

**NOTICE OF JOINT MEETING OF THE BOARD OF DIRECTORS OF
THE TOWN OF CAREFREE, AZ UTILITIES COMMUNITY FACILITIES DISTRICT
AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC.**

WHEN: TUESDAY, APRIL 6, 2021

WHERE: ZOOM ONLINE*

TIME: 4:30 P.M.

Pursuant to A.R.S. § 10-822, notice is hereby given of the time, place and purposes of a meeting of the Board of Directors of the Town of Carefree, Arizona Utilities Community Facilities District and the Board of Directors of the Carefree Water Company, Inc., an Arizona corporation.

Members of the Board of Directors are participating by technological means or methods pursuant to A.R.S. §10-708.

CALL TO ORDER

SILENT ROLL CALL

AGENDA

ITEM #1 Approval of the February 9, 2021 UCFD meeting minutes.

ITEM #2 Review, discussion, and possible action to approve Resolution 2021-03 authorizing the UCFD to deposit and withdraw monies in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer.

ITEM #3 Adjournment

DATED this 2nd day of April, 2021.

UCFD/CWC

By: Kandace French Contreras

Kandace French Contreras, Secretary

Items may be taken out of order

*Due to the risks to public health caused by the possible spread of the COVID-19 virus at public gatherings, it has determined that public meetings will be indefinitely held through technological means. Meetings will be also open to the public through technological means. In reliance on, and compliance with, the March 13, 2020 Opinion issued by Attorney General Mark Brnovich, the Carefree Water Company provides this special advance notice of the technological means through which public meetings may be accessed. While this special notice is in effect, public comment at meetings will only be accepted through written submissions, which may or may not be read aloud during meetings.

Join Zoom Meeting:

Click on the following link or cut and paste it into your browser:

<https://us02web.zoom.us/j/3229729660>

Or go to <https://www.zoom.us/join> Meeting ID: 322 972 9660

A password is not required.

By phone:

Please call 1-253-215-8782



FOR SPECIAL ACCOMMODATIONS

Please contact the Town Clerk, 8 Sundial Circle (PO Box 740), Carefree, AZ 85377; (480) 488-3686, at least three working days prior to the meeting if you require special accommodations due to a disability.

**MINUTES OF THE MEETING OF THE
TOWN OF CAREFREE UTILITIES COMMUNITY FACILITIES DISTRICT**

APR 06 2021

1**WHEN:** TUESDAY, FEBRUARY 9, 2021**WHERE:** ZOOM ONLINE**TIME:** 4:00 P.M.**Attending:**

Chairman Les Peterson

Absent:

None

Board Members:

John Crane
Vince D'Aliesio
Stephen Hatcher
Michael Krahe
Cheryl Kroyer
Gene Orrico

Also Attending:

Greg Crossman, Manager; Gary Neiss, Carefree Town Administrator; Michael Wright, Carefree Town Attorney, Sherman & Howard LLC; Kandace French Contreras, Board Secretary/Treasurer; Dan Jackson, Vice President, Willdan Financial Services; Mark Reader; Managing Director, Public Finance, Stifel; Tracey Gruden; Director, Water & Wastewater, Coe & Van Loo; Timothy Starkey, Director of Landscape Architecture, Coe & Van Loo; Christopher Kramer; Attorney, Jennings Strouss & Salmon, PLC; Michael Pearce; Attorney, Gammage & Burnham

Chairman Peterson opened the meeting at 4:30 p.m.

Chairman Peterson introduced the members of the Board. He then explained that the basis of the meeting began in 2018 when citizens expressed their desire to become part of the Carefree Water Company service area. These people consist of current Cave Creek Water customers residing in the Carefree service area. He highlighted some of the events since that time, including negotiations and settlement agreement with the Town of Cave Creek to acquire the Carefree residents in their service area. He expressed the desire of Carefree to work cooperatively with the Town of Cave Creek as they have many things in common and the desire is to be mutually beneficial to both towns.

