

**TOWN OF PRESCOTT VALLEY
COMMUNITY FACILITIES DISTRICTS MEETING
MINUTES
June 6, 2013**

Library Auditorium
7401 E. Civic Circle
Prescott Valley, Arizona 86314

1. CALL TO ORDER

Chairman Skoog called the meeting to order at 6:07 p.m.

2. ROLL CALL

Present: Board Member Lasker, Board Member Nye, Board Member Mallory, Board Member Whiting, Vice Chairman Tjiema, Board Member Anderson, and Chairman Skoog.

3. CONSENT AGENDA

- a. Approval of Minutes for February 14 CFD Mtg. & CFD Executive Session, April 11 & May 23, 2013 CFD Mtg. minutes

Board Member Anderson made the MOTION, seconded by Board Member Whiting, to approve the February 14 CFD Mtg. & CFD Executive Session, April 11 & May 23, 2013 CFD Mtg. minutes, by electronic vote. MOTION carried with 7 ayes and 0 nays.

4. NEW BUSINESS (FOR REVIEW, COMMENT, AND/OR ACTION)

- a. Consideration of authorizing the Chairman to sign Resolution No. 26, adopting Eastridge Community Facilities District's Tentative Budget for Fiscal Year 2013-14, and providing notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi said on May 2 we talked about all these budgets except StoneRidge CFD. Once these budgets have been approved they cannot be increased; they can only be lowered. A public hearing will be held on July 11 for each CFD giving all the pertinent facts of each CFD. After the public hearing, we will hold a formal action item and all the budgets will be formally set. Copies of these budgets are available in the Town Manager's office and on the Town's website.

Kauppi pointed out that the Eastridge CFD budget has been reduced from what was reported in May as two parcels were paid off. The budget is set for \$199,720. There are no issues with this district and it will be done in 2018. There are 15 parcels remaining that have an assessment.

Vice Chairman Tjiema made the MOTION, seconded by Board Member Nye, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 26, adopting Eastridge Community Facilities District's Tentative Budget for Fiscal Year 2013-14, and providing notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

b. Consideration of authorizing the Chairman to sign Resolution No. 15 adopting Entertainment Center Community Facilities District's Tentative Budget for Fiscal Year 2013-14, and providing notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi stated the amount is the same as presented at the May meeting. It just covers the administrative costs for oversight of the CFD. No additional comments were forthcoming.

Board Member Nye made the MOTION, seconded by Board Member Whiting, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 15 adopting Entertainment Center Community Facilities District's Tentative Budget for Fiscal Year 2013-14, and providing notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

c. Consideration of authorizing the Chairman to sign Resolution No. 15, adopting Parkway Community Facilities District No. 1's Tentative Budget for Fiscal Year 2013-14 and giving notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi stated that this budget has not changed since May which is \$282,897. The history of the tax rate is very detailed in the resolution. This is a commercial ad valorem district. The tax rate will have to go up to balance out the declining secondary assessed valuation and make up the difference for the property owners (non-profit businesses) not paying any taxes for their portions. Staff has had discussions with Bob Casillas who is the bond underwriter to check on potential refinancing of this district. With the popularity of private placement of financing, staff will try that approach to lower the tax burden on the remaining tax payers. A private placement could be in the form of a General Obligation Bond or Special Assessment. Both options have hurdles with the Special Assessment being the most difficult.

Board member Lasker commented that she really hopes they can find a resolution to that. It is a successful neighborhood with a lot of businesses there. Most of them privately owned, entrepreneurial start up, mom and pop type of businesses which we would like to see thrive. Lasker commented, "But it is so hard [on the small businesses] when the big non-profit businesses move in whose tax burden [has to be] paid for by the hairdresser down the street."

Board Member Whiting made the MOTION, seconded by Vice Chairman Tjiema, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 15, adopting Parkway Community Facilities District No. 1's Tentative Budget for Fiscal Year 2013-14 and giving notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

d. Consideration of authorizing the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 29, adopting Pronghorn Ranch Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and giving notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi said this is an ad valorem district with a budget of \$685,827 and a \$4.80 tax rate which is the same as last year although the secondary assessed valuation is gone up a slightly. Most of the property owners will not see more than a few pennies difference in their property taxes. However, that does not cover the annual debt service. The shortfall will have to come from the reserves again which is dwindling. He projects about 3 or 4 years more of reserves left at the rate it is being drawn from it. With the additional homes being built out there, they hope for an increase in secondary assessed value that the draw from the reserves will decrease. A private placement is being considered on Monday from which they hope to get a positive proposal.

