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.

Persons attending the meeting shall observe rules of propriety, decorum, and good conduct. Unauthorized comments from the audience, signs, and disruptive behavior will not be allowed in the Sahuarita Council Chambers. Violations may result in being banned from this and future meetings. Please turn off or silence all electronic devices during the meeting.

February 27, 2023
REGULAR MEETING AGENDA
AT OR AFTER 6:00 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**

   A. **Approval of the December 12, 2022 Rancho Sahuarita Community Facilities District Meeting Minutes.**

   B. **Adoption of Resolution No. 2023-0025, approving reductions of the face amounts of the letters of credit held pursuant to depository agreements with respect to bonds (Series 2020 and 2022) 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 Staff Report

TO: Honorable Chairperson and District Board

FROM: Lisa Cole MMC, District Clerk

MEETING DATE: February 27, 2023

SUBJECT: **Approval of the December 12, 2022 Rancho Sahuarita Community Facilities District Meeting Minutes.**

FINANCIAL / BUDGET SUMMARY

SUGGESTED MOTION

Staff recommends approval of the attached minutes

EXECUTIVE SUMMARY

State law (A.R.S. §38-431.01) requires public bodies to provide and publish meeting minutes to document discussions and legal action taken by the District Board. The Board can make needed corrections to the meeting minutes before approval.

DISCUSSION

Draft minutes submitted for District Board approval.

ATTACHMENTS

1. RSCFD Meeting Minutes December 12, 2022

District Board Meeting Minutes

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT
MEETING MINUTES
DECEMBER 12, 2022

The District Board of the Rancho Sahuarita Community Facilities District met in the Sahuarita Council Chambers, 375 West Sahuarita Center Way, Sahuarita, AZ on December 12, 2022.

1. **Call to Order**

   The meeting was called to order at 6:14 PM by Chairperson Tom Murphy.

2. **Roll Call**

   The meeting was called to order at 6:14 PM by Chairperson Tom Murphy.

Attendee Name	Title	Status	Arrived
Tom Murphy	Chairperson	Present	
Kara Egbert	Vice Chairperson	Present	
Bill Bracco	Board Member	Absent	
Simon Davis	Board Member	Present	
Steven Gillespie	Board Member	Present	
Deborah Morales	Board Member	Present	
Diane Priolo	Board Member	Present	

3. **Call to the Public**

   There were no speakers.

4. **Consent Agenda**

   MOTION was made to approve the consent agenda recommendations.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Kara Egbert, Vice Chairperson
SECONDER:	Simon Davis, Board Member
AYES:	Murphy, Egbert, Davis, Morales, Gillespie, Priolo
ABSENT:	Bill Bracco

Draft

Attachment: RSCFD Meeting Minutes December 12, 2022 [Revision 3] (Approval of Minutes)

A. Approval of the June 13, 2022 Rancho Sahuarita Community Facilities District Meeting Minutes.

B. Approval of Amendment No. Six (6) to Contract No. 170030 with EPS Group, Inc., for engineer services, commencing October 11, 2022 and terminating October 10, 2023; in an amount not to exceed $50,000.00.

5. Adjournment

Chairperson Tom Murphy adjourned the meeting at 6:16 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 12th day of December 2022. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 27th day of February 2023.

_____
Lisa Cole, MMC
District Clerk

Draft

Attachment: RSCFD Meeting Minutes December 12, 2022 [Revision 3] (Approval of Minutes)

District Board Staff Report

TO: Honorable Chairperson and District Board

FROM: A.C. Marriotti, District Treasurer

MEETING DATE: February 27, 2023

SUBJECT: **Adoption of Resolution No. 2023-0025, approving reductions of the face amounts of the letters of credit held pursuant to depository agreements with respect to bonds (Series 2020 and 2022) 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.

SUGGESTED MOTION

I move to adopt Resolution No. 2023-0025.

EXECUTIVE SUMMARY

The *Series 2020 & Series 2022 Depository Agreements* state that the letters of credit (LOC) used to secure bonds for the District are reviewed each February and, based on a formula, are subject to reduction. As the District develops, property valuations and anticipated property tax collections increase, lowering the amount of LOC security required. The bond documents anticipate and provide for a reduction to the LOC amounts as the district builds out. The proposed resolution provides the necessary authorization for the District Treasurer to notify the bank holding the LOCs to make such reductions.

