

**MINUTES OF THE TOWN OF FLORENCE COUNCIL SPECIAL MEETING HELD ON MONDAY, JULY 30, 2018, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Walter called the meeting to order at 6:00 pm.

**ROLL CALL:**

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

\*Anderson arrived at 6:05 pm

**PLEDGE OF ALLEGIANCE**

Mayor Walter led the Pledge of Allegiance.

**CALL TO THE PUBLIC**

Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.

There were no public comments.

**ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1**

On motion of Vice-Mayor Woolridge, seconded by Councilmember Larsen, and carried to adjourn to Merrill Ranch Community Facilities District No. 1.

**Ordinance No. MRCFD1 115-18:**

Chairman Walter read Ordinance No. MRCFD1 115-18 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 NO. 1 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 2019, AND DECLARING AN EMERGENCY. (Joe Jarvis)**

Mr. Joe Jarvis, District Treasurer, stated the second property tax impacts property owners within the Community Facilities District No.1. At the previous meeting, the District Board unanimously approved the budget for this next fiscal year, which included the minimum recommended property tax rate for CFD No. 1. He stated that the way the minimum rate was determined was

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that staff and consultants reviewed the immediate needs for the District this next fiscal year and presented a rate. Since then, staff has finished their conversation with the Town's consultants and Pulte and is presenting a secondary property tax rate of \$3.28, which includes \$0.30 for operations and maintenance. The remainder of \$2.98 will be for paying the GO Bond principal and interest and potential issuances in this next fiscal year.

Boardmember Guilin stated that a rate of \$1.90 was presented at the last meeting. She inquired what the additional levy is for.

District Treasurer Jarvis stated that since the CFDs were created, the District Boards have approved the same rate of \$3.55, which was \$3.25 per \$100 per the limited assessed value and \$0.30 for operations and maintenance. One of the changes that has occurred is Arizona Revised Statutes clearly defined what the fund balance can be within the GO cash fund balance within the Districts. There is more cash than what is allowed, so they are proposing a lower rate in order to get in line with the Arizona Revised Statutes. Previously, staff had proposed a rate of \$1.9025. The new proposed rate is \$3.28.

District Treasurer Jarvis stated that they have reviewed the principal and interest payments for Series 2017 which is the refunding of Series 2008. It includes the same \$0.30 for operations and maintenance. The difference is that previously they had proposed interest only payments in this next fiscal year for a potential \$2 million GO Bond whereas now they are proposing \$360,000 as principal and interest payments on projected bond issuances in this fiscal year. He stated that previously, he had proposed a 5% delinquency rate. Staff has gone and reviewed the delinquency rate. The delinquency is those who have not paid their property taxes. Staff has found that less than 1% of the property owners within the CFD are delinquent on their property taxes. The delinquency rate was reduced to 1.75%.

District Treasurer Jarvis stated that the changes from the last presentation are:

- Increased projected principal and interest payments to \$360,000 for the next year
- Reduced the delinquency rate from 5% to 1.75%.
- Initial levy was proposed at approximately \$457,000
- The proposed revised levy is \$788,856.28

Boardmember Guilin inquired why they had initially only proposed to pay interest for this next year.

District Treasurer Jarvis stated that CFD No. 1 has some limitations that needed to be addressed. It was also important to draw down the cash balance. They had initially proposed the idea that they would only pay interest this next fiscal year because they are not sure how much and in what amount of debt issuance they could do in this next fiscal year for GO bonds. He stated that after discussion with the consultants, it was agreed that they felt confident they could either issue new GO bonds this next fiscal year or utilize that cash to refund existing bonds or pay down existing debt.

District Treasurer Jarvis stated that when they adopted the new rate they had anticipated making principal and interest payments in the fiscal year; however, in the previous proposal the

interest was to pay interest only. He stated that it was then decided that they would pay principal and interest on any new issuances to help bring down the cash balance.

Brent Billingsley, District Manager, stated that this is the first time ever that a recommendation is being presented to lower the rates in the CFDs. The minimum rate was provided at the last meeting. After discussions with Pulte and the Town's financial advisors (Piper Jaffray and Stifle), which included existing balances and their relationships to State Law, opportunities for refunding and not for new issuances of GO bonds due to the limitations that they have, and Pulte's position with respect to this. Pulte would have liked for the rates to remain the same because they have housing products for sale in both districts that are very similar, and it would be challenging for them.

