

**TOWN OF PRESCOTT VALLEY
COMMUNITY FACILITIES DISTRICTS MEETING
MINUTES
June 22, 2011**

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

1. CALL TO ORDER

2. ROLL CALL

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

3. CONSENT AGENDA

a. *Approval of Minutes May 19, 2011 Regular Sessions*

Board Member Nye made the MOTION, seconded by Board Member Anderson, to approve the May 19, 2011 attached minutes, by electronic vote. MOTION carried with 7 ayes and 0 nays

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

a. Public Hearing StoneRidge

Chairman Skoog opened the StoneRidge CFD Public Hearing.

Town Manager Larry Tarkowski remarked that they are proposing to adjust the rates on the properties in the various CFDs with the goal that no one will be pulling more money out of their pockets than last year. Despite the fact that the value of his house has dropped his mortgage payment holds the same. In the same way, the CFD is going to raise the rate, but not the dollars someone would pay in their annual fee. Kauppi will provide an explanation of the proposal and the net impact on the properties.

Kauppi gave an overview of the secondary assessed value by each district (StoneRidge, Pronghorn and Quailwood) indicating declining assessed value in each since 2008-2009. He gave examples of the projections for StoneRidge given a projected 2011 tax bill for a home in the StoneRidge CFD with a full cash value of \$262,906, giving an assessed full cash value is 10 % of that then taxed @ at \$3.30 per \$100 would equal \$867.60. The CFD proposes raising the tax level to \$3.90 per \$100 = \$783.16 which is a decrease of 9.7%

over the previous year. The same rating method holds true in Pronghorn Ranch and Quailwood CFDs. The proposed rate will reflect a decrease in Pronghorn CFD by 7.4% and a decrease in Quailwood CFD by 13.3% based on the example properties discussed.

Vice Mayor Lasker received confirmation from Kauppi that 1. the town does not have a property tax, 2. the CFD tax will not be used for general operating expenses of the town, 3. the increase in the tax rate does not include an increase of \$.30 for maintenance purposes, 4. nor does the SunCor bankruptcy impact this budget.

Kauppi confirmed for the new council members that this is the first year that tax rates have been adjusted since 2003 with the exception of Quailwood which wasn't established until 2005. Future adjustments, if needed, will be computed by the same process during the budget process. The reserve money is dictated by a percentage of a bond issue that can only be used for specific purposes.

Public Comment: Bill Winans questioned the size of the sampling which was 20-25 the property owners in StoneRidge with each one a little different depending on the consistency of the numbers.

Public comment: Bear Shimmin asked about the attorney and legal services fees of \$2,315.00. The HOA has reached no agreement. She asked that if they have expensed in excess of \$20,000 up to the time of the Community Center Deed meeting, they had asked to be appraised of what the district has spent on legal fees especially since there is no resolution. As a tax payer she would like to know what the district has incurred as legal fees and where that information is located in the district budget.

Tarkowski responded that we are still incurring fees and bills which to date have been paid out of the Legal Department budget. No figure is available at this time.

Public Comment: Harry Reesner acknowledged Tarkowski's statement of the intent of the increase although he took exception to the analogy he used. He asked that the district consider a few points prior to approving this resolution. The StoneRidge community is less than half built out. It is critical that new homes be built in their community. With SunCor ceasing operations it is imperative that their community be sold to a developer with the financial capability to manage the project and continue build out. The CFD tax has been a deterrent to any sale of the development and individual homeowners. They have been held hostage for at least twelve months while SunCor and the CFD try to reach an agreement. During this period the community has suffered a loss of value. Many of the folks in this area live on a fixed income. These folks are becoming more distressed at meeting their needs. Suncor has yet to default on their short fall. He asked that the tax rate not be increased for this fiscal year rather the short fall should be presented to SunCor for payment. Everything else should be held status quo until we see how current negotiations go.

Council member Nye commented that he is condemning friends she has in the StoneRidge community. All three of them live out of state and were able to sell their home in a very short period of time which she found very encouraging.

Chairman Skoog closed the StoneRidge Public Hearing.

b. Consideration of authorizing the Chairman to sign Resolution No. 26 adopting the final budget for StoneRidge CFD Fiscal Year 2011-2012

Kauppi stated that the downside on maintaining status quo at the current CFD rate levels is they trying to apply same rating principles to all the CFDs. We don't know what is going to happen in the future. It is possible that additional money may come from Suncor, but the reserve (deposit) could take the hit for that difference. It is the board's decision as to which path we take as to the tax rate and maintain a balance in the deposit reserve. We don't want to create an undue tax burden on the property owners.

Tarkowski state that three meetings were held with the StoneRidge property owners back in January. At that time raising the amount of tax paid so that they would be less reliant on the reserves was discussed. The property owners said no. Property owners were asked if they would be willing to pay the same amount of out of pocket costs that they are paying today answered with a resounding yes. Based on those discussions and property owner's wishes the CFD Board proposes these budgets.

Council member Schmitt, a StoneRidge resident, stated the assessed valuation of all homes in the CFD, the issue of mortgage payments, and wondering which way this is going to go a year from now is something he is going to keep an eye on. The continuing negotiations with Pinnacle West on the draw down from SunCor on the millions of dollars that they have provided the parent company Pinnacle West. What further litigation is the CFD Board taking if any? Are the homeowners going to be asked to pay for the bond obligations on land not owned by the homeowners?

