

MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, JULY 13, 2015, AT 5:00 PM, 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 5:00 pm.

ROLL CALL:

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

ADJOURN TO EXECUTIVE SESSION

An Executive Session, pursuant to A.R.S. Section 38-431.03(A)(1)(3) and (4) to discuss the following:

- 1. Position of Town Attorney**
- 2. Position of Town Manager**

On motion of Councilmember Hawkins, seconded by Vice-Mayor Walter, and carried to adjourn to Executive Session.

ADJOURN FROM EXECUTIVE SESSION

On motion of Councilmember Woolridge, seconded by Vice-Mayor Walter, and carried to adjourn from Executive Session.

Call to the Public

There were no comments.

MOTION TO ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 BOARD.

On motion of Councilmember Woolridge, seconded by Councilmember Guilin, and carried to adjourn to the Merrill Ranch Community Facility District No. 1 Board.

Public hearing to receive public comment on the Merrill Ranch Community Facilities District No. 1 Budget; and for Discussion/Approval/Disapproval of Resolution No. MRCFD1 130-15:

Ms. Lisa Garcia, District Clerk, read Resolution No. MRCFD1 130-15 by title only.

A RESOLUTION OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1, PINAL COUNTY, ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2015-2016.

Chairman Rankin opened the public hearing.

Mr. Bruce Fenstermaker, Florence resident, inquired if there was a breakdown available for the tax that is being levied. He stated that he believes the Homeowner's Association (HOA) is paying for a majority of the items that would be covered by the levy and would like see a full accounting of the District.

Mayor Rankin stated that that the flood dike for Merrill Ranch is controlled by the Merrill Ranch Flood Control District which is a separate entity from the Merrill Ranch Community District No. 1. He requested staff to provide a report showing the revenues and expenses for District No. 1. He stated that the Board has not raised the tax levy on the District since it began.

Mr. Fenstermaker stated that it is an accounting trick to gain revenues by maintaining the same tax rate but increasing the value of a property.

Mayor Rankin stated that the District sets a levy rate and Pinal County set the valuation of the property.

Boardmember Guilin stated that the \$0.30 per \$100 Net Assessed Valuation (NAV) collected is to cover the costs of operations and maintenance of the District and the \$3.25 per \$100 NAV pays for the general obligation bonds for regional improvements, principal and interest.

Mr. Fenstermaker inquired if it is normal protocol to establish a Community Facilities District within new developments such as the master planned community Mr. Johnson will be developing south of Town.

Councilmember Guilin stated that if Mr. Johnson requests to have a Community Facilities District established then he would need to negotiate that with the Town of Florence. She stated that a request has not been made.

Mr. Fenstermaker inquired as to how the District can be disbanded to be fair and equitable to all members of the Town of Florence.

Councilmember Guilin stated that the \$3,500 can be paid in full at the time of closing on a home in the District. The \$3,500 is a special assessment to pay for the improvements of that specific unit in which the lot is located in.

Vice-Mayor Walter stated that it is her understanding if the \$3,500 is not paid at the time of closing and the buyer chooses to make payments, the total cost can be approximately \$25,000.

Councilmember Guilin stated that the buyer has the option to pay the \$3,500 up front at closing or finance the assessment plus interest over a specific period of time. She stated that a buyer can pay off the amount at any time but many chose to finance it as the assessment goes with the land and will transfer to the next owner.

the amount at any time but many chose to finance it as the assessment goes with the land and will transfer to the next owner.

Vice-Mayor Walter requested clarification on what the amount would be if the assessment is financed for a full 25 years.

Ms. Garcia stated that staff would provide Council with the clarification on what the full assessment amount would be if financed for a full 25 years after the meeting.

Mayor Rankin inquired as to how much of the \$0.30 per \$100 NAV goes to the Public Works Department.

Mr. Wayne Costa, Public Works Director, stated that a portion of the \$0.30 per \$100 NAV is used for the maintenance of the District. He stated a couple of years ago there was approximately \$100,000 in the maintenance fund for Sun City, in which \$86,000 was recently used for the pavement preservation in Units 4 and 6. He stated that no funds have been expensed on the Parkside portion of the community.

