

**TOWN OF PRESCOTT VALLEY
COMMUNITY FACILITIES DISTRICTS MEETING
MINUTES
May 23, 2013**

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

1. CALL TO ORDER

Chairman Skoog called the meeting to order at 5:30 p.m.

2. INVOCATION – *Pastor Joe Phillips, New Life Ministries*

Pastor Phillips gave the invocation.

3. PLEDGE OF ALLEGIANCE

Ms. Carm Staker led in the recitation of the Pledge of Allegiance.

2. ROLL CALL

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

Absent: Board Member Nye and Board Member Mallory.

3. CONSENT AGENDA

- a. *Approval of Resolution No. 25 for the partial redemption of Eastridge Community Facilities District Special Assessment Lien Bonds, Series 2003*

Vice Chairman Tjiema made the MOTION, seconded by Board Member Whiting, to approve the Consent Agenda item, by electronic vote. MOTION carried with 5 ayes and 0 nays.

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

- a. *Consideration of authorizing the Chairman to sign Resolution No. 30 which (a) authorizes issuance of SRCFD General Obligation Refunding Bonds, Series 2013, (b) delegates certain authority in relation thereto to the SRCFD Manager, and (c) approves the Restated District Development, Financing Participation and Intergovernmental Agreement with the Town of Prescott Valley, Univest, and the property trust*

District Manager Larry Tarkowski commented that this is a huge milestone after 3 years of meetings full of fits and starts culminating in this proposed solution tonight. Suncor filed bankruptcy and are now gone. This team has worked very hard to keep the community as whole as possible given those circumstances. StoneRidge community is again gaining momentum under the successor in interest Univest building homes.

Michael Cafiso gave a historical overview of the founding of the StoneRidge Community in 2002 leading to the formation of the Community Facilities District during a surge of home construction and the renaissance of Community Facilities Districts. After 2009, with the onset of the recession, this type of district ran into difficulties all over the country. What was demanded of the developer at the beginning of the CFD was that Suncor must make payments under an agreement to keep the tax rate at a certain level and put cash in the bank in case they are not able to make the payments. Suncor put in excess of \$1 million in the bank for this purpose. Then, Suncor declared bankruptcy. At that point, Cafiso thought the town would get nothing out of Suncor without it going to litigation. In the end though Suncor agreed to release any claims they had to the money put up in the original transaction and to also contribute an additional amount through their parent company Pinnacle West to provide for the cancellation of the Standby Contribution or obligations under that Agreement. The result is there are a couple of pools of money that are now available to allow the refinancing that Mr. Dodd is going to describe that can be done on an economical basis. Typically Prescott Valley is the first to take unique steps such as this, but the community of Litchfield Park took steps a few nights ago to do what we are doing tonight. Cafiso complimented staff's persistency to get us to this point of refinancing the debt.

Nick Dodd, of RBC Markets, last presented to the Board in April when preliminary approval was given to move forward. He presented an abbreviated presentation of the April presentation and stated they are prepared to move forward with recommending the refunding of the 2001 Series bonds and selling 2013 bonds. Dodd reported that they solicited interest and pursued private placement of the refunding bonds for StoneRidge. While a number of banks expressed interest, some lost interest and four credit packages were sent out. They followed up with Alliance Bank of Arizona which submitted a formal credit approval. They have committed to finance at a 4.00 percent interest rate. Interest rates have moved up over the last six weeks. The desire is to close the bond issue before June 15th so the old bonds can be redeemed on July 15th (30 day notice is required to do that). The current debt service without doing anything would have been \$4.17 per \$100 secondary assessed value. With Suncor gone, with no other support to keep the rate down to have the tax rate completely support the bonds would have required the rate be raised to \$7.86. The HOA revenues that will be contributed would lower the tax rate to \$6.90. The monies mentioned by Mr. Cafiso would keep the rate down. But without those monies the tax rate would have been \$6.90 with no refinancing to pay the debt service on the bonds for this coming fiscal year. The \$2.9 million dollars (Suncor Deposit) will be used to buy down the bonds. The bankruptcy settlement money will be used to buy down the bonds. With those monies, plus the four percent interest rate and pay off the old debt, and re-amortization of the new bonds the tax rate will be \$3.37 in the coming year, lower than this year's \$4.17. As growth occurs that rate could come down even more. The savings realized through this process is \$1.8 million, a savings of 15 percent. Dodd responded to Board member Whiting that the interest rate is locked in at four percent. [Scrivener's Note: Mr. Dodd's presentation is attached to these minutes]

