



Merrill Ranch Community Facilities District (CFD) No. 2 (Town of Florence, Arizona)

\$2,000,000, General Obligation Bonds, Series 2017

**Land Secured Finance Education Session -
Financing Public Infrastructure Through CFDs (General Obligation Bonds)**

Mark Reader, Managing Director
(602) 794-4011
mreader@stifel.com

Thursday, August 17, 2017

CFD BOARD OF DIRECTORS

Tara Walter, *Chairperson*

Vallarie Woolrdige, *Vice Chairperson*

William Hawkins, *Board Member*

John Anderson, *Board Member*

Karen Wall, *Board Member*

Rebecca Guilin, *Board Member*

Kristen Larsen, *Board Member*

DISTRICT ADMINISTRATIVE STAFF

Brent Billingsley, *District Manager*

Joe Jarvis, *District Treasurer*

Cliff Mattice, *Esq., District Counsel*

Lisa Garcia, *District Clerk*



	Page No.
CFD Overview & Goals of Education Session	4
Anthem at Merrill Ranch CFD Background, Plan of Finance & Development Status	8
General Information – Property Taxes	11
Disclosure	16





**Merrill Ranch Community Facilities District No. 2 (the “CFD”)
Bond Issuance Summary, Series 2017**

1. 1,060 acre special district (CFD) formed in 2005 by the Town of Florence pursuant to a Development Agreement with Pulte to assist with the issuance of general obligation municipal bonds to help finance enhanced public infrastructure (see below)
2. General Obligation bonds are repaid through a secondary property tax on all landowners within the District – including Pulte
3. Common financing vehicle for many master planned communities. Property Taxes and special assessment disclosed to homeowners at the time of sale (new homes)
4. CFD Board of Directors the same individuals as the Town Council and make all final decisions relative to the CFD
5. Pulte works collaboratively with the Town of Florence to publicly bid the public infrastructure. Pulte pays for it and has the improvements constructed to the Town’s requirements
6. Development Agreement provides for the CFD to issue general obligation bonds over many years based on the following public policy conditions:
 - a. \$3.25 secondary tax rate per \$100 of limited assessed value (additional 0.30 per \$100 for maintenance and operation)
 - b. Approximately \$35 per month to the average homeowner
 - c. Property taxes each year based on value of each property and tax rate(s)
 - d. Tax rate has been the same for the past 10 years with expectations of maintaining the same tax rate going forward
 - e. Size of bond issue each year is based on the growth in the District tax base and principal repayment
 - f. Bond proceeds used to reimburse Pulte for their investment in the public infrastructure
 - g. Pulte invests the reimbursement back into the development
7. CFD Board/Town Council to consider Resolution to approve the issuance of approximately \$2.0 million of general obligation bonds on August 21st
8. Secondary property tax rate of \$3.25 will remain the same for fiscal year 2017/18 – as mentioned above



GOALS OF EDUCATION SESSION

1. Continue to educate and inform the CFD Board of Directors and the Community on the issuance of tax-exempt bonds to finance the acquisition or construction of public infrastructure
2. Focus on two separate and distinct types of bond issues – special assessment bonds (SA) and general obligation bonds (G.O.)