Mayor Rankin inquired if any additional tax payer funds or HURF funds were used for the project.

Mr. Costa stated that the Town has a one year warranty on the roads once they are turned over from Pulte. Approximately 24 units have been accepted by the Town. At the end of the warranty period, HURF funds are used for repairs such as repairing cracks and raised sidewalks.

Mr. Fenstermaker stated that he never sees Town vehicles in the Anthem Community completing maintenance work other than the street sweeper. He inquired as to whom is doing the maintenance of the roads and sidewalks. He also inquired as to what the levy amount covers.

Mr. Costa stated that a portion of Hunt Highway is located within the District and that any sidewalk, curb, gutter or crack sealing that is past the one-year warranty period is the responsibility of the District.

Mr. Fenstermaker stated that many sidewalks are lifting, roads are in need of repair and there is no sign of the District addressing these issues.

Mr. Costa stated that the landscaping located within the common areas and right-of-ways is the responsibility of Pulte and the HOA. He stated that the Town has spoken with the HOA and Pulte regarding the proper pruning and maintenance of these areas to ensure motorist visibility is not hindered. He stated that there is approximately 46 miles of roadway in the Anthem community and at the time of turnover, the Town reviews every section of sidewalk, all curbs, gutters and the streets to ensure they have been constructed properly. He stated once that turnover is completed, inspections are periodically done; however, they are not done on a daily basis due to limited resources. He stated that staff addresses concerns as they are received.

Ms. Garcia stated as a procedural reminder that during a public hearing, the Board is looking for input from citizens without a response. If the Board would like to have a work session at a later date to address the items brought up during the public hearing, a work session can be scheduled which would allow staff to provide accurate information regarding the specific items.

Mayor Rankin requested that a work session be held in the future in the Anthem area to allow for more citizens to attend regarding the Community Facilities Districts (CFDs).

Mr. Fenstermaker stated the citizens of the CFDs are confused and angry that they do not know how the money is being spent.

Mayor Rankin stated that the \$3.25 per \$100 NAV is for bond obligations and is returned to Pulte to pay off the bonds. He stated the Town receives the \$0.30 per \$100 NAV for operation and maintenance of the CFD.

Boardmember Guilin clarified that the \$3.25 per \$100 NAV goes to the CFD Debt Services Fund that pays off the bond obligations. Pulte did obtain the bonds but the CFD is a political subdivision of the Town, and as such, the Town pays the bank for the bonds.

Ms. Janet Ford, Florence resident, stated that she wanted to know what the increased funds are going to be used for.

Chairman Rankin stated that the District is not raising the levy of \$3.55 per \$100 NAV, which is the same amount that has been charged in past years.

Ms. Ford inquired as to why the Town is declaring an emergency on the ordinance.

Chairman Rankin explained that by stating there is an emergency, it allows the District to have two readings of the ordinance and a public hearing before the adoption, as well as forwarding the information to Pinal County.

Boardmember Woolridge stated that it is a timing issue for submission to Pinal County.

Boardmember Walter stated that she had received concerns that tax bills are increasing due to home valuations increasing based on Pinal County. She inquired if there is a way to lower the levy rate to offset home valuations from Pinal County to keep the end tax amount the same.

Boardmember Guilin stated that the bonding company prepares an amortization schedule for the bond that projects what fees will be needed to pay off the bond during its lifespan utilizing the rate set by the Board and the assessed value of the property which is set by Pinal County.

Boardmember Walter inquired as to what specific projects is the CFDs paying for.

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Ms. Garcia asked Mr. Michael Cafiso, Attorney with Greenburg Traurig, to address the questions regarding the CFDs, the bonds and what the fees are covering. She recommended that a work session be scheduled to discuss the business of the CFDs in more detail.

Mr. Michael Cafiso, Attorney with Greenburg Traurig, stated that the \$0.30 per \$100 NAV collected per lot in the CFD which equates to an estimated \$47,000 a year total, is used to pay for the administrative costs associated with operating the CFD and the maintenance of the infrastructure within the CFD which includes; roads, curb, gutters and sidewalks. He stated that the \$3.25 that is collected goes towards the payment of the bonds or the debt services that were issued at the time the project was conceptualized for which those projects have been completed but still need to be paid for. Those projects could include major roadways and infrastructure in the existing units within the CFD. He stated that the interest rates on the bonds are usually low, ranging from 5% to 6%, and similar to a home loan, a majority of the early payments go towards the interest on the bonds which will over time level out and start paying more of the principle.

Chairman Rankin inquired as to how many miles of roadway there are in the CFD and how many roads have been accepted by the Town.

Mr. Costa stated that there is an estimated 43 miles of roadway of which 35 miles have been accepted by the Town that are past their one-year warranty.

Chairman Rankin stated that eventually those roads will need to be sealed and the funds are needed to complete those projects. The cost will exceed the amount in the CFD accounts.

Mr. Costa stated that Chairman Rankin is correct, and based on the urgency of the project; maintenance and repairs are priorities and are paid for by the CFD funds and HURF funds if they qualify.

Chairman Rankin requested a report from the CFD showing what projects have been completed, what projects are pending and what additional funds have been used to complete those projects.

Mr. Costa stated that a cost analysis will be forwarded to the Board.

Boardmember Anderson stated that the streets in Anthem need to be fixed and they are not getting the attention that they need.

Mr. Costa stated that currently road maintenance projects have not been planned due to budget constraints.

Boardmember Woolridge stated that she believes Ms. Garcia's recommendation for a work session would be the best way to answer the questions regarding the CFDs allowing staff to provide complete and accurate information.

Boardmember Walter stated that she requested information regarding the revenue and expenses of the CFDs and would have liked to have seen the information prior to adopting a budget.

Chairman Rankin closed the public hearing.

On motion of Boardmember Woolridge, seconded by Boardmember Hawkins and carried to adopt Resolution No. MRCFD1 130-15.

Public hearing to receive public comment on Merrill Ranch Community Facilities District No. 1 Property Tax Levy; and second reading of Ordinance No. MRCFD1 112-15:

Ms. Lisa Garcia, District Clerk, read Ordinance No. MRCFD1 112-15 by title only.

AN ORDINANCE OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE COMMUNITY FACILITIES DISTRICT SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH \$100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR COMMUNITY FACILITIES EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE, 2016, AND DECLARING AN EMERGENCY. (First reading on July 6, 2015)

Chairman Rankin opened the public hearing.

There were no comments.

Chairman Rankin closed the public hearing.

MOTION TO ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 BOARD.

On motion of Boardmember Woolridge, seconded by Boardmember Hawkins, and carried to adjourn from the Merrill Ranch Community Facility District No. 1 Board.

MOTION TO ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 BOARD.

On motion of Vice-Mayor Walter, seconded by Councilmember Hawkins, and carried to adjourn to the Merrill Ranch Community Facility District No. 2 Board.

Public hearing to receive public comment on the Merrill Ranch Community Facilities District No. 2 Budget; and for Discussion/Approval/Disapproval of Resolution No. MR CFD2 228-15:

Ms. Lisa Garcia, District Clerk, read Resolution No. MR CFD2 228-15 by title only.

A RESOLUTION OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2, PINAL COUNTY, ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2015-2016.

Boardmember Walter requested that Mr. Cafiso explain the difference between General Obligation (GO) Bonds and Special Assessment Lien Bonds.

Mr. Cafiso stated that General Obligation Bonds are backed by a credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. He stated that Special Assessment Bonds are used to fund a development project where interest owed to lenders is paid by taxes levied on the community benefiting from the particular bond-funded project. He stated that GO Bonds are paid by all property owners within the District and Special Assessment Bonds are paid by a lump sum assessment that is levied on a lot and will run with the land until paid.

Mr. Cafiso stated that there are agreements in place that specify how funds will be used, how payments will be collected and how the administration of the bond will be done. He stated that a feasibility report is completed prior to obtaining a bond and those reports can be found at Town Hall and are available for public review.

Chairman Rankin opened the public hearing.

There were no comments.

Chairman Rankin closed the public hearing.

On motion of Boardmember Woolridge, seconded by Boardmember Guilin to adopt Resolution No. MR CFD2 228-15.

Roll Call:

Boardmember Woolridge: Yes
Boardmember Hawkins: Yes
Boardmember Guilin: Yes
Boardmember Anderson: No
Boardmember Wall: Yes
Boardmember Walter: No
Chairman Rankin: Yes

Motion Passed: Yes: 5; No: 2

Public hearing to receive public comment on Merrill Ranch Community Facilities District No. 2 Property Tax Levy; and second reading of Ordinance No. MR CFD2 212-15:

Ms. Lisa Garcia, District Clerk, read Resolution No. MR CFD2 212-15 by title only.

AN ORDINANCE OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE COMMUNITY FACILITIES DISTRICT SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH \$100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR COMMUNITY FACILITIES EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE 2016, AND DECLARING AN EMERGENCY. (First reading on July 6, 2015)

Chairman Rankin opened the public hearing.

There were no comments.

Chairman Rankin closed the public hearing.

MOTION TO ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 BOARD.

On motion of Boardmember Woolridge, seconded by Boardmember Guilin, and carried to adjourn from the Merrill Ranch Community Facility District No. 2 Board.

NEW BUSINESS

Public hearing to receive citizen comments on the property tax levy of the Town of Florence, and second reading of Ordinance No. 630-15:

Ms. Lisa Garcia, Interim Town Manager, read Ordinance No. 630-15 by title only.

AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, LEVYING THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE TOWN OF FLORENCE SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH \$100 OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE RECEIVED FROM FUNDS FOR GENERAL MUNICIPAL EXPENSES FOR THE FISCAL YEAR ENDING THE 30th DAY OF JUNE 2016, AND DECLARING AN EMERGENCY; and roll call vote to consider a motion to levy the increased property tax on July 27, 2015. (First reading on July 6, 2015)

Vice-Mayor Walter stated that Ordinance No. 630-15 is regarding the primary property tax that all residents of the Town of Florence pay versus the Special Property Tax that the residents residing within the CFD areas pay in addition to the primary property tax.

keeping the levy rate low but if the value of the home goes up which is determined by Pinal County, a citizen's tax bill could go up.

Councilmember Guilin stated that the property tax revenues go directly into the General Fund which helps pay for police and fire services, and general government expenditures. She stated that there is a State cap on the percentage a municipality can levy, which can be up to 2% yearly.

Councilmember Anderson stated that the Town is currently operating in a deficit and both rates and revenues will need to be increased or services and budgets will have to be reduced.

Mayor Rankin opened the public hearing.

There were no comments.

Mayor Rankin closed the public hearing.

On motion of Vice-Mayor Walter, seconded by Councilmember Hawkins, to place Ordinance No. 630-15 for adoption on the July 27, 2015 agenda.

Roll Call:

Vice-Mayor Walter: Yes
Councilmember Hawkins: Yes
Councilmember Anderson: Yes
Councilmember Wall: Yes
Councilmember Woolridge: Yes
Councilmember Guilin: Yes
Mayor Rankin: Yes

Motion Passed: Yes: 7; No: 0

Public hearing to receive citizen comments on the Fiscal Year 2015-2016 Budget; and for Discussion/Approval/Disapproval of Resolution No. 1528-15: A RESOLUTION OF THE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ADOPTING THE BUDGET FOR THE FISCAL YEAR 2015-2016.

Mayor Rankin opened the public hearing.

There were no comments.

Mayor Rankin closed the public hearing.

On motion of Councilmember Hawkins, seconded by Councilmember Anderson, to adopt Resolution No. 1528-15.

Roll Call:

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Councilmember Hawkins: Yes
Councilmember Anderson: Yes
Councilmember Wall: Yes
Councilmember Guilin: Yes
Councilmember Woolridge: Yes
Vice-Mayor Walter: No
Mayor Rankin: Yes

Motion Passed: Yes: 6; No: 1

Discussion/Approval/Disapproval to enter into an employment agreement with Clifford L. Mattice for the position of Town Attorney.

