

**SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT BOARD**  
**Special Meeting - Wednesday, January 2, 2019**

**PURSUANT** to A.R.S. Section 38-431.02, notice is hereby given to the Show Low Bluff Community Facilities District Board and to the general public, that a **SPECIAL MEETING**, which will be open to the public, will be held on Wednesday, January 2, 2019, at 7:00 p.m. in the City Council Chambers, 181 North 9th Street, Show Low, Navajo County, Arizona. The agenda for this meeting is as follows:

1. Call to Order.
2. Roll Call.
3. Consideration of Resolution No. R2019-01 Approving and Authorizing the Execution and Delivery of a Third Amendment for District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District). (Morgan Brown)
4. Consideration of Minutes of Show Low Bluff Community Facilities District Board meeting:
  - (A) Special Meeting of June 19, 2018.
5. Adjournment.

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Ann Kurasaki, District Clerk

I, Ann Kurasaki, do hereby certify that the foregoing notice was posted on Friday, December 28, 2018.

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**SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT  
STAFF SUMMARY REPORT**

**AGENDA TITLE:** Consideration of Resolution No. R2019-01 Approving and Authorizing the Execution and Delivery of a Third Amendment for District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District) (Morgan Brown)

**RECOMMENDATION**

I **MOVE** to adopt Resolution No. R2019-01 approving and authorizing the execution and delivery of a Third Amendment for District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District).

**BACKGROUND**

On August 10, 2005, the Show Low Bluff Community Facilities District (CFD) Board, comprised of the members of the Show Low City Council, adopted Resolution No. R2005-01, which approved and authorized the execution and delivery of a District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District) by and among Show Low Bluff Community Facilities District; Show-Rizon, LLC; Show Low Bluff, LLC; Show Low Bluff Too, LLC; and Show Low Bluff Development Corporation, which specified, among other things, conditions, terms, restrictions, and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

On August 15, 2006, the CFD Board adopted Resolution No. R2006-03, which approved and authorized the execution and delivery of a First Amendment and Waivers (Assessment Area One) for District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District) after it had been determined that the Original Development Agreement needed to be amended and subjected to certain waivers to reflect certain amendments and waivers necessary for the Original Development Agreement.

On July 27, 2007, the CFD Board adopted Resolution No. R2007-05, which approved and authorized the execution and delivery of a Second Amendment for District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District) allowing Show-Rizon, LLC; Show Low Bluff, LLC; Show Low Bluff Too, LLC; and Show Low Bluff Development Corporation to obtain a letter of credit in the amount of \$300,000 to secure the obligation of the owners to pay District expenses.

The Third Amendment will remove the entities of Show-Rizon, LLC; Show Low Bluff, LLC; and Show Low Bluff Too, LLC as these entities no longer hold legal title to any portion of the Show Low Bluff property. SRH Holdings, LLC is now the owner of the Show Low Bluff property.

In addition to changing the name, the Third Amendment deletes in its entirety the definition of "Letter of Credit" along with all sentences in Section 9.2 referring to the "Letter of Credit" and also changes the definition of "Owners" to SRH Holdings, LLC.

Attachments:

Resolution No. R2019-01

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**SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT  
RESOLUTION NO. R2019-01**

**A RESOLUTION OF THE DISTRICT BOARD OF SHOW LOW BLUFF  
COMMUNITY FACILITIES DISTRICT APPROVING AND  
AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD  
AMENDMENT FOR DISTRICT DEVELOPMENT, FINANCING  
PARTICIPATION, AND INTERGOVERNMENTAL AGREEMENT (SHOW  
LOW BLUFF COMMUNITY FACILITIES DISTRICT)**

