



District Board Meeting Agenda

Pursuant to A.R.S. § 38-431.02 notice is hereby given to the public that the District Board of the Rancho Community Facilities District will hold a meeting at the date and time specified below at the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ. Members of the Rancho Sahuarita District Board will attend either in person or by telephone conference call.

To better serve our community, the Council Chambers is wheelchair accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the District Clerk's Office at 520-822-8801. Requests should be made no later than three (3) working days prior to the meeting to arrange the accommodation.

February 22, 2021
REGULAR MEETING AGENDA
AT OR AFTER 6:30 P.M.

- 1. Call to Order**
- 2. Roll Call**
- 3. Call to the Public**

At this time, any member of the public is invited to address the District Board on any issue which is on tonight's Agenda or any issue which the District Board can lawfully act upon at a future meeting. Written comments regarding any item on the agenda or any issue which the District Board can lawfully act upon may be submitted prior to the beginning of the meeting for distribution to the District Board. Pursuant to the Arizona Open Meeting Laws, the District Board may not discuss the items, but individual members of the District Board may respond to criticism made by those who have addressed the District Board, may ask staff to review the matter, or may ask that the matter be placed on a future agenda.

- 4. Consent Agenda**

Action recommended: approve the consent agenda recommendations.

- A. Approval of the October 26, 2020 Rancho Sahuarita Community Facilities District Meeting Minutes.**
- B. Adoption of Resolution No. 2021-0018, approving reductions of the face amounts of the letters of credit held pursuant to depository agreements with respect to bonds (series 2018 and 2020) issued by the District.**

- 5. Adjournment**

Action may be taken by the District Board on any item listed on this agenda. The District Board may vote to go into executive session pursuant to A.R.S. § 38-431.03 (A) (3) for discussion or consultation for legal advice with the District Counsel concerning any matter listed on this agenda.

Notice to parents: Meetings of the District Board are audio and video recorded. If you permit your child to participate in the meeting, a recording will be made. You may exercise your right not to consent by not permitting your child to participate. You and your child may also leave the meeting at any time.



District Board Agenda Communication

TO: Honorable Chairperson and District Board
FROM: Lisa Cole MMC, District Clerk
MEETING DATE: February 22, 2021
SUBJECT: Approval of the October 26, 2020 Rancho Sahuarita Community Facilities District Meeting Minutes.

FINANCIAL / BUDGET SUMMARY

STAFF RECOMMENDATION

Staff recommends approval of the attached minutes.

SUGGESTED MOTION

I move to approve the minutes as submitted (or amended).

DISCUSSION

Draft minutes submitted for District Board approval.

ATTACHMENTS

1. October 26, 2020 RSCFD Meeting Minutes



District Board Meeting Minutes

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT MEETING MINUTES OCTOBER 26, 2020

The District Board of the Rancho Sahuarita Community Facilities District met in the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ on October 26, 2020.

1. Call to Order

The meeting was called to order at 6:32 PM by Chairperson Tom Murphy.

2. Roll Call

Attendee Name	Title	Status	Arrived
Tom Murphy	Chairperson	Present	
Kara Egbert	Vice Chairperson	Remote	
Bill Bracco	Board Member	Present	
Simon Davis	Board Member	Present	
Melissa Hicks	Board Member	Present	
Gil Lusk	Board Member	Present	
Deborah Morales	Board Member	Present	

Also in attendance were District Manager L. Kelly Udall, District Counsel Dan Hochuli and District Clerk Lisa Cole. Vice Chairperson Kara Egbert participated by phone.

3. Call to the Public

There were no speakers.

4. Consent Agenda

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Bill Bracco, Board Member
SECONDER:	Gil Lusk, Board Member
AYES:	Murphy, Egbert, Bracco, Davis, Hicks, Lusk, Morales

- A. Approval of the June 22, 2020 Rancho Sahuarita Community Facilities District Meeting Minutes.
- B. Approval of Amendment No. Five (5) to Contract No. 170030 with EPS Group, Inc., for engineer services, commencing October 11, 2020 and terminating October 10, 2021; in an amount not to exceed \$300,000.00.

5. Adjournment

Chairperson Tom Murphy adjourned the meeting at 6:34 PM.

Chairperson Tom Murphy

ATTEST:

Lisa Cole, MMC
District Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Meeting of the District Board of the Rancho Sahuarita Community Facilities District held on the 26th day of October, 2020. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of February, 2021.

