

**PRONGHORN RANCH COMMUNITY FACILITIES DISTRICT
REQUEST FOR BOARD ACTION**

Date: August 8, 2013

SUBJECT: Approving Issuance of 2013 Refunding Bonds

SUBMITTING DEPARTMENT: District Treasurer

PREPARED BY: Bill Kauppi, District Treasurer
Nick Dodd, RBC Capital Markets

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

ATTACHMENTS: a) Resolution No. 32

SUMMARY/BACKGROUND: On January 24, 2002, the Town Council adopted Resolution No. 1067 forming the Pronghorn Ranch Community Facilities District (“PRCFD”). The same day, the PRCFD Board adopted its Resolution No. 1 which approved a “District Development, Financing Participation and Intergovernmental Agreement” with First American Title Insurance Agency of Yavapai, Inc., Brown Family Communities, Western Communities Corporation, Antelope Village, Coyote Springs LLC, and Prescott Valley VII LLC. That Financing Agreement provided that debt service on bonds issued by PRCFD to finance construction of improvements for Pronghorn Ranch would be paid from annual ad valorem tax revenues received from property owners. To regulate the tax rate, Brown Family, Antelope Village and PV VII agreed to make standby contributions until enough residents arrived to make the needed payments. They also agreed to make a cash deposit of 10% of the bond principal for use if the contributions ever ceased. With all this in place, on February 28, 2002 the PRCFD Board adopted Resolution No. 3 authorizing issuance of \$7,000,000.00 in general obligation bonds. Those bonds were then issued in two series (2002 and 2004).

On January 24, 2013 the PRCFD Board adopted Resolution No. 28 requiring that owners of currently-platted (or subsequently-platted) lots in Pronghorn Ranch (for which building or other development permits issued by the Town had not yet been applied) pay to PRCFD (upon application to the Town for the permits) a Successor-in-Interest Standby-Contribution Charge (“SISCC”) of \$1,872.67 per lot. Then, on July 25, 2013, the PRCFD Board adopted Resolution No. 31 to ensure that, in the event the 2002 and 2004 Bonds were refinanced, the standby contribution documents underlying the SISCC would not automatically terminate.

Attached now for Board consideration is Resolution No. 32 which approves issuance of PRCFD general obligation refunding bonds, Series 2013. The purpose is to replace the Series 2002 and 2004 bonds (totaling \$7,000,000.00) with bonds at a lower interest rate. It should be noted that, because the market can fluctuate, Resolution No. 32 delegates certain final decisions to the PRCFD Manager (similar to earlier bond issues by CFDs and the Town). For example, Resolution No. 32 delegates to the Manager authority to designate the final principal amount, maturities, interest rates and yields. The anticipated final interest rate is in the range of 4.20%. RBC Capital Markets will serve as the Placement Agent with a form of Placement Agent Agreement included as Exhibit D to Resolution No. 32. The purchaser of the bonds will be identified in the final executed Placement Agent Agreement. It is anticipated that, on August 9, 2013, the Trustee for the 2002 and 2004 Bonds will provide conditional redemption notices to the bond owners. Closing will then be possible as early as the last week of August.

OPTIONS ANALYSIS: The PRCFD Board may adopt this Resolution No. 32 authorizing issuance of the Series 2013 Refunding Bonds OR decline to adopt Resolution No. 32.

ACTION OPTION: Motion to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 32 which (a) authorizes issuance of PRCFD General Obligation Refunding Bonds, Series 2013, and (b) delegates certain authority in relation thereto to the PRCFD Manager, **OR** Motion not to approve Resolution No. 32. **VOTE.**

RECOMMENDATION: Staff recommends authorizing signature of Resolution No. 32 approving issuance of the Series 2013 Refunding Bonds.

FISCAL ANALYSIS: It is believed that refinancing the Series 2002 and 2004 bonds will benefit the Pronghorn Ranch project and its property owners by reducing the interest rate for the borrowing.

REVIEWED BY:

Pronghorn Ranch CFD Treasurer _____

Pronghorn Ranch CFD Clerk _____

Pronghorn Ranch CFD Legal Counsel _____

Pronghorn Ranch CFD Manager _____

BOARD ACTION: