



MUNICIPAL OFFICE COMPLEX
8401 W. MONROE STREET
PEORIA, AZ 85345

**VISTANCIA COMMUNITY FACILITIES
DISTRICT BOARD
SPECIAL MEETING NOTICE & AGENDA
Tuesday, May 17, 2011
6:01PM
(to follow Regular City Council Meeting)
CITY COUNCIL CHAMBER**

**CONVENE:
ROLL CALL:**

DISTRICT BOARD:

Chairperson
Bob Barrett

Vice Chairperson
Cathy Carlat

Board Members
Ron Aames
Joan Evans
Carlo Leone
Dave Pearson
Tony Rivero

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 Investment Report for the Quarter Ended March 31, 2011

That the District Board review and approve the Investment Report for the Quarter Ended March 31, 2011.

REGULAR AGENDA

NEW BUSINESS

2R Proposed Budget and Tax Levy Estimates, Fiscal Year 2012

Discussion and possible action to adopt **RES. VCFD 2011-01** approving the Proposed Budget and Tax Levy Estimates for Fiscal Year 2012 and establish a Public Hearing date of June 21, 2011.

District Manager
Carl Swenson

CALL TO THE PUBLIC: (NON-AGENDA ITEMS)

Your comments pertaining to District Board business are welcome. However, 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.*

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

DC: 1C
Amend No. _____

Date Prepared: May 3, 2011

District Meeting Date: May 17, 2011

TO: Carl Swenson, District Manager
THROUGH: Susan Thorpe, Deputy City Manager
FROM: Brent D. Mattingly, Chief Financial Officer *BDM*
SUBJECT: Investment Report for the Quarter Ended March 31, 2011

RECOMMENDATION:

That the District Board review and accept the Quarterly Investment Report for the Quarter Ended March 31, 2011.

SUMMARY:

The Finance Department has prepared a quarterly report to summarize the investment activity for the period from January 1, 2011 to March 31, 2011. The District's total investment portfolio earned an average yield of 0.46% for the 3rd Quarter of FY 2011. This represents investment income of \$23,002 for the quarter. The average cash balance of the District's portfolio during the quarter was \$20,385,859 and the ending balance for the total investment portfolio was \$20,421,085 which represents all securities and money market funds.

The quarterly report also 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 also been included as Attachment B. A brief glossary of security definitions has also been included as Attachment C.

ATTACHMENTS:

1. Investment Report for Quarter Ended March 31, 2011
2. Inventory Holdings Report for Quarter Ended March 31, 2011
3. Glossary of Security Definitions

Contact:

Deborah Card, Treasury Manager, 623-773-7148

**VISTANCIA COMMUNITY FACILITIES
DISTRICT
PEORIA, ARIZONA**



INVESTMENT PERFORMANCE REPORT

Annual Report

Period Ended

March 31, 2011

**Brent D. Mattingly
District Chief Financial Officer**

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I. INTRODUCTION

This report reflects investment activity for the period of January 1, 2011 to March 31, 2011 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, 2011, the weighted average annualized yield on investments was as follows:

Table 1

AVERAGE ANNUALIZED INVESTMENT YIELD					
	FY10 Q3	FY10 Q4	FY11 Q1	FY11 Q2	FY11 Q3
CFD Bonds Series 2002 Debt Reserve Fund	1.30	0.62	0.87	0.87	0.47
CFD Bonds Series 2005	1.20	0.63	0.81	0.82	0.54
CFD Bonds Series 2006	0.91	0.66	0.50	0.45	0.44
Total Portfolio	0.98	0.65	0.58	0.54	0.46

The quarter's average yield of 0.46% for the total portfolio represents a decrease of 0.08% from the total portfolio annualized yield of 0.54% experienced for the Quarter Ended December 31, 2010.

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 10 – Q4		FY 11 – Q1		FY 11 – Q2		FY 11 – Q3	
	Amt	%	Amt	%	Amt	%	Amt	%
Money Market	4.2	20.7	2.8	13.9	2.8	13.9	5.9	28.9
Agency Securities	13.1	64.4	12.0	59.1	12.0	59.1	9.0	44.1
Treasury Bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Notes	3.0	14.9	3.0	14.8	3.0	14.8	3.0	14.8
Commercial Paper	0.0	0.0	2.5	12.2	2.5	12.2	2.5	12.2
Repurchase Agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTALS:	20.3	100.0	20.3	100.0	20.3	100.0	20.4	100.0

B. Average Invested Cash Balances. The average investment cash balance for the portfolio for the Quarter Ending March 31, 2011 was \$20,385,859 as compared to \$20,372,516 for the Quarter Ended December 31, 2010.

