# Town of Chino Valley

# MEETING NOTICE
# TOWN COUNCIL

**STUDY SESSION**
**TUESDAY, JUNE 15, 2021**
**6:00 P.M.**

**Council Chambers**
**202 N. State Route 89**
**Chino Valley, Arizona**

## AGENDA

**1)** CALL TO ORDER; ROLL CALL

**2)** **p.3** Presentation and Discussion with Mark Reader, Managing Director with Stifel, Nicolaus & Company, Inc. regarding debt financing of the new Police Department and refinancing of the 2010 US Bank Series Bonds. (Joe Duffy, Administrative Services Director)

**3)** **p.15** Presentation and Discussion of Huck's Appraisal's land valuation results for Old Home Manor, and the possibility of moving forward with the sale of Town owned land. (Maggie Tidaback, Economic Development Project Manager)

**4)** ADJOURNMENT

Dated this 10th day of June, 2021.

By: *Erin N. Deskins, Town Clerk*

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request reasonable accommodation to participate in this meeting.

Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at http://www.chinoaz.net/agendacenter, and in the Public Library and Town Clerk's Office.

Council meetings are live-streamed on Town of Chino Valley Facebook page, and Zoom.

Join Zoom Webinar: us02web.zoom.us/j/81326335529
Telephone: 877 853 5247 (toll free) or 888 788 0099 (toll free)
iPhone one-tap:US: +13462487799,,81326335529# or +16699009128,,81326335529#
Webinar ID: 813 2633 5529

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date:_______________________________ Time:_________________ By:_____________________________
Erin N. Deskins, Town Clerk

# TOWN OF CHINO VALLEY
# COUNCIL AGENDA ITEM STAFF REPORT

**Town Council Study Session** **2)**

| | |
|---|---|
| **Meeting Date:** | 06/15/2021 |
| **Contact Person:** | Joe Duffy, Finance Director<br>Phone: 928-636-2646 x-1211 |
| **Department:** | Finance |
| **Estimated length of Staff Presentation:** | 30 minutes |
| **Physical location of item:** | N/A |

## Information

**AGENDA ITEM TITLE:**

Presentation and Discussion with Mark Reader, Managing Director with Stifel, Nicolaus & Company, Inc. regarding debt financing of the new Police Department and refinancing of the 2010 US Bank Series Bonds. (Joe Duffy, Administrative Services Director)

## Attachments

2021 Financial overview


# 2021 FINANCING OVERVIEW TOWN OF CHINO VALLEY, ARIZONA

## $7,350,000*
## Excise Tax Revenue Refunding Obligations, Series 2021

## $6,030,000*
## Excise Tax Revenue Obligations, Series 2021

* Subject to change.