DEFINITIONS

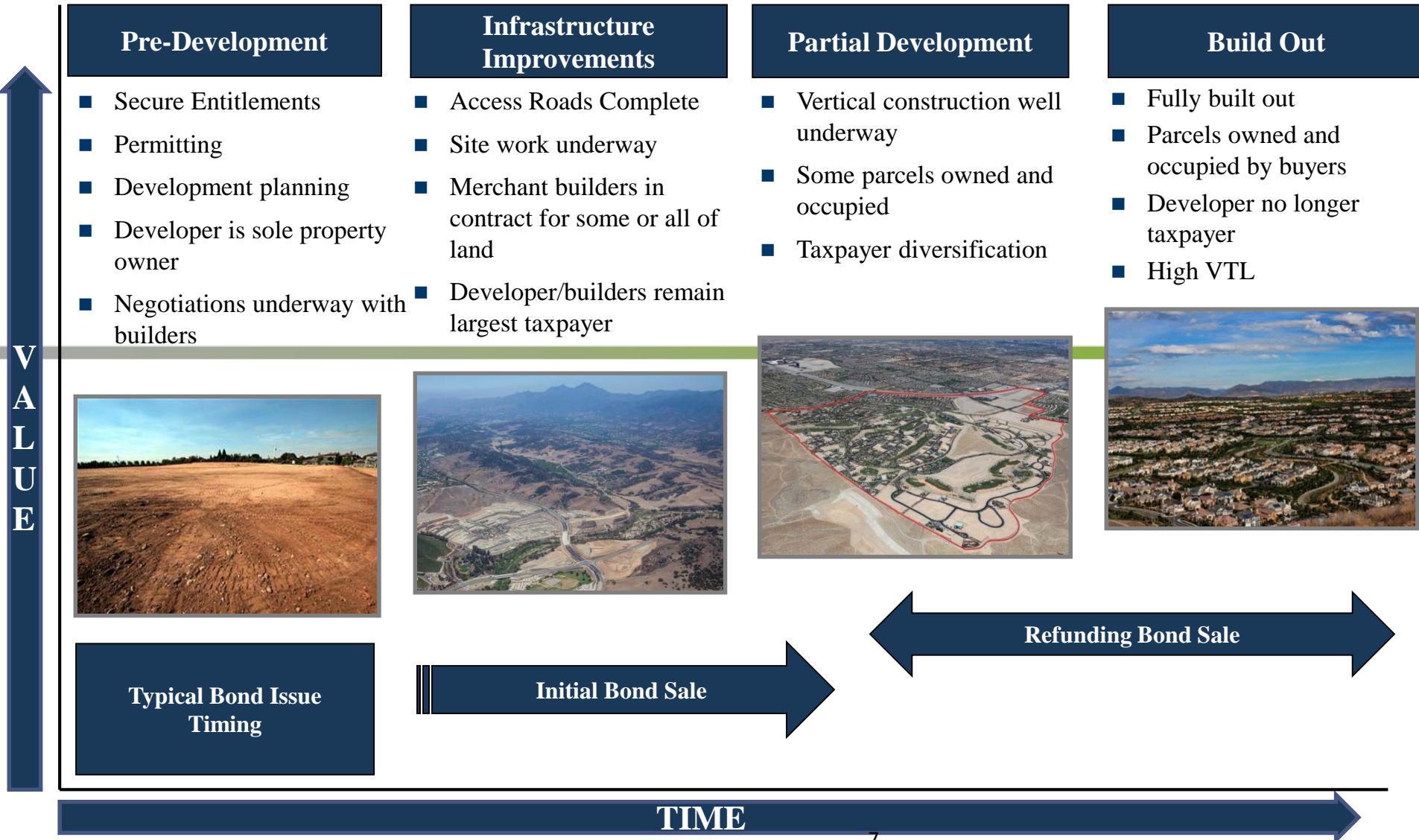
1. G.O. Bonds: Repaid from Secondary Property Tax Rate: \$3.55 per \$100
 - a) \$3.25 per \$100 of net limited assessed value – Debt Service
 - b) 0.30 per \$100 of net limited assessed value – M&O
 - c) Taxes based on value of property and tax rate
2. Special Assessment Bonds: \$3,500 Fixed Assessment allocated to each residential lot



Evaluating the Use of Land-Secured Bonds

STIFEL

Typical Life Cycle



1. Districts formed and general obligation (G.O.) bond election held in 2005
2. District No. 1: 7,900 acres; 35,550 planned residential units
3. District No. 2: 1,060 acres; 3,144 acres planned residential units



PLAN OF FINANCE:

- \$3.25 secondary tax rate for bonds
 - \$0.30 secondary tax rate for M&O
 - Special Assessment: \$25.00 per month (est.) based on \$3,500 per lot assessment
1. Maintain consistent secondary property tax rates & assessments between District No. 1 & 2
 2. **G.O. bond proceeds used for regional infrastructure improvements within the CFDs (i.e., major arterials, parks, open space, drainage, fire station)**
 3. **SA bonds used for localized benefit – paving, curb & gutter, sidewalks, storm drain & drainage**