District Counsel Ivan Legler presented additional details and asked that people recognize that Tom Lowe has made a couple of contributions that are helping with this. Lowe gave \$100,000 to the bankruptcy court for which he is commended. The legal costs were fronted by the Town for the CFD - over \$180,000 over a period of years. That came out of the bankruptcy estate after much discussion and fussing with the court. Lowe agreed to pay another \$100,000 towards those legal costs prior to that being settled with the court. We were fortunate that those legal fees were paid up through December 2012 through that bankruptcy estate. Therefore, Lowe's \$100,000 remained intact. The District Manager determined that all the remaining legal fees from December to present will be paid by the legal department budget. So, that \$100,000 is being used to buy down bond debt. The original bond document involved a public offering. So we had all kinds of documents. The first thing done was enter into a District Development Financing Participation and Intergovernmental Agreement which was a roadmap for all of the things that would be required in order to sell bonds (infrastructure that would be built, how it would be paid for, buying the infrastructure from the developer). It talked about the Standby Contribution the developer would make and money it would donate as the deposit and ongoing payments that the developer would make towards maintenance if the .30 percent that residents pay in taxes wasn't enough for maintenance and when that would end. There were also discussions about a potential park and payment of it.

One of the things included in that document was future bond language. Back in April, residents raised concerns that language in the document about how \$19 million out of the original \$33 million that was authorized was considered set aside for these first two stages of StoneRidge. Even though \$14.8 was the amount issued in bonds the residents were concerned about the additional \$14.2 million. Language was in the document that stipulated that only the StoneRidge CFD Board could issue bonds and only at its discretion. However, there was still concern about that language that was in there that anticipated the possibility of another \$14.2 million being issued largely to widen StoneRidge Drive. The fact that we are doing a private placement means that we don't have to have all the documents that would have been otherwise required. In the end it was fairly straight forward, simple and could be done by adoption of a Resolution authorizing the issuance of refinancing bond. We could put language in there that states very directly what the Board has promised in regards to future bonds. That being that this Board and future Boards as determined by this Board would never issue any more bonds up to the \$33 million that had been authorized. But, there was concern about the language in the District Development Financing Participation and IGA so that document needed to be undone. That document has been restated taking out all the old language pertaining to the building of the infrastructure, the paying of it with proceeds of the original bond and deposits and Standby Contributions, and all language regarding future issuing of bonds. That was made clear in the 'Whereas clauses', because the Board had committed that there would never be any further issuance of bonds. The Restated Agreement addresses the ongoing payments towards maintenance. Univest, the new developer, will make an annual contribution of up to \$45,000 until a certain build out has occurred or the end of 2017 whichever is soonest. What the Board is considering approval of today is the issuance of this bond, and approval of the restated document. He is grateful that everyone has had the opportunity to review it, express concerns and see how forthright that language is. Appreciation was expressed to Mr. Cafiso and Nick Dodd and his team who worked through this.

Public Comment

Mr. Harry Ramsey, President of the StoneRidge HOA, said this has been a long journey and thanked Council for pulling this all together. This is a great event. Not only have you cut the liability in half, but you have actually reduced it. It was a very bold step to put the additional bonding language into the resolution. We don't know that it will stand the test of time, but hope it does. If someone does chose to challenge it there are some other avenues that are available to the residents to help support the Board's statement.

Board Member Whiting made the MOTION, seconded by Board Member Lasker, to authorize the Chairman (or, in his absence, the Vice Chairman) to sign Resolution No. 30 which (a) authorizes issuance of SRCFD General Obligation Refunding Bonds, Series 2013, (b) delegates certain authority in relation thereto to the SRCFD Manager, and (c) approves the Restated District Development, Financing Participation and Intergovernmental Agreement with the Town of Prescott Valley, Univest, and the property trust, by electronic vote. MOTION carried with 5 ayes and 0 nays.

5. COMMENTS FROM THE PUBLIC

1. Adrienne Martin, Team Leader and Outreach Coordinator for Yavapai County AmeriCorps Project (formerly known as Youth Count)
Martin said they are a 19 member team scattered throughout Yavapai County at local nonprofit based organizations as well as schools to help build projects and create programs to directly meet the needs of our community. Statistics for October through April indicate they had 1,834 volunteers who served 6,226 hours of community service enabling them to help 1,490 children at risk as well as provide independent living services to 1,081 individuals.
2. Mary Topero announced and invited everyone to the 3rd Annual Balloon Festival June 15 and 16 located on the field north of Tim's Toyota Center. Balloons launch between 5:30 and 6:00 a.m. weather permitting both days. Anyone wanting to be a part of this event can volunteer to assist as part of a chase crew launching the balloons and then going and picking up the passengers. Call Mary Topero at 759-0760 to volunteer.

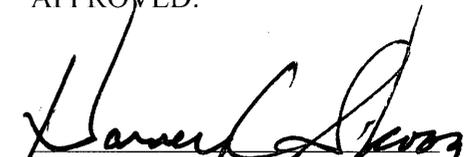
6. ADJOURNMENT

Board Member Whiting made the MOTION, seconded by Vice Chairman Tjiema, to adjourn the meeting, by electronic vote. MOTION carried with 5 ayes and 0 nays. Chairman Skoog adjourned the meeting at 6:10 p.m.

ATTEST:


Diane Russell, District Clerk

APPROVED:


Harvey Skoog, Chairman

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

CERTIFICATE OF COMMUNITY FACILITIES DISTRICT 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, May 23, 2013.