June 15, 2021

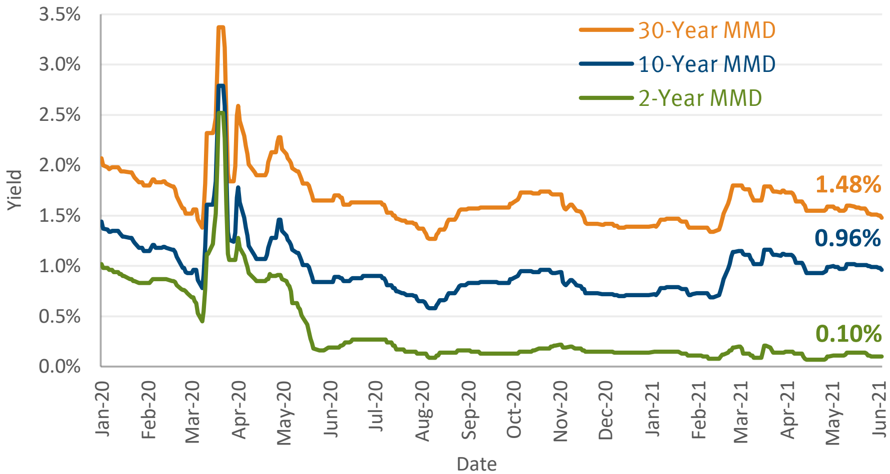
STIFEL | Public Finance

# Tax-Exempt Interest Rate Movement

*AAA MMD Yields Decrease And Approach All-Time Lows in Nearly All Maturities*

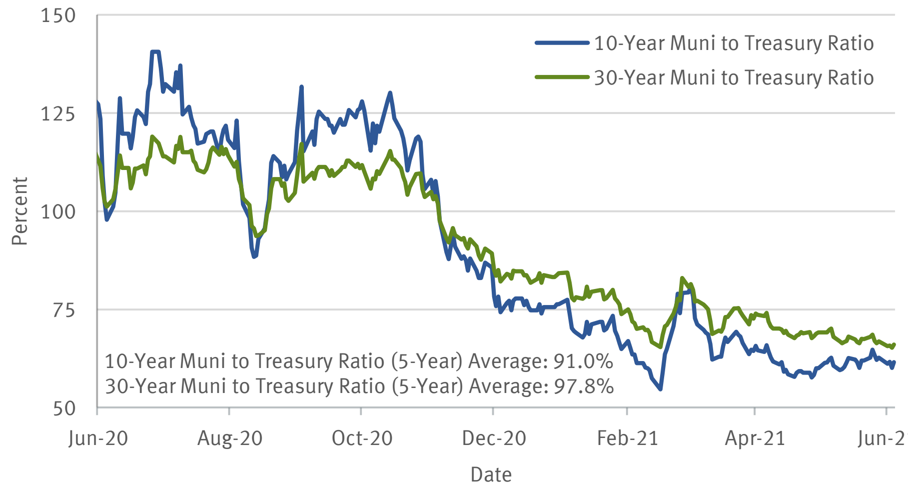
## AAA MMD Yields Remain Near All-Time Lows Set in August 2020

