



**VISTANCIA COMMUNITY FACILITIES  
DISTRICT BOARD  
SPECIAL MEETING NOTICE & AGENDA  
Tuesday, May 15, 2012  
7:01 PM  
(to follow Regular City Council Meeting)  
CITY COUNCIL CHAMBER**

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**DISTRICT BOARD:**

Chairperson  
Bob Barrett

Vice Chairperson  
Ron Aames

Board Members  
Cathy Carlat  
Joan Evans  
Carlo Leone  
Dave Pearson  
Tony Rivero

District Manager  
Carl Swenson

**CONVENE:  
ROLL CALL:**

**CONSENT AGENDA**

**CONSENT AGENDA:** All items listed with "C" are considered to be routine or have been previously reviewed by the Board, and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member so requests; in which event the item will be removed from the General Order of Business, and considered in its normal sequence on the Agenda.

**CONSENT – New Business:**

**1C Minutes**

Discussion and possible action to approve the Special Meeting minutes of February 21, 2012.

**2C Investment Report for the Quarter Ended March 31, 2012**

Discussion and possible action to approve the Investment Report for the Quarter Ended March 31, 2012.

**3C Proposed Budget and Tax Levy Estimates for Fiscal Year 2013 and Public Hearing**

Discussion and possible action to adopt **RES. VCFD 2012-01** approving Budget and Tax Levy Estimates for Fiscal Year 2013 and Establishing a Public Hearing on proposed budget and tax levy information.

**CALL TO THE PUBLIC: (NON-AGENDA ITEMS)**

If you wish to address the District Board, please complete a Speaker Request Form and return it to the Clerk before the call to order for this meeting. The District Board is not authorized by state law to discuss or take action on any issue raised by public comment until a later meeting.

**ADJOURNMENT**

**NOTE:** Documentation (if any) for items listed on the Agenda is available for public inspection, a minimum of 24 hours prior to the District Board Meeting, at any time during regular business hours in the Office of the City Clerk, 8401 W. Monroe Street, Room 150, Peoria, AZ 85345.

***Accommodations for Individuals with Disabilities.*** *Alternative format materials, sign language interpretation, assistive listening devices or interpretation in languages other than English are available upon 72 hours advance notice through the Office of the City Clerk, 8401 West Monroe Street, Room 150, Peoria, Arizona 85345 (623)773-7340, TDD (623)773-7221, or FAX (623) 773-7304. To the extent possible, additional reasonable accommodations will be made available within the time constraints of the request.*

**PUBLIC NOTICE:**

*In addition to the District Board members noted above, one or more members of the City of Peoria Boards and Commissions may be present to observe the District Board meeting as noticed on this agenda.*

**MINUTES OF THE VISTANCIA COMMUNITY FACILITIES DISTRICT BOARD**  
CITY OF PEORIA, ARIZONA  
COUNCIL CHAMBER  
February 21, 2012

A **Special Meeting** of the Vistancia Community Facilities District Board was convened at 8401 West Monroe Street in open and public session at 7:20 p.m.

**Members Present:** Board Chairperson Bob Barrett; Vice Chairperson Ron Aames; Board Members Cathy Carlat, Joan Evans, Carlo Leone, Dave Pearson and Tony Rivero.

**Members Absent:** None.

**Other Municipal Officials Present:** Carl Swenson, District Manager; Susan Daluddung, Deputy District Manager; Susan Thorpe, Deputy District Manager; Steve Kemp, District Counsel; Wanda Nelson, District Clerk; Andy Granger, Engineering Director; Stacy Irvine, Interim Fire Chief; Claudia Luján, Interim Human Resources Director; Brent Mattingly, Finance Director; Roy Minter, Police Chief; Jeff Tyne, Interim Community Services Director; and Linda Blas, Deputy District Clerk.

**Audience:** Approximately 35 members of the public were present.

**Note:** The order in which items appear in the minutes is not necessarily the order in which they were discussed in the meeting.

**CONSENT AGENDA:** All items listed with a "C" are considered to be routine or have been previously reviewed by the District Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member so requests; in which event the item will be removed from the General Order of Business and considered in its normal sequence on the Agenda.

Chairperson Barrett asked if any Board Member wished to have an item removed from the Consent Agenda. Having no requests from the Board, motion was made by Vice Chairperson Aames, seconded by Board Member Carlat, to approve the Consent Agenda.

Upon vote, the motion carried unanimously 7 to 0.

**CONSENT – New Business:**

**1C Minutes**

Approved the Special Meeting minutes of December 6, 2011.

**2C Investment Report for the Quarter Ended December 31, 2011**

Reviewed and accepted the Investment Report for the Quarter Ended December 31, 2011.

**CALL TO THE PUBLIC: (NON-AGENDA ITEMS)**

None.

**ADJOURNMENT:**

Being no further business to come before the District Board, the meeting was duly adjourned at 7:21 p.m.

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Bob Barrett, Board Chairperson

ATTEST:

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Wanda Nelson, District Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct summary of the proceedings of the Special Meeting of the Vistancia Community Facilities District held on the 21<sup>st</sup> day of February, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 15<sup>th</sup> day of May, 2012.