Lisa Cole, MMC
District Clerk

Attachment: October 26, 2020 RSCFD Meeting Minutes (Approval of Minutes)



District Board Agenda Communication

TO: Honorable Chairperson and District Board

FROM: A.C. Marriotti, District Treasurer

MEETING DATE: February 22, 2021

SUBJECT: **Adoption of Resolution No. 2021-0018, approving reductions of the face amounts of the letters of credit held pursuant to depository agreements with respect to bonds (series 2018 and 2020) issued by the District.**

FINANCIAL / BUDGET SUMMARY

This item only affects the underlying security of the District's bonds. There is no impact to the District's revenues and expenditures.

STAFF RECOMMENDATION

Staff recommends adoption of Resolution No. 2021-0018.

SUGGESTED MOTION

I move to adopt Resolution No. 2021-0018.

DISCUSSION

The Rancho Sahuarita CFD issued general obligations bonds in 2018 and 2020. The bonds are secured in part by developer-obtained irrevocable letters of credit (LOC) as follows: (1) 2018 Series @ \$2,107,502.50 and (2) 2020 Series @ \$1,037,075. The LOC amounts are derived by formula, equivalent to five times the difference between the District's maximum annual debt service (principal + interest) obligation and the amount property taxes expected to be collected in the year. As the District develops, property valuations and anticipated property tax collections increase. This lowers the amount of LOC security needed as follows:

Net Taxable Assessed Valuation (NTAV) Test

NTAV from preceding August (fiscal year 2020/21):	\$3,198,011
NTAV from prior August (fiscal year 2019/20):	\$1,569,791
Does LOC reduction apply?	Yes

LOC Reduction Calculation

Maximum Annual Debt Service, Series 2018 Bonds (FY2025/26):	\$ 421,501
Maximum Annual Debt Service, Series 2020 Bonds (FY2021/22):	\$ 207,415
Less: Discounted Tax Revenues:	<u>(\$ 142,487)</u>

Rancho Sahuarita Community Facilities District Agenda Communication

Difference:	\$ 486,429
5x Difference:	\$2,432,143
<u>Revised LOC Balances</u>	
GO Bonds, Series 2018 LOC	\$1,506,031
GO Bonds, Series 2020 LOC	<u>\$ 926,112</u>
Total LOC Amount	\$2,432,143

The bond documents anticipate and provide for a reduction to the LOC amounts as the district builds out. This resolution provides the necessary authorization for the District Treasurer to notify the bank holding the LOCs to make such reductions.

ATTACHMENTS

1. RSCFD Reso 2021-018 LOC Reduction

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 2021-0018

A RESOLUTION OF THE BOARD OF DIRECTORS OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT APPROVING REDUCTIONS OF THE FACE AMOUNTS OF THE LETTERS OF CREDIT HELD PURSUANT TO DEPOSITORY AGREEMENTS WITH RESPECT TO BONDS (SERIES 2018 AND 2020) ISSUED BY THE DISTRICT.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT, as follows:

1. Findings.

a. Pursuant to a Resolution of the board of directors of Rancho Sahuarita Community Facilities District (hereinafter called the “*District*”) adopted on June 26, 2018 (hereinafter referred to as the “*2018 Bond Resolution*”), the board of directors of the District (hereinafter called the “*Board*”) (1) authorized the sale and issuance of its General Obligation Bonds, Series 2018, in the aggregate principal amount of \$5,780,000 (hereinafter referred to as the “*2018 Bonds*”) to provide funds for any and all of the public infrastructure purposes described in the feasibility report presented to and approved by the Board on March 12, 2018, and (2) entered in its minutes a record of the 2018 Bonds sold and their numbers and dates and levied and will levy and cause an *ad valorem* tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described therein to pay debt service with respect to the 2018 Bonds when due.

b. The Board, by the 2018 Bond Resolution, duly authorized the issuance of the 2018 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the 2018 Bonds, duly authorized the execution and delivery of a Series 2018 Indenture of Trust and Security Agreement, dated as of March 1, 2018 (hereinafter referred to as the “*2018 Indenture*”), from the District.

