

ORDINANCE S-49611

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO A THREE-PARTY DEVELOPMENT AGREEMENT AND INTERGOVERNMENTAL AGREEMENT WITH TAYLOR MORRISON/ARIZONA, INC., MACEWEN RANCH, LLC, AND THE VERDIN COMMUNITY FACILITIES DISTRICT TO CONSTRUCT, FINANCE, OPERATE, AND MAINTAIN PUBLIC WATER, SEWER, ROADWAY, DRAINAGE, AND TRAIL FACILITIES NECESSARY TO SERVE THE VERDIN DEVELOPMENT, AND FOR ADMINISTRATION OF THE DISTRICT; AND FURTHER AUTHORIZING THE CITY TREASURER TO ACCEPT, AND THE CITY CONTROLLER TO DISBURSE ALL FUNDS FOR PURPOSES OF THIS ORDINANCE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PHOENIX as

follows:

SECTION 1. The City Manager, or his designee, is authorized to negotiate and enter into a three-party development agreement and intergovernmental agreement (CFD DA) or other agreements as necessary, among the City of Phoenix, Taylor Morrison/Arizona, Inc., and MacEwen Ranch, LLC, (collectively, Developer), or its City approved designee, and the to-be-formed Verdin Community Facilities District (District) outlining the parties' participation to construction, finance, operate, and maintain certain public water, sewer, roadway, drainage, and trail facilities necessary to serve the Verdin development, and for administration of the District. If authorized, by City Council, and subsequently approved by the District Board, the CFD DA and other related agreements would, at a minimum, address the following:

- The Developer, at its sole risk, is to design and construct to City standards, and dedicate to the City all public facilities necessary to serve the Verdin development.
- The City shall accept ownership of the facilities upon completion to the City's satisfaction.
- The District Board shall consist of the Mayor and City Council.
- The District may retain independent advisors, attorneys, bond counsel, engineers or other professionals at the district's expense.
- The District shall be granted bond authorization of eighty million dollars (\$80,000,000). Bonds are to be issued with a term not to exceed 25 years.
- The Developer shall be reimbursed no more than seventy-two million (\$72,000,000). To qualify for reimbursement the Developer must, among other considerations, remain in compliance with public procurement rules pursuant to Arizona Revised Statutes (A.R.S.) title 34.
- The District Board shall have the sole and absolute discretion to issue and/or approve the sale of District bonds or levy District taxes, and the District shall not be obligated to issue or continue to issue any District bonds or levies.
- District bonds shall be issued in separate series over time when the assessed value of the property within the District is sufficient to support bond debt service given a target tax rate of three dollars and eighty-five cents (\$3.85) per one hundred dollars (\$100) of net assessed limited property valuation, or at such time as Taylor Morrison provides collateral in amounts and type acceptable to the District Board. For purposes of the foregoing, all property in the District owner by the Developer, or any entity owned and controlled by the Developer, shall be assigned the last certified assessed value such property had when categorized as "vacant" for purposes of net assessed limited property valuation.
- Expenses incurred to issue bonds shall be included as part of each bond series and repaid with bond proceeds.
- The City and the District shall have no obligation for costs incurred by the Developer in excess of available bond proceeds after sale, unless otherwise agreed to by the parties prior to any encumbrances. For example, the Developer and City may enter into a separate Water and/or Sewer Repayment Agreement. However, any and all costs that are the subject of a Repayment Agreement are not eligible for reimbursement by the District.

- The District shall levy up to a thirty cent (\$0.30) ad valorem tax for Operation and Maintenance (O&M) costs in accordance with A.R.S. 48-701. If, at any time, the O&M tax revenue is insufficient to cover expenses, including City staff costs for administering District activities, the Developer shall agree to cover the shortfall such that there is no negative fiscal impact on general City operations. The developer has further agreed to address, in separate development agreements, certain rate revenue shortfalls (e.g. sewer rates) necessary to mitigate negative fiscal impacts on City enterprise operations (e.g. sewer lift station and force mains) associated with serving the Verdin development.

SECTION 2. The City Treasurer is authorized to accept, and the City Controller is authorized to disburse, all funds for the purposes of this ordinance.

PASSED by the City Council of the City of Phoenix this 19th day of April, 2023.


MAYOR

ATTEST:


Denise Archibald, City Clerk

APPROVED AS TO FORM:
Julie M. Kriegh, City Attorney

By: 

Jennifer Vega P ml

REVIEWED BY:


Jeffrey Barton, City Manager