Public Infrastructure Financed with General Obligation Bonds and Special Assessment Bonds

General Obligation Bonds (ad valorem bonds repaid from secondary property tax rate of \$3.25 per \$100):

- ✓ **Regional Public Infrastructure Financed with General Obligation Bond Proceeds, including:**

Bond Series	Regional Public Infrastructure
\$4,390,000 Series 2008 (District No. 1)	Merrill Ranch Parkway, American Way, Constitution Way, Felix Road, Independence Way, Sun City Boulevard & Anthem Way
\$3,560,000, Series 2010 (District No. 2)	Merrill Ranch Parkway, Hunt Highway, (Phase 1) Storm Drainage
\$900,000, Series 2012 (District No. 1)	Regional Fire Station
\$500,000, Series 2012 (District No. 2)	Regional Fire Station
\$1,850,000, Series 2013 (District No. 2)	Merrill Ranch Parkway, Hunt Highway, (Phase 1)
\$2,000,000, Series 2016 (District No. 2)	Hunt Highway, American Way
\$2,000,000, Series 2017 (District No. 2)	Spirit Way


Special Assessment (\$3,500 special assessment per lot):

- ✓ **In-Track Infrastructure Financed with Special Assessment Bonds, including**
 - Streets, Curb, Gutters, Storm Drainage



<http://www.pinalcountyz.gov/assessor/Pages/home.aspx>

Pinal County Assessor

FOLLOW US  

PARCEL SEARCH

SEARCH BY PARCEL NUMBER

OTHER SEARCH OPTIONS

BOOK MAP PARCEL SPLIT

0 ▼

Example: 123-45-678-0

DISCLAIMER! This information is deemed reliable but is not guaranteed.



<http://www.pinalcountyz.gov/assessor/Pages/home.aspx>

The screenshot shows the Pinal County Assessor's website. The header includes the Pinal County logo and the tagline "Wide open opportunity". The navigation bar contains links to Assessor Home, News, Parcel Search, Contact Us / Locations, and Appeal Your 2017 Valuation. A left sidebar menu lists various options like Change of Address Form, Exemptions, Prop 117, Senior Freeze, Forms, Administration, Divisions, News, FAQs, Glossary, About Us, Contact Us / Locations, and Improvements on Possessory Rights (TDRs). The main content area is titled "Parcel Search*" and features a "Start a New Search" button. Below this, there are tabs for "Search Results (1 Entries)" and "Parcel Details". A yellow box contains a disclaimer: "Previous year valuations are subject to change as prescribed in the Arizona Revised Statutes. All changes in value may not be reflected in this data. For updated/correct figures, please refer to the Treasurer's Office website." Below the disclaimer are links for "Comparable Properties", "Link to This Parcel", and "Print View". The main information displayed is for a specific parcel, with the "Parcel Number" field circled in red. The text indicates that the parcel number shows the following information for the tax year 2017. Below this, a table provides details about the parcel, including its section, township, range, and primary owner.


Parcel Number [REDACTED] shows the following information for Tax Year: 2017			
Parcel Number:	[REDACTED]	(Taxing Information)	Primary Owner: HOME EXPERTS LLC
Section:	19	Township:	04S
Range:	09E	Name 2:	

Assessed FCV:	\$23,661.00
Assessed LPV:	\$21,533.00


Taxes based off Limited Property Value (LPV)



<https://treasurer.pinalcountyz.gov/ParcelInquiry/>



TREASURER PARCEL INQUIRY



211-10-81408

New Parcel

Main Menu

Contact Us

Help


PARCEL INQUIRY ▲

- TAX SUMMARY
- TAX YEAR DUE
- PAYMENT HISTORY
- APPLIED INT/FEES
- VALUATIONS
- OWNER HISTORY
- SPLIT HISTORY
- UPDATE ADDRESS
- Tax Bill Statement

Tax Summary

Current Owner Name & Mailing Address

Legal Description

Interest Date: 03/31/2016  [Make a Payment](#)

Parcel #	Tax Year	Status	Billed	Applied Int/Fees	Tax Paid	Due
	2015	TAX	\$3,138.74	\$0.00	\$3,138.74	\$0.00