District Manager Billingsley stated that they went through the financial entities and determined where they needed to be to come in line with the State Law and allow us to do the transactions that may be necessary or feasible in both CFDs while trying to understand where Pulte was coming from. A reduction in rate is being proposed for CFD No. 1 with the understanding the rate is going to decrease further next year if those transactions do not take place in the current year.

District Manager Billingsley stated that in the ordinance rates can only increase on a maximum level year-to-year by 5%.

Boardmember Guilin understood the rate increase was only on primary property tax, and not ad valorem.

District Manager Billingsley stated that per the advice of their financial advisor, it was 5% maximum increase per year. He stated this was per Proposition 117 that was approved in 2015.

On motion of Boardmember Wall, seconded by Boardmember Hawkins, to adopt Ordinance No. MRCFD1 115-18.

**Roll Call Vote:**

Boardmember Wall: Yes

Boardmember Hawkins: Yes

Boardmember Guilin: Yes

Boardmember Anderson: Yes

Boardmember Larsen: Yes

Vice-Chairman Woolridge: Yes

Chairman Walter: Yes

Motion Passed: Yes: 7; No: 0

**Discussion/Approval/Disapproval of the Merrill Ranch Community Facilities District No. 1 July 16, 2018 Special Meeting minutes.**

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried (7-0) to approve the Merrill Ranch Community Facilities District No. 1 July 16, 2018 Special Meeting minutes.

## **ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1**

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried (7-0) to adjourn from Merrill Ranch Community Facilities District No. 1.

## **ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**

On motion of Vice-Mayor Woolridge, seconded by Councilmember Guilin, and carried (7-0) to adjourn to Merrill Ranch Community Facilities District No. 2.

### **Ordinance No. MRCFD2 215-18:**

Chairman Walter read Ordinance No. MRCFD2 215-18 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 NO. 2 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 2019, AND DECLARING AN EMERGENCY. (Joe Jarvis)**

District Treasurer Jarvis stated that initially he had stated that the rate of 3.3594 was the lowest rate recommend; however, he is now recommending a rate of 3.28. The reason for the new rate is due to the 5% delinquency rate. Staff evaluated the delinquency rate and found the rate to be less than 1% rather than the 5%. He stated that they modified the delinquency rate to be 2.456%.

District Treasurer Jarvis stated that the rates are historically lower than they have ever been.

Mr. Billingsley stated that the difference between CFD No. 1 and 2 is that CFD No. 2 is making sure the Board has capacity to do a GO Bond if there is capacity in the next year, as well as to comply with the State Statutes. It was also important to keep the rates the same.

On motion of Boardmember Guilin, seconded by Boardmember Anderson, to adopt Ordinance No. MRCFD2 215-18.

#### **Roll Call Vote:**

Boardmember Guilin: Yes

Boardmember Anderson: Yes

Boardmember Larsen: Yes

Boardmember Hawkins: Yes

Boardmember Wall: Yes

Vice-Chairman Woolridge: Yes

Chairman Walter: Yes

Motion Passed: Yes: 7; No: 0

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**Discussion/Approval/Disapproval of the Merrill Ranch Community Facilities District No. 2 July 16, 2018 Special Meeting minutes.**

On motion of Boardmember Larsen, seconded by Chairman Walter, and carried (7-0) to approve the Merrill Ranch Community Facilities District No. 2 July 16, 2018 Special Meeting minutes.

**ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2**

On motion of Vice-Chairman Woolridge, seconded by Boardmember Larsen, and carried (7-0) to adjourn from Merrill Ranch Community Facilities District No. 2.

