MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, JANUARY 26, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Mayor Rankin called the meeting to order at 6:00 p.m.

ROLL CALL:

Present: Rankin, Walter, Hawkins, Montaño, Guilin, Anderson
Absent: Woolridge

WORK SESSION

Discussion on the use of Community Facilities District Financing.

Mr. Mike Farina, Finance Director, stated that in 2005 Town Council formed two Community Facility Districts (CFD) in Anthem at Merrill Ranch, having recognized the ability of a CFD to provide for the construction and/or acquisition of public infrastructure that might otherwise be more costly or not provided at all. He stated that under state statute, the CFDs may issue tax-exempt General Obligation (GO) bonds which are generally used for regional improvements and Special Assessment (SA) bonds which are generally used for local neighborhood improvements. He stated that the Town Council serves as the Board of Directors of the CFDs.

Mr. Mark Reader, Managing Director with Stifel Nicolaus, stated that GO bond monies are used for regional public infrastructure payable and secured by property taxes. He stated that SA bond monies are used for local public infrastructure which includes roads, streets, curbs, gutters, water and waste water. He stated the Town has an SA bond of $3500.00 per lot. The taxes are collected by Pinal County through the property tax collection process; however, in some cases, the Town bills and collects the assessments directly.

Mr. Reader stated that currently District 1 has $3.8 million in GO bonds and $3.5 million in SA bonds. District 2 has $4.7 million in Go bonds and $2.9 million in SA bonds. He stated that the CFD Public Policy Objectives are:

- Growth should pay for itself
- Regional public infrastructure improvements funded with general obligation bond proceeds.
- In-track public infrastructure funded with special assessment bond proceeds
- Consistent secondary property tax rate and special assessments between the District No. 1 and No. 2

He stated that CFDs are regulated by the Arizona State Statutes and are throughout the State of Arizona including in the towns of Coolidge and Casa Grande and are usually for the development of large projects like a master planned community.

Mr. Reader stated that the underwriting criteria for the sale of bonds are conservative, prudent and well thought out. The Town's general rule is to have a lien value of four to one. He stated that GO bonds are based on the as assessed values of the home and will go up as the value of the home increases and so will the secondary tax obligation. The secondary tax rate is $3.25 per $100 of secondary assessed valuation. The operations and maintenance secondary tax rate is $.30 per $100 of secondary assessed valuation. The SA bond of $3,500 is amortized over 25 years although some lots owners choose to pay the entire amount in full.

Councilmember Guilin stated that interest is a charge on the SA bond and the Town stops taking one-time payments in April of each year in preparation of the closing of the physical year to properly calculate the interest.

Vice-Mayor Walter thanked Mr. Farina for including the pay-off amount on the yearly tax bill as it was not previously provided and is helpful to the lot owners in the Districts.

Councilmember Anderson inquired as to the differences between the two bonds and what is exactly paid for by each of them.

Mr. Reader stated that Special Assessment (SA) bonds are primarily used for the in-tract public infrastructure which includes roads, streets, curbs, gutters, water and waste water that benefits a specific lot. General Obligation (GO) bonds are for regional infrastructure improvement items which include Fire Stations and major artery roadways within the project.

Mr. Reader stated that the Anthem at Merrill Ranch CFDs are progressing slowly with the following lot sale update provided by Pulte Homes, LLC:

- CFD No. 1 654 in Sun City
- CFD No. 1 418 in Parkside
- CFD No. 1 17% sold with 1072 lots out of 6400 planned

- CFD No. 2 394 in Sun City
- CFD No. 2 692 in Parkside
- CRD No. 2 37% sold with 1086 lots out of 2945 planned

Mr. Reeder stated that the commercial portion of the project is progressing slowly and that Pulte Homes, LLC, is committed and significantly invested in the project and the Town.

Mr. Reader stated that the overlapping jurisdiction and tax rates for CFD No. 1 and No. 2 is $18.85 per $100 of assessed value for those who own property within the

boundaries of the districts. He stated the average tax range for the State is between $20.00 and $21.00 per $100 of assessed value.

Mayor Rankin inquired if the State pays for a portion of the primary tax obligation.

Mr. Reader stated that the State does have a homeowner rebate program that depending on the primary tax rate does pay a portion of the tax obligation.

