

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL MEETING HELD ON MONDAY, JULY 16, 2018, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Chairman Walter called the meeting to order at 6:00 p.m.

ROLL CALL

Present: Walter, Woolridge, Hawkins, Guilin, Anderson, Wall, Larsen.

NEW BUSINESS

Public hearing to receive citizens' comments on the proposed final budget for Merrill Ranch Community Facilities District No. 1; and possible adoption of Resolution No. MRCFD1 139-18.

Chairman Walter read Resolution No. MRCFD1 139-18 by title only.

A RESOLUTION OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1, PINAL COUNTY, ARIZONA, ADOPTING THE BUDGET FOR FISCAL YEAR 2018-2019.

Mr. Joe Jarvis, District Treasurer, stated that as part of the process of developing the Town's budget, they also developed the Merrill Ranch Community Facilities District No. 1 budget. He has provided the official documents from the Attorney General's Office for this District.

Boardmember Wall inquired about the difference between the secondary property tax rate between Fiscal Year 2017-2018 and Fiscal Year 2018-2019.

Mr. Jarvis stated that rate for Fiscal Year 2017-2018 is \$3.25 for the ad valorem tax and \$0.30 for the operations and maintenance. He stated, that with the assistance of Piper Jaffray, the District's Financial Advisor, they have analyzed what the minimum rate should be which will cover the expenses for this next fiscal year. He stated that the rate of 1.9025 is included in the budget, which includes covering the expenses for this upcoming year for debt and interest on the 2008A General Obligation Bonds (GO Bonds) and the new funding that occurred in 2017. It also includes the \$0.30 for the operation and maintenance. In addition, it includes a buffer of \$15,000 to cover an interest payment on a potential GO Bond of \$2 million. The buffer also includes a 5% delinquency rate because some customers do not pay their bills on time.

Mr. Jarvis stated that staff is working with the consultants to determine the most appropriate rate to present for this next fiscal year. He stated that the rate may be slightly different from what is currently being presented.

Mr. Brent Billingsley, District Manager, stated that this is different than what has been done in the past. The two Community Facilities Districts (CFDs) have had the same rate for the entire time of their existence. The history of the districts were evaluated as was the actual costs associated with the CFDs based on the issuances that have occurred since they were started. He stated that there is going to be a time when the rates will be different because a lot of development is occurring in one of the CFDs and not in the other. The District has issued a lot of GO Bonds in one CFD and the other had one issuance.

Mr. Billingsley stated that what is presented is the real audit by Piper Jaffray on what the minimum rate for those will be. There are a number of things that go into determining what a rate will be which includes issuances that may occur in the next year. A request was made by the developer to have an issuance this year.

Mr. Billingsley stated that he has asked Mr. Jarvis and Piper Jaffray to set up a time frame in December or January of each year where requests can come from developers for financial offerings in the forthcoming year.

Mr. Jarvis stated that the Arizona Revised Statutes have changed which now restricts the District. He stated that within the debt fund in each of the CFDs, they have Special Assessment and General Obligation Bonds. The General Obligation Fund Balance is now restricted. The District cannot have more than 10% of the annual debt and interest payments in its cash balance as of July 1, 2019. Historically, the rate has been held the same and have been able to retain a little bit more funding than the required amount for debt and interest payments. With the extra cash, the District has been able to make additional issuances and help the CFDs out. The District is now required to use the cash.

Boardmember Anderson asked that maps of each of the District be provided to him.

Boardmember Guilin inquired if Mr. Jarvis added an additional 5% for delinquency. She asked if it was applied to the full levy amount.

Mr. Jarvis stated that the 5% is on a small portion of the ad valorem and did not include the operations and maintenance.

Mayor Walter inquired if the payments would need to be applied towards the total debt amount and if staff has looked into that with the recent agreements.

Mr. Billingsley stated the funds that are collected are held within the CFD. There are a number of different accounts where the fees are located. The laws limit what the balances are to ensure that the individuals who pay the taxes are protected from a truck-tax rate that is set arbitrarily high to collect money and go into the individual accounts within the CFDs. There are two parts: the part that relates to a rate that is set and the funds that will be accumulated based on that; and what to do with the balances that exist in the individual CFDs for those accounts. A recommendation will be forwarded to the board at the end of the month. Piper Jaffray has provided a minimum amount that needs to be collected for all things to stay even with the CFDs. The amount will go up if there will be issuances that can occur in the upcoming year or for changes in the valuation.

Chairman Walter stated that any revenue that comes in could be used to pay off the debt in a faster rate.

Mr. Billingsley stated that the District did a refinance last year in MRCFD No. 1. The District used the account balance to buy down the debt as part of the refunding. The time frame was also impacted as part of the reduction in rate.

Chairman Walter opened the public hearing. There being no public comments, Chairman Walter closed the public hearing.

On motion of Vice-Chairman Woolridge, seconded by Boardmember Guilin, and carried to adopt Resolution No. MRCFD1 139-18.

Discussion/Approval/Disapproval of the Merrill Ranch Community Facilities District No. 1 March 19, 2018 Special Meeting minutes.

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried to approve the March 19, 2018 Special Meeting minutes.

ADJOURNMENT

On motion of Boardmember Larsen, seconded by Boardmember Hawkins, and carried to adjourn the meeting.



Tara Walter, Chairman

ATTEST:



Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 1 meeting held on July 16, 2018, and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, District Clerk