On motion of Councilmember Woolridge, seconded by Councilmember Hawkins, and carried to approve entering into an employment agreement with Clifford L. Mattice for the position of Town Attorney.

Discussion/Approval/Disapproval of entering into a separation agreement and the terms thereof with the Town Manager.

On motion of Councilmember Anderson, seconded by Councilmember Woolridge, to enter into a separation agreement and the terms thereof with the Town Manager.

Roll Call:

Councilmember Anderson: Yes
Councilmember Woolridge: Yes
Councilmember Wall: Abstained
Councilmember Guilin: Yes
Councilmember Hawkins: Yes
Vice-Mayor Walter: No
Mayor Rankin: No

Motion Passed: Yes: 4; No: 2; Abstained: 1

Discussion/Approval/Disapproval of appointing an Interim Town Manager.

Vice-Mayor Walter stated that she is concerned with the cost associated with searching for a new Town Manager and would like those expenses reviewed as to how they will impact the budget and how an Interim Town Manager will be compensated during the search and hiring process.

Mayor Rankin stated he would like to appoint Ms. Garcia as the interim Town Manager. He requested staff to forward to Council a plan in two weeks on how the recruitment process of hiring a Town Manager, including a cost analysis of the process in relation to the budget.

Mayor Rankin stated he would like to appoint Ms. Garcia as the interim Town Manager. He requested staff to forward to Council a plan in two weeks on how the recruitment process of hiring a Town Manager, including a cost analysis of the process in relation to the budget.

On motion of Mayor Rankin, seconded by Councilmember Guilin, and carried to appoint Lisa Garcia as interim Town Manager.

Call to the Public

There were no comments.

MOTION TO ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 AND 2 BOARD.

On motion of Councilmember Woolridge, seconded by Councilmember Hawkins, and carried to adjourn to Merrill Ranch Community Facilities District No. 1 and 2 Board.

ADJOURN TO EXECUTIVE SESSION

An Executive Session, pursuant to A.R.S. Section 38-431.03(A)(3) and (4) for discussion with the Community Facilities District Attorney related to contract matters.

On motion of Boardmember Woolridge, seconded by Boardmember Hawkins, and carried to adjourn to Executive Session.

ADJOURN FROM EXECUTIVE SESSION

On motion of Boardmember Walter, seconded by Boardmember Guilin, and carried to adjourn from Executive Session.

MOTION TO ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 AND 2 BOARD.

On motion of Boardmember Walter, seconded by Boardmember Hawkins, and carried to adjourn from the Merrill Ranch Community Facilities District No. 1 and 2 Board.

MOTION TO ADJOURN TO EXECUTIVE SESSION

For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regard to pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV 2015-0000325.

On motion of Vice-Mayor Walter, seconded by Councilmember Guilin and carried to adjourn to Executive Session.

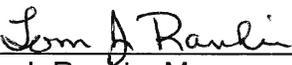
MOTION TO ADJOURN FROM EXECUTIVE SESSION

On motion of Councilmember Hawkins, seconded by Councilmember Anderson, and carried to adjourn from Executive Session.

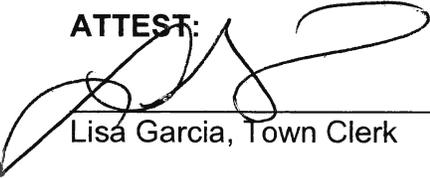
ADJOURNMENT

Council may go into Executive Session at any time during the meeting for the purpose of obtaining legal advice from the Town's Attorney(s) on any of the agenda items pursuant to A.R.S. § 38-431.03(A)(3).

On motion of Councilmember Hawkins, seconded by Councilmember Anderson, and carried to adjourn the meeting at 9:30 pm.

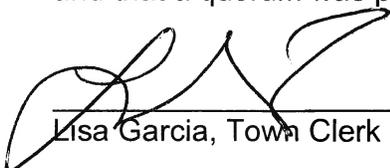


Tom J. Rankin, Mayor

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 July 13, 2015, and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, Town Clerk