

CITY OF GLENDALE, ARIZONA
POLICY GUIDELINES AND APPLICATION PROCEDURES FOR THE FORMATION
OF REVITALIZATION DISTRICTS

(Adopted _____, 2020)

The following Policy Guidelines and Application Procedures (these “Policies and Procedures”) are adopted by the City of Glendale, Arizona (the “City”), in order to assist the Mayor and Council of the City (the “Council”) as to whether or not to form a revitalization district (an “RD”) under Title 48, Chapter 39, Arizona Revised Statutes (the “Act”), and upon what terms.

ARTICLE 1
General Policies

1.1 RDs may be used in connection with providing infrastructure (as such term is defined in the Act, “Infrastructure”) only for development of substantial commercial or industrial projects with a municipal benefit. (RDs will not be used in single-family residential projects.) RDs will only be used to provide an enhanced level of Infrastructure for such purposes.

1.2 Each RD will be different, and each application for formation of an RD under these Policies and Procedures (an “Application”) will be evaluated in the sole and absolute discretion of the Council. The formation of an RD will not be based upon a request for equivalency or similar treatment between separate projects or other RDs.

1.3 Land to be included in an RD must be entirely within the boundaries of the City. An area will be the subject of as few RDs as possible, and a preference will be given to one master RD for all property within an area. RDs in which only a portion of a project will be included will be avoided.

1.4 No funds or other assets of the City will be used for purposes of an RD, including formation and administration of, and financings by, the RD. Notwithstanding anything contained herein, none of the property, faith and credit or taxing power of the City will be pledged to, or secure, the payment of any obligation of the RD.

1.5 Indemnification (or collateral to provide for it) will be provided by landowner[s] in the RD or third parties and in a form, in both cases acceptable to the City, for the City and its officials, directors, officers, employees and agents for, from and against any liability, claim, expense or other matter (including attorneys’ fees and expenses) arising out of any challenge, proceeding or other way from formation of the RD and all activities of the RD and actions by its board (“Indemnification”).

1.6 The City and its officials, directors, officers, employees and agents will be additional insureds under insurance policies of the RD that have terms and coverages acceptable to the City (“Insurance”). (If Insurance will not provide “per occurrence coverage”, it must include “tail coverage”.)

1.7 An RD shall not levy a property tax except as specifically authorized pursuant to A.R.S. 48-6817. An RD shall not levy an excise tax.

1.8 An RD will not pay for the value of real property interests of land on which Infrastructure will be constructed unless the purchase is for land that would otherwise be required by the City as determined by the City.

1.9 An RD will only incur obligations payable from special assessments levied under the Act (“Assessments”).

1.10 These Policies and Procedures may be modified from time to time at the sole and absolute discretion of the Council.

ARTICLE 2

Content of Completed Application

Formation of an RD will not be considered until the landowner[s] in the RD submits an Application. (If there is more than one landowner, a representative for the landowners will be designated who will be the applicant for purposes of the Application (the “Applicant”) by a signed document from all of the other landowners. If there is only a single landowner, it will be the Applicant. An Application will, at a minimum, contain the following:

- 2.1 A description of the RD, including a map and legal description of its boundaries and an analysis of the appropriateness of the boundaries.
- 2.2 The identity and addresses of all persons and entities with any interest in the real property to be included in the RD (including any liens and encumbrances on, and leases and contracts for disposition of, the real property) and a current condition of title report for the real property.
- 2.3 A description of the landowner[s], including the corporate and organizational structure of each entity or individual and the names of all officers and/or corporate directors directly related to or associated with the project being developed in the RD.
- 2.4 The name, address, telephone number and other relevant information of the primary contact for the Applicant and a list of the names (and other relevant information) of any legal representatives, engineers, architects and financial and other consultants significantly involved in the preparation and submission of the Application.
- 2.5 A detailed description of Infrastructure to be acquired or constructed by the RD (the “Project Infrastructure”), including estimated construction or acquisition costs, proposed project schedule for commencement and completion, plan of finance and plan for operation and maintenance.
- 2.6 A study/report prepared by a certified independent financial consultant or accountant, acceptable to the City, about the project that includes:

