

**VISTANCIA COMMUNITY FACILITIES DISTRICT
PEORIA, ARIZONA
DISTRICT COMMUNICATION**

DC: LR
Amend No. _____

Date Prepared: June 5, 2008

District Meeting Date: June 17, 2008

TO: Terry Ellis, District Manager
FROM: Brent D. Mattingly, Chief Financial Officer *BDM*
PREPARED BY: Deborah S. Card, Treasury Manager *DC*
SUBJECT: District Budget and Tax Levy for Fiscal Year 2009

RECOMMENDATION:

That the District Board review and adopt Res. No. VCFD 08-04; approving a Final Budget for Fiscal Year 2009 for the Vistancia Community Facilities District pursuant to A.R.S. §48-716; ordering that an Ad Valorem Tax be fixed, levied and assessed on the assessed value of all the real and personal property within the boundaries of the District in amounts specified in filed statements and estimates; providing for certified copies of this resolution to be delivered to the Maricopa County Board of Supervisors and the Arizona Department of Revenue; and providing that this resolution shall be effective after its passage and approval according to law.

SUMMARY:

On June 3, 2008, the District Board adopted a preliminary form of the Vistancia Community Facilities District Budget and tax levy information for Fiscal Year 2009 and established a hearing date of June 17, 2008, to review said proposed budget and tax levy estimates. The attached resolution continues this process and includes a final form of the Vistancia Community Facilities District Budget (Exhibit A) and Tax Levy Statements and Estimates (Exhibit B) for Fiscal Year 2009.

The Fiscal Year 2009 District Budget provides for an operating and capital budget of \$35,905,706 for the District for the upcoming fiscal year. This amount includes \$19,326,582 in bond proceeds for capital projects that will be carried over into FY 2009. The budget identifies the revenues and expenses of the District, and outlines the sources and uses of funds for FY 2009.

The tax rate to be set for the district is unchanged at \$2.10 per \$100 of secondary assessed value for debt service. The total tax levy revenue for the upcoming year is

DISTRICT CLERK USE ONLY:

Consent Agenda
 Carry Over to Date: _____
 Approved
 Unfinished Business (Date heard previous: _____)
 New Business

ORD. # _____ RES. # VCFD 08-04
LCON# _____ LIC. # _____
Action Date: _____

estimated to be \$3,074,037. The balance of revenues for the District will come from the Developer as per the existing 2002, 2005, and 2006 Standby Contribution Agreements, as well as the Development Agreement.

As required by State Statute, (ARS 48-716), a notice of public hearing on the District Budget and tax levy information for Fiscal Year 2009 was published in the Peoria Times on May 30, 2008, at least 10 days prior to the hearing date. The public hearing is scheduled for June 17, 2008, prior to the District Board taking action on the attached resolution.

The attached resolution also includes language to eliminate transfer restrictions for the Series 2002 and the Series 2005 Vistancia Community Facilities District bonds. The original documents authorizing the issuance of the Series 2002 and 2005 bonds limited the sale and transfer of such bonds to certain qualified investors only after meeting certain requirements until specific other requirements were met. These requirements were namely that the bonds receive an investment grade rating from one of the major rating agencies and the District Board approve the elimination of such restrictions. Evidence of such investment grade has been provided and as such, the owners of the bonds are now requesting that the District Board approve the elimination of the transfer restrictions.

Staff is recommending that the District Board adopt the attached resolution to approve the District Budget and Tax Levy Information for Fiscal Year 2009 and eliminate the transfer restriction on the Series 2002 and Series 2005 bonds. The resolution and accompanying documents have been reviewed and approved as to form by District Counsel.

Attachments:

1. Resolution No. VCFD 08-04
2. Vistancia Community Facilities District Fiscal Year 2009 Budget
3. Vistancia Community Facilities District Fiscal Year 2009 Tax Levy Statements and Estimates

RESOLUTION NO. VCFD 08-04
(VISTANCIA)