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

Dated this May 24, 2013

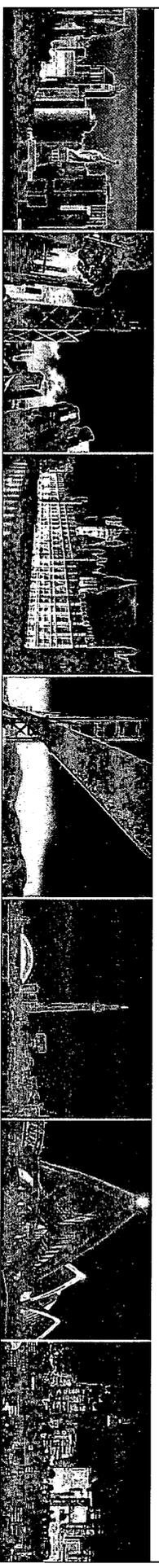

Diane Russell, District Clerk



STONERIDGE

Stoneridge Community Facilities District
2013 General Obligation Refunding Bonds

May 23, 2013



RBC Capital Markets®

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Stoneridge Community Facilities District



RBC Capital Markets®

Update Since April Board Meeting

- Since the District Board Meeting on April 11, 2013, RBC Capital Markets has worked to identify a number of potential banks for the private placement of the District's upcoming Series 2013 Refunding Bonds
- A numbers of banks expressed an interest in the transaction and a desire to review a credit packages for the Series 2013 Refunding Bonds
- As of the date of this presentation, we have received one formal credit approval, three banks have declined the credit and one bank is still reviewing the credit package.
- Alliance Bank of Arizona, a division of Western Alliance Bancorporation ("Alliance Bank") has submitted a bid to purchase the District's Series 2013 Bonds at an interest rate of 4.00%.
- Given the desired timing for the issuance of the Series 2013 Refunding Bonds, we would recommend moving forward with Alliance Bank.

Current Outstanding Debt Service Requirements

Stoneridge Community Facilities District (Prescott Valley, Arizona)

Current Debt Service Requirements and Estimated District Revenues

Fiscal Year Ending June 30	Net Secondary Assessed Value (1)	% Change in Existing Net SAV	Outstanding Debt Service		Total Debt Service	Estimated District Revenues at 95% Tax Collection Rate (2)	Estimated Debt Tax Rate Without HOA Revenue (2)	Total Debt Service Net of \$168,000 HOA Revenues (3)	Estimated Debt Tax Rate With HOA Revenues (3)
			Principal	Interest					
2012	\$19,297,516	-20.12%	\$535,000	\$865,938	\$1,400,938	\$679,504	\$3,6000		
2013	16,656,624	-13.69%	565,000	833,838	1,398,838	659,852	4,1700		
2014	16,884,052	1.37%	600,000	797,113	1,397,113	1,397,113	7,8610	1,229,113	\$6,9157
2015	16,884,052	0.00%	640,000	758,113	1,398,113	1,398,113	7,8666	1,230,113	6,9214
2016	16,884,052	0.00%	680,000	716,513	1,396,513	1,396,513	7,8576	1,228,513	6,9124
2017	16,884,052	0.00%	730,000	670,613	1,400,613	1,400,613	7,8807	1,232,613	6,9354
2018	16,884,052	0.00%	775,000	621,338	1,396,338	1,396,338	7,8566	1,228,338	6,9114
2019	16,884,052	0.00%	830,000	569,025	1,399,025	1,399,025	7,8718	1,231,025	6,9265
2020	16,884,052	0.00%	885,000	513,000	1,398,000	1,398,000	7,8660	1,230,000	6,9207
2021	16,884,052	0.00%	945,000	453,263	1,398,263	1,398,263	7,8675	1,230,263	6,9222
2022	16,884,052	0.00%	1,010,000	389,475	1,399,475	1,399,475	7,8743	1,231,475	6,9290
2023	16,884,052	0.00%	1,075,000	321,300	1,396,300	1,396,300	7,8564	1,228,300	6,9112
2024	16,884,052	0.00%	1,150,000	248,738	1,398,738	1,398,738	7,8702	1,230,738	6,9249
2025	16,884,052	0.00%	1,225,000	171,113	1,396,113	1,396,113	7,8554	1,228,113	6,9101
2026	16,884,052	0.00%	1,310,000	88,425	1,398,425	1,398,425	7,8684	1,230,425	6,9231
Totals			\$12,420,000	\$7,151,863	\$19,571,863				

(1) Fiscal years 2012 and 2013 are actual. FY 2014 is based on the February 2013 Preliminary Abstract. FY 2015 and thereafter are assume no change.

(2) Represents estimated tax collections based on 95% tax collection rate; excludes annual HOA contribution of \$168,000.

(3) Represents debt service requirements net of the annual HOA contribution of \$168,000. Debt tax rate is based on a 95% tax collection rate.