**Comparing 2, 10 and 30-Year AAA MMD since January 1, 2020**



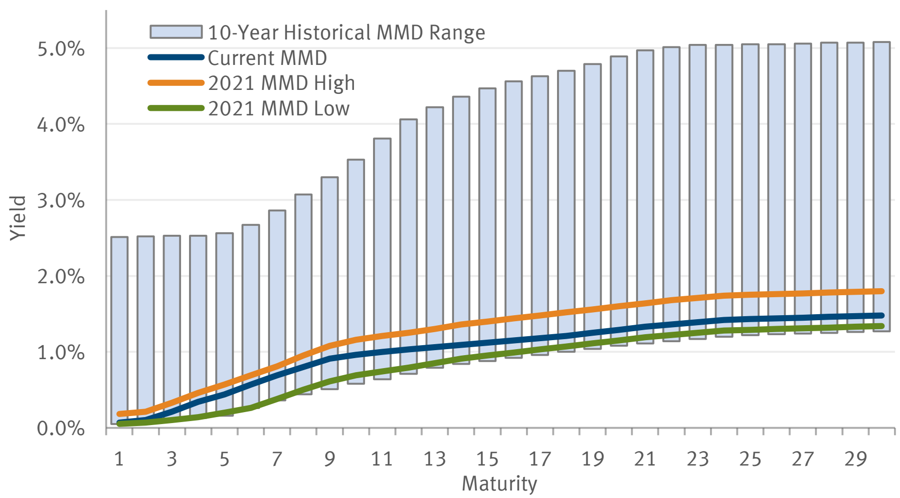

## Muni to Treasury Ratios Have Remained Relatively Flat Since Mid-April

**10-Year and 30-Year Muni to Treasury Ratios Since June 2020**




## MMD Yields Approach the Low-End of the 10-Year Historical Range

**10-Year Historical AAA MMD Range vs. Current AAA MMD**




## AAA MMD Summary Statistics

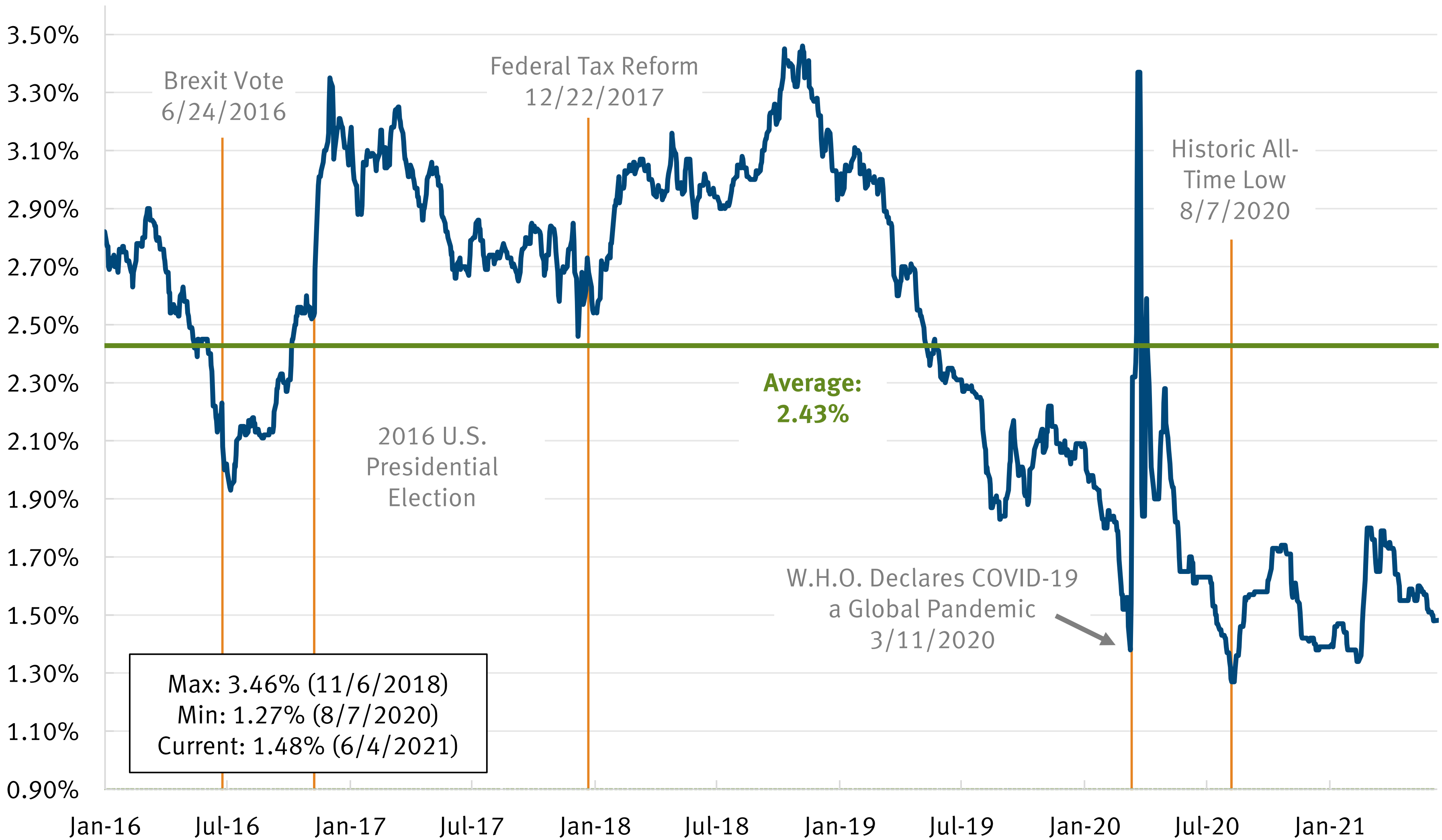
| | 5-Year | 10-Year | 30-Year |
|---|---|---|---|
| Current | 0.44% | 0.96% | 1.48% |
| Weekly Change | -4 bps | -3 bps | -3 bps |
| **2021 Year-to-Date** | | | |
| YTD Change | +22 bps | +24 bps | +8 bps |
| High | 0.57% | 1.16% | 1.80% |
| Low | 0.20% | 0.69% | 1.34% |
| Average | 0.40% | 0.95% | 1.57% |
| Year Ending 2020 | 0.22% | 0.72% | 1.40% |
| **Since January 1, 2018** | | | |
| High | 2.56% | 2.79% | 3.46% |
| Low | 0.16% | 0.58% | 1.27% |
| Average | 1.21% | 1.62% | 2.28% |



