

**THE WORKSESSION
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD JUNE 22, 2015 AT 6:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 6:00 p.m. with the Pledge of Allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Vice Mayor Lori McGoffin, Councilmembers Pat Boyle, Jeff Cook (arriving at 6:02 p.m.), Joe Konrad, David Lambert and Chris Moncada.

NEW BUSINESS:

1. **Presentations by and Discussion with individuals that may be of assistance to the City of Benson with regards to the formation and administration of a Community Facilities District (CFD) for the Villages at Vigneto development**

City Manager William Stephens addressed Council stating as a result of the potential for development and discussion regarding the proposed development and how to fund the utilities; there has been discussion of creating a Community Facilities District (CFD), adding with that comes certain roles which have to be filled in order to administrate the CFD. Mr. Stephens then stated there has been interest expressed about filling certain positions within that CFD and as a result, the Council recently heard some presentations, he then stated tonight the Council will hear from Mr. Mike Cafiso, who will be giving another presentation on CFDs and is one of the possible individuals who may fill a role.

Mr. Cafiso stated he was with the law firm, Greenberg Traurig Phoenix, adding he handed Council an outline he would like to go over. Mr. Cafiso then stated it's not a usual practice for him to be able to be interviewed and to also provide information at the same time, adding hopefully, the meeting could be interactive so he could give information out and also answer Council questions. Mr. Cafiso then spoke about his law firm, stating it was a large international firm with about 1,750 lawyers and 32 offices in the U.S. and internationally, as well. Mr. Cafiso then stated about 50 attorneys practice in the specialized area of public finance. Mr. Cafiso then stated the Phoenix office has about 50 attorneys and of the 50, 4 practice exclusively in the area of public finance or municipal finance. Mr. Cafiso then stated it's a fairly large practice, noting it's 8th in the U.S. in total volume in 2014 and second in Arizona, adding he's proud of that record because there are a lot of law firms that do this and to be in the top 10 nationally and number 2 in Arizona is a nice achievement for his firm. Mr. Cafiso then stated he would focus tonight on municipalities and CFDs, adding in terms of municipalities; he represents the largest to the smallest, including Phoenix, Winkelman, and more smaller and mid-size municipalities. Mr. Cafiso then stated he also represents counties, school districts and universites, noting he has done work for the Benson School District for a long time, and that he also represents underwriters at times.

Mr. Cafiso then stated he would like to point out that in special district financing, he created the first CFD ever done in Arizona, which was for Tatum Ranch in Phoenix. Mr. Cafiso then stated he also formed a CFD recently in Peoria, and was in the process right now of forming districts for Wickenburg and was also in the process of working with Coolidge. Mr. Cafiso then stated he also worked outside Arizona, noting he has worked in Texas with special districts and actually worked with his firm on the first special district financing ever done in New Mexico, adding he showed them how to do one in Santa Fe. Mr. Cafiso then stated other lawyers in his firm have done special district work in Texas, Colorado and Florida, adding his firm has a lot of experience in Arizona, with Arizona Revised Statutes and in other states. Mr. Cafiso stated he has been practicing in this area for 30 years with 25 of them being in Phoenix, adding his practice is a varied one. Mr. Cafiso then stated he brought an associate, Mr. Paul Gales, who has worked with him for about 3 years and is very involved, adding it's important the Council meet Mr. Gales as well. Mr. Cafiso stated once a CFD is

formed, it's around for a long time, so it's good to have continuity, adding he plans to work for another 6 years or so, but it would be good for the Council to know Mr. Gales and that he'll be here for a long time.

Mr. Cafiso then stated he was not a stranger to Benson, adding he has been representing Benson for 20+ years for the City and all its financing. Mr. Cafiso then stated he didn't encourage cities to go into debt, adding the City has been wise and not got a lot of debt, but he did want to make it clear, he has worked with the City for a long time. Mr. Cafiso then stated back in the 1990s, he worked to try and form a CFD on this same piece of property, then known as Whetstone Ranch and he has also worked on the City's most recent financings, starting with the 2005 financing, the refinance of the 2005 debt and additional debt for City projects in 2008, which gave the City some debt relief with lower payments and then in 2010 for projects that were completed along with refinancing the remaining 2008 debt. Mr. Cafiso then stated he would be happy to answer questions on those, as well as other questions Council may have.