He also included Coe & Van Loo, who started in 2018 and developed numerous incremental plans for the successful disconnection and reconnection of the two water pipeline systems to the residents. He stated they have been heavily involved and will be a major participant.

Chairman Peterson added that the latter half the presentation tonight will be in regard to the water storage reservoir which the engineering studies have identified should optimally be placed in the Boulders. He explained that throughout the process, starting in January, 2019, the attorneys involved in the water matters have cautioned the Town not to release any information and make no statements as it could be detrimental and confusing. This is part of the reason the UCFD has been silent on the matter. The matters have now come to a point where the UCFD can communicate with citizens and release information.

Chairman Peterson turned the meeting over the General Manager, Greg Crossman.

AGENDA

ITEM #1 Approval of the UCFD/CWC meeting minutes for December 1, 2020.

Chairman Peterson announced the agenda item and explained the minutes were not ready for Board review. Therefore the minutes were deferred to the next meeting.

ITEM #2 Presentation on the status of the acquisition of areas within the Town of Carefree served potable water by the Town of Cave Creek.

Chairman Peterson announced the agenda item and introduced General Manager, Greg Crossman, of the Carefree Water Company and the UCFD.

Mr. Crossman presented a Power Point presentation and introduced himself He then introduced and described the roles of the Acquisition Professionals Team, including the members in Engineering, Legal, and Finance and Rates. The team members included:

Greg Crossman- Carefree Water Company (CWC)
Tracy Grunden, Project Manager – Coe & Van Loo (CVL)
Cassandra Alejandro, Project Engineer – Coe & Van Loo (CVL)
Tim Starkey, Landscape Architect, Coe & Van Loo (CVL)
Michael Wright, CWC Attorney – Sherman & Howard
Chris Kramer, Condemnation Attorney – Jennings Strouss
Michael Pearce, Water Law Attorney – Gammage and Burnham
Rick Giardina, Valuation, Raftelis
Mark Reader, Municipal Bonding, Stifel
Dan Jackson, Rate Analysis, Willdan Financial Services
Michael Cafiso, Bond Attorney, Greenberg Traurig

Mr. Crossman provided an explanation of the function and role of the Carefree Water Company and the Utilities Community Facilities District, or “UCFD” and the role and organizational structure of the Town of Carefree Town Council in relation to the UCFD Board of Directors.

He went on to explain the history of the acquisition of the Cave Creek and Carefree water companies, the formation of the UCFD and the 1998 acquisition and the 2007 contested condemnation by Cave Creek of the private water company serving Cave Creek customers as

well as some Carefree customers in the CSA. In order for Cave Creek to condemn the private water system, it required the agreement of the Town of Carefree to acquire the Carefree service area by Cave Creek. He provided a map laying out the Town of Carefree boundaries, the Carefree Water Company service area, the Cave Creek service areas in Carefree to help explain the various service areas and boundaries. He then detailed and went over the 2005 Intergovernmental Agreement, or "IGA" between the towns of Cave Creek and Carefree, Carefree's support of Cave Creek's condemnation of the Cave Creek Water Company and the agreed options for Carefree to acquire the customers in the Carefree Service Area ("CSA") and how that would take place. Mr. Crossman went over the various provisions within the IGA. He explained that Carefree invoked the provisions of the parties' IGA in January, 2019 and took the formal steps to move that decision to arbitration.

Mr. Crossman explained the reasons Carefree chose to move forward with the acquisition of the Carefree residents in the area served by Cave Creek and that decision was not based on a single event but resulted in Carefree customers not having equal representation for themselves in Cave Creek Water as well as for the level of service requested by the CSA customers, including reliability and system redundancy, water quality, system maintenance, and fire protection. They also want a guaranteed water supply in the future. Similarly, the Town of Carefree wished to not only provide a reliable and safe water source to all of the Carefree residents, but acquiring the CSA would create a stronger Carefree and Carefree water system.