<https://treasurer.pinalcountyz.gov/ParcelInquiry/>

PINAL COUNTY

2015 PROPERTY TAX STATEMENT

ARIZONA

PARCEL NUMBER	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE		SECONDARY TAX RATE PER \$100 ASSESSED VALUE		SPECIAL DISTRICT \$ PER ACRE	2015 TAX SUMMARY		
211-10-81408	0131	13.3046		6.0707			PRIMARY PROPERTY TAX		2,598.52
							LESS STATE AID TO EDUCATION		645.42
							NET PRIMARY PROPERTY TAX		1,953.10
							SECONDARY PROPERTY TAX		1,185.64
							SPECIAL DISTRICT TAX		0.00
							TOTAL TAX DUE FOR 2015		3,138.74
ASSESSMENT	VALUE IN DOLLARS	RATIO	EXEMPTIONS	NET ASSESSED	TAX				
LIMITED	195,316	.1000	0.00	19,531	2,598.52				
FULL CASH	236,070	.1000	0.00	23,607	1,185.64				

SITUS ADDRESS	TAX AUTHORITY		LEVY	PURPOSE	TAX RATE	2014 TAX	2015 TAX	INCREASE / DECREASE
6005 W ESTANCIA WAY FLORENCE AZ 85132	2000	Pinal County	PRM		3.6653	681.78	715.88	34.10
	2000	Pinal County	PRM	AZ Cst Sh	0.2000	0.00	39.06	39.06
LEGAL DESCRIPTION	2000	Pinal County	PRM	Schl Resr	0.1346	25.04	26.28	1.24
	2010	School Equalization	PRM		0.5054	94.66	98.70	4.04
LOT 101 ANTHEM AT MERRILL RANCH UNIT 11 CAB G - SLD 044 SEC 19 4S-9E	4154	Town of Florence	PRM		1.1182	208.00	218.40	10.40
	7001	Florence USD #001	PRM		5.3811	1,002.62	1,050.98	48.36
REDUCTION RATE	7001	Florence USD #001	PRM	Adj Ways	0.1272	23.66	0.00	-23.66
	7001	Florence USD #001	SEC	"B" Bonds	1.0183	192.18	198.88	6.70
3.3046	7001	Florence USD #001	SEC	Override	0.6301	123.84	123.06	-0.78
Dolores J. Doolittle	8150	Pinal County Jr College	PRM		2.3000	355.34	449.22	93.88
	8150	Pinal County Jr College	SEC	Bonds	0.3498	68.20	68.32	0.12
Pinal County Treasurer PO Box 729 Florence, AZ 85132-0729	11900	Fire Dist Assistance Tax	SEC		0.0655	13.02	12.78	-0.24
	14613	Central AZ Water Conservation	SEC		0.1400	27.06	27.34	0.28
	14900	Pinal County Library	SEC		0.0970	18.74	18.94	0.20
	15625	Pinal County Flood	SEC		0.1700	32.84	33.20	0.36
	18006	Town of Florence/Anthem at Merrill Ranch CFD #1	SEC		0.3000	57.98	58.58	0.60
	18996	Town of Florence/Anthem at Merrill Ranch CFD #1	SEC	Bonds	3.2500	627.98	634.76	6.78
	30002	Central AZ Vocational Inst of Technology (CAVIT)	SEC		0.0500	9.66	9.78	0.12
	TOTALS					3,562.60	3,784.16	221.56

BEGINNING 2015, TAX BILL DETAIL IS DISPLAYED AS GROSS TAXES BEFORE REDUCTIONS

Example:
CFD Debt Service tax rate is \$3.25 per \$100 of net limited assessed value

Formula:
 $(\$19,531 \times 3.25)/100$

Tax Liability for CFD debt service is \$634.76

MRCFD #2
AVERAGE OWNER OCCUPIED HOME 2016/17: ~\$122,180
2015/16: ~\$115,510

In 2015/16 paid: ~\$31/month for debt service or ~\$34/month for CFD#2 taxes

Taxes based off Limited Property Value (LPV)





Stifel, Nicolaus & Company, Incorporated (“Stifel”) has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC’s Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its’ own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