Councilmember Moncada asked what the usual rough timeline was for forming a district, from start to finish with Mr. Cafiso stating he did have a block of time to address that issue and it may be more logical to continue his presentation first.

Councilmember Cook then stated Mr. Cafiso mentioned special districts and he was of the impression that special districts and CFDs got lumped together, and then asked Mr. Cafiso how many CFDs he has done in Arizona with Mr. Cafiso stating he has been involved in most financing that has been done in Arizona by CFDs, adding he either formed them or acted as the lawyer for the bank that helps the CFD borrow money. Mr. Cafiso then stated it's interesting to see the lists, adding without exaggerating too much, he can say he has probably worked on 95% of the ones that have been done, working half for municipalities as their lawyer who formed the districts and half for the banks, noting this is what his day-to-day practice is. Councilmember Cook asked what was the number of CFDs Mr. Cafiso has worked on or done with Mr. Cafiso stating he could get a full list, but the ballpark number is easily 75; maybe 100. Mr. Cafiso then stated he started doing this back in the 1990s, forming the very first district for Tatum Ranch and has worked on pretty much every district that has been done, adding the ones he didn't work on was because he didn't want to. Mr. Cafiso then stated there are not a lot of attorneys that do this in Arizona, adding there are really only 2 law firms that do, and it's easy to say he would be an expert, noting he has learned a lot and his firm does a good job of it.

Mr. Cafiso then stated he listened to the April 20 Council worksession and he would like to bring up some issues based on what he heard, what Council asked and based on other presentation, noting he was hoping to educate the Council on what they wanted to know. Mr. Cafiso then stated CFDs are a separate political subdivision of the State of Arizona, adding there is the State, Cochise County, the Benson School District and the City of Benson, noting within the City, the Council could form a brand new political subdivision. Mr. Cafiso then stated just like these other entities, once the CFD is formed, it has perpetual existence, adding only 1 CFD has been dissolved out of the 50 or 60 that has been formed, which is an important concept to remember because the City Council would be forming a brand new political subdivision with its own separate powers. Mr. Cafiso then stated the CFD has to be within the corporate limits of the City, but noted the Council can form it in one meeting, adding it can be done in 24 hours with public notice, with a petition signed by all who have an interest in the real estate, such as the landowner, the mortgage holder and anyone who has a deed of trust. Mr. Cafiso then stated the formation can be done very quickly, but wanted to say that isn't typically done. Mr. Cafiso then stated these districts are very powerful in terms of what they can do, adding they can construct, acquire, own, operate and lease, pretty much anything that falls under the statute definition of public infrastructure, which includes water systems, wastewater systems, roads, public buildings and any sort of equipment for those things. Mr. Cafiso then stated anything that a separate political subdivision can do, these districts can do, which is part of the reason it took so long for legislation to get finalized in Arizona. Mr. Cafiso then stated legislation for CFDs was started in 1986-87, adding the Arizona League of Cities & Towns was concerned because a district could basically be used as a tool to create standalone cities, outside of municipal jurisdictions. Mr. Cafiso then stated originally CFDs could be done in a County and the League was concerned that they would be formed to avoid having to incorporate and to avoid a lot of the things a municipality would otherwise provide, adding eventually, in the first drafts of the first successful useful legislation, it limited CFDs to being formed within City limits with the City having to form the district.

Mr. Cafiso then stated the most important thing a district does is finance public infrastructure and provide a way for political subdivisions like Cochise County, school districts and cities to finance infrastructure, adding the districts can finance infrastructure on their own, noting again, this is the most important thing they do and added it's typically the only thing they do. Mr. Cafiso then stated districts can also finance operation and maintenance, but don't typically do that. Mr. Cafiso then stated the Council would hear a lot of other things districts can do, but financing infrastructure is the most important, adding they can do this through a variety of types of financing and he will talk about two that are the most important types of financing.