He went on to explain the arbitration process since Carefree began the condemnation of the water services of the CSA. He stated the arbitration process began in late 2019 after informal discussions with Cave Creek indicated their desire for Carefree to file formal condemnation as called for in the IGA. The matter concluded in January, 2021. There was a three member independent panel that heard the matter and reviewed the filings of both parties. Oral arguments were then presented by both parties to the panel. Each party offered expert reports and rebuttals to those reports and testimony was proffered with "cross examination."

During the arbitration process, there were several topics to address. This included the value of the water system in the Carefree Service Area. The Town of Carefree and Cave Creek were far apart in their respective valuations, with Carefree valuing the CSA at \$1.47 million and Cave Creek valuing the CSA at \$17.4 million. After hearing detailed and very complex arguments, testimony, expert witnesses and rebuttal testimony, the panel of arbitrators established the value of the CSA at \$1.47 million. However, there were still pending decisions regarding the award of legal and expert witness fees which are the subject of Settlement Agreement negotiations along with the future cooperation of the Town of Cave Creek in the disconnect and reconnection of the water customers in the Carefree Service Area. However, the arbitration provided answers to the big unknown as to what Carefree was going to pay Cave Creek, which was a big piece of the puzzle, being approximately \$1.5 million. However, there is no magic switch to change water service for these customers from one system to the other.

Mr. Crossman stated to understand the big picture as to future costs, he needed to back up to 2017 and 2018. During the contemplation of the acquisition it was necessary to hire a company to provide additional information. In 2018 the firm of Coe & Van Loo (CVL) was hired to determine the value and condition of the infrastructure of the Carefree service area as well as the

best way, as well as cost, to disconnect customers from Cave Creek Water and reconnect them to Carefree water. Finally, they were tasked with investigating financing options and rates.

Mr. Crossman then addressed the areas of the current Carefree Water Company services area as well as those customers served by Cave Creek that reside in Carefree and would be part of the acquisition. There are three very geographically distinct areas, identified as Neighborhood A, Neighborhood B, and Neighborhood C. It was recognized that the challenges to serving the three neighborhoods would be different with each one; with Neighborhoods B and C being easier to serve by Carefree, and Neighborhood A being more difficult due to geography (its location in relation to the Black Mountain) and distance. The large businesses in Neighborhood A create additional challenges, including fire flow requirements and future commercial developments. Mr. Crossman went over the Carefree Water Consolidation Project and he provided an overview of the process of the project. He explained that the construction opportunities and challenges, such as it being a large and complex project with several unknowns and a tremendous amount of coordination and sequencing for a smooth transition of the complex switchover. This is not a "low bid" type project. Due to the large and complex nature of the project, it is important that a Construction Manager at Risk (CMAR) be interviewed and hired. It is also important to bring them on early and make them a part of the final design team.

Another aspect of the project is the financing structure. This project will be the result of multiple funding sources including upfront money from the Town of Carefree, developer contributions and offsets and water revenue bonds. The Bonds will generate upfront capital, allow for repayment over time based on water revenues and spreads the costs to future rate payers. Mr. Crossman went into further detail regarding a weighted rate structure amount for the three acquisition neighborhoods and financing details as set forth in his Power Point (page 26). He gave additional information regarding Water Revenue Bonds and the current bond market and introduced rate consultant, Dan Jackson with Willdan Financial Services. He stated Mr. Jackson would outline how the acquisition will affect water bills in further detail. Mr. Crossman provided a summary of the Carefree Water Company rate increase history of the last two fiscal years being 4.4% and the last 2 fiscal year average rate increase being 3.5% over the last 4 fiscal years. The acquisition of the CSA would create a proposed rate increase in line with the next 5 fiscal year increases being 4.4% for 5 years and 2% thereafter. These increases are all lower than the national average of 5% to 6% and include an additional \$20 per month surcharge paid by the CSA acquisition customers.

