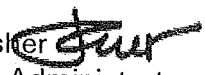




MEMORANDUM

Date: October 9, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lester 
County Administrator

Re: **Additional Information for October 14, 2025, Board of Supervisors Meeting Related to Item #18, Verano Community Facilities District Development and Item #31, Formation of the Verano Community Facilities District**

The referenced Resolutions are on the October 14, 2025, Board of Supervisors Agenda for consideration. In accordance with Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, Arizona counties are authorized to form community facilities districts (CFD).

Background

CFDs are separate political subdivisions that may be formed and governed by the Board of Supervisors. These districts have the authority to acquire, operate, and maintain public roads and other infrastructure. The acquisition of public infrastructure may be financed by general obligation debt issued by the CFD, and the general obligation debt may be repaid by a general obligation tax levy on property owners within the district. Similarly, maintenance of the CFD's public roads and other infrastructure may be financed by a general obligation tax levy on property owners within the district.

CFDs are formed when landowners and electors within the proposed district petition a County and file a general plan for the district. The general plan defines and describes the district including a general description of the public infrastructure to be acquired and the general areas to be improved. After reviewing the petition and general plan, the County may declare its intent to form a district.

Following the County's declaration of intent to form the district are various public notices, hearings, and a formation election. If the district's formation is approved at election by a majority of landowners and registered voters within the proposed district, the County forms the district. If the petition is signed by all owners within the proposed district and there are no registered voters within the proposed district, the County may form the district without public notice, hearings, or a formation election.

Elections of the landowners and any registered voters within a district must be held to levy general obligation taxes and to issue general obligation debt.

2025 OCT 14 PM 03:50 PCL/KOF



The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for October 14, 2025, Board of Supervisors Meeting Related to Item #18, Verano Community Facilities District Development and Item #31, Formation of the Verano Community Facilities District**

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Specific arrangements for the public infrastructure to be acquired by the district, the related general obligation tax levies and the related general obligation debt are documented in a community facilities district development agreement.

CFDs are separate legal entities. Counties are neither responsible nor liable for any of the costs of the district's public infrastructure, nor for any liability, debt or obligation of the district.

Verano Community Facilities District

Attachment 1 summarizes information provided in the application submitted by SBH Verano LP, an affiliate of Sunbelt Holdings, for the formation of the Verano Community Facilities District in Pima County, Arizona. The proposed CFD will support the financing of public infrastructure for a 705.75-acre master-planned residential community named Verano, located south of Tucson International Airport in Supervisor District 2.

The Verano CFD application presents a comprehensive and well-structured plan to finance critical infrastructure for a large-scale residential development. The proposed financing strategy, tax structure, and phased development approach align with Pima County's planning goals and are designed to ensure affordability, transparency, and long-term sustainability.

SBH Verano LP has petitioned the Board of Supervisors to form the above referenced community facilities district through the following resolutions.

Resolution No. 2025-40 would result in:

1. Granting the petition to form the proposed CFD;
2. Declaration that the County may form the proposed district without public notice, hearings, or a formation election because the petition was signed by the sole landowner and there are no registered voters within the proposed district;
3. Approval of the CFD's general plan;
4. Identification of the Board of Supervisors as the District's governing board, the County Administrator as the District Administrator, the County Treasurer as the District Treasurer, and the Clerk of the Board as the District Clerk;
5. Authorization and approval of the Development and Intergovernmental Agreement in substantially the form submitted to the Board;
6. Direction for the proper filing, recording, and distribution of the resolution.

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Additional Information for October 14, 2025, Board of Supervisors Meeting Related to Item #18, Verano Community Facilities District Development and Item #31, Formation of the Verano Community Facilities District**

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Resolution No. 2025-VCFD1 would result in:

1. Identification of the Board of Supervisors Chair and Vice Chair as District Chair and Vice Chair, the County Administrator as District Administrator, the Clerk of the Board as District Clerk, the County Finance and Risk Management Director as District Director of Finance and the County Attorney as District Counsel;
2. Authorization and approval of the Development and Intergovernmental Agreement in substantially the form submitted to the Board;
3. Ordering and calling an election on November 19, 2025. Elections of the landowners and any registered voters within a district must be held to levy property taxes for general obligation debt and operations and maintenance and to issue general obligation debt.
4. Direction for the proper filing, recording, and distribution of the resolution.