Mr. Cafiso then stated the handout shows a bit of history on CFDs in Arizona, noting there are 50 or 60 in existence now, adding in 1990 the CFD statutes started to be used pretty aggressively. Mr. Cafiso then stated he decided to include a list of cities and towns that have used these, adding he separated urban cities from non-urban cities and then stated tonight he would limit the discussion to what he calls traditional uses of a CFD, which is being used for large mixed-use master planned communities, such as Tatum Ranch, McDowell Mountain Ranch and DC Ranch. Mr. Cafiso then stated a lot of people are surprised that the City of Phoenix has only done 1 CFD, then stated Scottsdale has done a lot, but they aren't interested in doing more, even though they were very successful. Mr. Cafiso then stated they have been used in Goodyear, where there has been a lot of growth and Buckeye has used CFDs a lot also. Mr. Cafiso then stated the reason he separated the urban and non-urban cities is because the pros and cons are different in urban and non-urban cities, adding when there are problems with the economy and real estate development, it typically hurts non-urban areas more than urban areas, adding the recession killed things in Phoenix, but in non-urban areas, it was even worse. Mr. Cafiso then stated he wanted to talk about why that has implications for the way these districts are used, adding he gave Council a lot of information and he can talk about the experience in any given city, noting he is not saying he represents all the listed cities, but he has been involved in financings that were done in these cities and he does represent many of them.

Councilmember Konrad asked why the City of Phoenix only did one CFD with Mr. Cafiso stating Phoenix decided to create a CFD for a project in Tatum Ranch at a point when Tatum Ranch was known as a leap frog development. Mr. Cafiso stated Phoenix's approach was that they weren't willing to take the risk and allow the district to sell debt because they didn't want the City to be out there for the first part of the development so they decided to let the developer do the first part and if it was successful, then the City would do the second part. Mr. Cafiso stated this resulted in one side of Tatum Ranch Boulevard having a tax for the debt and the other side not having the tax, adding about 5 years into the development of the project; two neighbors compared their tax bills and found that one of them had an extra tax and the other didn't. Mr. Cafiso then stated those residents hired a lawyer, tried to fight the tax, tried to have the district dissolved and tried to have the debt overturned, adding the Mayor of Phoenix told the staff that if anyone ever used a CFD again, he would throw them out of the office. Mr. Cafiso then stated this situation resulted in a lot of headaches and was just not a good situation. Mr. Cafiso then stated he should have prefaced this information with the fact that he makes a living in this field and in doing bond transactions that includes bond transactions for CFDs, but sometimes these things do happen. Mr. Cafiso then stated Phoenix hasn't done a district since then, which was in 1991, adding they have since refinanced the district, the bonds are paid and no one is unhappy except the people paying \$3.00 more than the others.

Mr. Cafiso then stated even though CFDs can do a lot, they traditionally finance basic things like roads, including streetscaping, landscaping, irrigation, water distribution systems and sewage collection systems that hook into the City and they are usually part of a large mixed-use master planned community in a community already set up for utilities. Mr. Cafiso then stated this doesn't mean a district can't do utilities, adding there are districts that have done sewage treatment plants and water production plants, but they're just not typically done. Mr. Cafiso stated there are non-traditional uses and there are a lot of non-traditional CFDs in the 60 districts mentioned such as Prescott Valley's district for a big event center, adding the event center is owned by the CFD so they don't have to pay property taxes on the facility. Mr. Cafiso then stated Carefree also formed a CFD just to buy a private water company, adding there were problems with the City buying it, so they used a CFD for that purpose and then stated Tempe has a number of these districts for Tempe Town Lake and are used for maintenance purposes. Mr. Cafiso then stated these are non-traditional uses, but the traditional master-planned community development district is what he is going to talk about.