Mr. Crossman then turned the meeting over to Dan Jackson of Willdan Financial Services. Mr. Jackson provided a PowerPoint and discussed the long-term financial impact analysis he developed for the acquisition of the CSA. He began by highlighting the number of existing customers followed by the estimated number of additional customers brought in from the CSA. He provided a ten-year Forecast of Water Accounts graph that indicated that there were three basic impacts of the acquisition from a financial standpoint. The first impact being that there will be significant additional revenue generated from the additional accounts. The second impact being that there will be additional operating costs. And third, debt must be issued in order to do the capital improvements. Mr. Jackson provided averages of water usage and the income generated from that use. He provided a bottom line impact of his analysis (page 5 of his

PowerPoint) showing that the cost of service would be below revenues through 2026 but then would begin generating more revenue than cost of service as early as 2027 and thereafter.

He further showed an analysis of what would happen if no acquisition were to take place. He showed that rate adjustments would still be necessary to fund the typical and normal increasing operating costs and capital improvement needs. A 2019 study established that in the no acquisition scenario, the annual rate adjustments of 3% to 5% would be required. Therefore, the rate increases and cost of service would be the same whether the acquisition of the CSA took place or not.

Mr. Jackson showed that to complete the acquisition and improve the system, the annual rate adjustment from 2022 through 2026 would need to be 4.4% while the annual rate adjustment from 2027 through 2030 could be 2%. The need for additional rate increases would be limited due to the structure of the debt issued, the current debt obligations that will retire by 2027 and the additional revenue from the acquired accounts. This increase is below the national average of 5% to 6%. He then went over the proposed water rate based on volume and the monthly minimum charge and the impact on the monthly charge based on the proposed rate pan of \$2.86 per month for the lowest tier user currently to \$7.45 per month in July, 2025 for the highest tier rate user. He also outlined a \$20 surcharge per customer for Neighborhoods A, B, and C and reminded the Council that the differential rate increase impact per month will would differ based on whether the customer was in the Cave Creek Boosted or Non-Boosted service area and each customer's total monthly usage. The take away being that the current CSA customers will pay more for service with the Carefree Water Company until and if they use 60k gallons of water or more. At that point, they break even with the cost of service with the Carefree Water Company. After that they will pay less than they would with Cave Creek. The transition from Cave Creek to Carefree will result in a higher bill for the CSA while the current Carefree Water Company customers will continue to pay the same as they would have paid without the acquisition of the CSA.

Mr. Jackson concluded his presentation and returned to Greg Crossman.

Mr. Crossman summarized the rate analysis and the acquisition benefits as unifying all of the Carefree residents under one provider, providing certainty in the acquisition area with all having an equivalent level of service, maintenance, fire protection, water quality and representation. He stated this was a one-time opportunity and would result in a stronger Carefree.

There were questions by the Council regarding rate increase savings and interest rates.

Mr. Jackson responded.

Council Member Geiger expanded on the benefits of the financial health and infrastructure of the Town of Carefree and Carefree Water Company resulting from the acquisition. He also highlighted the rate increase that was a result of the decommissioning of the Boulders Sewer Treatment Plant and the Town's support of commercial businesses in the past.

There was additional conversation regarding long-term versus short-term debt and the benefit of sharing the cost with future rate payers.

CALL TO THE PUBLIC

Chairman Peterson announced the agenda items and asked if there were any public comments submitted for this agenda item.

Kandace French Contreras and Chase Schnaebale read public comment from the following citizens (*listed in alphabetical order*):

Barber, Rick and Nancy
Barbour, Ian and Stephanie
Blakely, Kevin and Sheryl
Burns, Richard R.
Davis, Gary
Doepke, Darrell
Dove, James
Ernst, Glen and Alice
Ferro, Ralph
Ferro, Theresa (Teri)
Fulcher, Wayne and Nancy
Gimson, Arthur
Graham, Joe and Thompson, Anne
Harrison, Craig and Catherine
Herkamp, Cara
Hinchey, Sean
Hine, Leslie
Hitchon, Lyn
Hobratschk, Allen
Jameson, Jackie
Jameson, Mark
Johnson, Michael
Kaegi, Gina and Mark
Kasmiskie, Carol
Kasmiskie, Rick
Kerner, Jeff and Renee
Kilgore, Eva
Laurenti, Charles and Sue
Lewin, Dennis and Heberling Jill
Lord, Dave
Lorentzen, John and Linda
Lumley, Harry and Rebecca
Mack, John and Miriam
Maley, Paul and Palmer, Lynn