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, inquired as to how a District is formed.

Mr. Michael Cafiso, Attorney with Greenburg Traurig, stated that a District is formed by obtaining a petition with 100% of the landowners signing agreeing to the development of the District. Then at a duly called Council meeting, the Council will approve the formation of the District. He stated the District may sell GO bonds if approve at an election of qualified electors or landowners within the District. To be sold at public sale, the bonds must receive a minimum investment grade rating by a nationally recognized bond rating agency. He stated that the bond amount for District No. 1 is $1.3 billion and District No. 2 is $100 million. He stated these amounts are based on the estimated costs for the projects and taking in account for inflation and general changes to the project during development.

Councilmember Anderson inquired if a CFD can be dissolved.

Mr. Cafiso stated that a CFD cannot be dissolved while it has debt.

Mr. Reader stated that over time they do review credit ratings and look to refinance bonds to obtain a better interest rate. He stated that the current credit rating for both districts is BBB minus; low investment grade, which is considered good as both districts are in the early stage of developments.

Ms. Garcia inquired what the reality would be if a Board did not vote in favor for a bond issue.

Mr. Reader stated that the Board has full authority over the District. He stated before a bond measure becomes before the Board, public hearings are held and with approval the measure will come before the Board. He stated that if the Board does not approve the bond then the Developer would have to decide if they would fund the infrastructure attached to the bond themselves or provide a less quality product or no product at all.

Councilmember Anderson stated he believes that the residents of the Districts are subsidizing Pulte Homes, LLC, and are paying back Pulte's loan.

Mr. Cafiso stated that this is a policy question but pointed out that the development of CFDs and use of bonds helps to develop a better quality product. He recommended speaking with the Pulte Homes, LLC directly.

Mr. Charles Montoya, Town Manager, stated that the development and use of CFDs is nationwide and helps Towns to grow and develop. Without the use of the CFDs, Developers may choose to build a less quality product or increase the cost of the home to cover the expense of the infrastructure.

Vice-Mayor Walter inquired as to who makes up the qualified voters in a CFD.

Mr. Cafiso stated a qualified voter is anyone who owns property in the CFD.

Councilmember Anderson requested a complete breakdown from Pulte Homes, LLC on the bond fund expenditures.

Mayor Rankin called for a ten minute recess.

Mayor Rankin called the meeting to order.

Discussion on Council Rules of Procedures and possible amendments.

Ms. Garcia stated that this is an opportunity for the Council to review and amend the Rules of Procedures that were last amended in 2012 to ensure they are working properly. She reviewed the changes that were done in 2012 which included;

1. 1.2 Parliamentarian: The Council Liaison shall serve as Parliamentarian for each respective Board, Commission, or Committee.

2. 4.1 Regular Meetings: Exclude the last meeting in December as a regular meeting.

3. 6.2 Regular Meetings: Moment of Silence/Prayer/Invocation added before the Pledge of Allegiance and adding a second Call to the Public at the end of the meeting.

4. 6.3 Special Meetings: Added a second Call to the Public at the end of the meeting.

5. 6.6 Roll Call Attendance: Remove; the Mayor may then ask for a motion to excuse those council members absent, if any.

6. 6.13 Recess/Break: A member of Council may call for a recess/break if necessary.

4.1 Regular Meetings: Exclude the last meeting in December as a regular meeting.

Ms. Garcia stated that she would like to remove "excluding the last meeting in December" to allow for the swearing in of new council members and to allow for Town business to keep moving forward.

Mayor Rankin stated he agrees that Council should hold two meeting a month to ensure the Town business is completed in a timely manner.

4.3 Special Meetings: the Mayor or Town Manager or at the request of three council members shall call a special meeting.

Ms. Garcia stated that council members have inquired as to why it takes three council members to call a special meeting.

Councilmember Anderson stated that he is concerned with the policy as it appears to be contradictive to the Open Meeting Law where there might be a quorum if more than three council members are called to obtain the requirement of three.

Ms. Garcia stated that she would obtain a legal review of the policy for Council.

4.4 Work Sessions: Work sessions shall be held the second or fifth Monday of the month when necessary.

Ms. Garcia stated that the council members have inquired as to why work sessions are scheduled inconsistently. She stated that work sessions are meetings that are planned to provide additional information and education on specific topics or items. Special meetings are called when there is a time-sensitive topic that needs Council's attention.

