

**TOWN OF PRESCOTT VALLEY, ARIZONA
REQUEST FOR COUNCIL ACTION**

Date: May 23, 2013

SUBJECT: Restated District Development, Financing Participation & IGA - StoneRidge

SUBMITTING DEPARTMENT: Management

PREPARED BY: Larry Tarkowski, Town Manager

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Resolution No. 1833, and b) Restated District Development, Financing Participation and Intergovernmental Agreement

SUMMARY/BACKGROUND: On Jul 26, 2001, the Town Council adopted Res No. 1031 forming the StoneRidge Community Facilities District (SRCFD). On Nov 20, 2001, the Council adopted Res No. 1058 approving a District Development, Financing Participation and Intergovernmental Agreement (Financing Agreement) with SRCFD, the StoneRidge developer (SunCor), and a trust representing ownership of the undeveloped land. The Financing Agreement provided for construction by SunCor and acquisition by SRCFD of certain listed public infrastructure (for transfer to the Town) using proceeds from the sale of general obligation bonds by SRCFD. Just prior to approval of the Financing Agreement, an SRCFD election was held which authorized issuance of up to \$33,000,000.00 in general obligation bonds to construct needed infrastructure over the life of the project. Then, based on a plan for the initial project, the SRCFD Board issued \$14,800,000.00 in bonds on Dec 1, 2001. SunCor entered into agreements to make semi-annual "standby contributions" to supplement ad valorem tax collections from StoneRidge property owners in order to make the bond payments. And, SunCor deposited \$2,960,000.00 in cash with the bond trustee (Wells Fargo) for use if its stand-by contributions ceased for any reason.

After a period of success, the economic downturn resulted in efforts by SunCor (beginning in 2009) to end its obligations as the StoneRidge developer. Among other things, those efforts resulted in SunCor assigning its interests in the various project agreements to Univest. On Aug 18, 2011, the Town Council and SRCFD Board took actions extending the term of the Financing Agreement to Jun 30, 2030 and approving assignment to two new single-purpose entities formed by Univest (Univest-StoneRidge, LLC and Univest-StoneRidge Golf, LLC). Univest then began making requested standby contributions, but also initiated discussions with area residents about the potential for asking the SRCFD Board to refinance its bonds to remove the standby contributions. In the meantime, SunCor declared bankruptcy.

On Apr 11, 2013, the SRCFD Board received a public update on the status of efforts to refinance its bonds. It learned that the SunCor bankruptcy had been resolved and that an additional \$1,075,568.36 was available for application towards such refinancing (in addition to the \$2,960,000.00 deposit). With the assistance of the bond underwriter, the SRCFD Board has taken action to issue general obligation refunding bonds, Series 2013. These bonds no longer require standby contributions from Univest. Therefore, it is also proposed that the parties to the earlier Financing Agreement (including the Town) agree to a Restated Financing Agreement that (among other things) removes reference to such standby contributions.

It should be noted that the Restated Financing Agreement also responds to concerns expressed by StoneRidge residents about the potential for additional bonds being authorized in the future based on the

original Nov 13, 2001 vote which authorized up to \$33,000,000.00 in bonds to construct public improvements over the life of the project. As promised by the SRCFD Board, the Refunding Bond documents (including this Restated Financing Agreement) either remove reference to issuing any additional bonds in the future or have affirmatively stated that additional bonds will not be issued under that authorization.

It should also be noted that the language in the original Financing Agreement which provided for annual payments from the developer for a period of years (up to \$45,000.00 annually) to assist the Town with costs of maintaining the StoneRidge infrastructure, has been retained in this Restated Financing Agreement.

OPTIONS ANALYSIS: The Town Council may adopt Resolution No. 1833 approving the Restated Financing Agreement, OR decline to adopt Resolution No. 1833.

ACTION OPTION: Motion to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1833 approving the Restated District Development, Financing Participation and Intergovernmental Agreement with SRCFD, Univest, and the property trust, **OR** Motion not to approve Resolution No. 1833. **VOTE.**

RECOMMENDATION: Town staff recommends authorizing signature of Resolution No. 1833 approving the Restated Financing Agreement.

FISCAL ANALYSIS: It is believed that the SRCFD bond refinancing will greatly benefit the StoneRidge project and its property owners by stabilizing SRCFD tax payments by owners (thereby encouraging additional StoneRidge residents and stabilizing property values). SRCFD's commitment not to issue future bonds will, of course, require developer financing of future infrastructure needs for the project. Also, continuing annual maintenance payments from Univest (for a period) will assist the Town in maintaining current infrastructure.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____