Markantes, Tim and Cindy
Matusiak, Lou
Mecca, Robert and Barbara
Meyer, Lloyd and Donna
Miller, Michael and Gail
Miller, Trudy
Neagle, Ron and Barb
Ori, James and Cheryl
Papakostas, Efthymios and Katherine
Quinn, Chris and Kelley
Riemer, Ron and Kathy
Rinde, Paul
Rohn, Thomas J.
Ryder, Jeanne
Schenkar, David and Cheryl
Sheardown, Ron and Karin
Stukel, Lisa A.
Tannaz, Alan and Grace
Trachsel, Greg
Trachsel, Brian and Solane
White, Tom and Jan
Wills, Brent and Sandee
Zarins-Rinde, Lisa

There were no additional comments or request for action.

Mayor Peterson stated that the letters parallel and are consistent with topics and comments brought to his attention over a 6 ½ year period.

ITEM #3 Presentation on the Boulders Underground Water Storage Reservoir.

Mayor Peterson announced the agenda item and re-introduced Mr. Crossman.

Mr. Crossman then began a new Power Point presentation which explained and described the Boulders Underground Water Storage Reservoir. He started by providing a map of the Carefree Water Consolidation Project and where service is required for the Town of Carefree and the type of service required. He went on to describe an overview of topics that would be addressed including a general water storage discussion, the acquisition studies and Coe & Van Loo analyses, the site selection criteria for the required additional water storage tank, the concept/design changes to the tank since November, 2019, other reservoir details as well as the authorizations that he would ask the Council to consider later in the evening.

Mr. Crossman went into detail regarding why the additional water storage was needed to meet peak demand, assure adequate fire protection, and reasonably size water production facilities. He also highlighted the gallons of water needed for a recent Wedding Cake residential fire and the excellent flow and output provided by the current infrastructure.

He then highlighted the current water storage facilities. He provided a map of the Carefree Water Company service area and the Carefree Service Area (those portions of Carefree currently served water by Cave Creek). He stated that the Carefree Water Company currently has three water storage sites. He showed the site of the underground, unseen 1 million gallon water storage reservoir at Stagecoach Pass and Pima Road, the two 150,000 gallon reservoirs located in the Highlands area, which are the highest reservoirs in the system, and the 500, 000 gallon reservoir off Up and Down Place which serves the core downtown area and down to the southwest part of Carefree, including the Boulders. He also pointed out the wells servicing the customers of Carefree Water and where they are located.

Mr. Crossman went on to detail the service provided by the 1 million gallon tank and provided photos of the tank location indicating that the tank was virtually unseen below ground and was likely unknown to the closest resident. He also provided photographs of the location and landscape of the other storage reservoirs from various viewpoints. He explained the gravity flow and pump station requirements for the three locations and how all the tanks and wells distribute water as a full system and how all the zones work together.

He then went into the three acquisition areas of Neighborhoods A, B and C and the ease or difficulty servicing the various neighborhoods based on the geographical challenges. He explained that the need for an acquisition study for these areas resulted in the hiring of Coe & Van Loo (CVL) in mid-2018 due to the acquiring of the new neighborhoods and the several questions that it raised. One of the questions posed was the need for additional water storage due to the additional customers that would need to be served. CVL performed very complex computer modeling that included every pipe, well, pump, water reservoir, water feature, etc. within the current Carefree Water Company service area and the acquisition area so as to address the peak demands, fire protection, acquisition areas, growth and other factors. The analysis resulted in confirmation that more storage was needed to "balance" the system and that a 300,000 gallon tank would remedy this "imbalance".

In order to determine the site of the new reservoir, the site selection criteria consisted of proper elevation to support gravity feed. An extensive study was done of 32 potential parcels identified. The criteria was that the parcel be vacant, near a water transmission main line, have non-residential access, and non-residential feed and discharge lines. He went into detail regarding the desire to find a parcel that would allow for gravity feed versus the need for a pump station. He described in detail the negative factors to using a pump station versus the gravity flow method of water distribution and delivery. He also addressed the topographic and geologic concerns and other criteria. Of the 32 parcels, only the Boulders site met all the criteria.