Councilmember Cook asked what kind of taxes were exempt in Prescott Valley with Mr. Cafiso stating a CFD is a political subdivision and it doesn't have to pay property taxes on property it owns, just like the City of Benson doesn't have to pay property taxes on its buildings and property. Mr. Cafiso then stated anything a CFD owns in terms of governmentally-owned property is exempt from taxation, adding the developers of that project were trying to figure out how to avoid paying taxes, so they gave it to the CFD, again stating governmentally-owned property is exempt from property taxes. Councilmember Cook then stated as far as the sewage treatment, the developer won't be passing that cost on to the City, but stated he does foresee fire and police protection being paid for by everyone else because they don't pay property taxes and asked if that was correct. Mr. Cafiso stated that was not correct, adding the owners of private homes and other private property in the district will pay property taxes for those things and any commercial property in the district will also pay property taxes. Mr. Cafiso then stated the only one who doesn't have to pay property tax is a governmental entity, so if the CFD owns things or property, the CFD won't have to pay property taxes on what it owns. Mr. Cafiso then stated a lot of times CFDs will finance police and fire facilities but don't typically keep them and will transfer them to the City, adding the City wouldn't pay property taxes on the facility, but private individuals, the people who own homes and commercial businesses in the district, still have to pay property taxes.

Mr. Cafiso then stated one of the things there have been questions about is the roles in the CFD process, adding his firm is special counsel to the City to help form a district, adding the City would be forming a brand new political subdivision and it must be done correctly because if it's not done correctly according to statute, the district can be defective and everything it does can be defective. Mr. Cafiso then stated his firm would help the City with the formation of the district and some related things that go with it, again, adding the Council could form a district in one night, but they need to think about what they want as they're doing it. Mr. Cafiso then stated he works with cities in the initial stages to help form the district and all the steps that go into that process, but the Council needs to think about all the considerations they want to have in terms of the effects on the City in the future, the effects on the area being included in the district and what Staff is going to have to deal with on all of those things from the City's perspective. Mr. Cafiso stated once the district is formed, there are things that need to be done to get it set up to be a legally operating entity, then he works with the district after that to help them borrow money. Mr. Cafiso stated the day-to-day activities are typically handled by City staff, adding the City Attorney normally handles legal affairs and City staff normally handles financial things related to the district. Mr. Cafiso then stated other people typically involved, besides the law firm, is a banking firm to give financial advice to the City in terms of forming this district and to the CFD itself once it's formed, in terms of the implications of borrowing money. Mr. Cafiso stated this is a big deal because the district is accessing Federal Securities markets at some point which can have a lot of serious ramifications, so the Council wants an experienced banking firm that does this and understands the risks and how these things work in Arizona, adding these banking firms are typically known as investment banks. Mr. Cafiso then stated the banking firm also helps find investors to buy the bonds and call themselves underwriters, who underwrite the bond debt.

Mr. Cafiso then stated he didn't want to rebut anything from prior meetings, but he felt it was very important to make sure it was very clear to the Council that there are two ways these districts can be governed, adding the district would be a brand new political subdivision and just like Cochise County has a Board of Supervisors, the Benson School District has a District Board and the City of Benson has a Mayor and Council, the brand new political subdivision of a district would be governed by a board. Mr. Cafiso then stated in connection with forming a district, the Council needed to make a choice on whether the Council wanted to govern it, adding state statutes allow the Mayor and Council to sit not only as the Mayor and Council, but ex-officio, where the Mayor and Council literally take off one hat as the Mayor and Council and put on another hat as a district board member. Mr. Cafiso stated after a Council meeting, the Council could adjourn and then hold a district board meeting, adding the Council can take on that role or they could appoint an independent board, who will do those things. Mr. Cafiso then stated he wouldn't go through all the criteria required to be an appointed district board member, but stated the statute does list some criteria, adding page 3 of the handout includes some of the requirements, such as an appointed district board member cannot be an owner of more than 40 acres in the district and cannot be an elected official of the municipality. Mr. Cafiso then stated who will be governing the district is a choice the Council is going to have to make in connection with the formation of the district, adding Council will need to think about whether they want to be the governing board or whether

they want an independent board. Mr. Cafiso then stated there are implications with appointed boards, adding there is some question in lawyers' minds about whether it's ok to have someone who is not a resident either of the district or the City of Benson acting as a district board member and there are some constitutional issues with that. Mr. Cafiso then stated the IRS is also looking at people who don't have a real governmental interest in running the district being a district board member, adding the IRS doesn't like the idea of a board member being someone who can benefit by being on one of these boards and possibly having a conflict of interest in terms of what is going to happen. Mr. Cafiso then stated this can be discussed in more detail in the future and he wanted to make it clear that he was not saying the Council shouldn't have an appointed district board, but he did feel that the Council needed to understand that they had a choice to either serve as the district board or appoint a separate district board.