(Seal)

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Wanda Nelson, District Clerk

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

Agenda Item: VCFD 2C

Date Prepared: April 25, 2012

District Meeting Date: May 15, 2012

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**TO:** Carl Swenson, District Manager  
**FROM:** Brent D. Mattingly, Chief Financial Officer   
**THROUGH:** Susan Thorpe, Deputy District Manager  
**SUBJECT:** Investment Report for the Quarter Ended March 31, 2012

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**Purpose:**

This is a request for the District Board to review and accept the Investment Report for the Quarter Ended March 31, 2012.

**Background/Summary:**

The Finance Department has prepared an annual report in compliance with Peoria's adopted Investment Policy. The report summarizes the District's investment activity for the period from January 1, 2012 to March 31, 2012. The District's total investment portfolio earned an average yield of 0.40% for the 3rd Quarter of FY 2012. This represents investment income of \$16,159 for the quarter. The average cash balance of the District's portfolio during the quarter was \$18,185,944 and the ending balance for the total investment portfolio was \$18,189,409 which represents all securities and money market funds.

**Previous Actions:**

There are no previous actions for this item.

**Options:**

The District Board may select the following options:

- A:** Accept the Quarterly Investment Report as presented
- B:** Not accept the Quarterly Investment Report and request additional information from staff

**Staff's Recommendation:**

Staff recommends that the District Board review and accept the Investment Report for the Quarter ended March 31, 2012 as presented.

**Fiscal Analysis:**

This item has no financial implications.

**Narrative:**

The annual report provides comparative investment yields, portfolio composition, average maturity lengths, comparisons of market value and book value, and a brief summary of the economy. An Inventory Holdings Report, which itemizes each security in the District's investment portfolio by fund, security type, and cusip number has been included as Exhibit 2. A brief glossary of security definitions has also been included as Exhibit 3.

**Exhibit(s):**

**Exhibit 1:** Investment Report for the Quarter Ended March 31, 2012

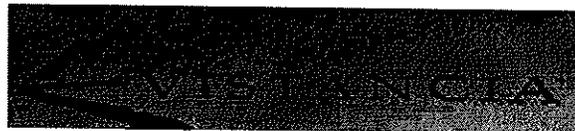
**Exhibit 2:** Inventory Holdings Report for the Quarter Ended March 31, 2012

**Exhibit 3:** Glossary of Security Definitions

**Contact:**

Deborah Card, Treasury Manager, X7148

**VISTANCIA COMMUNITY FACILITIES  
DISTRICT  
PEORIA, ARIZONA**



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**INVESTMENT PERFORMANCE REPORT**

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**Annual Report**

**Period Ended**

**March 31, 2012**

**Brent D. Mattingly**

**District Chief Financial Officer**

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## I. INTRODUCTION

This report reflects investment activity for the period of January 1, 2012 to March 31, 2012 for the District's investment management program. The District's funds are invested in accordance with the City's Investment and Portfolio Policies, approved and adopted in January 1992 by the City Council, with revisions approved in June 2005. The policy requires that the investment program meet the following criteria, listed in order of importance:

- Safety - *Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.*
- Liquidity - *The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements.*
- Yield - *The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, while taking into account the City's strict risk constraints.*

In keeping with these principles, staff continued to invest the District's funds only in allowable, safe securities and to structure the maturity of the investment portfolio to assure liquidity. Short-term needs (6 months or less) are being met by investments in overnight repurchase agreements, commercial paper, and money market funds. Funds not required to meet specific short-term needs are invested primarily in Treasury Notes and U.S. Government Agency Securities.

Only after the safety and liquidity requirements are met does staff attempt to maximize earnings. For the Quarter Ended March 31, 2012, the weighted average annualized yield on investments was as follows:

**Table 1**

<b>AVERAGE ANNUALIZED INVESTMENT YIELD</b>					
	<b>FY11 Q3</b>	<b>FY11 Q4</b>	<b>FY12 Q1</b>	<b>FY12 Q2</b>	<b>FY12 Q3</b>
CFD Bonds, Series 2002 (Reserve)	0.47	0.70	0.97	0.68	0.67
CFD Bonds, Series 2005	0.54	0.56	0.76	0.49	0.69
CFD Bonds, Series 2006	0.44	0.43	0.38	0.30	0.31
Total Portfolio	0.46	0.47	0.49	0.36	0.40

The quarter's average yield of 0.40% for the total portfolio represents an increase of 0.04% from the total portfolio annualized yield of 0.36% experienced for the Quarter Ended December 31, 2011.

## II. INVESTMENT POLICY COMPLIANCE

The City's Investment Policy, as approved by City Council, applies to all the financial assets and funds held by the City of Peoria, including Vistancia Community Facilities District funds. All investments follow the provisions established in that Policy.

