond obligations issued by the Town. The Continuing Disclosure Annual Report shall contain or incorporate by reference certain information as set forth in the Continuing Disclosure Agreements and Undertakings executed by the Town with the issuance of its municipal bond obligations.

Information in this section is provided solely pursuant to the requirements of SEC Rule 15c2-12 and Continuing Disclosure Agreements and Undertakings and include financial information that is not required for fair presentation in conformity with accounting principles generally accepted in the United States of America and is therefore unaudited and not covered by the auditor's opinion.

Annual continuing disclosure information is filed with the Municipal Securities Rulemaking Board (MSRB) for public access via their Electronic Municipal Market Access (EMMA) system at [www.emma.msrb.org](http://www.emma.msrb.org).



**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
CONTINUING DISCLOSURE INFORMATION**

**REAL AND SECURED PROPERTY TAXES LEVIED AND COLLECTED (a)**

Fiscal Year	District Tax Rate (b)	District Tax Levy	Collected to June 30th of Initial Fiscal Year		Cumulative Collections as of September 30, 2020	
			Amount	% of Levy	Amount	% of Levy
2020/21	2.80	528,466	(b)	(b)	21,354	4.04%
2019/20	2.80	408,897	407,933	99.76%	407,933	99.76%
2018/19	2.80	285,164	284,003	99.59%	284,003	99.59%
2017/18	0.30	19,231	19,009	98.85%	19,213	99.91%
2016/17	0.30	12,152	12,074	99.36%	12,152	100.00%
2015/16	0.30	7,914	7,873	99.48%	7,914	100.00%
2014/15	0.30	5,064	5,031	99.35%	5,064	100.00%

(a)

*Taxes are collected by the Treasurer of Pima County. Taxes in support of debt service are levied by the Board of Supervisors of the County as required by Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.*

(b) 2020/21 taxes in course of collection:

*First installment due 10-01-20; delinquent 11-01-20*

*Second installment due 03-01-21; delinquent 05-01-21*

(c) *Prior to fiscal year 2018/19, the district tax rate only included the Operation and Maintenance Tax. The Debt Service rate of \$2.50 was levied for the first time in fiscal year 2018/19.*

Source: Office of the Treasurer of Pima County

**DISTRICT'S NET ASSESSED LIMITED PROPERTY VALUES BY PROPERTY CLASSIFICATION**

Class	2020/21	2019/20	2018/19	2017/18	2016/17
Commercial, Industrial, Utilities & Mines	\$ 147,230	\$ 111,982	\$ 108,863	\$ 499	\$ 492
Agricultural & Vacant	1,754,384	1,259,989	730,968	847,603	1,019,869
Residential (Owner Occupied)	13,091,378	11,375,611	8,101,191	4,604,689	2,299,758
Residential (rental)	3,880,818	1,855,890	1,243,482	957,144	729,894
Totals	<u>\$ 18,873,810</u>	<u>\$ 14,603,472</u>	<u>\$ 10,184,504</u>	<u>\$ 6,409,935</u>	<u>\$ 4,050,013</u>

Source: Abstract of the Assessment Roll, State of Arizona Department of Revenue

**SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT  
CONTINUING DISCLOSURE INFORMATION**

**DISTRICT'S NET ASSESSED LIMITED PROPERTY VALUES OF MAJOR TAXPAYERS**

<b>Taxpayer (a)</b>	<b>2020/21 Net Limited Assessed Property Value</b>	<b>As % of 2020/21 Net Limited Assessed Property Value</b>
Title Security Agency of AZ TR 201434-T/DR Horton Inc	\$ 1,569,999	8.32%
Unisource Energy Corporation	146,953	0.78%
Mc Carthy Kelly E & Janice L Revoc Living Trust	58,909	0.31%
Hovey Richard H & Sylvia CP/RS	40,537	0.21%
Tenorez TR	34,589	0.18%
Haselhorst Ross & Jenny CP/RS	33,997	0.18%
Hindman David Jeffrey & Rebecca Smith	33,658	0.18%
Cox Brian & Bishop Camille CP/RS	33,658	0.18%
Stolworthy Kenneth L & Erika CP/RS	33,280	0.18%
Crandall Paul Sheldon & Bess Lynne	32,483	0.17%
<b>Total</b>	<b>\$ 2,018,063.00</b>	<b>10.69%</b>

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the SEC's public reference facilities at 100 F Street, N.E., Washinton, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the internet on the SEC's EDGAR data base at <http://www.sec.gov>. No representative of the District, the Financial Advisor, the Underwriter, Bond Counsel or counsel to the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor does any such representative assume responsibility for the same.

Source: *The Assessor of Pima County*

**COMPARATIVE NET LIMITED ASSESSED PROPERTY VALUES**

<b>Fiscal Year</b>	<b>Saguaro Springs Community Facilities District</b>	<b>Town of Marana</b>	<b>Pima County</b>	<b>State of Arizona</b>
2020/21	\$ 14,603,472	\$ 620,250,845	\$ 8,946,163,624	\$ 69,914,521,042
2019/20	14,603,472	579,412,886	8,729,964,923	66,154,632,834
2018/19	10,184,506	535,042,025	8,333,892,915	62,328,357,186
2017/18	6,409,935	505,088,721	8,074,957,717	59,404,077,785
2016/17	4,050,013	476,076,903	7,816,826,920	56,589,592,481
2015/16	2,638,041	445,006,942	7,620,360,873	54,838,548,829

Source: *Property Tax Rates Assessed Values*, Arizona Tax Research Association and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue





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