Mr. Crossman then detailed the desirability of the Boulders parcel, including beneficial topography, sizeable gently sloping areas, access off Tom Darlington Boulevard and the test results of geology and geotechnical investigations. He also provided a map of the boring location done for that purpose. The decision was that the Boulders location provided proper elevation to support gravity feed, it was vacant and undeveloped, has proximity to a large transmission main, has a non-residential access point, and would allow non-residential construction of feed line and discharge line.

Mr. Crossman then addressed the neighborhood involvement, stating that the Boulders HOA was approached in March, 2019 for permission to access the site for geotechnical investigation. The tank location was addressed at the Boulders HOA general members meeting on November 8, 2019 with a follow up meeting with nearby residents in January, 2020. Thereafter a Notice of Claim was filed on behalf of Mr. Ryan on February, 2020 and litigation regarding the reservoir location was filed in July, 2020. An unfortunate result of the filing was the necessary for the UCFD to cease communicating to the public regarding the proposed reservoir or any matter related to the reservoir construction.

Next he provided a comparison of the changes in the plans as a result of resident comments. He stressed that from the original meeting on November 8, 2019 with the Boulders HOA through today that the UCFD listened to residents' concerns and comments. Changes from a partially buried reservoir to a fully buried reservoir with 12 feet of water depth versus the original 16 feet as well as other concept changes were discussed. This facilitated the complete undergrounding of the reservoir. He then showed a design drawing of the current proposed underground water storage reservoir from various elevations, showing the reservoir completely underground with the 2-foot minimum soil and revegetation covering. He then presented various drawings of the proposed plan view showing Tom Darlington, the closest residence, and a utility area. The utility area was significantly downsized to 1300 square feet and moved it to the west side of the reservoir and located it behind a wall and earthen berm. He explained this hides the utility area and provides a sound buffering for residences to the east. The utility area will contain minor, low impact equipment with minimal sound. Specifically the utility area will contain about 4 pieces of equipment in the electrical cabinets to monitor the water critical data. There will be chlorination equipment that uses tablet style chlorine which is the safest type of chlorine, and is similar the type of chlorine used in many residential pools. It will also contain a blower with a noise decibel equal to that of a residential refrigerator. It will contain an emergency backup generator for power outages and would need to be exercised once per week for 20 minutes.

CALL TO THE PUBLIC

Chairman Peterson announced the agenda items and asked if there were any public comments submitted for this agenda item.

Kandace French Contreras read public comment from the following citizens (*listed in alphabetical order*):

Brady, Michael
Pozarycki, Tom

There were no additional comments or request for action.

ITEM #4 **Review, discussion and possible action to Approve Resolution 2021-01 authorizing the acquisition by the UCFD of the parcel of land required for the construction of the Boulders Underground Water Storage Reservoir.**

Chairman Peterson announced the agenda item. He read the Resolution verbatim.

He asked if there were any questions or discussion. There were none.

Mayor Peterson then asked for a motion.

Board Member Geiger made a **motion** to approve Resolution 2021-01 as read into the record. There was a **second** by Vice Chairman Crane. The motion **carried** unanimously.

Mayor Peterson stated he would sign the Resolution and instruct the attorneys to begin to work towards acquiring the property.

ITEM #5 Adjournment

Chairman Peterson announced the agenda item and asked for a motion to adjourn.

Board Member Kroyer made a **motion** to adjourn. There was a **second** by Board Member Krahe. The motion **carried** unanimously.

The meeting adjourned at 7:51 p.m.

DATED this 25th day of February, 2021.

UCFD/CWC

Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS

Les Peterson, Chairman

Attest:

Kandace French Contreras, Secretary/Treasurer

CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on

February 9, 2021. I further certify that the meeting was duly called and held and that a quorum was present.