## III. INVESTMENT PERFORMANCE

**A. Portfolio Composition.** All investment proceeds are diversified by security type and institution to minimize market volatility risk and credit risk. The Policy stipulates maximum investment levels by market sector to insure diversification. Diversification is further accomplished through the laddering of maturities, which mirror anticipated cash flows for the various funds. If not matched to specific cash flows, the funds are invested with a priority of liquidity and safety until specific cash flow needs are identified.

The table below illustrates the diversification structured into the portfolio composition with dollar amounts and percentages by investment type (market sector). The table shows the overall conservative nature of the portfolio and its diversified structure. The fluctuation in percentages between fiscal quarters represents a shifting of value between market sectors from the varying economic conditions throughout the year. The concentration on Treasury Notes and Agency Securities illustrates the portfolio's safety priority.

**Table 2**

TOTAL PORTFOLIO COMPOSITION (In Millions of Dollars)								
Security Type	FY 11 – Q4		FY 12 – Q1		FY 12 – Q2		FY 12 – Q3	
	Amt	%	Amt	%	Amt	%	Amt	%
Money Market	5.5	27.0	2.7	15.1	3.8	20.8	3.8	20.9
Agency Securities	9.4	46.0	9.9	54.5	8.9	49.0	6.4	35.2
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Notes	3.0	14.8	3.0	16.6	3.0	16.5	3.0	16.5
Commercial Paper	2.5	12.2	2.5	13.8	2.5	13.7	5.0	27.4
Repurchase Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTALS:</b>	<b>20.4</b>	<b>100.0</b>	<b>18.1</b>	<b>100.0</b>	<b>18.2</b>	<b>100.0</b>	<b>18.2</b>	<b>100.0</b>

**B. Average Invested Cash Balances.** The average investment cash balance for the portfolio for the Quarter Ending March 31, 2012 was \$18,185,944 as compared to \$18,161,779 for the Quarter Ended December 31, 2011.

Fluctuations in the quarterly balances shown in the chart below represent normal cash flows throughout the fiscal year, the addition of new bond proceeds, investment of earned interest, and the spend down of existing bond proceeds for capital projects.

**C. Investment Income.** Total investment income for the 3rd Quarter of FY12 was \$16,159 which represents a decrease of 1.4% from the \$16,388 earned in the 2nd Quarter of FY12.

**D. Comparative Investment Yields.** Since the Investment Policy restricts investment primarily to the U.S. fixed income and money markets, the portfolio performance is measured directly against these markets for comparison purposes. The maximum maturity of securities purchased for the portfolio is restricted to five (5) years. The weighted average maturity cannot exceed 365 days. The actual weighted average maturity for the 3rd Quarter of FY 12 was 268 days, in keeping with the investment policy requirement for liquidity and safety. The average rates of comparable benchmarks are shown in the table below.

**Table 3**

COMPARATIVE ANNUALIZED INVESTMENT YIELDS				
	FY 11 Q4	FY 12 Q1	FY 12 Q2	FY 12 Q3
Total Portfolio	0.47	0.49	0.36	0.40
3 Month T-Bill	0.04	0.02	0.01	0.06
Money Market Fds	0.01	0.01	0.01	0.01
6 Month T- Bill	0.10	0.06	0.04	0.11
1 Year T-Bill	0.19	0.12	0.10	0.14
2 Year Treasury	0.55	0.27	0.26	0.28

**E. Average Maturity of the Portfolio.** For the Quarter ended March 31, 2012, the average maturity of the portfolio was 268 days as compared to 247 days on December 31, 2011. Matching maturities to known cash flows requires the maintenance of a somewhat short portfolio. Cash not needed to match immediate cash flow needs (within a nine month rolling horizon of liabilities) is normally extended somewhat to take advantage of higher yields. Longer maturities are used to capture yields at purchase and to capture capital gains during the period.

**F. Comparison of Market Value and Book Value.** The book value of the portfolio is captured on an amortized cost basis recognizing the position in the

securities on a straight-line amortization of premiums and discounts. Book and market values do not include accrued interest on the securities. The market value reflects the *then current* market price at which these securities could be sold in the open market. A comparison of book and market reflects the changes in market rates as well as the performance of the portfolio against the market. Since the shortest portion of the portfolio is matched against anticipated cash flows, rate changes will more directly affect their relative gain/loss positions. A summary of market and book values for the total portfolio for the Quarter are shown below.

Beginning Book Value .....	\$18,176,192
Beginning Market Value .....	\$18,175,639
Ending Book Value .....	\$18,189,463
Ending Market Value .....	\$18,189,409

At quarter's end, the book value of the portfolio exceeded the market value of securities resulting in an overall unrealized loss in value of \$54.

## **ECONOMIC REVIEW AS OF 3-31-12:**

Gross Domestic Product (GDP): Historically, the U.S. economy has grown at around a 3% rate as measured by its annual Gross Domestic Product (GDP). The economy grew by 3% in the final quarter of 2011, but for the entire year rose by just 1.7%. So far in 2012, the pace has quickened. Warm weather throughout the nation has had a positive influence on economic data in general. The National Oceanic Atmospheric Administration (NOAA) declared the most recent December through February period as the fourth warmest in the U.S. going back to 1895. In addition, U.S. temperatures in March were 8.6 degrees above the 20th Century average and the warmest on record. The general expectation for first quarter GDP growth is 2.5%-3.0%, although there is some upward bias as a result of strong consumer spending numbers in the first three months of 2012. Initial GDP numbers won't be released until April 28, 2012.