Fluctuations in the quarterly balances represent normal cash flows throughout the fiscal year, 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 FY11 was \$23,002 which represents a decrease of 6.4% from the \$24,576 earned in the 2nd Quarter of FY11.

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 FY11 was 169 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 10 Q4	FY 11 Q1	FY 11 Q2	FY 11 Q3
Total Portfolio	0.65	0.58	0.54	0.46
3 Month T-Bill	0.14	0.15	0.13	0.12
Money Market Fds	0.01	0.01	0.01	0.01
6 Month T- Bill	0.21	0.19	0.18	0.16
1 Year T-Bill	0.35	0.26	0.25	0.26
2 Year Treasury	0.86	0.54	0.48	0.68

E. Average Maturity of the Portfolio. For the Quarter ended March 31, 2011, the average maturity of the portfolio was 169 days as compared to 186 days on December 30, 2010. 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	\$20,377,935
Beginning Market Value	\$20,393,151
Ending Book Value.....	\$20,421,085
Ending Market Value	\$20,435,297

At quarter's end, the market value of the portfolio exceeded the book value of securities resulting in an overall unrealized gain in value of \$14,212.

ECONOMIC REVIEW AS OF 3-31-11:

Gross Domestic Product (GDP) The final GDP report for the fourth quarter of 2010 showed that the U.S. economy had expanded at a 3.1% annual rate, an increase from the prior estimate of 2.8%. Consumption expenditures were up 4% in the fourth quarter, the most in 16 quarters. Counterbalancing this gain in consumer spending were lean business inventories, which subtracted more than three full percentage points from the fourth quarter's growth. For all of 2010, the U.S. economy expanded by 2.9%, compared to a 2.6% contraction in 2009. Corporate profits rose by 2.3% during the quarter to a new record high, completing the biggest annual profit gain in six decades. The average forecasted increase for the initial first quarter 2011 GDP measure is 1.8%. The deceleration is being blamed on higher gasoline prices, as well as a widening trade gap.

Employment The labor market is finally beginning to show signs of improvement. Nonfarm payrolls rose by 216k jobs in March, topping both the median forecast and the revised February increase of 194k. Private sector payrolls rose by 230k in March following a February gain of 240k. Predictably, the majority of losses were concentrated in the government sector. Although federal jobs actually rose by 1k, state and local governments lost 15k jobs during the month. Since September 2008, 416k state and local positions have been eliminated. The unemployment rate fell from 8.9% to 8.8% in March (the fourth straight monthly decline) and has now dropped by more than a full percentage point since last November, when unemployment stood at 9.8%. Economists expect continued decline to 8.5% by yearend.

U.S. Home Sales New home sales dropped 16.9% in February to 250k, the slowest pace on record; down almost 40% since last April and more than 80% from peak sales in 2005 when new homes were selling at more than 1.3 million per year. With sales getting hammered, the median new home price fell to \$202k, down 8.9% from the same period in 2010. New homes now make up less than 5% of total home sales. During the housing boom six years ago, this number had approached 20%. Existing home sales declined by 9.6% in February to a 4.88 million annual rate. This compares to peak sales just over 7 million in early 2005. The average price for an existing home dropped to \$156,100, down from \$164,600 a year earlier. In February, 39% of sales were on deeply discounted distressed properties, a big contributor to the price declines.

Retail Sales Consumers seem to have followed up a very strong fourth quarter, with a solid first quarter of spending. Although the March retail sales report showed a mediocre gain of only 0.4% during the month, the late Easter holiday probably distorted the March data, and will likely give the April numbers a boost. Previously reported January and February retail sales increases were revised sharply higher to 0.9% and 1.1% respectively. Sales in both of these months were originally reported to be up 0.6%. So far, gasoline prices, which had topped \$106 per barrel at quarter end, have not had a pronounced negative effect on discretionary spending. Since the U.S. economy is ultimately driven by the consumer, the fact that sales have now increased for nine straight months indicates a solid foundation for continued recovery.