District Manager Tarkowski added that if they are successful that would mean probably no draw on the reserves this year if they could negotiate a 2 or 2.5 percent decrease in financing rate.

Board member Mallory expressed appreciation to staff for all the hard work in resolving the CFD issues we have been faced with.

Board Member Mallory made the MOTION, seconded by Board Member Lasker, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 29, adopting Pronghorn Ranch Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and giving notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

e. Consideration of authorizing the Chairman to sign Resolution No. 21, adopting Quailwood Meadows Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and giving notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi said this is an ad valorem district. The budget is \$647,090 which is the same amount as presented in May. The \$5.55 tax rate is also the same as last year. The secondary assessed value was basically level, which is a positive sign, as Quailwood's valuation was dropping by double digits. New homes are being built so we expect the secondary assessed value to go up. The developer makes annual contributions. This district is in decent shape. We hope to lower the tax rate within a couple more years. The reserve level is good as draws have been very minor. There is plenty of money in this reserve to cover this district.

Board member Nye noted that the builders are not building spec homes. They are building homes that have buyers.

Vice Chairman Tjiema made the MOTION, seconded by Board Member Nye, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 21, adopting Quailwood Meadows Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and giving notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

- f. Consideration of authorizing the Chairman to sign Resolution No. 28 adopting Raven Ridge Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and providing for notice of public hearing on July 11, 2013

District Treasurer Bill Kauppi stated that Raven Ridge is an assessment district with a small budget of \$26,600. A lot of the parcels have been paid off. The last payment is scheduled to be paid off in 2024. As more homes are built in this area, this assessment will likely be paid off in the near future.

Board Member Nye made the MOTION, seconded by Board Member Anderson, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 28, adopting Raven Ridge Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and providing for notice of public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

- g. Consideration of authorizing the Chairman to sign Resolution No. 20 adopting Southside Community Facilities District No. 1's Tentative Budget for Fiscal Year 2013-14, and providing notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi said the budget of \$685,827 is the same amount discussed at the May Work Study. Currently there are only six property owners that have an assessment that they pay annually. Unfortunately we have one major owner who is not paying their assessment. We have \$47,000 in the reserve account. Come July 15 this year we will need \$30,000 to cover the annual debt service. At that point the reserve will be gone. No funds will be available to make the January 2014 debt service payment.

District Counsel Ivan Legler commented that the solution is that the town will purchase the unpaid assessment. Every time the town does a sale, we put that property up for sale. The problem is the property doesn't have to be sold as there is no obligation for the CFD to cover it if there is no purchaser, and there has not been a purchaser. Our next step will be to purchase the property and use our funds to make sure that the bond payments are made, and then lien the property that we hope to get our money back from. We have not done that in the past because bond counsel has been reticent about letting us do that. He thinks bond counsel will let us do that now to avoid the default.

Board Member Whiting made the MOTION, seconded by Vice Chairman Tjiema, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 20, adopting Southside Community Facilities District No. 1's Tentative Budget for Fiscal Year 2013-14, and providing notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

- h. Consideration of authorizing the Chairman to sign Resolution No. 31 adopting StoneRidge Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and providing notice of a public hearing on July 11, 2013

District Treasurer Bill Kauppi said refinancing was taking place in May so this budget was not presented at that time. The documents and final numbers are available now. A budget of \$849,243 will have an actual tax rate of \$3.64 rate – a drop from \$3.67. He hopes to have the rate back to \$3.30 next year. The developer contribution and settlement will be broken out in Schedule C for the next meeting.

Vice Chairman Tjiema made the MOTION, seconded by Board Member Whiting, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 29, adopting StoneRidge Community Facilities District's Tentative Budget for Fiscal Year 2013-14 and providing notice of a public hearing on July 11, 2013, by electronic vote. MOTION carried with 7 ayes and 0 nays.

5. COMMENTS FROM THE PUBLIC

No public comments were forthcoming.

6. ADJOURNMENT

Board Member Nye made the MOTION, seconded by Vice Chairman Tjiema, to adjourn, by electronic vote. MOTION carried with 7 ayes and 0 nays. Chairman Skoog adjourned the meeting at 6:36 p.m.

ATTEST:

APPROVED:

Diane Russell, District Clerk

Harvey Skoog, Chairman

STATE OF ARIZONA)
COUNTY OF YAVAPAI) ss:
TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF BOARD MINUTES

I, Diane Russell, District Clerk of the Town of Prescott Valley, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Community Facilities Districts meeting of the Town of Prescott Valley, held on Thursday, June 6, 2013.

I further certify that the meeting was duly called and held and that a quorum was present.

Dated this June 12, 2013

Diane Russell, District Clerk