Nonfarm Payrolls: After several months' worth of better-than-expected labor market news, job creation fell short in March as just 120,000 jobs were added to U.S. company payrolls, well below the Bloomberg median forecast of 205,000. The March increase was the lowest in five months and less than half of the 246,000 average over the prior three-month period. The unemployment rate, which is calculated from a separate survey of U.S. households, actually fell from 8.3% to 8.2%. The weather distortion had a particularly dramatic effect on this measure as overall household employment fell by 31,000 jobs in March after months of huge gains. But a 164,000 drop in the labor force allowed the unemployment rate to creep downward. There are currently 12.7 million unemployed workers. Among these, 5.3 million have been unemployed for 27 weeks or more.

U.S. Home Sales: CNNMoney reported that U.S. home prices had dropped another 4% in the fourth quarter returning to price levels of 10 years ago. According to the Case-Schiller home price index, prices are now 33.8% below their peak. The average price for an existing home in February was \$156,600, while the average price for a new home was \$233,700. February housing starts fell 1.1% to a 698,000 unit annual rate, while building permits rose 5.1% to 717,000 the highest in 3½ years. Existing home sales dropped by 0.9% in February to an annual rate of 4.6 million units. New home sales for February fell by 1.6% to 313,000. The good news is that new home inventories are at an all-time low.

Retail Sales: Consumer spending drives the U.S. economy. For this reason, monthly retail sales are considered an important indicator of sustainable economic growth. After a disappointing final quarter of 2011, unseasonably mild winter weather sparked spending in the first quarter of 2012. Sales rose by 0.7%, 1.0%, and 0.8% in the first three months. Eleven of 13 categories registered advances in March. Auto sales, which were expected to show no change, were actually up 0.9% for the month. Other components showing strong gains were furniture sales (+1.1%), electronics (+1.0%) and building materials (+3.0%). Electronics got a boost from the new i-Pad and discounted sales of the older model as a record 3 million i-Pads were sold during the debut weekend. Building materials sales also benefited from the weather as planting and spring projects got an early start.

- Scott McIntyre, First Southwest Asset Management

## SUMMARY DATA

**Table 4**

<b>PORTFOLIO COMPOSITION</b> <b>Vistancia CFD Bonds, Series 2002*</b>				
<b>Security Type</b>	<b>FY 11 – Q4 Ending 06/30/11</b>	<b>FY 12 – Q1 Ending 09/30/11</b>	<b>FY 12 – Q2 Ending 12/31/11</b>	<b>FY 12 – Q3 Ending 3/31/12</b>
Money Market	\$13,832	\$7,160	\$8,155	\$13,167
Agency Securities	\$2,050,409	\$2,049,979	\$2,049,953	\$2,049,320
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$0	\$0	\$0	\$0
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$2,064,241</b>	<b>\$2,057,139</b>	<b>\$2,058,108</b>	<b>\$2,062,487</b>
Avg Yield	0.70	0.97	0.68	0.67
Avg Maturity (Years)	1.35	2.13	2.16	2.06

\* Represents Debt Service Reserve Funds

**Table 5**

<b>PORTFOLIO COMPOSITION</b> <b>Vistancia CFD Bonds, Series 2005*</b>				
<b>Security Type</b>	<b>FY 11 – Q4 Ending 06/30/11</b>	<b>FY 12 – Q1 Ending 09/30/11</b>	<b>FY 12 – Q2 Ending 12/31/11</b>	<b>FY 12 – Q3 Ending 03/31/12</b>
Money Market	\$1,006,431	\$5,385	\$6,377	\$1,910
Agency Securities	\$1,350,136	\$2,349,959	\$2,349,939	\$2,358,277
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$0	\$0	\$0	\$0
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$2,356,567</b>	<b>\$2,355,344</b>	<b>\$2,356,316</b>	<b>\$2,360,187</b>
Avg Yield	0.56	0.76	0.49	0.69
Avg Maturity (Years)	0.76	1.70	1.34	1.96

\* Represents Debt Service Reserve Funds

**Table 6**

<b>PORTFOLIO COMPOSITION</b>				
<b>Vistancia CFD Bonds, Series 2006</b>				
<b>Security Type</b>	<b>FY 11 – Q4 Ending 06/30/11</b>	<b>FY 12 – Q1 Ending 09/30/11</b>	<b>FY 12 – Q2 Ending 12/31/11</b>	<b>FY 12 – Q3 Ending 03/31/12</b>
Money Market	\$4,505,239	\$2,721,465	\$3,760,665	\$3,776,340
Agency Securities	\$6,009,942	\$5,504,626	\$4,499,963	\$2,000,000
Treasury Notes	\$3,017,316	\$3,012,115	\$3,006,869	\$3,001,660
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$2,494,167	\$2,498,000	\$2,494,271	\$4,988,789
Repurchase Agreements	\$0	\$0	\$0	\$0
<b>Totals:</b>	<b>\$16,026,664</b>	<b>\$13,736,206</b>	<b>\$13,761,769</b>	<b>\$13,766,789</b>
Avg Yield	0.43	0.38	0.29	0.31
Avg Maturity (Years)	0.41	0.38	0.34	0.33