- Scott McIntyre, First Southwest Asset Management

SUMMARY DATA

Table 4

PORTFOLIO COMPOSITION Vistancia CFD Bonds, Series 2002				
Security Type	FY 10 – Q4 Ending 06/30/10	FY 11 – Q1 Ending 09/30/10	FY 11 – Q2 Ending 12/31/10	FY 11 – Q3 Ending 03/31/11
Money Market	\$1,055,441	\$56,835	\$56,836	\$1,065,365
Agency Securities	\$1,009,244	\$2,006,073	\$2,002,895	\$1,000,000
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$0	\$0	\$0	\$0
Repurchase Agreements	\$0	\$0	\$0	\$0
Totals:	\$2,064,685	\$2,062,908	\$2,059,731	\$2,065,365
Avg Yield	0.62	0.87	0.87	0.47
Avg Maturity (Years)	0.43	1.17	0.93	0.72

Table 5

PORTFOLIO COMPOSITION Vistancia CFD Bonds, Series 2005				
Security Type	FY 10 – Q4 Ending 06/30/10	FY 11 – Q1 Ending 09/30/10	FY 11 – Q2 Ending 12/31/10	FY 11 – Q3 Ending 03/31/11
Money Market	\$1,369,648	\$352,560	\$355,320	\$354,190
Agency Securities	\$999,416	\$1,999,563	\$1,999,710	\$1,999,858
Treasury Notes	\$0	\$0	\$0	\$0
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$0	\$0	\$0	\$0
Repurchase Agreements	\$0	\$0	\$0	\$0
Totals:	\$2,369,064	\$2,352,123	\$2,355,030	\$2,354,048
Avg Yield	0.63	0.81	0.82	0.54
Avg Maturity (Years)	0.48	1.13	0.92	0.74

Table 6

PORTFOLIO COMPOSITION				
Vistancia CFD Bonds, Series 2006				
Security Type	FY 10 – Q4 Ending 06/30/10	FY 11 – Q1 Ending 09/30/10	FY 11 – Q2 Ending 12/31/10	FY 11 – Q3 Ending 03/31/11
Money Market	\$1,777,904	\$2,417,679	\$2,415,384	\$4,491,812
Agency Securities	\$11,075,713	\$8,042,505	\$8,040,630	\$6,014,985
Treasury Notes	\$3,018,027	\$3,013,513	\$3,009,000	\$3,004,500
Treasury Bills	\$0	\$0	\$0	\$0
Commercial Paper	\$0	\$2,494,965	\$2,498,160	\$2,490,375
Repurchase Agreements	\$0	\$0	\$0	\$0
Totals:	\$15,871,644	\$15,968,662	\$15,963,174	\$16,001,672
Avg Yield	0.66	0.50	0.45	0.44
Avg Maturity (Years)	0.64	0.52	0.40	0.39

City of Peoria
Detail of Security Holdings
As of 03/31/2011

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
Vistancia Project 2002 - Debt Service Re													
WF-ADVG0V		MMF	Wells Fargo Adv Govt MMF					1,065,365.00	100.000	1,065,365.00	1,065,365.00	100.000	1,065,365.00
3134G1W26	01/27/11	AGCY CALL	FHLMC	0.650	07/27/12	07/27/11	QRTLY	1,000,000.00	100.000	1,000,000.00	1,000,000.00	100.044	1,000,440.00
Total for Vistancia Project 2002 - Debt Service Re											2,065,365.00		2,065,805.00
Vistancia Project 2005 - Reserve Fund													
WF-ADVG0V		MMF	Wells Fargo Adv Govt MMF					354,190.00	100.000	354,190.00	354,190.00	100.000	354,190.00
31331JCT8	03/19/10	AGCY BULET	FFCB	0.550	06/28/11			1,000,000.00	99.925	999,250.00	999,857.56	100.110	1,001,100.00
3134G1W26	01/27/11	AGCY CALL	FHLMC	0.650	07/27/12	07/27/11	QRTLY	1,000,000.00	100.000	1,000,000.00	1,000,000.00	100.044	1,000,440.00
Total for Vistancia Project 2005 - Reserve Fund											2,354,190.00		2,355,730.00
Vistancia Project 2006 - Construction													
WF-ADVG0V		MMF	Wells Fargo Adv Govt MMF					4,491,812.25	100.000	4,491,812.25	4,491,812.25	100.000	4,491,812.25
912828LF5	05/05/10	TREAS NOTE	U.S. Treasury	1.1	06/30/11			3,000,000.00	100.695	3,020,859.39	3,004,499.91	100.250	3,007,500.00
31331JFT5	05/05/10	AGCY BULET	FFCB	0.680	09/01/11			3,000,000.00	99.888	2,996,637.00	2,998,938.30	100.240	3,007,200.00
3024A1YJ6	02/23/11	CP - DISC	FCAR Owner Trust		11/18/11			2,500,000.00	99.553	2,488,833.33	2,490,375.00	99.594	2,489,850.00
3137EACF4	12/23/10	AGCY BULET	FHLMC	1.125	12/15/11			3,000,000.00	100.741	3,022,230.00	3,016,046.79	100.580	3,017,400.00
Total for Vistancia Project 2006 - Construction											16,020,371.97		16,013,762.25
Total for City of Peoria											20,439,176.97		20,435,297.25



City of Peoria

Security Definitions

AGENCIES - The following are Government-Related Enterprises, originally created by an act of Congress.