**ENACTMENTS:**

**NOW, THEREFORE, BE IT RESOLVED** by the District Board of Show Low Bluff Community Facilities District as follows:

1. Findings.

- a. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, as amended, the City of Show Low, Arizona (hereinafter called the "Municipality"), Show Low Bluff Community Facilities District (hereinafter called the "District") and all of the owners of the real property included within the District at that time (hereinafter called the "Owners") entered into a District Development, Financing Participation and Intergovernmental Agreement (Show Low Bluff Community Facilities District), dated as of August 1, 2005 (hereinafter referred to as the "Original Development Agreement"), to specify, among other things, conditions, terms, restrictions, and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure, particularly with regard to the property which makes up the real property included within the District (hereinafter referred to as the "Property"), matters relating to the construction of certain public infrastructure by the District, and the acceptance thereof by the Municipality.
- b. It thereafter was determined that the Original Development Agreement needed to be amended and subjected to certain waivers to reflect certain amendments and waivers necessary for the Original Development Agreement to serve the purposes thereof, and the district board of the District (hereinafter referred to as the "District Board") determined to enter into a First Amendment and Waivers (Assessment Area One) for District Development, Financing Participation, and Intergovernmental Agreement (Show Low Bluff Community Facilities District), dated as of August 1, 2006 (the Original Development Agreement as

amended by the First Amendment hereinafter referred to as the "Development Agreement"), for such purpose. A Second Amendment was also approved on July 27, 2007 which allowed Developer to substitute a letter of credit from a bank having a rating of "A" or better.

- c. Section 10.5 of the Development Agreement provides that the Development Agreement can be altered and otherwise amended if the amendment is effective against the Owners (as such term and all other undefined terms used herein are defined in the Development Agreement) and the District only if such amendment does not amend Section 7.1 or 9.3 of the Development Agreement.
  - d. It has been determined by the District Board that the Development Agreement should be amended by a Third Amendment for District Development, Financing Participation and Intergovernmental Agreement (Show Low Bluff Community Facilities District), to be dated as of January 2, 2019 (hereinafter referred to as the "Third Amendment"), for such purpose and that as an amendment to a "development agreement" is consistent with the "general plan" of the Municipality, as defined in Section 9-461, Arizona Revised Statutes, as amended, applicable to the Property on the date it is to be executed.
  - e. There have been placed on file with the District Clerk and presented in connection herewith the proposed form of the Third Amendment.
2. a. Approval of Third Amendment. The Third Amendment is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Chairperson of the District Board, with the advice of the District Manager and the District Counsel, shall authorize, the execution and delivery of the Third Amendment to be conclusive evidence of the propriety of such document and the authority of the person or persons executing the same.
- b. Completion of Third Amendment. The District Manager or his designee is hereby authorized to complete the Third Amendment by including the appropriate materials as necessary therein.
- c. Execution of Third Amendment. The Chairperson of the District Board, with the advice of the District Manager and the District Counsel, is hereby authorized and directed to execute, and the District Clerk to attest, the Third Amendment on behalf of the District.

- 3. a. Severability. 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.
- b. Ratification. All prior acts of the District Board and of the District Manager with respect to all matters concerning this Resolution are hereby ratified and confirmed. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.
- c. Effective Date. This Resolution shall be effective immediately.

**PASSED** by the District Board of Show Low Bluff Community Facilities District this 2nd day of January, 2019.

.....  
 Daryl Seymore, Chairman, District  
 Board, Show Low Bluff Community  
 Facilities District

ATTEST:

.....  
 Ann Kurasaki, District Clerk,  
 Show Low Bluff Community  
 Facilities District

APPROVED AS TO FORM:

.....  
 F. Morgan Brown, District Counsel,  
 Show Low Bluff Community  
 Facilities District

**MINUTES OF THE REGULAR MEETING OF THE SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT BOARD HELD ON TUESDAY, JUNE 19, 2018 AT 7:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA**

1. Call to Order.

Chairman Seymore called the meeting to order at 7:20 p.m.

2. Roll Call.

**BOARD MEMBERS PRESENT:** Chairman Seymore, Vice Chairman Hatch, Board members Allsop, Crittenden, Kelley, and Leech.

**COUNCIL MEMBERS ABSENT:** Board member Kakavas.

**STAFF MEMBERS PRESENT:** Ed Muder, District Manager; F. Morgan Brown, District Attorney; Justin Johnson, District Financial Officer; Joe Shelley, Police Chief; Jay Brimhall, Community Services Director; Cari Bilbie, Accountant; Lisa Robertson, Grants/Transit Manager; Tamra Reidhead, Deputy City Clerk; and Ann Kurasaki, District Clerk.

**GUESTS:** Dewey Ray, Laura Singleton, Steve Beardsley, Bob Andringa, and others.

3. PUBLIC HEARING - Resolution No. R2018-02 Adopting the Final Budget and Setting the Tax Levy for Fiscal Year Ending June 30, 2019. (Justin Johnson)

Chairman Seymore opened the matter for a public hearing. There being no input, he closed the public hearing.