# City of Peoria

## Detail of Security Holdings

As of 03/31/2012

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty
<b>Vistancia Project 2002 - Debt Serv Reserve</b>														
WF-ADVG0V		MMF	Wells Fargo Adv Govt MMF					13,167.39	100.000	13,167.39	13,167.39	100.000	13,167.39	1
3134G2TR3	07/29/11	AGCY STEP	FHLMC	0.450	07/26/13	07/26/12	ONE TIME	500,000.00	100.000	500,000.00	500,000.00	99.990	499,950.00	482
3135G0FP3	11/15/11	AGCY CALL	FNMA	0.550	11/15/13	11/15/12	ONE TIME	500,000.00	99.990	499,950.00	499,959.41	100.010	500,050.00	594
31398A3G5	03/29/12	AGCY BULET	FNMA	1.500	09/08/14			1,025,000.00	102.382	1,049,415.50	1,049,360.24	101.990	1,045,397.50	891
Total for Vistancia Project 2002 - Debt Serv Reserve								2,038,167.39		2,062,532.89	2,062,487.04		2,058,564.89	714
<b>Vistancia Project 2005 - Debt Serv Reserve</b>														
WF-ADVG0V		MMF	Wells Fargo Adv Govt MMF					1,909.63	100.000	1,909.63	1,909.63	100.000	1,909.63	1
3134G2TR3	07/29/11	AGCY STEP	FHLMC	0.450	07/26/13	07/26/12	ONE TIME	500,000.00	100.000	500,000.00	500,000.00	99.990	499,950.00	482
3135G0FP3	11/15/11	AGCY CALL	FNMA	0.550	11/15/13	11/15/12	ONE TIME	500,000.00	99.990	499,950.00	499,959.41	100.010	500,050.00	594
313376RV9	01/30/12	AGCY STEP	FHLB	0.250	04/30/14	04/30/12	QRTLY	1,000,000.00	100.000	1,000,000.00	1,000,000.00	99.990	999,900.00	760
31398A3G5	03/29/12	AGCY BULET	FNMA	1.500	09/08/14			350,000.00	102.382	358,337.00	358,318.13	101.990	356,965.00	891
Total for Vistancia Project 2005 - Debt Serv Reserve								2,351,909.63		2,360,196.63	2,360,187.17		2,358,774.63	685
<b>Vistancia Project 2006 - Construction</b>														
WF-ADVG0V		MMF	Wells Fargo Adv Govt MMF					3,776,340.13	100.000	3,776,340.13	3,776,340.13	100.000	3,776,340.13	1
912828NB2	04/13/11	TREAS NOTE	U.S. Treasury	1.000	04/30/12			3,000,000.00	100.727	3,021,796.88	3,001,660.11	100.070	3,002,100.00	30
3024A0FE0	11/18/11	CP - DISC	FCAR Owner Trust		06/14/12			2,500,000.00	99.710	2,492,743.06	2,497,430.55	99.960	2,499,010.00	75
89233GKN5	01/26/12	CP - DISC	Toyota Mtr Cr		10/22/12			2,500,000.00	99.543	2,488,562.50	2,491,358.33	99.761	2,494,020.00	205
313376ML6	12/28/11	AGCY CALL	FHLB	0.250	12/28/12	06/29/12	QRTLY	2,000,000.00	100.000	2,000,000.00	2,000,000.00	100.030	2,000,600.00	272
Total for Vistancia Project 2006 - Construction								13,776,340.13		13,779,442.57	13,766,789.12		13,772,070.13	97
Total for City of Peoria								18,186,417		18,202,172	18,189,463		18,189,409	243



**Security Acronyms:**

AGCY – DISCO	Agency Discount Note
AGCY – BULET	Agency Bullet
AGCY – CALL	Agency Callable Note
AGCY – STEP	Agency Step-Up Note
CP – DISC	Commercial Paper Discounted
FFCB	Federal Farm Credit Bank
FHLB	Federal Home Loan Bank
FNMA	Federal National Mortgage Association or “Fannie Mae”
FHLMC	Federal Home Loan Mortgage Corporation or “Freddie Mac”
FCAR Owner Trust	Ford Credit Asset Receivable
GE Capital Corp	General Electric Capital Corp
MMF	Money Market Fund

**Security Definitions:**

**Agency Notes** - A debt security issued by a federal or federally sponsored agency. These are widely considered to be among the safest types of fixed income securities, although they are not explicitly guaranteed by the Federal government, there is a market peerception that there is an implicit government guarantee. The following are Government-Related Enterprises, originally created by an act of Congress: Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

**Federal Farm Credit Bank (FFCB)** - The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. FFCB debt obligations are highly liquid and its senior debt is AAA-rated. Yields on FFCB obligations are often slightly lower than yields on FHLB, FNMA or FHLMC obligations because they issue fewer bonds and are in demand as portfolio diversifiers.

