

RESOLUTION NO. 15
ENTERTAINMENT CENTER COMMUNITY FACILITIES DISTRICT

A RESOLUTION OF THE DISTRICT BOARD OF THE ENTERTAINMENT CENTER COMMUNITY FACILITIES DISTRICT, A COMMUNITY FACILITIES DISTRICT OF ARIZONA, APPROVING A TENTATIVE BUDGET FOR FISCAL YEAR 2013-2014 PURSUANT TO ARS §48-716; SETTING A PUBLIC HEARING DATE ON SAID TENTATIVE BUDGET; FILING STATEMENTS AND ESTIMATES OF THE OPERATION EXPENSES OF THE DISTRICT; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, by Resolution No. 1477 (December 21, 2006), the Prescott Valley Town Council formed the Entertainment Center Community Facilities District (ECCFD) pursuant to ARS §48-701 et seq. in accordance with the Pre-annexation Development Agreement dated May 12, 2005 (and amended October 6, 2005) (Agreement) providing for development of the Prescott Valley Convention and Entertainment Center (PVCEC) within the Prescott Valley Town Center (see Exhibit "A" attached hereto and expressly made a part hereof); and

WHEREAS, under the Agreement (and the ECCFD General Plan), Prescott Valley Entertainment Center, LLC (PVEC) constructed the PVCEC then conveyed it to ECCFD by Special Warranty Deed dated December 21, 2006 (Deed) for the purpose of helping ensure that the PVCEC would not be subject to ad valorem taxation and thereby assisting the financial position of the PVCEC; and

WHEREAS, on December 21, 2006, the ECCFD Board adopted its Resolution No. 1 which (among other things) accepted title to the PVCEC and approved a long-term lease whereby PVEC would be solely responsible for operation of the PVCEC (Lease), and adopted its Resolution No. 2 establishing certain interim regulations to govern its operations; and

WHEREAS, on December 21, 2006 the ECCFD Board and the Town Council approved an intergovernmental agreement (IGA) for the Town to provide general operation and administration of ECCFD (including, but not be limited to, ongoing office administration, engineering services, legal services, accounting services and management services), subject to Town reimbursement "to the extent any funds are received by ECCFD under [the Agreement]"; and

WHEREAS, the Agreement and the Lease required payment out of PVCEC net operating revenue of all ECCFD expenses specifically relating to the PVCEC (such payments to be made within forty-five (45) days after the end of the fiscal year); and

WHEREAS, legal actions were subsequently filed by a number of plaintiffs against a number of defendants (including the Town), alleging that said defendants collectively misrepresented and/or failed to disclose material facts in bond documents that would show the PVCEC (constructed with proceeds from a thirty-five million dollar (\$35,000,000) bond issue by the Industrial Development Authority of the County of Yavapai), could not generate sufficient operating revenues which, together with committed Town transaction privilege tax revenues,

would be sufficient to repay the bonds. The legal actions were Ronald Covin, et al. v. Robert W. Baird & Co, Inc., 3:09 cv 08174-GMS (consolidated); Wells Fargo Bank, N.A. v. Robert W. Baird & Co., Inc., et al. CV2009-030148; and Allstate Life Insurance Co. v. Robert W. Baird & Co., Inc., et al. 3:09 cv 08162-GMS (consolidated). Because of its limited role, ECCFD was not named as a party in any of said legal actions; and

WHEREAS, PVEC continues to operate the PVCEC under the Lease; and

WHEREAS, in the event the Lease were to expire or terminate for any reason the Deed provides that title to the PVCEC would revert automatically and would be conveyed to PVEC without further act or deed, subject to any and all liens, restrictions, reservations and other matters to which title is subject at the time of the reconveyance; and

WHEREAS, in accordance with ARS §48-716, the ECCFD Treasurer has now submitted to the ECCFD Board a proposed budget for Fiscal Year 2013-2014, which includes estimates of the operation expenses of ECCFD; and

WHEREAS, the ECCFD Board desires to approve said Tentative Budget for Fiscal Year 2013-2014, and to set a date (and publish a notice thereof) for a public hearing to receive comment on the Tentative Budget; and

WHEREAS, after said public hearing (and on or before October 1), the ECCFD Board expects to adopt a Final Budget by resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE ENTERTAINMENT CENTER COMMUNITY FACILITIES DISTRICT, AS FOLLOWS:

1. That certain proposed budget prepared by the ECCFD Treasurer for Fiscal Year 2013-2014, attached hereto and expressly made a part hereof as Exhibit "B", is hereby tentatively approved.
2. That a public hearing date of July 11, 2013, beginning at or after 5:25 p.m. in the Auditorium of the Prescott Valley Public Library at 7401 East Civic Circle, Prescott Valley, Arizona, is hereby set to consider said Tentative Budget, and said notice (attached hereto and expressly made a part hereof as Exhibit "C") shall be published once in the Daily Courier no later than ten (10) days prior to said hearing date.
3. That, if any provision in this Resolution is held invalid by a Court of competent jurisdiction, the remaining provisions shall not be affected but shall continue in full force and effect.
4. That this Resolution shall be effective after its passage and approval according to law.

RESOLVED by the District Board of the Entertainment Center Community Facilities District this 6th day of June 2013.

Harvey Skoog, Chairman, District Board
Entertainment Center Community Facilities District

ATTEST:

Diane Russell, District Clerk
Entertainment Center Community Facilities District

APPROVED AS TO FORM:

Ivan Legler, Legal Counsel
Entertainment Center Community Facilities District

EXHIBIT "A"

ECCFD Map and Legal Description

EXHIBIT "B"

FY 2013-2014 ECCFD Budget

EXHIBIT "C"

ECCFD Published Notice