Mr. Johnson said the purpose of tonight's meeting was to hold a public hearing and adopt the final budget in the amount of \$850,145 for the Show Low Bluff Community Facilities District (CFD). The budget was unchanged from the tentative budget adopted two weeks ago by the Board.

Mr. Johnson said the CFD was a special district formed by the residents of the district in 2005 and was a separate unit of government. Any debt issued by the CFD must be covered by the district's assessed valuation and be for the benefit of the district. The CFD's debt of \$2.9 million was issued with a call date of 2032. The district's assessed

valuation had increased for the second year in a row since 2010.

Mr. Johnson said the CFD was separated into two funds: special assessment bonds and general obligation (GO) bonds. The special assessment bond portion of the budget was \$177,500. The special assessment bond was \$2,014,000 in 2007 when it was issued, and the annual debt service was \$153,900. There were 227 parcels in Show Low Bluff, 127 of which were owned by the Show Low Bluff development, representing 56% of the total payments for assessments. There were unbudgeted reserves of \$230,867.

Mr. Johnson said the beginning fund balance was \$269,662 and the assessment billing of \$133,385 was sent out in June (principal and interest) and December (interest only) to all parcel owners.

Mr. Johnson said the debt issuance for GO bonds was \$480,000 in 2007 and \$450,000 in 2011. With budgeted reserves of \$572,406 and a \$97,000 contribution from the developer, the GO bonds would be paid off in July 2018. A tax levy for the debt service and maintenance and operations would no longer be collected. The money had been wired to the financing agency, Wells Fargo, and after a 30-day period, the debt would be fully paid.

Chairman Seymore said by paying off the GO bonds being paid off, the Show Low Bluff homeowners would no longer have to pay the tax levy, which would have a huge impact on that community. Mr. Johnson said the developer paid off the GO bonds early in hopes it would spur growth in the development. Show Low Bluff residents would no longer see the tax levy on their tax bills and would only have the assessments to pay.

Chairman Seymore asked if the reserve balance would be zero once the GO bonds were retired. Mr. Johnson said there would be a little left over once the transaction was complete, but that amount would transfer to the assessment.

Board member Kelley thought there previously had been roadblocks to repaying the GO bonds early. Mr. Johnson said the bonds became callable, which allowed the developer to retire them early.



Board member Kelley asked when the special assessment bonds would be paid off. Mr. Johnson said in 2032.

Board member Kelley asked if payments for the special assessment bonds and GO bonds were about the same amount. Mr. Johnson said the special assessment bond payment was more. Mr. Muder added that the GO bonds each property owner with a house had been paying were between \$400 and \$700 per year and would no longer be required. Show Low Bluff put in approximately \$400,000 extra to retire the GO bonds.

4. Consideration of Resolution No. R2018-02 Adopting the Final Budget and Setting the Tax Levy for Fiscal Year Ending June 30, 2019. (Justin Johnson)

**BOARD MEMBER ALLSOP MOVED TO ADOPT RESOLUTION NO. R2017-02 ADOPTING THE FINAL BUDGET IN THE AMOUNT OF \$850,145 AND SETTING THE TAX RATE FOR FISCAL YEAR 2019 AT \$3.55 PER \$100 OF ASSESSED VALUATION; SECONDED BY BOARD MEMBER KELLEY; PASSED 6 to 0.**

5. Consideration of Minutes of Show Low Bluff Community Facilities District Board meeting:

A) Special Meeting of June 5, 2018.

**BOARD MEMBER LEECH MOVED TO APPROVE THE SPECIAL MEETING MINUTES OF THE SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT BOARD MEETING OF JUNE 5, 2018; SECONDED BY BOARD MEMBER ALLSOP; PASSED 6 to 0.**

6. Adjournment.

There being no further business to be brought before the Board, **CHAIRMAN SEYMORE ADJOURNED THE SPECIAL MEETING OF THE SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT BOARD AT 7:29 P.M.**

ATTEST:

APPROVED:

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Ann Kurasaki, District Clerk      Daryl Seymore, Chairman

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **SPECIAL MEETING** of the Show Low Bluff Community Facilities District Board held on June 19, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

(SEAL)

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Ann Kurasaki, District Clerk