Federal Home Loan Bank (FHLB) - The Federal Home Loan Bank system was created by an act of Congress in 1932 as a system of 12 regional banks that provide funds to its member banks. FHLB's primary mission is to support residential and community lending. Its membership of more than 8,000 financial institutions includes savings banks, commercial banks, credit unions and insurance companies active in housing finance. FHLB debt obligations are highly liquid and its senior debt is AAA-rated.

Federal National Mortgage Association (FNMA or "Fannie Mae") - Fannie Mae was chartered in 1938 under the Federal National Mortgage Association Act to provide a secondary market for mortgage loans in the United States, by purchasing existing home loans and pooling them together to create mortgage-backed securities that can then be sold to investors, along with a guaranty of the timely payment of principal and interest on the underlying loans. Fannie Mae was privatized in 1968, and operated as a private stockholder-owned company for 40 years before the housing market collapse forced them into federal government conservatorship in September 2008. Fannie Mae currently continues operation under government control and has been instrumental in the government's attempts to revive the housing sector. Fannie Mae debt obligations are highly liquid and its senior debt is AAA-rated.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") - Freddie Mac was created by an act of Congress in 1970 as a shareholder-owned company to further expand the secondary market for mortgage loans in the United States. Freddie Mac buys existing mortgages and pools them together to create mortgage-backed securities that can then be sold to investors, thereby providing liquidity to lenders who can then make additional loans. Along with Fannie Mae, Freddie Mac was placed into government conservatorship in September 2008, but continues full operations under government control and has been instrumental in the government's attempt to revive the housing sector. Freddie Mac securities are highly liquid and its senior debt is AAA-rated.

**Agency Bullet**- An agency security that matures at a single point in time and does not feature a call option. This security will earn a fixed rate of interest and the entire face value will be returned to the investor at maturity. The security does not amortize or make periodic payments of principal.

**Agency Callable** - An agency security where the issuer has the option to call the security away, or redeem it, prior to maturity. This allows the issuer to return principal to the investor prior to the stated maturity date.

**Agency Discount Note** - Similar to a Treasury Bill, an agency discount note is a zero coupon bond sold at a discount to face value. At maturity the investor will receive face value. The income earned is the difference between the cost paid for the security and its face value.

**Agency Step-Up Note** - An agency security that provides for the fixed rate of interest to adjust, or “step-up” at predetermined intervals based on a specific schedule. The schedule may include one or several rate adjustments over the life of the security. In most cases, the security is also callable at the step-up dates.

**Commercial Paper** – An unsecured short –term promissory note issued by corporations, with maturities ranging from 2 to 270 days. Examples of commercial paper include Ford Credit Asset Receivable, General Electric Capital Corporation, Johns Hopkins Health System and Toyota Motor Credit.

**Treasury Bill** – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000.

**Treasury Note** - U.S. government debt securities with maturities of ten years or longer, and issued in minimum denominations of \$1,000.

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

Agenda Item: VCFD 3C

Date Prepared: April 25, 2012

District Meeting Date: May 15, 2012

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**TO:** Carl Swenson, District Manager  
**FROM:** Brent D. Mattingly, Chief Financial Officer   
**THROUGH:** Susan Thorpe, Deputy District Manager  
**SUBJECT:** Resolution Approving Proposed Budget and Tax Levy Estimates for Fiscal Year 2013 and Establishing a Public Hearing

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**Purpose:**

This is a request for the District Board to adopt Resolution No. VCFD 2012 - 01 approving a proposed budget and tax levy estimates for Fiscal Year 2013 for the Vistancia Community Facilities District and establishing a public hearing date of June 5, 2012 on the proposed budget and tax levy information

**Background/Summary:**

On October 15, 2002, the District Board approved a resolution that outlined various administrative requirements pertaining to the formation of the Vistancia Community Facilities District, a new political subdivision. One of those ongoing administrative requirements is to adopt an annual budget and establish a tax levy for the district each year.

The proposed District Budget for Fiscal Year 2013, which is included as Exhibit 1, provides for an operating and capital budget of \$30,908,411 for the District for the upcoming fiscal year. This amount includes \$13,779,475 in bond proceeds to be carried over into FY 2013 that will fund future capital projects. The proposed budget identifies the revenues and expenses of the District, and outlines the sources and uses of funds for the upcoming year.

The proposed tax rate to be set for the district is unchanged from FY 2012 at \$2.10 per \$100 of secondary assessed value for debt service. A statement of the tax levy information for Fiscal Year 2013 is included as Exhibit 2. The total tax levy revenue for the upcoming year is estimated to be \$2,193,084. The balance of any required 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.

**Previous Actions:**

There are no previous actions for this item.