Mayor Rankin stated he would like to see the policy changed to state that work sessions will be held on any Monday other than those of a regularly scheduled Council meeting.

4.7 Meetings to be Open To The Public

Ms. Garcia stated that she would like to change the language regarding convenience copies being provided to Homeowner Associations. She stated that many times the notices and information are not distributed to the members. She stated that she would like to change the language to state that citizens can register directly on the Town's website and receive the curtsy email notification directly from the Town.

Council agreed to the change.

5.3 Distribution of Notices and Agendas

Vice-Mayor Walter inquired as to the difference between 5.3 Distribution of Notices and Agendas and 7.3 Council Packets. She stated that 5.3 states notices and agendas shall be posted no less than 24 hours prior to the meetings which is a legal requirement and 7.3 states council packets will be provided no less than 72 hours prior to a meeting.

Mr. Montoya stated that recently there has been a need to obtain legal documents from outside sources that has delayed the distribution of the packets.

Ms. Garcia stated it is the Clerk's office goal to obtain all necessary information for the topics on the agenda and distribute packets on the Thursday before a meeting. She stated that she will work with all departments to meet the Thursday request. She stated that the language will be changed in 7.3 to reflect this.

6.2 Regular Meetings: Moment of Silence/Prayer/Invocation added before the Pledge of Allegiance and adding a second Call to the Public at the end of the meeting.

Councilmember Hawkins stated that he would like to see the Call to the Public be limited to 3 minutes per speaker.

Mayor Rankin stated that he would not be in favor of limiting anyone from speaking at a Council meeting with or without a speaker form completed.

Councilmember Anderson stated he is in favor of the second call to the public as it allows members of the audience who have a comment on something that was covered during the meeting to share their thoughts.

Councilmember Montaño stated that during a recent training with the League of Cities and Towns, it was pointed out that meetings are to be conducted with observation by the public audience and it is the Council's decision if they will have a call to the public and when during the meeting it will take place. He stated that the requirement of a form being completed to speak assists in proper documentation of the meeting. He stated he has observed that the second call to the public at the end of the meeting is more of a time to express anger instead of providing prudent information.

Mayor Rankin stated he believes it is good practice to allow Town members to express their opinions before and after the meeting.

Ms. Garcia stated Councilmember Montaño is correct that it is up to the individual councils whether or not there will be a call to the public during a meeting. She stated it is current policy of Town Council to have two calls to the public at a regular meeting; one at the beginning of the meeting and one at the end of the meeting, one call to the public at the end of a special meeting and during a work session, there is not a call to the public.

Mr. Garcia recapped based on discussion this evening, no changes will be made to policy but the need for completing a speaker form will be encouraged and limiting speakers to 3 minutes will be used.

6.7 Action Items; A request to schedule an appearance before Town Council shall be submitted to the Town Clerk for review by the Town Manager not less than seven days prior to the Town Council meeting at which the person desires the item to be heard.

Ms. Garcia stated that the policy originally stated 14 days prior but there is a need to reduce the request window to seven days to accommodate submissions being processed in a timely fashion.

Councilmember Anderson inquired as to why the Town Manager needs to review a request to have an item put in front of Council. He stated that he was previously denied the opportunity to speak to the Council on topics that he believes were under the authority of the Council.

Ms. Garcia stated that it is Council policy to have an item brought forward that is under the authority of the Council. An item that is not under the Council's authority cannot be an action item on an agenda. She stated for example would be a request that is under the authority of Pinal County verses the Town of Florence. She stated that anyone who requests a topic on the agenda and it is determined that the topic is not under the authority of the Council, that the Clerk's office does advise that the person they can speak to the Council during the Call to the Public and through that process the Council can direct staff to place the topic on a future agenda for discussion.

Ms. Garcia recommended that language be added that stated that anyone who is not satisfied with the response of Administration can come before the Council during the Call to the Public portion of a council meeting and at that time Council can direct staff to place the topic on a future agenda if they deem it is within their authority. Council members concurred with the change.

Mayor Rankin stated that a person has two options if not satisfied with Administration; they can speak with a council member or go through the Call to the Public.

9.2.6 Order and Decorum; Any council member may call for a previous question on any issues under debate. The call for previous question must receive a second and then receive at least a two-thirds vote.