Tarkowski responded negotiations continue with Suncor as recently as today. The StoneRidge CFD is not facing any litigation that he is aware of at this time. The obligation bonds apply to the whole district, including the vacant land, and are taxable to pay off the debt service on those bonds for the infrastructure. Even the vacant land owners are obligated to pay toward that debt service.

Public Comment: Harry Reesner said the way the picture was presented in January to the homeowners was if SunCor filed bankruptcy and no one was available to take the property over, what would they like to do? That is the context to which those people responded at the meetings. Keep my taxes where they are, I am willing to pay the same as last year. The owners were not informed totally as to the situation. Secondly, he is fully aware that ongoing negotiations continue that could lead to a number of things. He suggests we hold this rate until the negotiations play out. Additional funds could be coming out of the homeowners based on the deals that eventually are agreed to which could be in excess of what the tax rate increase would provide.

Council member Nye said she didn't think we could wait as we have budget adoption deadlines to adhere to. Statutorily we have due dates that these tax rates are due to the county.

Public Comment: Ms. Johnson stated she is hoping to keep the tax rate the same until we see how it all plays out.

Board Member Nye made the MOTION, seconded by Board Member Tjiema, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 26, adopting the StoneRidge Community Facilities District's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

c. Public Hearing Eastridge

Chairman Skoog opened the Eastridge CFD Public Hearing.

No comments were forthcoming.

Chairman Skoog closed the Eastridge Public Hearing.

d. Consideration of authorizing the Chairman to sign Resolution No. 21 adopting the final budget for Eastridge CFD Fiscal Year 2011-2012

Board Member Anderson made the MOTION, seconded by Board Member Schmitt, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 21, adopting the Eastridge Community Facilities District's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

e. Public Hearing Entertainment Center

Chairman Skoog opened the Entertainment Center CFD Public Hearing.

No comments were forthcoming.

Chairman Skoog closed the Entertainment Center Public Hearing.

f. Consideration of authorizing the Chairman to sign Resolution No. 12 adopting the final budget for Entertainment Center CFD Fiscal Year 2011-2012

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. 12, adopting the Entertainment Center Community Facilities District's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

g. Public Hearing Parkway

Chairman Skoog opened the Parkway CFD Public Hearing.

This is a commercial ad valorem district. There is no deposit account so there is no developer. The property owners will pay off the bonds.
No additional comments were forthcoming.
Chairman Skoog closed the Parkway Public Hearing.

h. Consideration of authorizing the Chairman to sign Resolution No. 12 adopting the final budget for Parkway CFD Fiscal Year 2011-2012

Board Member Tjiema made the MOTION, seconded by Board Member Nye, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 12, adopting the Parkway Community Facilities District No. 1's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

i. Public Hearing Pronghorn Ranch

Chairman Skoog opened the Pronghorn Ranch CFD Public Hearing.
No comments were forthcoming.
Chairman Skoog closed the Pronghorn Ranch Public Hearing.

j. Consideration of authorizing the Chairman to sign Resolution No. 25 adopting the final budget for Pronghorn Ranch CFD Fiscal Year 2011-2012

Board Member Schmitt made the MOTION, seconded by Vice Chairman Lasker, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 25, adopting the Pronghorn Ranch Community Facilities District's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays

k. Public Hearing Quailwood Meadows

Chairman Skoog opened the Quailwood Meadows CFD Public Hearing.
No comments were forthcoming.
Chairman Skoog closed the Quailwood Meadows Public Hearing.

l. Consideration of authorizing the Chairman to sign Resolution No. 18 adopting the final budget for Quailwood Meadows CFD Fiscal Year 2011-2012

Board Member Tjiema made the MOTION, seconded by Board Member Schmitt, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 18, adopting the Quailwood Meadows Community Facilities District's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

m. Public Hearing Raven Ridge Public Hearing

Chairman Skoog opened the Raven Ridge CFD Public Hearing.
No comments were forthcoming.

Chairman Skoog closed the Raven Ridge Public Hearing.

n. Consideration of authorizing the Chairman to sign Resolution No. 25 adopting the final budget for Raven Ridge CFD Fiscal Year 2011-2012

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. 25, adopting the Raven Ridge Community Facilities District's Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

o. Public Hearing Southside No. 1 Public Hearing

Chairman Skoog opened the Southside No. 1 CFD Public Hearing.

No comments were forthcoming.

Chairman Skoog closed the Southside No. 1 Public Hearing.

p. Consideration of authorizing the Chairman to sign Resolution No. 17 adopting the final budget for Southside No.1 CFD Fiscal Year 2011-2012

Board Member Anderson made the MOTION, seconded by Board Member Mallory, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 17, adopting the Southside Community Facilities District No. 1 Final Budget for Fiscal Year 2011-12, by electronic vote. MOTION carried with 7 ayes and 0 nays.

5. COMMENTS FROM THE PUBLIC

No comments were forthcoming.

6. ADJOURNMENT

Board Member Nye made the MOTION, seconded by Board Member Tjiema, to adjourn the Combined Community Facilities Districts meeting, by electronic vote. MOTION carried with 7 ayes and 0 nays. Meeting adjourned at 6:20 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 Community Facilities Districts, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Special Meeting of the CFD Boards of the Town of Prescott Valley, held on Wednesday, June 22, 2011.

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

Dated this 23rd day of June, 2011

Diane Russell, District Clerk