

**TOWN OF PRESCOTT VALLEY
COMMUNITY FACILITIES DISTRICTS MEETING
MINUTES
December 13, 2012**

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

1. CALL TO ORDER

Chairman Skoog called the meeting to order at 6:36 p.m.

2. ROLL CALL

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

3. CONSENT AGENDA

a. *Approval of October 25, 2012 Exec Session Minutes*

b. *Accounts Payable*

Vice Chairman Tjiema made the MOTION, seconded by Board Member Nye, to approve the items listed on the consent agenda, by electronic vote. MOTION carried with 7 ayes and 0 nays.

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

a. *Consideration of expressing approval of the bankruptcy settlement proposal by SunCor/Pinnacle West related to StoneRidge CFD*

Town Manager Larry Tarkowski said we have been working on this with the StoneRidge community for the last couple of years trying to get the best of any possible solution we can.

Town Attorney Ivan Legler gave an overview of past meetings, proposals made, current results of SunCor's bankruptcy and the negotiations.

Mr. Jerod Parker, consulting Attorney, was hired to represent us in the bankruptcy proceedings and negotiations toward the solution we are talking about tonight. Mr. Parker commented that Pinnacle West came into the SunCor bankruptcy case seeking a release that no one would be coming after them after SunCor went through its bankruptcy phase. A creditors committee looked into potential action against Pinnacle West and they came to the conclusion that this deal that we are discussing tonight puts us in a better position than litigating against Pinnacle West.

Technically Pinnacle West is owed money by SunCor as are all the other creditors. As part of this deal, Pinnacle West is subordinating certain claims they had (let their claims come last) and in addition will put money into the bankruptcy estate to allow for some recovery for creditors. If the reorganization plan does not get confirmed and if Pinnacle West walks away from the table and takes back the \$7 million (total that they would put into the estate) the estate would have nothing. While small assets remain, SunCor has liquidated most of its assets and we could end up with nothing out of the deal if this deal doesn't go through.

The basics of the deal are this. Pinnacle West puts \$7 million into the estate and of that amount \$5.1 million will go to the CFD group (after administrative expenses and general unsecured creditors other than CFDs) are paid. It will be divided up proportionately among the CFDs that have claims (approximately \$23 million in claims overall). Prescott Valley's claim was roughly \$6 million. We would realize just over \$1 million in conjunction with the \$2.96 from the deposit account. This will put us in a good position for the bond refinancing.

The StoneRidge CFD Board is being asked to approve an agreement that we will support the reorganization plan just described. In addition, this will have to be approved by all the creditors. A hearing will be held on the disclosure statement describing the plan in detail. Once that is approved in January, then the creditors will have to vote on the plan. We as a creditor will vote in favor of the plan. It is hoped that the requisite number of other creditors will vote in favor of the plan as well. Each of the CFDs is in agreement. The Bond Trustee who represents the bond holders has signed off on the plan. Pinnacle West has signed off on this. It is hard to believe that a handful of creditors will not agree to this also.

Legler added that the Trustee and bond holders have been the elephant in the room with the Trustee always watching to make sure the bond holders were going to be paid. The Trustee has been involved in the bankruptcy process and helpful in working with us. One of our challenges is that there has to be a way to pay the Trustee who has also incurred costs. We want the Trustee paid out of the bankruptcy. The Trustee is also very concerned about how to operate within the details without the authority they feel needed from the bond holders.

Legler continued with, technically the \$2.96 million does not belong to the CFD Board; it is held in trust by the Trustee. The Trustee would use it in accordance with the bond documents. However, the Trustee will allow the \$2.96 million (instead of it going back to the depositor (Univest) at the end of the bond term) Mr. Lowe has indicated to the Trustee that he will allow that \$2.96 million to be used to refinance the bonds. That is his contribution to the deal. The Trustee informally approved this action as long as they are not formally asked permission to do this. The Trustee has suggested that the funds just be used to refinance the bonds and pay off the bond holders and then the Trustee does not have to get permission from the bond holders.

The CFD has incurred \$250,000 in costs lent to it by the Town for consultant fees, attorney fees for the Trustee and the CFD attorney fees. We are insisting that these fees be paid out of the bankruptcy. We were about \$200,000 short of the needed amount to pay these bills when Mr. Lowe (Univest) gave \$100,000 to the CFD and another \$100,000 toward the settlement deal. We now have a final deal. He thanked Mr. Parker for his yeoman work with all the parties involved toward this fine settlement.

Council member Anderson thanked the home owners for their patience through this process over the past two years. Mayor Skoog thanked Mr. Parker for all his work which has ended up in a 'clean deal' and expressed thanks to the StoneRidge folks too.

Board Member Lasker made the MOTION, seconded by Board Member Whiting, to express approval of the bankruptcy settlement proposal by SunCor/Pinnacle West attached hereto, by electronic vote. MOTION carried with 7 ayes and 0 nays.

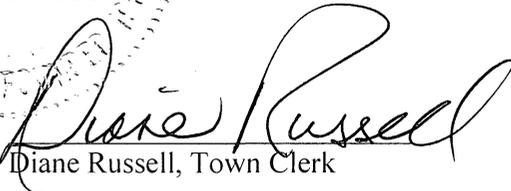
5. COMMENTS FROM THE PUBLIC

No comments were forthcoming.

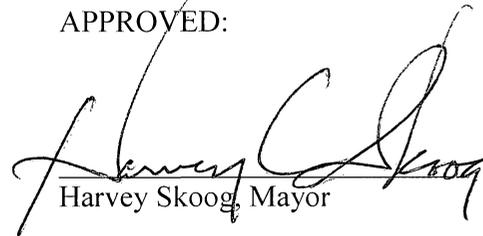
6. ADJOURNMENT

Board Member Mallory made the MOTION, seconded by Board Member Nye, to adjourn the meeting, by electronic vote. MOTION carried with 7 ayes and 0 nays. Chairman Skoog adjourned the meeting at 7:00 p.m.

ATTEST:


Diane Russell, Town Clerk

APPROVED:


Harvey Skoog, Mayor

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

CERTIFICATE OF COUNCIL 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 Community Facilities Districts Meeting of the Town of Prescott Valley, held on Thursday, December 13, 2012.

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

Dated this December 14, 2012


Diane Russell, District Clerk