- i. An analysis of how the proposed debt expense of the RD, operation and maintenance expenses, user charges and other expenses will impact the ultimate end users of the property in the RD, specifically the effect on marketability of property in the RD versus property in adjoining and similar areas outside of the RD. THIS ANALYSIS SHOULD INCLUDE THE ANTICIPATED LEVEL OF ANY PROPERTY TAX TO BE LEVIED BY THE RD AND HOW THE REVENUES FROM SUCH TAX WOULD BE EXPENDED.
 - ii. A detailed financing plan for the project that will be developed in the RD including a description of the proposed equity contribution from the landowner[s] and the timing and sources of such equity contribution.
 - iii. Estimates of the economic impact including one-time and ongoing tax revenues to be generated by the project and expected expenses.
 - iv. An estimate of the timing of the absorption of the project by end users.
- 2.7 A description of the professional experience of the landowner[s], including with similar types of projects, and evidence demonstrating financial capacity (including financial statements) to undertake the project.
 - 2.8 A sample disclosure form explaining Assessments to be levied by the RD (the “Project Assessments”) to prospective owners of property within the boundaries of the RD (the “Disclosure Form”).
 - 2.9 Documentation evidencing unqualified “hold harmless” guarantees for, and indemnification and waivers of, the City and its respective officials, officers, directors, employees and agents from the members of the board of the RD. (Versions included in the Application should be executed and notarized.)
 - 2.10 Source of all utilities and documentation of proof of service such as a “will serve” letter.
 - 2.11 An agreement among the City, the RD and the applicable landowner[s] and third parties in substantially final form, including all terms and provisions to be approved by the City if formation of an RD is approved that includes at least the following:
 - i. How Insurance will be procured and how deductibles and premiums will be funded over time and provisions for evidence of Insurance from the RD to the City on a periodic basis
 - ii. How Indemnity will be provided.

iii. What the Project Infrastructure will be, including specific description and location thereof and engineering specifications therefor.

iv. That no ~~property tax or~~ excise tax will be levied by the RD, that amounts will not be paid for the value of real property interests of land in and on which the Project Infrastructure will be constructed and that only obligations payable from the Project Assessments will be incurred.

v. That upon each sale of property in the RD, the landowner[s] will file with the Clerk of the City a receipt, signed by the purchaser, that acknowledges the purchaser's receipt of the Disclosure Form and that covenants, conditions and restrictions pertaining to the project will require that all future prospective owners of property within the boundaries of the RD will receive notice of disclosure of the RD and the Project Assessments.

vi. Acknowledgment of conflict of interests that members of the RD board have as property owners in the RD and that conflicts will be addressed pursuant to applicable law.

vii. That in connection with the issuance of bonds by the RD, an unqualified opinion of nationally recognized bond counsel will be addressed to the City which opines that the Project Infrastructure to be financed by the proceeds of the sale of such bonds is legal in all respects for purposes of the Act.

viii. That the RD will take all necessary actions to dissolve as soon as legally permissible but no later than the earlier of the retirement of the bonds or 30 years from the issuance of the debt.

ARTICLE 3

Application Procedures and Submission Requirements

3.1 Prior to submission of an Application, and at the request of an Applicant, the City Manager and appropriate officers of the City may arrange a pre- submission meeting with the Applicant, City staff, and outside professionals and consultants for the purpose of discussing the possible submission of an Application and conformity with these Policies and Procedures.

3.2 Following the pre-submission meeting, or at any other time prior to submission of the Application, City staff may request additional information. The Applicant will provide any and all additional information requested prior to submitting the Application.

3.3 One (1) paper copy and one (1) electronic copy of the Application will be submitted to the City Manager, the City Attorney, and the Chief Financial Officer of the City.

3.4 At the time of submission of an Application, the Applicant will pay a non-refundable application fee of \$40,000 to the City in connection with the submission and consideration of the Application.

3.5 At the time of submission of the Application, the Applicant will deposit \$25,000 with the City. The deposit will be applied by the City to pay expenses incurred in connection with the review of the Application and formation of the RD, including for services rendered by City staff and outside consultants retained by the City, including, without limitation, bond counsel and other attorneys, financial advisors, engineers and appraisers. Upon depletion of the amount deposited, the City will, from time to time, request, and the Applicant will promptly deposit with the City, additional \$25,000 deposits to be applied for the purposes contemplated in this Section. If the amount is not replenished, work by the City will be discontinued. The amount of the deposit remaining upon formation of the RD will be returned to the Applicant.

3.6 Following the submission of the Application, City staff may request additional information. The Applicant will promptly provide any and all additional information requested.

3.7 The review, analysis and consideration of an Application will include, without limitation, a comprehensive review of the Application to determine whether the Application is consistent with these Policies and Procedures, identification of missing or incomplete information and identification and discussion of any concerns with the Applicant. Under direction of the City Manager, or his or her designee, a report may be prepared including recommendations related to the RD and an analysis of the impact of the formation of the RD and its effects on the City. Additional requirements may be placed on any or all of the Applicant, landowner(s) and the RD.

3.8 If the Council approves the formation of an RD and there are existing agreements with the landowner[s] for the provision of the Project Infrastructure, then those agreements will be amended to reflect the agreements and conditions pertaining to the RD and the agreement executed in conjunction with the formation of the RD.

3.9 If the Council approves formation of an RD, the Applicant and City staff will coordinate a schedule of events for formation of the RD, including execution of the agreement described in Section 2.10 hereof. (Such agreement will be revised as necessary to incorporate the requirements of any report described in Section 3.7 hereof, recommendations of City staff, requirements of these Policies and Procedures and any other restrictions, provisions and agreements required by the City.)