Should the Board of Supervisors decide not to approve the resolution to form the Verano Community Facilities District in accordance with A.R.S. §48-702 B, the Board would need to provide a written basis for not adopting the resolution and identify the specific changes needed for the application to be approved.

Recommendation

I recommend the Board of Supervisors approve Resolution No. 2025-40 for the formation of the Verano Community Facilities District and Resolution No. 2025-VCFD1 for the authorization and approval of the Development Agreement in substantially the form submitted and the ordering and calling of an election to issue debt and levy property taxes on the landowners within the district.

JKL/dym

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Art Cuaron, Director, Finance and Risk Management Department
Chris Poirier, Director, Development Services Department

Verano Community Facilities District Summary

1. Project Overview

- **Developer:** SBH Verano LP (Sunbelt Holdings affiliate)
 - **Project Name:** Verano
 - **Location:** South of Tucson International Airport, Pima County, AZ
 - **Total Area:** 705.75 acres
 - **Planned Residential Units:** 2,026 single-family homes
 - **Open Space and Right of Way:** 175.44 acres
 - **Estimated Groundbreaking:** Q4 2025
 - **First Home Closings:** Expected by Q4 2027
-

2. Purpose and Structure of the CFD

The Verano CFD is proposed to:

- Finance public infrastructure through the issuance of General Obligation (GO) Bonds
- Support the development of roads, sewer systems, parks, trails, and entry monuments
- Align with Pima County's Comprehensive Plan (Pima Prospers) and promote healthy, inclusive community development

CFD Financial Structure

Item	Amount
Total Infrastructure Cost	\$54.8 million (2025 dollars)
CFD-Eligible Costs	\$49.4 million
CFD-Funded via GO Bonds	\$30.6 million
Target Debt Service Tax Rate	\$2.50 per \$100 assessed value
Operations & Maintenance (O&M) Tax	\$0.30 per \$100 assessed value (may increase to \$0.50)

Verano Community Facilities District Summary

3. Infrastructure and Phasing

Key Infrastructure Components

- **Roadways:** Loop Road, Swan Road (Phases 1–4), Singing Cactus Road
- **Sewer & Water:** Offsite sewer improvements
- **Parks & Trails:** 15-acre park, Franco Wash Trail (Phases 1 & 2)
- **Entry Monuments:** Two major entry features

Development Phases

Phase	Acres	Units	Start	Completion
Phase 1	83.18	479	2025	2027
Phase 2A	121.58	348	2028	2029
Phase 2B/3	75.99	361	2029	2030
Phase 4A	55.99	266	2031	2031
Phase 4B	88.78	317	2032	2032
Phase 5A	104.78	255	2034	2034
Open Space	175.44	—	2025	2034

4. Financial Feasibility and Tax Impact

Bond Issuance and Taxation

- GO Bonds will be issued over a 25-year period with fifteen (15) year maturities after infrastructure conveyance to the County
- Estimated additional ad valorem tax: \$2.50 per \$100 of assessed value
- O&M tax: \$0.30 per \$100 of assessed value
- Total estimated tax rate (including overlapping jurisdictions): \$16.0071

Verano Community Facilities District Summary

Comparative Tax Rates

Community	Total Tax Rate
Verano	\$16.0071
Rocking K South	\$18.6487
Rancho Sahuarita	\$20.5480
Quail Creek	\$14.1075

5. Market Absorption and Revenue Projections

Absorption Schedule

Year	Units Absorbed
2026–2027	50
2028	100
2029	150
2030	200
2031–2035	250/year
2036	200
2037	76
Total	2,026

Verano Community Facilities District Summary

Revenue Generation

- Assessed valuation expected to increase steadily with home construction
-

6. Governance and Maintenance

- The CFD will not own or maintain public infrastructure
 - Infrastructure will be dedicated to Pima County
-

7. Homebuyer Disclosure and Compliance

- Homebuyers will receive a disclosure form detailing CFD-related taxes and obligations
 - Signed acknowledgment required and filed with the County
 - Marketing materials will reference the existence of the CFD
 - Annual HOA briefings on CFD status and finances
-

8. Development Agreements

- A Project Development Agreement has been submitted to Pima County
 - The agreement supports CFD formation and outlines responsibilities for infrastructure and amenities
 - No amendments to the agreement are required for CFD formation
-