Source: TM3, US Treasury. As of 6/4/2021.

# Market Volatility: A Defining Characteristic

**30-Year AAA MMD Since January 1, 2016**




Source: Thomson Reuters. As of 6/4/2021.

# Outstanding Pledged Revenue Obligations

***Principal Amount of Bonds Outstanding***

**($000s omitted)**

| | $745 Pledged Revenue Obligations Series 2010 Dated: 12/15/10 | | $7,280 Pledged Revenue Refunding Obligations Series 2010 Dated: 12/15/10 | | $3,346 Pledged Revenue Refunding Obligation Series 2016 Dated: 5/19/16 | | |
|---|---|---|---|---|---|---|---|
| Maturity Date | Principal (August 1) | Coupon | Principal (August 1) | Coupon | Principal (July 1) | Coupon | Total |
| 2022 | 60 | 5.000% | 330 | 4.250% | 336 | 1.770% | 726 |
| 2023 | 65 | 5.000% | 345 | 4.250% | 341 | 1.950% | 751 |
| 2024 | 65 | 5.000% | 360 | 4.250% | 348 | 2.110% | 773 |
| 2025 | 70 | 5.000% | 380 | 4.250% | 353 | 2.250% | 803 |
| 2026 | | | 400 | 4.750% | 362 | 2.370% | 762 |
| 2027 | | | 820 | 4.750% | | | 820 |
| 2028 | | | 860 | 4.750% | | | 860 |
| 2029 | | | 905 | 4.750% | | | 905 |
| 2030 | | | 945 | 4.750% | | | 945 |
| 2031 | | | 990 | 4.750% | | | 990 |
| | $260 | | $6,335 | | $1,740 | | $8,335 |
| Call Features: | 8/1/14 and After Callable 8/1/13 @ par | | 8/1/21 and After Callable 8/1/20 @ par | | Callable at any time @ par | | |
| Purpose: | Purchase of Cameron Property | | Refunded MPC 2004 Bonds Advance Refunding | | Refunded 2007A GADA Bonds Current & Advance Refunding | | |

$8,335 = Callable bonds

# Sources & Uses of Funds

| | |
|---|---|
| Dated Date | 08/12/2021 |
| Delivery Date | 08/12/2021 |

| Sources: | Excise Tax Revenue Refunding Obligations, Series 2021 | Excise Tax Revenue Obligations, Series 2021 | Total |
|---|---|---|---|
| Bond Proceeds: | | | |
| Par Amount | 7,350,000.00 | 6,030,000.00 | 13,380,000.00 |
| Premium | 1,148,808.00 | 1,075,831.75 | 2,224,639.75 |
| | 8,498,808.00 | 7,105,831.75 | 15,604,639.75 |

| Uses: | Excise Tax Revenue Refunding Obligations, Series 2021 | Excise Tax Revenue Obligations, Series 2021 | Total |
|---|---|---|---|
| Project Fund Deposits: | | | |
| Project Fund | | 7,000,000.00 | 7,000,000.00 |
| Refunding Escrow Deposits: | | | |
| Cash Deposit | 8,374,097.93 | | 8,374,097.93 |
| Delivery Date Expenses: | | | |
| Cost of Issuance | 35,706.28 | 29,293.72 | 65,000.00 |
| Underwriter's Discount | 88,200.00 | 72,360.00 | 160,560.00 |
| | 123,906.28 | 101,653.72 | 225,560.00 |
| Other Uses of Funds: | | | |
| Additional Proceeds | 803.79 | 4,178.03 | 4,981.82 |
| | 8,498,808.00 | 7,105,831.75 | 15,604,639.75 |