A RESOLUTION OF THE DISTRICT BOARD OF VISTANCIA COMMUNITY FACILITIES DISTRICT (1)(A) APPROVING A FINAL BUDGET FOR FISCAL YEAR 2009 PURSUANT TO A.R.S. §48-716; (B) ORDERING THAT AN AD VALOREM TAX BE FIXED, LEVIED AND ASSESSED ON THE ASSESSED VALUE OF ALL THE REAL AND PERSONAL PROPERTY WITHIN THE BOUNDARIES OF THE DISTRICT IN AMOUNTS SPECIFIED IN FILED STATEMENTS AND ESTIMATES; AND (C) PROVIDING FOR CERTIFIED COPIES OF THIS RESOLUTION TO BE DELIVERED TO THE MARICOPA COUNTY BOARD OF SUPERVISORS AND THE ARIZONA DEPARTMENT OF REVENUE; (2) APPROVING THE ELIMINATION OF RESTRICTIONS ON TRANSFER OF THE DISTRICT'S GENERAL OBLIGATION BONDS, SERIES 2002 AND 2005 AND (3) PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, Vistancia Community Facilities District (the "District") is a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax-levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1., 3.2, 4 and 5, Arizona Revised Statutes, as amended, and [except as otherwise provided in A.R.S. §48-708(B), as amended] is considered to be a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City of Peoria, Arizona; and

WHEREAS, the District was created to finance construction and maintenance of certain public infrastructure needed for the development of the project known as "Vistancia", including through assessment of ad valorem taxes on all real and personal property within the District for such purpose; and

WHEREAS, in accordance with A.R.S. §§48-719 and 48-723, a special election was held wherein the qualified electors of the District authorized the issuance of general obligation bonds to cover costs of constructing required public infrastructure and the levy and collection of an annual ad valorem tax at a rate not to exceed thirty cents (30¢) per one hundred dollars (\$100) of assessed valuation for operation and maintenance expenses of the District; and

WHEREAS, by Resolution Nos. VCFD 02-02, VCFD 05-01, and VCFD 06-03 the District authorized the sale and issuance of \$21,250,000 aggregate principal amount of Bonds, Series 2002 ("the 2002 Bonds"), \$23,550,000 aggregate principal amount of Bonds, Series 2005 (the "2005 Bonds"), and \$22,760,000 aggregate principal amount of

Bonds, Series 2006 (the "2006 Bonds") respectively, to fund public infrastructure for such development; and

WHEREAS, the District also entered into a Standby Contribution Agreement, dated as of December 1, 2002, a Standby Contribution Agreement, dated as of April 1, 2005, and a Standby Contribution Agreement, dated as of December 1, 2006 with entities involved in such development and with respect to the 2002 Vistancia Community Facilities District Bonds, the 2005 Bonds, and the 2006 Bonds respectively, whereby annual payments will be made to the District in order to maintain the tax rate at no more than two dollars and ten cents (\$2.10) per one hundred dollars (\$100) of secondary assessed valuation for debt service, given the tax base of the District in each tax year; and

WHEREAS, by Resolution No. 08-01 this Board (a) tentatively approved a proposed budget for Fiscal Year 2009, (b) filed required statements and estimates of operation and maintenance expenses of the District, the costs of capital improvements to be financed by the authorized ad valorem tax levy of the District, and the amount of all other expenditures for public infrastructure purposes proposed to be paid from the tax levy and of the amount to be raised to pay debt service with respect to the 2002 Bonds, the 2005 Bonds, and the 2006 Bonds of the District, (c) set a date of June 17, 2008 for a public hearing on the proposed budget and, particularly, on the portions of the statements and estimates not relating to debt service on general obligation bonds, and (d) provided for notice of the filing and of the public hearing date; and

WHEREAS, at the conclusion of the public hearing, this Board voted to adopt the final budget for Fiscal Year 2009 by this Resolution No. 08-02, and ordered the fixing, levying and assessment of the amounts to be raised by ad valorem taxes; and

WHEREAS, the indenture of trust and security agreements for the 2002 Bonds and the 2005 Bonds provide that the restrictions on transfer thereof may be eliminated after receipt by the trustee thereunder of proof of a rating on such bonds as provided therein and written approval of this Board thereto; and

WHEREAS, such trustee has been provided proof of such rating on the 2002 Bonds and the 2005 Bonds as so required to eliminate the transfer restrictions thereon;

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF VISTANCIA COMMUNITY FACILITIES DISTRICT, AS FOLLOWS:

1. That certain proposed budget of the District for Fiscal Year 2009, attached hereto and expressly made a part hereof as Exhibit "A", is hereby finally adopted.
2. That in Fiscal Year 2009, an ad valorem tax shall be fixed, levied and assessed on the assessed value of all the real and personal property within the boundaries of the District in the amounts set forth in the statements and estimates attached hereto and expressly made a part hereof as Exhibit "B".
3. That certified copies of this Resolution shall be delivered by U.S. Mail to the Maricopa County Board of Supervisors and to the Arizona Department of Revenue no later than June 30, 2008.