**Options:**

The District Board may select the following options:

- A:** Approve the proposed budget and tax levy estimates for Fiscal Year 2013 for the Vistancia Community Facilities District and establish a public hearing date.
- B:** Do not approve the proposed budget and tax levy estimates for Fiscal Year 2013 for the Vistancia Community Facilities District and establish a public hearing date.

**Staff's Recommendation:**

Staff recommends that the District Board approve Resolution No. VCFD 2012 - 01 to approve the proposed budget and tax levy estimates for Fiscal Year 2013 for the Vistancia Community Facilities District and establish the public hearing date of June 5, 2012 for discussion on the proposed budget and tax levy information.

**Fiscal Analysis:**

This item will establish a proposed budget of \$30,908,411 and tax levy of \$2.10 per \$100 of secondary assessed value for the upcoming fiscal year for the Vistancia Community Facilities District.

**Narrative:**

The proposed District Budget for Fiscal Year 2013 provides for an operating and capital budget of \$30,908,411 for the District for the upcoming fiscal year. The proposed budget identifies the revenues and expenses of the District, and outlines the sources and uses of funds for the upcoming year. The proposed tax rate to be set for the district is \$2.10 per \$100 of secondary assessed value for debt service. The total levy revenue for Fiscal Year 2013 is estimated at \$2,193,084. A public hearing on the proposed budget and tax levy is planned for June 5, 2012.

**Exhibit(s):**

- Exhibit 1:** Resolution No. VCFD 2012 - 01
- Exhibit 2:** Proposed FY 2013 Budget
- Exhibit 3:** FY 2013 Tax Levy Statements and Estimates
- Exhibit 4:** Notice of Public Hearing

**Contact:**

Deborah Card, Treasury Manager, X7148

**RESOLUTION NO. VCFD 2012-01**

(VISTANCIA)

A RESOLUTION OF THE DISTRICT BOARD OF VISTANCIA COMMUNITY FACILITIES DISTRICT APPROVING A PROPOSED BUDGET AND SETTING A PUBLIC HEARING DATE ON SAID PROPOSED BUDGET FOR FISCAL YEAR 2013 PURSUANT TO A.R.S. §48-716; FILING STATEMENTS AND ESTIMATES OF THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, THE COSTS OF CAPITAL IMPROVEMENTS TO BE FINANCED BY THE APPROVED AD VALOREM TAX LEVY, 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 GENERAL OBLIGATION BONDS OF THE DISTRICT, ALL OF WHICH SHALL BE PROVIDED FOR BY THE LEVY AND COLLECTION OF AD VALOREM TAXES ON THE ASSESSED VALUE OF ALL THE REAL AND PERSONAL PROPERTY IN THE DISTRICT AND PROVIDING FOR NOTICE OF FILING THE STATEMENTS AND ESTIMATES AND NOTICE OF A PUBLIC HEARING ON THE PORTIONS OF THE STATEMENTS AND ESTIMATES NOT RELATING TO DEBT SERVICE ON GENERAL OBLIGATION BONDS FOR FISCAL YEAR 2013 PURSUANT TO A.R.S. §48-723; AND 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 §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 of 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 certain 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 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, in accordance with A.R.S. §§ 48-716 and 48-723, there has been submitted a proposed budget for Fiscal Year 2013 which includes statements and estimates of the operation and maintenance expenses of the District, the costs of capital improvements to be financed by the authorized ad valorem tax levy, 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, all of which shall be provided for by the levy and collection of ad valorem taxes on the assessed value of all the real and personal property within the District and from amounts raised pursuant to the above described Standby Contribution Agreements; and

WHEREAS, this Board desires now to approve said proposed budget for Fiscal Year 2013, to publish notice of having filed the required statements and estimates, and to set a date (and publish a notice thereof) for a public hearing to receive comment on the proposed budget and, particularly, on the portions of the statements and estimates not relating to debt service on general obligation bonds; and

WHEREAS, after said public hearing (and on or before October 1), this Board expects to adopt a final budget by resolution; and

WHEREAS, on or before the third Monday in August, this Board also expects to order the fixing, levying and assessment of required ad valorem taxes and to cause certified copies of the order providing for the same to be delivered to the Maricopa County Board of Supervisors and the Arizona Department of Revenue;

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

1. That certain proposed budget for Fiscal Year 2013 for the District, attached hereto and expressly made a part hereof as Exhibit "1", is hereby tentatively approved.

2. That the statements and estimates of the operation and maintenance expenses of the District, the costs of capital improvements to be financed by the approved ad valorem tax levy by 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 general obligation bonds in Fiscal Year 2013 by the District are hereby filed in accordance with A.R.S. §§ 42-17101(3) and 48-723(C), and are attached hereto and expressly made a part hereof as Exhibit "2".

3. That a public hearing date of Tuesday, June 5, 2012, beginning at or after 7:00 p.m. at the City of Peoria Council Chambers at 8401 W. Monroe Street, Peoria, Arizona, is hereby set to consider said proposed budget (including, but expressly not limited to, consideration of those portions of the statements and estimates not relating to debt service on general obligation bonds), and said notice (attached hereto and expressly made a part hereof as Exhibit "3") shall be published once in the Peoria Times no later than ten (10) days prior to said hearing date.

