

# Community Facilities District

## Background

Pursuant to the Arizona Community Facilities District Act of 1988, Arizona municipalities are authorized to form community facilities districts (“CFDs”) in cooperation with private developers to finance the acquisition, construction, installation, operation and maintenance of public infrastructure improvements.

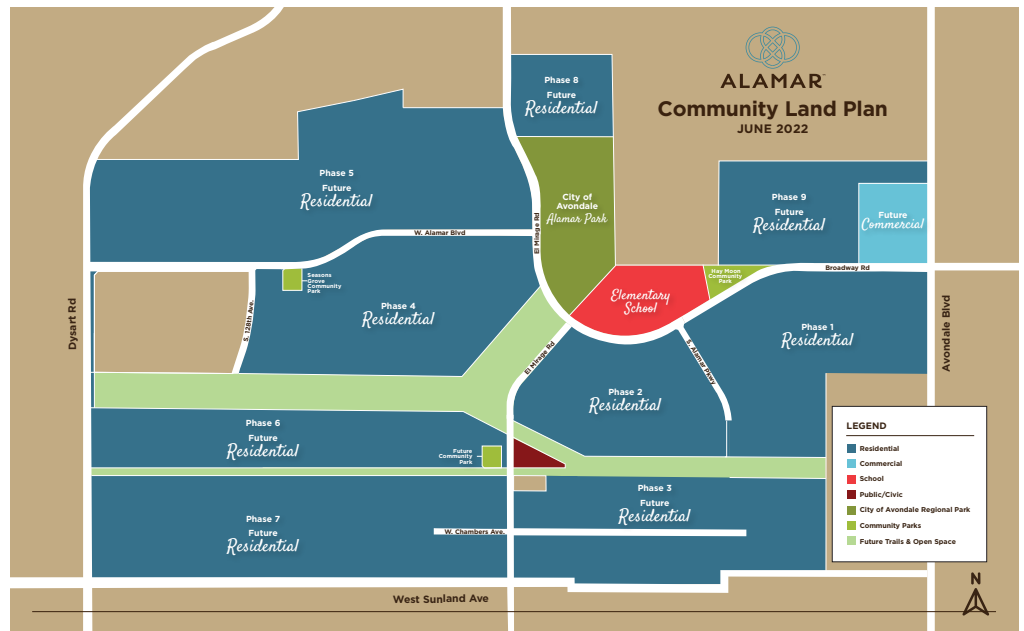
## Alamar Community Facilities District

The Alamar Community Facilities District formerly known as the Lakin Community Facilities District (the “CFD”) was established in 2018 in cooperation with the City of Avondale (the “City”), encompassing approximately 1,086 acres of the master planned development known as “Alamar.” Alamar is being developed by Brookfield Lakin LLC (the “Developer”).

The purpose of the Alamar District is to finance public infrastructure improvements (“CFD Improvements”) benefiting property owners in Alamar. The CFD Improvements to be financed by the Alamar District include community amenities (parks and linear trails) and major roads and related facilities (landscaping, drainage, water and sewer). The Developer is required to provide all the land for the CFD Improvements and, upon completion, the CFD Improvements are dedicated or transferred to the City or other appropriate governmental entity.

## Benefits To Residents

The Alamar District has a beneficial impact on property owners within Alamar because the ability of the Alamar District to issue bonds and utilize bond proceeds allows the earlier construction of some CFD Improvements and, in other cases, facilitates the provision of amenities that otherwise might not be available.



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## How The Alamar District Works

Pursuant to a community facilities district development agreement among the Alamar District, the City and the Developer, an election was held on November 13, 2018, which authorized the Alamar District to issue and sell up to \$70 million of general obligations bonds (“GO Bonds”) over time. The GO Bond proceeds will be used to pay for CFD Improvements generally benefiting Alamar property owners (for example, parks, trails and major roadways).

GO Bonds are similar to promissory notes in that the bonds represent the Alamar District’s promise to pay principal and interest on terms and conditions established in the bond offering documents. The primary security for payment is the Alamar District’s pledge to levy the CFD debt service property tax (\$3.85 per \$100 of net limited property tax value) (“Debt Service Tax”). The Debt Service Tax is paid by all property owners in the Alamar District, including the Developer, and the proceeds are used to pay principal and interest on the GO Bonds.

In addition to the Debt Service Tax, the Alamar District is authorized to and levies a CFD operations and maintenance property tax of \$.30 per \$100 of net limited property tax value (the “O/M Tax”) to pay operation and maintenance costs of the Alamar District.

The Bonds are paid by ad valorem property taxes collected by the Maricopa County Treasurer in addition to all other property tax payments. The CFD is levying a \$3.85 per \$100.00 of net assessed limited property value tax rate to provide for repayment of the Bonds. It is anticipated that ad valorem property taxes will be levied at such tax rate in future fiscal years so long as any of the Bonds remain outstanding. (The CFD is also levying a \$0.30 per \$100.00 of net assessed limited property value tax rate to provide for the payment of certain administrative expenses and operation and maintenance of the Improvements (the “O/M Tax”).

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

## IMPACT OF PROPERTY TAX\*

The following illustrates the estimated annual ad valorem property tax liability imposed by the CFD, based on a range of residential values within Alamar and a combined \$4.15 tax rate (the \$3.85 tax rate to retire the Bonds plus the \$0.30 tax rate for the O/M Tax):

ASSUMED VALUE OF RESIDENCE	ESTIMATED ANNUAL ADDITIONAL CFD TAX LIABILITY*
\$250,000	\$677
\$300,000	\$812
\$350,000	\$947
\$400,000	\$1,082
\$450,000	\$1,218
\$500,000	\$1,353
\$550,000	\$1,488
\$600,000	\$1,625
\$650,000	\$1,760
\$700,000	\$1,896
\$750,000	\$2,031

### \*Assumptions:

**A.** Improved residential property assessment ratio will remain at 10%

**B.** The estimated total ad valorem tax amount is computed by multiplying the \$4.15 per \$100 of assessed limited property value times the estimated limited tax rate of property value times the improved residential property assessment ratio. The actual limited property value is determined by the Maricopa County Assessor.

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