Kandace French Contreras, Secretary/Treasurer

**CAREFREE WATER COMPANY AND
CAREFREE UTILITIES COMMUNITY FACILITIES DISTRICT****BOARD COMMUNICATION**

TO: CHAIRMAN AND BOARD MEMBERS
THROUGH: GREG CROSSMAN, GENERAL MANAGER GC
DATE: April 2, 2021
SUBJECT: April 6, 2021, Board Agenda Item No. 2
UCFD Participation in the Arizona State Local Government Investment Pool (LGIP)

Attached for your review prior to the April 6, 2021, Board meeting is the following document:

Resolution No. 2021-03 authorizing the Town of Carefree, Arizona Utilities Community Facilities District (UCFD) to participate in the State's Local Government Investment Pool (LGIP).

BACKGROUND

The State LGIP is run by the Arizona State Treasurer's Office for the benefit of all municipalities within the State of Arizona under ARS 35-326. The LGIP allows communities within the State to invest funds with liquidity, competitive interest rates, and principal safety.

With the upcoming potential for large bond funding of the Carefree Water Consolidation Project, Water Company and Town staff began investigating deposit and holding mechanisms for the bond proceeds. The State Treasurers Office has indicated that the UCFD, as a political subdivision and special taxing district of the State, is eligible to participate in the LGIP.

Currently, UCFD/Water Company moneys are deposited in private financial institutions that are Federally insured and protected. The Federal insurance limit for each of these private accounts is \$250,000. Therefore, at the recommendation of our Auditors, the UCFD/Water Company reserve funds are spread amongst various financial institutions, with each account being kept at or below the \$250,000 Federal insurance threshold. The LGIP and other mechanisms offered through the State Treasurer's Office may assist the UCFD in minimizing the number of accounts needed for our fund balances.

RECOMMENDATION

Approval of this resolution would allow the UCFD to establish one or more accounts with the State Treasurer's Office under the LGIP. This provides the UCFD and Water Company the following flexibilities:

- Establishes a reasonable potential mechanism for depositing future proceeds from Bond sales associated with the Carefree Water Consolidation Project in order to hold and distribute that funding while construction is taking place.
- Establishes a potential alternative for consolidating UCFD/Water Company reserve moneys which are currently deposited with a number of private, Federally insured, financial institutions, into fewer, LGIP accounts.

Please contact Greg Crossman (480-488-9100; greg@carefreewaterco.com) with any questions.

RESOLUTION 2021- 03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT (UCFD), AUTHORIZING THE UCFD TO PARTICIPATE IN THE LOCAL GOVERNMENT INVESTMENT POOL (LGIP) AND AUTHORIZING THE CHAIRMAN OF THE BOARD OF DIRECTORS TO EXECUTE ANY DOCUMENTS NECESSARY FOR PARTICIPATION

WHEREAS, local governments in Arizona are authorized to participate in a Local Government Investment Pool (LGIP), established pursuant to Arizona Revised Statutes 35-326 and 35-326.01 operated by the State Treasurer of Arizona; and,

WHEREAS, THE UCFD desires to participate in the LGIP;

NOW THEREFORE BE IT RESOLVED that the Board of Directors of the UCFD does hereby authorize, 1) the deposit and withdrawal of monies in the LGIP operated by the State Treasurer of Arizona in accordance with Arizona Revised Statutes 35-326 and 35-326.01, and 2) the Chairman of the Board of Directors to execute any documents necessary for participation in the LGIP.

PASSED AND ADOPTED BY the Board of Directors of the Town of Carefree, Arizona Utilities Community Facilities District this 6th day of April, 2021.

AYES ___ NAYS___ ABSTENTIONS___ ABSENT___

TOWN OF CAREFREE, ARIZONA
UTILITIES COMMUNITY FACILITIES
DISTRICT

ATTESTED TO:

Les Peterson, Chairman of the
Board of Directors

Kandace French Contreras
Board Secretary/Treasurer

APPROVED AS TO FORM:

Michael W. Wright
UCFD Attorney