c. In consideration for the issuance of the 2018 Bonds, and the actions taken in the 2018 Indenture, by the District, Interchange Opportunity Fund L.L.L.P., as an investor and guarantor but not as a developer (hereinafter called the “*LLL*”), and Rancho Sahuarita Management Company, L.L.C., as developer, guarantor and indemnitor (hereinafter called the “*LLC*”), had established by Western Alliance Bank (hereinafter called the “*Bank*”) in favor of Wells Fargo National Bank, as depository (hereinafter called the “*Depository*”), an irrevocable

standby letter of credit in the face amount of \$2,107,502.50 (hereinafter referred to as the “2018 Letter of Credit”) to be held under the terms of the Series 2018 Depository Agreement, dated as of March 1, 2018 (hereinafter referred to as the “2018 Depository Agreement”), by and between the District and the Depository.

d. Pursuant to a Resolution of the Board adopted on February 24, 2020 (hereinafter referred to as the “2020 Bond Resolution”), the Board (1) authorized the sale and issuance of its General Obligation Bonds, Series 2020, in the aggregate principal amount of \$3,475,000 (hereinafter referred to as the “2020 Bonds”), to provide funds for any and all of the public infrastructure purposes described in the feasibility report presented to and approved by the Board on February 24, 2020, and (2) entered in its minutes a record of the 2020 Bonds sold and their numbers and dates and levied and will levy and cause an ad valorem tax to be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described therein to pay debt service with respect to the 2020 Bonds when due.

e. The Board, by the 2020 Bond Resolution, duly authorized the sale and issuance of the 2020 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the 2020 Bonds, duly authorized the execution and delivery of a Series 2020 Indenture of Trust and Security Agreement, dated as of April 1 2020 (hereinafter referred to, with the 2018 Indenture, as the “Indentures”), from the District.

f. In consideration for the issuance of the 2020 Bonds, and the actions taken and to be taken in the 2020 Indenture, by the District, the LLLP and the LLC had established by the Bank, in favor of the Depository, an irrevocable standby letter of credit in the face amount of \$1,037,075.00 (hereinafter referred to as the “2020 Letter of Credit”, and with the 2018 Letter of Credit, the “Letters of Credit”) to be held under the terms of the Series 2020 Depository Agreement, dated as of April 1, 2020 (hereinafter referred to, with the 2018 Depository Agreement, as the “Depository Agreements”), by and between the District and the Depository.

g. Section 2.01(F) of the Depository Agreements provides that, on February 15 of each year, if the net limited assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the Maximum Annual Debt Service (as such term and all other undefined terms used in this paragraph are defined in the Indentures) and the Discounted Tax Revenues is to be calculated and the District is to direct the Depository to cause the face amounts of the Letters of Credits to be reduced such that the face amounts of the Letters of Credit are equal to five (5) times such difference. (The foregoing reductions are to be based on the total amount of the Letters of Credit and *pro rata* allocation based on the 2018 Bonds and the 2020 Bonds outstanding.) After receipt of proof of satisfaction of each of the foregoing to the District Treasurer, the Board is to approve in writing by affirmative action the applicable reductions, and the Depository is to be notified as such by the District Treasurer and directed to take such action as is necessary to reduce appropriately the Letters of Credit.

h. It has been proven to the satisfaction of the District Treasurer that, for purposes of the foregoing, the 2018 Letter of Credit should be reduced by \$601,471.50 to \$1,506,031, and the 2020 Letter of Credit should be reduced by \$110,963 to \$926,112.

2. Approval of Reductions. The Board approves the reduction of the 2018 Letter of Credit and the 2020 Letter of Credit as indicated in the recitals hereto. (The District Treasurer shall notify the Depository of such reductions and shall take such action as is necessary to reduce appropriately the Letters of Credit.)

3. Other Actions Necessary; Severability; Amendment; Effective Date.

a. The District Manager, the District Treasurer, the District Clerk and the other officers of the District shall take all action necessary or reasonably required to carry out, give effect to and consummate the actions contemplated by this Resolution.

b. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

c. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

d. This Resolution shall be effective immediately.

PASSED by the District Board of the Rancho Sahuarita Community Facilities District this 22nd day of February, 2021.

Tom Murphy
Chairperson
Rancho Sahuarita Community Facilities District

ATTEST:

Lisa Cole, MMC
District Clerk
Rancho Sahuarita Community Facilities District

APPROVED AS TO FORM:

Daniel J. Hochuli
District Counsel
Rancho Sahuarita Community Facilities District

Attachment: RSCFD Reso 2021-018 LOC Reduction [Revision 1] (GO Bonds Letter of Credit Reductions)