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"

COMMERCIAL PAPER

FCAR Owner Trust	Ford Credit Asset Receivable
GE Capital Corp	General Electric Capital Corp

Johns Hopkins Health System

Toyota Motor Credit

GLOSSARY

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.

Federal Agency – A general term for a debt instrument issued by Fannie Mae, Freddie Mac, FFCB and FHLB among others. These are widely considered to be among the safest types of fixed income securities, although they are not explicitly guaranteed by the Federal government.

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

DC: 2R
Amend No.

Date Prepared: April 26, 2011 **District Meeting Date:** May 17, 2011

TO: Carl Swenson, District Manager
THROUGH: Susan Thorpe, Deputy District Manager
FROM: Brent D. Mattingly, District Chief Financial Officer *BDM*
SUBJECT: Resolution Approving Proposed Budget and Tax Levy Estimates for Fiscal Year 2012 and Establishing a Public Hearing

RECOMMENDATION:

That the District Board review and adopt Res. 2011-01 which approves proposed budget and tax levy estimates for Fiscal Year 2012 for the Vistancia Community Facilities District and establishes a public hearing date of June 21, 2011 on said proposed budget and tax levy information.

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 2012, which is included as Exhibit A, provides for an operating and capital budget of \$33,089,808 for the District for the upcoming fiscal year. This amount includes \$16,020,372 in bond proceeds to be carried over into FY 2012 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 2011 at \$2.10 per \$100 of secondary assessed value for debt service. A statement of the tax levy information for Fiscal Year 2012 is included as Exhibit B. The total tax levy revenue for the upcoming year is estimated to be \$2,148,025. 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.

ATTACHMENT:

1. VCFD Resolution No. 2011-01

District Communication

May 17, 2011

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2. Proposed FY 2012 Budget (Exhibit A)
3. FY 2012 Tax Levy Statements and Estimates (Exhibit B)
4. Notice of Public Hearing (Exhibit C)

CONTACT:

Deborah Card, Treasury Manager, (623) 773-7148

RESOLUTION NO. VCFD 2011-01

(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 2012 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 2012 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 2012 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 2012, 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 2012 for the District, attached hereto and expressly made a part hereof as Exhibit "A", 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 2012 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 "B".

3. That a public hearing date of Tuesday, June 21, 2011, 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 "C") 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 _____ day of _____, 2011.

Bob Barrett
Chairman, District Board,
Vistancia Community Facilities District

ATTEST:

Wanda Nelson
District Clerk, Vistancia
Community Facilities District

APPROVED AS TO FORM:

Stephen M. Kemp
District Counsel, Vistancia
Community Facilities District

ATTACHMENTS: Exhibit A - FY 2012 Budget
Exhibit B - Statements and Estimates – Tax Levy
Exhibit C - Form of Published Notice

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

FISCAL YEAR 2012 BUDGET

OPERATING FUND	FY 2012	
REVENUES		
Tax levy at \$2.10 per \$100 of Secondary Assessed Valuation - Debt	2,148,025	
Tax levy at \$.30 per \$100 of Secondary Assessed Valuation – Operations	0	
Amounts expected to be paid from Standby Contribution Agreement	3,594,911	
Developer Contributions pursuant to Development Agreement	90,500	
TOTAL REVENUES	5,833,436	
EXPENSES		
Debt Service on Series 2002 Bonds	2,002,725	
Debt Service on Series 2005 Bonds	1,938,281	
Debt Service on Series 2006 Bonds	1,551,930	
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	5,833,436	5,833,436
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 BOND PROCEEDS FOR FUTURE CAPITAL PROJECTS		16,020,372
TOTAL APPROPRIATION FOR FY 2012		33,089,808

* Developer paid insurance deductible - monies held by City.

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

EXHIBIT "B"

VISTANCIA COMMUNITY FACILITIES DISTRICT

CITY OF PEORIA, ARIZONA

Fiscal Year 2012
Tax Levy
Statements and Estimates

Tax Rate Amount for Fiscal Year 2012:

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 \$108,777,858.

Estimated Levy Amount:

The levy is estimated to be \$2,284,335 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 "C"

VISTANCIA COMMUNITY FACILITIES DISTRICT
NOTICE OF FILING STATEMENTS AND ESTIMATES
AND
NOTICE OF PUBLIC HEARING ON
THE PROPOSED FY 2012 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 2012 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 2012 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 15, 2010 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 6th day of May, 2010

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

Published: May 6, 2010