# Refunding Statistics

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| | | | | Estimated Savings | | | | |
| Maturity | Debt Being Refunded *(a)* | | | Refunding Obligations | | | Gross | Present Value |
| Year | Principal | Interest | Debt Service | Principal | Interest | Debt Service | Savings | Savings |
| 2022 | $ 726,000 | $ 344,718 | $ 1,070,718 | $ 665,000 | $ 260,517 | $ 925,517 | $ 145,201 | $ 144,245 |
| 2023 | 751,000 | 321,819 | 1,072,819 | 655,000 | 267,400 | 922,400 | 150,419 | 146,585 |
| 2024 | 773,000 | 297,311 | 1,070,311 | 680,000 | 241,200 | 921,200 | 149,111 | 143,457 |
| 2025 | 803,000 | 271,509 | 1,074,509 | 710,000 | 214,000 | 924,000 | 150,509 | 142,950 |
| 2026 | 762,000 | 243,863 | 1,005,863 | 670,000 | 185,600 | 855,600 | 150,263 | 140,960 |
| 2027 | 820,000 | 217,946 | 1,037,946 | 730,000 | 158,800 | 888,800 | 149,146 | 137,721 |
| 2028 | 860,000 | 179,154 | 1,039,154 | 760,000 | 129,600 | 889,600 | 149,554 | 136,284 |
| 2029 | 905,000 | 138,482 | 1,043,482 | 795,000 | 99,200 | 894,200 | 149,282 | 134,238 |
| 2030 | 945,000 | 95,653 | 1,040,653 | 825,000 | 67,400 | 892,400 | 148,253 | 131,549 |
| 2031 | 990,000 | 50,944 | 1,040,944 | 860,000 | 34,400 | 894,400 | 146,544 | 128,301 |
| **Totals** | **$ 8,335,000** | **$ 2,161,399** | **$ 10,496,399** | **$ 7,350,000** | **$ 1,658,117** | **$ 9,008,117** | **$ 1,488,282** | **$ 1,386,291** |

| | |
|---|---|
| **PV Savings:** | **$ 1,386,291** |
| **Net PV Savings:** | **$ 1,387,095** |
| **Net PV Savings as a Percent of Obigations:** | **16.64%** |

(a) Represents debt service from all maturites of the 2010 Pledged Revenue Obligations, the 2010 Pledged Revenue Refunding Obligations and the 2016 Pledged Revenue Refunding Obligations.

# Historical and Collections of Pledged Revenues

| | Audited *(a)* | | | | | Projected *(b)* | Budgeted *(b)* |
|---|---|---|---|---|---|---|---|
| Source | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| City Sales Tax | $ 5,403,949 | $ 5,578,040 | $ 6,312,096 | $ 7,009,860 | $ 7,962,355 | $ 9,430,430 | $ 9,675,000 |
| Franchise Tax | 136,036 | 117,715 | 124,329 | 127,155 | 136,263 | 121,463 | 132,000 |
| State-shared Sales Tax | 1,022,547 | 1,020,252 | 1,084,425 | 1,179,854 | 1,291,713 | 1,363,333 | 1,453,000 |
| Urban Revenue Share | 1,302,365 | 1,362,532 | 1,393,419 | 1,417,474 | 1,552,162 | 1,768,560 | 1,615,000 |
| Vehicle License Tax | 680,388 | 712,352 | 766,485 | 826,894 | 852,404 | 969,835 | 947,000 |
| Total | $ 8,545,285 | $ 8,790,891 | $ 9,680,754 | $ 10,561,237 | $ 11,794,897 | $ 13,653,621 | $ 13,822,000 |