Mayor King noted the time and told Mr. Cafiso he had about 20 minutes left. Mr. Cafiso stated of the 50 or 60 districts boards in Arizona, only 1 had an appointed board. Mr. Cafiso then stated he thought this subject was important because Arizona isn't like what is seen in every other jurisdiction, adding in California, they have specific statutes that govern what districts can do and in Texas, there are State oversight agencies that say districts have to follow certain rules, but Arizona doesn't have either, noting Arizona tends to be a little more risk averse in terms of what the State lets these districts do. Mr. Cafiso then stated bottom line, his firm does what the Council wants them to do, adding if the Council hires his firm and tells him to form a district and they want an appointed board, he will do everything he can to make sure the appointed board works, again noting the business decisions are the Mayor and Council's decisions and the district board's decisions.

Mr. Cafiso then spoke about insurance, stating it is important that the districts have insurance. Mr. Cafiso then stated one of the nice things in Arizona is that if the Mayor and Council act as the governing board of the district and are insured with the Arizona Risk Retention Pool, the insurance is automatically taken care of. Councilmember Moncada asked if the insurance policy would be a separate policy with Mr. Cafiso stating it would be a separate policy, but there would be no additional premium. Mr. Cafiso then stated if there is an independent board, they will have to go out and buy insurance and fund their deductibles, adding those will have to be funded up front and the deductibles are usually \$50,000 when dealing with these district boards. Mr. Cafiso then stated if insurance is obtained for an independent board, the coverage should be the same coverage the Mayor and Council have, but most importantly, how it will be paid for must be addressed, adding the developer/landowner may pay for it initially, but who will pay for it after that is a concern that needs to be addressed. Mr. Cafiso then stated indemnification is another big issue, adding it's great getting the development and the good things it brings for the community if it's done properly, but the bottom line is that the Council has to make sure it's not going to cost the City anything in terms of either direct costs or risks, adding he always tells cities and towns that they need to be sure and get proper indemnification. Mr. Cafiso then stated the City Attorney can talk to the Council about this, but it basically means the City needs to be held harmless and that the Council makes sure that the developer/landowner is going to provide protection for the City. Mr. Cafiso then stated the Council isn't looking for money, but needs to make sure the entity requesting the CFD has an adequate balance sheet, adding the cost of having the district isn't free. Mr. Cafiso stated there will be day-to-day costs and both lawyers and accountants fees and the Council will need to decide if they want Staff time reimbursed, adding those are costs that shouldn't come out of the general fund, noting citizens shouldn't typically have to pay for those things.

Mr. Cafiso then stated in the worst case scenario, something goes wrong and the City gets sued and the Risk Pool says the City isn't covered or isn't covered right away, adding the Council wants to make sure someone is there protecting the City and the Council if the developer/landowner has done something they shouldn't have done. Mr. Cafiso then stated if something happens, the Council wants to make sure that someone with deep pockets is standing there helping defend any lawsuits or other problems that may arise, adding it's important to have an entity that has a balance sheet and financial wherewithal and not some landowning LLC that has no assets for both the protection purposes and for the ongoing costs of the district, noting the costs of defending the City in a lawsuit and these ongoing costs should not come out of the City's general fund.

Mr. Cafiso then spoke about bonds, stating a special district is just like a City and when they borrow money, they get to borrow money at tax-exempt interest rates. Mr. Cafiso then stated the way municipal bonds work is that there is reciprocity between the U.S., states and political subdivisions and if the bonds are issued by

government, taxes don't have to be paid on them. Mr. Cafiso then stated bonds are nothing more than a loan and again noted when a CFD borrows money, they get to borrow at tax-exempt interest rates and noted they get to pay it out over a longer period of time than most borrowers. Mr. Cafiso stated when a land developer wants to borrow money at the bank, the bank may not lend it or the loan might be at a 7 or 8% interest rate, but when a CFD is created and bonds are sold, the bonds are exempt from taxation and the lenders take that into account, adding instead of paying 7 or 8%, the interest rate is 4 or 5%, which is a huge difference when it's a 25-year bond. Mr. Cafiso then stated the real thing these bonds do is create a way for the developer/landowner to borrow money off their balance sheet by using the property as collateral, adding it's a big deal, but it also comes with a lot of risks.