4. The transfer restrictions on the 2002 Bonds and the 2005 Bonds are eliminated for all purposes thereof.

5. That, if any provision in this Resolution is held invalid by a court of competent jurisdiction, the remaining provisions shall not be affected but shall continue in full force and effect.

6. That this Resolution shall be effective after its passage and approval according to law.

RESOLVED by the District Board of the Vistancia Community Facilities District this 17th day of June, 2008.

Bob Barrett
Chairman, District Board,
Vistancia Community Facilities District

ATTEST:

Mary Jo Kief
District Clerk, Vistancia
Community Facilities District

APPROVED AS TO FORM:

Stephen M. Kemp
District Counsel, Vistancia
Community Facilities District

ATTACHMENTS: Exhibit A – FY 2009 Budget
Exhibit B - Statements and Estimates

"EXHIBIT A"VISTANCIA COMMUNITY FACILITIES DISTRICT
OF PEORIA, ARIZONA

FISCAL YEAR 2009 BUDGET

OPERATING FUND	FY 2009	
REVENUES		
Tax levy at \$2.10 per \$100 of Secondary Assessed Valuation - Debt	3,074,037	
Tax levy at \$.30 per \$100 of Secondary Assessed Valuation - Operations	0	
Amounts expected to be paid from Standby Contribution Agreement	2,178,587	
Developer Contributions pursuant to Development Agreement	90,500	
TOTAL REVENUES	5,343,124	
EXPENSES		
Debt Service on Series 2002 Bonds	2,043,075	
Debt Service on Series 2005 Bonds	1,959,619	
Debt Service on Series 2006 Bonds	999,930	
Funding for Insurance Deductible	250,000 *	
Premium - General Liability and District Board Liability Insurance	50,000	
Trustees Fees	7,500	
Auditing and Accounting Costs	15,500	
City of Peoria Administrative Costs	10,000	
Other costs - Continuing Disclosure, etc.	5,000	
Contingency	2,500	
TOTAL EXPENSES	5,343,124	5,343,124
CONSTRUCTION FUND		
SOURCES OF FUNDS		
Reserved Bond Proceeds - Series 2002 and Series 2005 Bonds	4,480,000	
Developer Contribution** Letter of Credit - Series 2002 Bonds	2,125,000	
Developer Contribution** Letter of Credit - Series 2005 Bonds	2,355,000	
Developer Contribution** Letter of Credit - Series 2006 Bonds	2,276,000	
TOTAL SOURCES	11,236,000	
USES OF FUNDS		
Debt Service Reserve Funds - Series 2002 and 2005 Bonds	4,480,000	
Depository Payment - Series 2002 Bonds	2,125,000	
Depository Payment - Series 2005 Bonds	2,355,000	
Depository Payment - Series 2006 Bonds	2,276,000	
TOTAL USES	11,236,000	11,236,000
CARRYOVER OF FY 2007 PROJECTS		19,326,582
TOTAL APPROPRIATION FOR FY 2009		35,905,706

* Developer paid insurance deductible - monies held by City.

** May be funded with a letter of credit or other sources.

VISTANCIA COMMUNITY FACILITIES DISTRICT

CITY OF PEORIA, ARIZONA

Fiscal Year 2009
Tax Levy
Statements and Estimates

Tax Rate Amount for Fiscal Year 2009:

Tax rate at maximum amount of \$2.10 per \$100 of Secondary Assessed Valuation – Debt Service.

Assessed Valuation:

Maricopa County's estimation of secondary assessed property valuation for the district is \$146,382,723

Estimated Levy Amount:

The levy is estimated to be \$3,074,037.18 for debt service.

Operation and Maintenance Expenses:

Funding for Insurance Deductible	\$250,000
Premium – General Liability and District Board Liability Insurance	50,000
Trustees Fees	7,500
Auditing and Accounting Costs	15,500
City of Peoria Administrative Costs	10,000
Other costs – Continuing Disclosure, etc.	5,000
Contingency	2,500
Total:	<u>\$340,500</u>

Capital Expenses:

Estimated Cost of Capital Improvements to be financed: \$0