*(a) These amounts are from audited financial statements of the Town for the years indicated. This table has not, however, been the subject of any separate audit procedures.*

*(b) Budgeted and projected figures are "forward-looking" statements, subject to change upon audit and should be considered with an abundance of caution.*

*Source: Town's Audits and Budget.*

# Finance Structure and Coverage Ratio* *(a)*

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| | | Excise Tax REV REF Obligations Series 2021 | Excise Tax Revenue Obligations Series 2021 | | | | |
| Fiscal Year | Pledged Revenues *(b)* | Estimated Debt Service* *(c)* | Principal* | Estimated Interest *(c)* | Estimated Debt Service | Total Estimated Annual Debt Service Requirements | Projected Maximum Annual Debt Service Coverage *(d)* |
| 2019/20 | $ 11,794,897 | | | | | | |
| 2020/21 | 13,653,621 | | | | | $ 716,138 | |
| 2021/22 | 13,822,000 | $ 925,517 *(e)* | $ 215,000 | $ 213,730 *(e)* | $ 428,730 | 1,354,247 | |
| 2022/23 | | 922,400 | 210,000 | 232,600 | 442,600 | 1,365,000 | |
| 2023/24 | | 921,200 | 220,000 | 224,200 | 444,200 | 1,365,400 | 8.64x |
| 2024/25 | | 924,000 | 225,000 | 215,400 | 440,400 | 1,364,400 | |
| 2025/26 | | 855,600 | 235,000 | 206,400 | 441,400 | 1,297,000 | |
| 2026/27 | | 888,800 | 245,000 | 197,000 | 442,000 | 1,330,800 | |
| 2027/28 | | 889,600 | 255,000 | 187,200 | 442,200 | 1,331,800 | |
| 2028/29 | | 894,200 | 265,000 | 177,000 | 442,000 | 1,336,200 | |
| 2029/30 | | 892,400 | 275,000 | 166,400 | 441,400 | 1,333,800 | |
| 2030/31 | | 894,400 | 290,000 | 155,400 | 445,400 | 1,339,800 | |
| 2031/32 | | | 300,000 | 143,800 | 443,800 | 443,800 | |
| 2032/33 | | | 310,000 | 131,800 | 441,800 | 441,800 | |
| 2033/34 | | | 325,000 | 119,400 | 444,400 | 444,400 | |
| 2034/35 | | | 335,000 | 106,400 | 441,400 | 441,400 | |
| 2035/36 | | | 350,000 | 93,000 | 443,000 | 443,000 | |
| 2036/37 | | | 365,000 | 79,000 | 444,000 | 444,000 | |
| 2037/38 | | | 380,000 | 64,400 | 444,400 | 444,400 | |
| 2038/39 | | | 395,000 | 49,200 | 444,200 | 444,200 | |
| 2039/40 | | | 410,000 | 33,400 | 443,400 | 443,400 | |
| 2040/41 | | | 425,000 | 17,000 | 442,000 | 442,000 | |
| | | $ 9,008,117 | $ 6,030,000 | $ 2,812,730 | $ 8,842,730 | $ 18,566,985 | |

*(a)* *Prepared by the Stifel, Nicolaus & Company, Incorporated (the "Underwriter").*

*(b)* *The amount of Pledged Revenues used to calculate the coverage requirements for existing and projected debt service is the audited amount for fiscal year 2019/20. See "Historical and Collections of Pledged Revenues."*

*(c)* *Interest on the Obligations is estimated. Estimated All-In TIC on the refunding is 1.39%. Estimated All-In TIC on the new money is 2.36%*

*(d)* *Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the highest combined total of the debt service requirements in any succeeding fiscal year for the Obligations and Outstanding Parity Obligations.*