Mr. Cafiso then stated there are two major kinds of bonds; special assessment bonds and general obligation bonds. Mr. Cafiso then stated special assessment bonds puts the obligation to pay the debt on a parcel of property, adding if two people owned property with assessments, they would both be paying an assessment fee, and if one property owner didn't pay his fee, the other property owner would not have to make up the difference. Mr. Cafiso then stated the more common type of bonds are general obligation bonds, which is the same type of bonds the school does. Mr. Cafiso stated the district can be formed in 1 night and if there are no residents on the property, the landowner can vote to authorize debt and can also authorize the levy of the maintenance and operation tax to do things the district needs done. Mr. Cafiso then stated general obligation bonds work completely different than special assessment bonds, adding in general obligations bonds, if one property owner doesn't pay the amount for the bonds, the second property owner's amount would be doubled to make up the difference. Mr. Cafiso stated this is because with general obligation bonds, there can be unlimited property tax. Mr. Cafiso then stated the attempt to collect from those who are not paying would be made, but during the interim period, the property owners who are paying will see their taxes go up to make up the amount for the property owners who aren't paying, again adding, it's unlimited property taxes. Mr. Cafiso then stated if the bonds require \$3.00 per hundred of assessed valuation to service the debt and property owners don't pay, the amount could go to \$6.00 or more and then stated if the property values go down, the tax rate could even go higher. Mr. Cafiso then stated bonds are a powerful borrowing tool in terms of lower interest rates, being off a developer/landowner's balance sheet and more and the property is used as collateral, but if one property owner isn't paying the tax for the bonds, it will be picked up from the other property owners in the district through increases in their tax for the bonds.

Mr. Cafiso then stated in the school district, they use general obligation bonds, adding it's not a big deal because there are thousands of property owners and a 5% delinquency rate is factored in, but in the context of undeveloped real estate, if a few houses are built and then things don't go as well as expected, the people who own property will have to pay whatever it takes to pay the debt service on the bonds because the bonds are essentially borrowed money that must be paid back with property taxes. Mr. Cafiso then stated there are ways to buffer this as much as possible, but the Council has to think about these issues, adding a district is a very powerful mechanism.

Mr. Cafiso then stated advantages districts give a developer includes the developer getting to borrow off their balance sheet by using the district, which is a nice advantage for them. Mr. Cafiso then stated he's not saying districts are bad things, adding he makes a living doing these and if they are done properly, he thinks they are wonderful things, but the Council needs to take into account that developers are getting an advantage and this is part of the reason the Council needs to make sure the City and the Council are held harmless in terms of expenses and indemnification.

Mr. Cafiso then stated he knew the timeline to form a CFD was spoken about at the previous Council meeting and that the developer can't wait 5 years to get something done, adding 5 years isn't a correct representation and noted the first two steps in the process is what takes the most time. Mr. Cafiso then stated one thing the Council needs to decide is if they want formal policies and procedures in place for CFDs, so when other developers come in, they will see the process for CFDs in Benson. Mr. Cafiso then stated putting policies and procedures in place may or may not make sense for Benson and it would be up to the Council, but should they decide they want to put something formal in place, his firm can help with that and there are models the Council could use.

Mr. Cafiso then stated the next thing he wanted to address was that the Council needs to decide what the business deal is before forming the district, adding the way that is done in Arizona is with development agreements. Mr. Cafiso then stated there are two types of development agreements; the land development agreement and a CFD development agreement. Mr. Cafiso then stated the land development agreement addresses what the zoning is going to look like, how utilities will be put in, what the City's participation will be in terms of supplying things and any issues with sales tax. Mr. Cafiso then stated sometimes the CFD development agreement is part of the land development agreement, but he likes to see them separately. Mr. Cafiso then stated the CFD development agreement decides what the CFD is going to do, how the CFD will pay for it, what kind of debt it is going to incur, adding these are the things that take time. Mr. Cafiso then stated the formation of the district, the authorization of bonds and even the issuance of bonds are not the components that take time, again stating the things that take time is trying to figure out what the district is going to look like, adding this is a business deal that will go on in perpetuity with these districts that last forever. Mr. Cafiso stated he does think CFDs are great planning tools and thinks they can be looked at as such instead of an enforceable agreement.