4. 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.

5. 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 15<sup>th</sup> day of May, 2012.

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Bob Barrett  
Chairman, District Board,  
Vistancia Community Facilities District

ATTEST:

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Wanda Nelson  
District Clerk, Vistancia  
Community Facilities District

APPROVED AS TO FORM:

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Stephen M. Kemp

District Counsel, Vistancia  
Community Facilities District

ATTACHMENTS: Exhibit 1 - FY 2013 Budget  
Exhibit 2 - Statements and Estimates – Tax Levy  
Exhibit 3 - Form of Published Notice

**"EXHIBIT 1"**

VISTANCIA COMMUNITY FACILITIES DISTRICT  
OF PEORIA, ARIZONA

FISCAL YEAR 2013 BUDGET

OPERATING FUND	FY 2013	
<b>REVENUES</b>		
Tax levy at \$2.10 per \$100 of Secondary Assessed Valuation - Debt	2,193,084	
Tax levy at \$.30 per \$100 of Secondary Assessed Valuation – Operations	0	
Amounts expected to be paid from Standby Contribution Agreement	3,609,352	
Developer Contributions pursuant to Development Agreement	90,500	
<b>TOTAL REVENUES</b>	<b>5,892,936</b>	
<b>EXPENSES</b>		
Debt Service on Series 2002 Bonds	2,042,312	
Debt Service on Series 2005 Bonds	1,950,594	
Debt Service on Series 2006 Bonds	1,559,530	
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	
<b>TOTAL EXPENSES</b>	<b>5,892,936</b>	<b>5,892,936</b>
<b>RESERVE FUND</b>		
<b>SOURCES OF FUNDS</b>		
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	
<b>TOTAL SOURCES</b>	<b>11,236,000</b>	
<b>USES OF FUNDS</b>		
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	
<b>TOTAL USES</b>	<b>11,236,000</b>	<b>11,236,000</b>
<b>CARRYOVER OF BOND PROCEEDS (CONSTRUCTION FUND)</b>		<b>13,779,475</b>
<b>TOTAL APPROPRIATION FOR FY 2013</b>		<b>30,908,411</b>

\* Developer paid insurance deductible - monies held by City.

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

**EXHIBIT "2"**

VISTANCIA COMMUNITY FACILITIES DISTRICT

CITY OF PEORIA, ARIZONA

Fiscal Year 2013  
Tax Levy  
Statements and Estimates

Tax Rate Amount for Fiscal Year 2013:

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 \$104,432,592.

Estimated Levy Amount:

The levy is estimated to be \$2,193,084 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

**EXHIBIT "3"**

**COMMUNITY FACILITIES DISTRICT  
NOTICE OF FILING STATEMENTS AND ESTIMATES  
AND  
NOTICE OF PUBLIC HEARING ON  
THE PROPOSED FY 2013 BUDGET  
(INCLUDING SUCH STATEMENTS AND ESTIMATES)  
REQUIRED BY A.R.S. §§ 48-716 AND 48-723**

NOTICE OF FILING STATEMENTS AND ESTIMATES OF THE OPERATION AND MAINTENANCE EXPENSES OF VISTANCIA COMMUNITY FACILITIES DISTRICT, THE COSTS OF CAPITAL IMPROVEMENTS TO BE FINANCED BY THE AD VALOREM TAX LEVY, 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 GENERAL OBLIGATION BONDS OF THE DISTRICT AND NOTICE OF A PUBLIC HEARING ON THE PROPOSED FY 2013 BUDGET OF THE DISTRICT, INCLUDING A HEARING ON THOSE PORTIONS OF THE STATEMENTS AND ESTIMATES NOT RELATING TO DEBT SERVICE ON GENERAL OBLIGATION BONDS.

Notice is hereby given that statements and estimates have been filed in the Office of the District Clerk of Vistancia Community Facilities District of the operation and maintenance expenses of the District, the costs of capital improvements to be financed by the voter-approved ad valorem tax levy by 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 general obligation bonds of the District by the District, all of which shall be provided for by the levy and collection of ad valorem taxes on the assessed value of all the real and personal property in the District. Notice is further given that a public hearing on the proposed FY 2013 Budget of the District, including (but not limited to) a hearing on those portions of the statements and estimates not relating to debt service on general obligation bonds, all pursuant to Arizona Revised Statutes §§48-716 and 48-723, will be held by the District Board on Tuesday, June 5, 2012 at or after 7:00 p.m. in the Council Chambers of the City of Peoria, 8401 W. Monroe Street, Peoria, Arizona. Copies of the budget are available from the Office of the District Chief Financial Officer, Brent D. Mattingly, City of Peoria, 8401 W. Monroe Street, Peoria, Arizona, telephone number: (623) 773-7150.

Dated this 4<sup>th</sup> Day of May, 2012

/s/.....  
Brent D. Mattingly  
District Chief Financial Officer  
Vistancia Community Facilities District