*(e)* *The first interest payment on the Obligations is due on January 1, 2022*. Thereafter, interest payments will be made semiannually on July 1 and January 1, until maturity or prior prepayment.**

** Preliminary and subject to change.*

# Preliminary Financing Calendar*

| Date | Event | Responsibility |
|---|---|---|
| Completed | Draft Resolution, legal documents submitted to the Town and financing team participants. | GT |
| Week of June 14th | Draft Preliminary Official Statement (POS) send to Town of Chino Valley the ("Town") and financing team particpiants. | Stifel |
| **June 15th** | **Study Session - New Money and Refunding Bonds Update – direction to proceed. Parallel track the financing process with the construction bid updates/reconciliations.** | **Stifel, Town** |
| Middle June | Construction bids due. All construction contracts approved contingent upon closing of the bond issue. | Town |
| June 16th / 17th | Rating Agencies application submitted to S&P. | Stifel |
| June 22nd | Rating agency power point review. | Stifel, Town |
| **June 28th** | **Due Diligence meeting/conference call.** | **All Parties** |
| **July 5th** | **All documents due to the Town in connection with the *July 13th* Town Council meeting to adopt the Resolution.** | **All Parties** |
| **July 6th** | **Rating Agency Power Point Presentations.** | **Town, Stifel** |
| July 13th | Final Rating and report due to the Town and Financing Team. | Town, Stifel |
| **July 13th** | **Town Council adopts a Resolution authorizing (delegating) authority to the Town Manager and Finance Director to effectuate the transaction (assumes emergency clause adoption).** | **Town, Stifel, GT** |
| July 14th | Distribute POS to prospective investors, including final rating. | All Parties |
| Week of July 19th/26th | Underwriting. | All Parties |
| 2 – 3 weeks after Pricng | Closing. Funds wired to the Trustee. Construction contracts approved. | All Parties |

**Financing Team**

| | | |
|---|---|---|
| Town | = | Town of Chino Valley, Arizona - Issuer |
| GT | = | Greenberg Traurig L.L.P. - Special Counsel |
| Stifel | = | Stifel, Nicolaus & Company, Incorporated - Underwriter |
| SPB | = | Squire Patton Boggs (US) LLP - Underwriter's Counsel |

**May 2021**

| S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

**June 2021**

| S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | | | |

**July 2021**

| S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

**August 2021**

| S | M | T | W | TH | F | S |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |



** Subject to change.*

# Disclosure

Stifel, Nicolaus & Company, Incorporated ("Stifel") has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

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# TOWN OF CHINO VALLEY
# COUNCIL AGENDA ITEM STAFF REPORT

**Town Council Study Session** **3)**

| | |
|---|---|
| **Meeting Date:** | 06/15/2021 |
| **Contact Person:** | Maggie Tidaback, Economic Development Project Manager<br>Phone: 928-636-2646 x-1201 |
| **Department:** | Town Manager |
| **Estimated length of staff presentation:** | 10 minutes |
| **Physical location of item:** | Old Home Manor |

## Information

**AGENDA ITEM TITLE:**

Presentation and Discussion of Huck's Appraisal's land valuation results for Old Home Manor, and the possibility of moving forward with the sale of Town owned land. (Maggie Tidaback, Economic Development Project Manager)

**RECOMMENDED ACTION:**

For discussion and direction only.

**SITUATION AND ANALYSIS:**

Staff is seeking direction to move forward with selling Town owned land at Old Home Manor. Most investors and developers seek to own the land to which they invest in, and the push to lease the land has not worked. This is an opportunity to sell Town owned land to help pay for future infrastructure projects at Old Home Manor, and attract larger investors and developers to Chino Valley.

**Other Pertinent Documents Available Upon Request:**

Appendix 2 - A printed copy of the report is being provided to Council and pertinent staff separately. The report is available on the Town's website at http://www.chinoaz.net/agendacenter with the June 15, 2021, Council meeting documents.

## Fiscal Impact

## Attachments

*No file(s) attached.*