Mr. Cafiso then stated some of the things the Council needs to think about now is when the district will issue bonds, how much will be issued, how the bonds will be repaid and bonds being issued too soon or too late. Mr. Cafiso stated regarding the timeframe for the CFD process, the process goes as fast as the developer wants to go in terms of figuring out the business deal and forming a district. Mr. Cafiso then stated he has had districts take a couple of years from the start of negotiations to actually issuing bonds, but he feels two years is a long time, adding he recently formed a CFD in Peoria that took 6 to 12 months and included a lot of negotiating. Mr. Cafiso then stated the amount of time this process takes is really controlled by both parties, but stated the Council really needs to know what they want going in.

Councilmember Cook then stated Mr. Cafiso brought up some points, such as issuing bonds too early or too late and stated that would lead to questions such as the advantages or the pitfalls of that, then asked Mr. Cafiso how the Council could get those kinds of questions answered. Mr. Cafiso stated he could come back and give another presentation to Council, adding the CFD is a fairly important thing the Council is considering and he would be glad to come back and give the Council more information. Mr. Cafiso then stated he could focus on just debt issuance if the Council wanted, adding there are a lot of intricacies just on that and he could show the Council examples of what other municipalities have done in Arizona, noting it might be a good opportunity to bring in a banker to talk about legal and financial issues. Mr. Cafiso stated the City has good neighboring communities that have been through this process, noting Sahuarita, which is one of his clients, has been through it twice, adding the Council could also talk to their counterparts there also.

Mayor King stated he would like to have Mr. Cafiso come back in another worksession or possibly two worksessions with Mr. Cafiso stating the most important part of this process is the issuance of debt, adding the district can do other things, such as own and operate things, but they typically don't, noting there are good reasons for this. Mr. Cafiso then stated it may be worth it to hold a worksession to discuss what is built and how it's built, but more importantly how it's financed and why. Mayor King stated he would like to have Mr. Cafiso back for another worksession.

Councilmember Konrad stated there are several players to consider and each player has a role, adding he would like to know what each person does, noting the Council had a presentation a couple months ago, but he didn't think the Council was entirely clear on the role of each person who presented at that meeting, as well as what Mr. Cafiso would do for the City and other players. Councilmember Konrad then stated he would like to see something formalized that indicates person A performs task A and so forth. Councilmember Moncada agreed. Councilmember Lambert then stated if the Council was going to hold another worksession, they could possibly start earlier or hold it on a night without a Council meeting, so there would be more time for questions and answers. Councilmember Cook stated since the Council was in the early stages of learning, he thought it would be best for them to break the worksessions into shorter sessions instead of longer sessions. Mayor King and Vice Mayor McGoffin both disagreed. Mayor King stated the Council should schedule a worksession for a night without a regular Council meeting, noting the distance and time Mr. Cafiso would have to travel. Mayor King then stated the Council could start earlier and go until 8:00 p.m. if needed, and could stay focused on this subject with no interruptions. Councilmember Moncada agreed. Mr. Cafiso then

stated this presentation was a scattered shot based on things he heard and that he could tailor the presentation, adding it would be great to have a more interactive discussion. Mayor King asked Councilmembers to get any questions they would like addressed to Mr. Stephens so Mr. Cafiso could have them before making his presentation. Mr. Cafiso then stated he had given the Council his contact information and they were free to call him adding he didn't bill on an hourly basis and if the Councilmembers had questions individually, they could call him and he would be glad to answer any questions. Mr. Cafiso then stated the Council could also talk to Staff, adding the City staff has been great helping him with some things as well.

DEPARTMENT REPORTS: None

ADJOURNMENT:

Councilmember Moncada moved to adjourn at 6:54 p.m. Seconded by Vice Mayor McGoffin. Motion passed 7-0.

ATTEST:

Toney D. King, Sr., Mayor

Vicki L. Vivian, CMC, City Clerk