

AGENDA ITEM #: _____
DATE: September 12, 2016
COAC #: CENTERRACFD
16-517

**CITY OF GOODYEAR
CFD BOARD ACTION FORM**

SUBJECT: Centerra Community Facilities District (City of Goodyear, Arizona) Board of Directors to hold a public hearing regarding a feasibility report, consider CENTERRACFD RES 16-057 approving a feasibility report and consider RES 16-058 authorizing the issuance and sale of District General Obligation Project Bonds, Series 2016 (Bank Qualified) and District General Obligation Refunding Bonds, Series 2016 (Bank Qualified).	STAFF PRESENTER: Doug Sandstrom, Finance Director CASE NUMBER: N/A OTHER PRESENTER: N/A
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RECOMMENDATION:

1. The Centerra Community Facilities District (City of Goodyear, Arizona) (the "District") Board of Directors (the "District Board") will conduct a public hearing for the Feasibility Report submitted in connection with the proposed issuance of District General Obligation Project Bonds, Series 2016 (Bank Qualified) in an amount not to exceed \$500,000.

- a. Open public hearing
- b. Staff Presentation
- c. Receive public comment
- d. Close public hearing

2. ADOPT CENTERRACFD RES 16-057 APPROVING THE FEASIBILITY REPORT RELATING TO THE ACQUISITION, CONSTRUCTION AND FINANCING OF CERTAIN IMPROVEMENTS BENEFITING THE DISTRICT; DECLARING ITS INTENTION TO ACQUIRE AND/OR CONSTRUCT CERTAIN IMPROVEMENTS AS DESCRIBED IN THE FEASIBILITY REPORT RELATING TO SUCH IMPROVEMENTS; DETERMINING THAT NOT TO EXCEED \$500,000 DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2016 (BANK QUALIFIED) WILL BE ISSUED TO FINANCE THE COSTS AND EXPENSES THEREOF UNDER THE PROVISIONS OF TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, AND ALL AMENDMENTS THERETO.

3. ADOPT CENTERRACFD RES 16-058 AUTHORIZING THE ISSUANCE AND SALE OF ITS DISTRICT GENERAL OBLIGATION PROJECT BONDS, SERIES 2016, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$500,000 AND ITS DISTRICT GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,500,000; DELEGATING THE AUTHORITY

TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE BONDS AND THE BONDS BEING REFUNDED; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A PLACEMENT AGENT AND A DEPOSITORY TRUSTEE; APPROVING THE FORM OF THE BONDS AND CERTAIN DOCUMENTS AND AUTHORIZING COMPLETION, EXECUTION AND DELIVERY THEREOF; APPROVING THE SALE OF THE BONDS TO THE PURCHASER THEREOF; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.

PURPOSE:

The District Board will conduct a public hearing to receive any comments relating to the issuance of District General Obligation Project Bonds, Series 2016 (Bank Qualified), the proceeds of which will be used to acquire certain public infrastructure within the District.

The District Board will consider CENTERRACFD RES 16-057 to approve the feasibility report.

The District Board will consider CENTERRACFD RES 16-058 which authorizes the issuance and sale of not to exceed \$500,000 principal amount of District General Obligation Project Bonds, Series 2016 (Bank Qualified), for the purpose of acquiring certain public infrastructure described in the feasibility report, and not to exceed \$3,500,000 principal amount of District General Obligation Refunding Bonds, Series 2016 (Bank Qualified), for the purpose of decreasing the District's debt service under certain of its outstanding general obligation debt. Also, CENTERRACFD RES 16-058 approves, in substantially the forms presented, various documents relating to the issuance and administration of the project bonds and refunding bonds.

BACKGROUND AND PREVIOUS ACTIONS:

The District previously issued its District General Obligation Bonds, Series 2005, and District General Obligation Bonds, Series 2006 and District General Obligation Bonds, Series 2008 (collectively, the "*Prior Bonds*"). The proceeds of the Prior Bonds were used to pay a portion of the costs of multiple public infrastructure improvements for the District. Refunding all or a portion of the Prior Bonds is expected to provide the District with debt service savings.

The District is now considering the acquisition of certain public infrastructure previously constructed within the District. CENTERRACFD RES 16-057 provides for the approval of a feasibility report describing such infrastructure. The proceeds of the project bonds, net of costs of issuance, would be transferred to the developer that originally paid for the construction of such infrastructure.

CENTERRACFD RES 16-058 requires that the refunding bonds it authorizes achieve a present value of debt service savings, net of all costs associated with the refunding bonds of not less than 3.00% of the principal amount of the Prior Bonds to be refunded. The project bonds and refunding

bonds authorized by CENTERRACFD RES 16-058 will bear interest at a yield not to exceed 5.00%. The refunding bonds will mature on July 15 in some or all of the years 2017 through 2032.

Approval of CENTERRACFD RES 16-058 would also approve other legal documents, in substantially the forms presented to the District Board, related to the issuance of the project bonds and refunding bonds and the administration of the bonds after issuance. Approval of CENTERRACFD RES 16-058 would authorize the Chair, any member of this District Board, the District Manager or the District Treasurer to approve, execute and deliver final forms of the related documents with such necessary and appropriate omissions, insertions and variations as are permitted or required by CENTERRACFD RES 16-058.

The bonds to be authorized pursuant to CENTERRACFD RES 16-058 will be secured by real property taxes levied on all taxable property within the District, just as the Prior Bonds are currently secured by those same real property taxes.

CURRENT POLICY:

All infrastructure financed by the District has been or will be dedicated to the City of Goodyear, Arizona. The District has established target tax rates of \$2.70 for debt service and \$0.30 for O&M for a combined target rate not to exceed \$3.00 per \$100 of assessed valuation.

The debt service and maintenance property tax rate for the District was \$2.7390 per \$100 of assessed valuation for FY2017.

STAFF ANALYSIS:

The Finance staff, CFD attorneys, and Financial Advisor have reviewed the two Centerra Resolutions and actions and find that they are in compliance with state law and city policies. They are in support of the proposed actions.

FISCAL ANALYSIS:

Debt service on the project bonds and refunding bonds will be paid by a secondary property tax levy of approximately \$2.44 per \$100 of assessed value levied on all taxable property within the District. The combined tax levy for debt service and operations and maintenance for the District will be approximately \$2.74.

The refunding is estimated to result in a net present value savings of approximately \$470,000, or approximately \$20,000 per year over the term of the refunded bonds. This translates into a reduction of the District's annual property tax levy of approximately \$0.20 per \$100 of assessed valuation. Actual savings will be based on interest rates in September and October, 2016. Such refunding savings will be partially offset by the tax increase resulting from issuance of the District General Obligation Project Bonds, Series 2016.

ATTACHMENTS:

1. Resolution No. CENTERRACFD RES 16-057
2. Resolution No. CENTERRACFD RES 16-058
3. Feasibility Report
4. Depository Trust Agreement
5. Placement Agent Agreement
6. Purchase Contract