

RESOLUTION NO. 18
QUAILWOOD MEADOWS COMMUNITY FACILITIES DISTRICT

A RESOLUTION OF THE DISTRICT BOARD OF THE QUAILWOOD MEADOWS COMMUNITY FACILITIES DISTRICT, A COMMUNITY FACILITIES DISTRICT OF ARIZONA, APPROVING A FINAL BUDGET FOR FISCAL YEAR 2011-2012 PURSUANT TO ARS §48-716; ORDERING THAT AN AD VALOREM TAX BE FIXED, LEVIED AND ASSESSED ON THE ASSESSED VALUE OF ALL THE REAL AND PERSONAL PROPERTY WITHIN THE BOUNDARIES OF THE DISTRICT IN AMOUNTS SPECIFIED IN THE FILED STATEMENTS AND ESTIMATES; PROVIDING FOR CERTIFIED COPIES OF THIS RESOLUTION AND ORDER TO BE DELIVERED TO THE YAVAPAI COUNTY BOARD OF SUPERVISORS AND THE ARIZONA DEPARTMENT OF REVENUE; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, on August 12, 2004, the Common Council of the Town of Prescott Valley ("Town") adopted Resolution No. 1294 creating within Sections 27, 34 and 35 Township 14 North, Range 1 East, and Section 3, Township 13 North, Range 1 East, of the Gila and Salt River Meridian, the Quailwood Meadows Community Facilities District ("QMCFD"), a community facilities district in accordance with ARS §48-701 et seq. (see Exhibit "A" attached hereto and expressly made a part hereof); and

WHEREAS, QMCFD is a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax-levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1., 3.2, 4 and 5, Arizona Revised Statutes, as amended, and [except as otherwise provided in ARS §48-708(B), as amended] is considered to be a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Town; and

WHEREAS, a primary purpose for creating QMCFD was to finance construction and maintenance of certain public improvements needed for the Quailwood Meadows development through assessment of ad valorem taxes on all real and personal property within the development; and

WHEREAS, in accordance with ARS §§48-719 and 48-723, a special election was held on October 12, 2004, wherein the qualified electors of QMCFD voted to issue general obligation bonds in the maximum amount of twenty-five million dollars (\$25,000,000) to cover costs of constructing required public improvements, and to levy and collect an annual ad valorem tax at a rate not to exceed thirty cents (30¢) per one hundred dollars (\$100) of secondary assessed valuation for QMCFD operation and maintenance expenses; and

WHEREAS, by Resolution No. 4 (originally No. 3) (dated October 14, 2004) the QMCFD Board authorized the sale of up to seven million dollars (\$7,000,000) aggregate principal amount of general obligation bonds, Series 2004 ("2004 Bonds") to fund initial public improvements for the development; and

WHEREAS, QMCFD also entered into a standby contribution agreement with Quailwood Meadows, L.L.C., a limited liability company of Delaware (“Quailwood”), and Empire Land, L.L.C., a limited liability company of California (“Empire”) with respect to the 2004 Bonds, whereby Quailwood and Empire shall make annual payments to QMCFD in order to maintain the tax rate at no more than three dollars (\$3) per one hundred dollars (\$100) of secondary assessed valuation for debt service, given the tax base of QMCFD in each tax year; and

WHEREAS, in early 2008 Empire filed for Chapter 11 bankruptcy protection (which was subsequently converted to Chapter 7), and this action along with certain foreclosures and threatened foreclosures of property held by creditors of Empire have resulted in uncertainty as to future payment of the standby contribution under the agreement; and

WHEREAS, by Resolution No. 17 (dated May 19, 2011) the QMCFD Board (a) approved a Tentative Budget for Fiscal Year 2011-2012, (b) filed required statements and estimates of QMCFD’s operation and maintenance expenses, and the amount of all other expenditures for public infrastructure and enhanced municipal services proposed to be paid from the tax levy and of the amount to be raised to pay QMCFD general obligation bonds, (c) set a date of June 22, 2011 for a public hearing on the Tentative Budget and, particularly, on the portions of the statements and estimates not relating to debt service on general obligation bonds, and (d) provided for notice of the filing and of the public hearing date; and

WHEREAS, at the conclusion of the public hearing, the QMCFD Board voted to adopt the Final Budget for Fiscal Year 2011-2012 by this Resolution No. 18, and ordered the fixing, levying and assessment of the amounts to be raised by ad valorem taxes;

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

1. That that certain proposed QMCFD budget prepared by the QMCFD Treasurer for Fiscal Year 2011-2012, attached hereto and expressly made a part hereof as Exhibit “B”, is hereby finally adopted.

2. That it is hereby ORDERED that, in Fiscal Year 2011-2012, an ad valorem tax be fixed, levied and assessed on the assessed value of all the real and personal property within the boundaries of QMCFD in the amounts set forth in the statements and estimates attached hereto and expressly made a part hereof as Exhibit “C”.

3. That certified copies of this Resolution and Order be delivered by U.S. Mail to the Yavapai County Board of Supervisors and to the Arizona Department of Revenue on or about July 1, 2011 (inasmuch as the tax levy must be filed by the Yavapai County Board of Supervisors on or before the third Monday in August).

4. 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.

5. That this Resolution shall be effective after its passage and approval according to law.

RESOLVED by the District Board of the Quailwood Meadows Community Facilities District this 22nd day of June 2011.

Harvey Skoog, Chairman, District Board
Quailwood Meadows Community Facilities District

ATTEST:

Diane Russell, District Clerk
Quailwood Meadows Community Facilities District

APPROVED AS TO FORM:

Ivan Legler, District Counsel
Quailwood Meadows Community Facilities District

EXHIBIT "A"

QMCFD Map and Legal Description

EXHIBIT "B"

FY 2011-2012 QMCFD Budget

EXHIBIT "C"

QMCFD Statements and Estimates on Auditor General Forms