Ms. Garcia stated that there had been confusion on how to call for the question and wanted to make sure Council understands the process. She stated that a call for the question occurs when a council member believes there has been enough discussion and wants to vote. She did stated that the word previous will be removed as it is a typographical error.

15.1 Regularly Scheduled or Unscheduled Boards, Commissions and Committees

Ms. Garcia stated that the Art and Culture Commission has been added and recommends that Council dissolve the Redevelopment Advisory Commission and have Council take on those responsibilities as the Commission if and when needed. She stated that in the last three years there has not been any business related to the Commission to act upon. She stated that Mr. Mannato, prior Town Attorney, stated it would not be a conflict to have Council take on the role of the Commission.

Mayor Rankin inquired if there was a way to change or adjust the responsibilities of the Commission and charge the Commission with a new mission.

Mr. Jess Knudson, Assistant Town Manager, stated that the Commission does not have any standing responsibilities to act on to keep the Town operations moving forward.

Mr. Montoya stated that the Town does not have any active redevelopment projects for the Commission. If and when in the future there is a project, a Commission can be put in place.

Council members concurred with the change.

15.2 Recommendations for Appointments to Boards, Commissions and Committees

Ms. Garcia stated that appointments have occurred this year where Council approved appointments without interviews as there were not enough applicants to fill the open positions. She stated this process will be added to the procedure for when this situation happens again.

Council members concurred with the change.

15.5.D Terms, Vacancies, Removal; Individuals may serve as a voting member on more than one regularly scheduled or unscheduled boards, commissions and committees at one time.

Ms. Garcia stated that she would like to remove the item so the policies match the philosophy of the Council.

Council agreed with the removal of item 15.5.D.

15.5.E.1 Terms, Vacancies, Removal; A member ceasing to be a Florence resident unless the Town Council has provided that such member may be a non-resident.

Ms. Garcia stated that with the annexation pending and the change in the Library; going from a District library to a Town library, there are people on boards and commissions

that will no longer qualify for their position. She inquired if Council would like her to write an Ordinance regarding living within the Town boundaries.

Council agreed that all members should be residents of the Town and requested Ms. Garcia to write the ordinance.

15.6 Alternates

Ms. Garcia stated that alternates only serve on a board or commission in an event of a vacancy. She stated that alternates are not a part of the quorum nor may they step in when a quorum is not met. The only time an alternate can participate by voting in the meeting or be a part of quorum is when they are sworn in as an active member.

Council requested this topic to be table for further review at a future meeting.

17.C Code of Ethics; Conduct of Members

Ms. Garcia stated that staff is not the policing agent for Council. Council needs to police themselves.

Councilmember Hawkins inquired about conflict of interest for Council members.

Ms. Garcia stated that if a council member feels they have a conflict of interest on a topic in front of Council to obtain a written legal opinion from the Town Attorney stating the nature of the conflict in relation to the agenda item. She stated this protects the council member and the Florence public image.

Discussion on Invocation Policy

Councilmember Hawkins stated that he has received comments from concerned citizens regarding the Invocation not being non-denominational.

Ms. Garcia stated that there was a court ruling in June 2014 that you can be denominational specific when speaking in front of a town council.

Councilmember Montaño stated that he would prefer the invocation to be a moment of silence.

Ms. Garcia stated that she provided Council with material regarding the ordinances that need to be changed to be compliant with the policies and procedures of the Town a discussed and approved. She stated that she will be writing a resolution regarding the change in the Invocation policy for Council approval.

Discussion on Administrative Section of the Town Code.

Ms. Garcia stated that she had provided the Administrative section of the Town Code to Council for informational purposes.

Discussion on scheduling for Formal Town Council Pictures.

Ms. Garcia stated that pictures will be on Monday, February 2, 2015, in Council chambers starting at 5:00 p.m. She also stated that she needed biographical updates for each Council member.

CALL TO THE COUNCIL

ADJOURNMENT

On motion of Councilmember Hawkins, seconded by Vice-Mayor Walter, and carried to adjourn the meeting at 8:15 pm.

Tom J. Rankin, Mayor

ATTEST:

Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on January 26, 2015, and that the meeting was duly called to order and that a quorum was present.

Lisa Garcia, Town Clerk