

RESOLUTION NO. 35
EASTRIDGE COMMUNITY FACILITIES DISTRICT

A RESOLUTION OF THE DISTRICT BOARD OF THE EASTRIDGE COMMUNITY FACILITIES DISTRICT, A COMMUNITY FACILITIES DISTRICT OF ARIZONA, APPROVING A TENTATIVE BUDGET FOR FISCAL YEAR 2016-2017 PURSUANT TO ARS §48-716; SETTING A PUBLIC HEARING DATE ON SAID TENTATIVE BUDGET; FILING STATEMENTS AND ESTIMATES OF THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, THE COSTS OF CAPITAL IMPROVEMENTS TO BE FINANCED BY ASSESSMENT BONDS SECURED BY ASSESSMENT LIENS ESTABLISHED AGAINST PROPERTY WITHIN THE DISTRICT, AND THE AMOUNT OF ALL OTHER EXPENDITURES FOR MUNICIPAL SERVICES PROPOSED TO BE PAID FROM THE ASSESSMENT BOND REVENUES AND OTHER SOURCES; PROVIDING FOR NOTICE OF FILING THE STATEMENTS AND ESTIMATES, AND NOTICE OF A PUBLIC HEARING; PROVIDING 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; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, on March 13, 2003, the Council of the Town of Prescott Valley (“Town”) approved Resolution No. 1170 forming the Eastridge Community Facilities District (ECFD) within Section 24, R1W, T14N, G&SRM, in accordance with ARS §48-701 et seq. (see Exhibit “A” attached hereto and expressly made a part hereof), based on a General Plan filed with the Town Clerk and a petition signed by all of the owners of land area within ECFD; and

WHEREAS, on the same date, the ECFD Board adopted Resolution No. 1 approving a District Development, Financing Participation and Intergovernmental Agreement (“Development Agreement”) with the Town and the owners of property within ECFD whereby assessment liens would be established against property within ECFD to finance assessment bonds, the revenues of which would be used to finance construction of certain public improvements which would thereafter be conveyed to the Town for operation and maintenance (with ECFD retaining an obligation to administer said assessment liens under ARS §48-571 et seq.); and

WHEREAS, on the same date, the ECFD Board approved Resolution No. 2 establishing interim procedures for ECFD; and

WHEREAS, on the same date, the ECFD Board approved an intergovernmental agreement with the Town for the Town to serve as agent to administer assessment liens under ARS §48-571 et seq. and ARS §48-721 to otherwise provide for operation and administration of ECFD (including, but not be limited to, office administration, engineering services, legal services, accounting services, and management services); and

WHEREAS, on August 14, 2003, the ECFD Board approved Resolution No. 5 which, among other things, approved an amendment to the Development Agreement and, in accordance with the terms of said Development Agreement, ordered construction of certain roadways and

utilities needed for commercial development of the property listed in a Feasibility Report (“Improvements”), having adopted said Report after a public hearing thereon; and

WHEREAS, said Resolution further adopted a construction contract for the Improvements, based on an amended bid of \$1,804,956.30; and

WHEREAS, said Resolution further approved an Assessment Diagram and Method of Assessment provided by the ECFD Engineer, and authorized assessment bonds up to \$2,655,000 aggregate principal amount; and

WHEREAS, a Limited Offering Memorandum was ultimately approved in accordance with Resolution No. 5 for issuing \$2,500,000 in ECFD assessment bonds. The proceeds were then used to construct the improvements and to create a reserve fund; and

WHEREAS, on December 3, 2007, ECFD defeased \$165,000 in par value of said assessment bonds; and

WHEREAS, on December 1, 2008, ECFD defeased \$170,000 in par value of said assessment bonds; and

WHEREAS, on October 31, 2012, ECFD defeased \$30,000 in par value of said assessment bonds (including application of \$5,350 in debt service reserve fund credit related to the Press On Investments assessment pay-off, reducing the reserve fund to \$244,650); and

WHEREAS, on July 1, 2013, the ECFD Board approved defeasance of \$105,000 in par value of said assessment bonds as of July 1, 2013 (including application of \$19,625 in debt service reserve fund credit related to Midas and Wells Fargo assessment payoffs, reducing the reserve fund to \$216,037.50); and

WHEREAS, on October 1, 2013, the ECFD Board approved defeasance of \$165,000 in par value of said assessment bonds as of January 1, 2014 (including application of \$36,550 in debt service reserve fund credits related to PV Development Group, LLC’s assessment on parcels 14006 and 14011, reducing the reserve fund to \$179,487.50); and

WHEREAS, on May 13, 2015, the ECFD Board approved defeasance of \$45,000 in par value of said assessment bonds as of July 1, 2015 (including application of \$11,925.00 in debt service reserve fund credits related to Prescott Charities, Inc.’s assessment on parcel #103-05-931F1; and

WHEREAS, on December 17, 2015, the ECFD Board approved defeasance of \$25,000 in par value of said assessment bonds as of January 1, 2016 (including application of \$6,700.38 in debt service reserve fund credits related to the Vredeveld Family Limited Partnership’s assessment; and

WHEREAS, on April 7, 2016, bond counsel contacted by e-mail the dissemination agent under the ECFD Continuing Disclosure Undertaking and informed him of the need to make an

EMMA filing with respect to a “material event” relating to the Bonds which occurred as a result of a mandatory redemption payment being missed on July 1, 2015 (subsequently paid late) through the fault of the trustee bank; and

WHEREAS, notwithstanding the reduction in value to developed and undeveloped commercial property as a result of the previous worldwide economic recession, all assessments have been paid to date by owners of parcels within ECFD; and

WHEREAS, going forward, it is understood that draws on the reserve fund to make bond payments may become necessary in the event current owners do not make their assessment payments, any delinquent assessments are not sold at auction, subsequent purchasers do not bring delinquent assessments up-to-date, or other funds do not become available for bond payment; and

WHEREAS, in accordance with ARS §48-716, the ECFD Treasurer has now submitted to the ECFD Board a proposed budget for Fiscal Year 2016-2017, which includes statements and estimates of the operation and maintenance expenses of ECFD, the costs of capital improvements to be financed by assessment bonds secured by assessment liens established against property within the District, and the amount of all other expenditures for municipal services proposed to be paid from the assessment bond revenues and other sources; and

WHEREAS, the ECFD Board desires to approve said Tentative Budget for Fiscal Year 2016-2017, to publish notice of having filed the required statements and estimates, 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 ECFD Board expects to adopt a Final Budget by resolution;

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

1. That that certain proposed budget prepared by the ECFD Treasurer for Fiscal Year 2016-2017, attached hereto and expressly made a part hereof as Exhibit “B”, is hereby tentatively approved.
2. That a public hearing date of July 14, 2016, 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 Eastridge Community Facilities District this 9th day of June 2016.

Harvey Skoog, Chairman, District Board
Eastridge Community Facilities District

ATTEST:

Diane Russell, District Clerk
Eastridge Community Facilities District

APPROVED AS TO FORM:

Ivan Legler, District Counsel
Eastridge Community Facilities District