DISCUSSION

The Rancho Sahuarita CFD issued general obligations bonds in 2020 and 2022. Pursuant to the *Series 2020 & Series 2022 Depository Agreements*, the bonds are secured in part by developer-obtained irrevocable letters of credit (LOC) as follows: (1) 2020 Series @ $1,037,075 and (2) 2022 Series @ $7,317,839. 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 of 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 required, as follows:

Net Taxable Assessed Valuation (NTAV) Test

NTAV from preceding August (fiscal year 2021/22):	$12,137,407
NTAV from prior August (fiscal year 2020/21):	$ 6,950,902
Does LOC reduction apply?	Yes

LOC Reduction Calculation

Maximum Annual Debt Service, Series 2020 Bonds (FY2031/32):	$ 206,978
Maximum Annual Debt Service, Series 2022 Bonds (FY2039/40):	$1,687,815
Less: Discounted Tax Revenues:	($ 540,782)
Difference:	$1,354,010
5x Difference:	$6,770,050
Revised LOC Balances	
GO Bonds, Series 2020 LOC	$ 797,866
GO Bonds, Series 2022 LOC	$5,972,184
Total LOC Amount	$6,770,050

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.

STAFF RECOMMENDATION

Adoption of Resolution No. 2023-0025.

ATTACHMENTS

1. RSCFD Resolution-Bond LOC Reductions

Attachment: RSCFD Resolution-Bond LOC Reductions [Revision 6] (RSCFD-GO Bonds Letter of Credit Reductions)

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

RESOLUTION NO. 2023-0025

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 2020 AND 2022) 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 February 24, 2020 (hereinafter referred to as the "*2020 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 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.

b. The Board, by the 2020 Bond Resolution, duly authorized the 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 as the "*2020 Indenture*"), from the District.

c. In consideration for the issuance of the 2020 Bonds, and the actions taken in the 2020 Indenture, by the District, Interchange Opportunity Fund L.L.L.P., as investor, guarantor and indemnitor, but not as developer (hereinafter called the "*LLLP*"), 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 Zions Bancorporation, National Association, as depository (hereinafter called 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*") to be held under the terms of the Series 2020 Depository Agreement, dated as of April 1, 2020 (hereinafter referred to as the "*2020 Depository Agreement*"), by and between the District and the Depository.

d. Pursuant to a Resolution of the Board adopted on March 28, 2022 (hereinafter referred to as the "*2022 Bond Resolution*"), the Board (1) authorized the sale and issuance of its General Obligation and General Obligation Refunding Bonds, Series 2022, in the aggregate principal amount of $25,004,000 (hereinafter referred to as the "*2022 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, 2022 and to refund certain of the District's then-outstanding indebtedness, and (2) entered in its minutes a record of the 2022 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 2022 Bonds when due.

e. The Board, by the 2022 Bond Resolution, duly authorized the sale and issuance of the 2022 Bonds and, in order to provide terms for, to secure, and to provide for authentication and delivery of the 2022 Bonds, duly authorized the execution and delivery of a Series 2022 Indenture of Trust and Security Agreement, dated as of May 1, 2022 (hereinafter referred to, with the 2020 Indenture, as the "*Indentures*"), from the District.

f. In consideration for the issuance of the 2022 Bonds, and the actions taken and to be taken in the 2022 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 $7,317,839.00 (hereinafter referred to as the "*2022 Letter of Credit*", and with the 2020 Letter of Credit, the "*Letters of Credit*") to be held under the terms of the Series 2022 Depository Agreement, dated as of May 1, 2022 (hereinafter referred to, with the 2020 Depository Agreement, as the "*Depository Agreements*"), by and between the District and the Depository.

g. Section 2.01(F) of (The Depository Agreements state 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 and the Discounted Tax Revenues is to be calculated. 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 2020 Bonds and the 2022 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 2020 Letter of Credit should be reduced by $239,209.00 to $797,866.00, and the 2022 Letter of Credit should be reduced by $1,345,655 to $5,972,184.00.

Attachment: RSCFD Resolution-Bond LOC Reductions [Revision 6] (RSCFD-GO Bonds Letter of Credit Reductions)

2. Approval of Reductions. The Board approves the reduction of the 2020 Letter of Credit and the 2022 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 27th day of February 2023.

Attachment: RSCFD Resolution-Bond LOC Reductions [Revision 6] (RSCFD-GO Bonds Letter of Credit Reductions)

Tom Murphy
Chairperson
Rancho Sahuarita Community Facilities District

CERTIFICATION OF RECORDING OFFICER

State of Arizona)
County of Pima) ss.

I, the undersigned, Lisa Cole, being the duly appointed, qualified District Clerk of the Rancho Sahuarita Community Facilities District, Pima County, Arizona, certify that the foregoing Resolution is a true, correct, and accurate copy of Resolution No. 2023-0025, passed and adopted at a Voting Meeting of the Rancho Sahuarita Community Facilities District, Pima County, Arizona, held on the 27th day of February 2023, at which a quorum was present and by a _____ vote, _____ voted in favor of said resolution.

Given under my hand and sealed this ___ day of February 2023.

SEAL:

Lisa Cole
District Clerk
Rancho Sahuarita Community Facilities District

APPROVED AS TO FORM:

Jon Paladini
District Counsel
Rancho Sahuarita Community Facilities District

Attachment: RSCFD Resolution-Bond LOC Reductions [Revision 6] (RSCFD-GO Bonds Letter of Credit Reductions)