**UNFINISHED BUSINESS**

**Ordinance No. 660-18:**

Mayor Walter read Ordinance No. 660-18 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 2019. (Joe Jarvis)**

Mr. Joe Jarvis, Finance Director, stated that a Truth in Taxation Hearing was held at the last Council meeting. The Town of Florence levies a primary property tax annually. The rate for last year was \$1.1345 per \$100 of Net Assessed Valuation (NAV). The proposed property tax rate is \$1.1060 per \$100/NAV, which is a property tax decrease. The reason that staff is presenting a lower rate is because staff is anticipating collecting just as much property tax revenue as received in the previous fiscal year. He stated that property tax makes up approximately 7% of the General Fund Revenue.

On motion of Councilmember Guilin, seconded by Councilmember Anderson, to adopt Ordinance No. 660-18.

Roll Call Vote:

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

Motion Passed: Yes: 7; No: 0

## TOWN MANAGER'S REPORT

There was no report.

## CALL TO THE COUNCIL – CURRENT EVENTS ONLY

Councilmember Hawkins stated that in last week's edition of the Florence Reminder, Mr. Jerry Ravert suggested that the election be moved to when the winter visitors are back. He stated that elections are held at the same time as State Elections, in accordance with State Law. He stated that it would be good to have the full citizenship here; however, there is an opportunity to have mail-in ballots, so they are able to participate in the elections.

Councilmember Anderson stated that he was late because he attended the Pinal County Safety Hearing. He stated the State will receive millions of dollars in safety funds and will be available to the cities and towns next year. Florence needs to submit their application no later than January 2019. He stated that the statistics were very interesting, and sad, as Florence has had 10 people killed on the roadways in the last 10 years. There have also been 875 car accidents in Florence.

Councilmember Anderson inquired if they will be making any code change recommendations. He stated that they would make the recommendation for code changes at the Town's request.

Mayor Walter stated the ballots are being mailed out August 1, 2018 and hopes that everyone takes the opportunity to participate in the election and returns their ballots.

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, clarified that the ballots are being mailed out only to those on the permanent early voting list.

## ADJOURN TO EXECUTIVE SESSION

**Discussion and possible action to authorize the holding of an Executive Session during the Council Meeting for the purposes of discussions or consultations with designated representatives of the public body and/or legal counsel pursuant to A.R.S. Sections 38-431.03 (A)(3), (A)(4) and (A)(7) to consider its position and instruct its representatives and/or attorneys regarding:**

- a. Town's position and instruct its attorneys regarding the Petition for Review of Underground Injection Control Permit, issued by USEPA Region 9, for the Florence Copper Project, UIC Appeal 17-03, and related proceedings, including Ninth Circuit appeals of the 1997 Aquifer Exemption (Case No. 17-73170), and the decision of the Environmental Appeals Board (Case No. 17-73168).
- b. Town's position and instruct its attorneys regarding Arizona Department of Environmental Quality proceedings, related to Water Quality Appeals Board Case No. 16-002, including appellate proceedings to reviewing courts.
- c. Town's position and instruct its attorneys regarding pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV2015 -000325.

- d. Discussion or consultations regarding the Town of Florence Intervention in the Matter of the Commission's Investigation into the Billing Practices and Water Quality Issues of Johnson Utilities, LLC before the Arizona Corporation Commission (WS-02987A-18-0050).
- e. Discussion or consultations regarding the Town of Florence Intervention in the Matter of the Commission's Investigation into the rate case of Johnson Utilities, LLC before the Arizona Corporation Commission (WS02987A-17-0392).
- f. Discussion or consultation regarding Southeast Valley Regional Cooperative Intergovernmental Agreement for the Management, Operations and Planning for Effluent, Water and Wastewater Treatment Services in the Region between the Town of Florence and the Town of Queen Creek.


On motion of Councilmember Hawkins, seconded by Councilmember Larsen, and carried (7-0) to adjourn to Executive Session.


**ADJOURN FROM EXECUTIVE SESSION**

On motion of Councilmember Anderson, seconded by Councilmember Guilin, and carried (7-0) to adjourn from Executive Session.


**ADJOURNMENT**

On motion of Councilmember Hawkins, seconded by Councilmember Guilin, and carried (7-0) to adjourn the meeting at 7:56 pm.

  
\_\_\_\_\_  
Tara Walter, 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 30, 2018, and that the meeting was duly called to order and that a quorum was present.

  
\_\_\_\_\_  
Lisa Garcia, Town Clerk