

1. Agenda

Documents: [JULY 15 AGENDA.PDF](#)

2. Packet

Documents: [JULY 15 PACKET.PDF](#)

**TOWN OF CHINO VALLEY
MEETING NOTICE
COUNCIL FINANCE SUBCOMMITTEE**

**REGULAR MEETING
Tuesday, July 15, 2014
4:00 P.M.**

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

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES**
 - 3a.** Consideration and possible action to approve the March 18, 2014 meeting minutes.
- 4. OLD BUSINESS**
- 5. NEW BUSINESS**
 - 5a.** Discussion and Review of Banking Services Request for Proposal, including presentation and demonstration by National Bank representatives.
 - 5b.** Discussion and Review of Leasing Services Request for Proposal.
- 6. ADJOURNMENT**

Dated this 2nd day of July, 2014
By: Joe Duffy, Finance Director

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 636-1787 (TDD) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting. Supporting documentation and staff reports furnished with this agenda are available for review in the Town Clerk's Office, 202 N. State Route 89, Chino Valley, AZ or on the web at <http://www.chinoaz.net/general/financecom.shtml>.

Public notice is hereby given that FOUR (4) OR MORE MEMBERS of the Mayor and Town Council may be present at this meeting.

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**MINUTES OF THE REGULAR MEETING
OF THE COUNCIL FINANCE SUBCOMMITTEE
OF THE TOWN OF CHINO VALLEY**

**Tuesday, March 18, 2014
5:00 P.M.**

The Council Finance Subcommittee of the Town of Chino Valley, Arizona, convened for a regular meeting in the Council Conference Room, located at 202 N. State Route 89, Chino Valley, Arizona.

Councilmember Pat McKee called the meeting to order.

Members present: Councilmember Pat McKee (chair), Councilmember Linda Hatch

Members absent: Vice-Mayor Darryl Croft

Staff present: Finance Director Joe Duffy, Town Manager Robert Smith

3. APPROVAL OF MINUTES

3a. Consideration and possible action to approve the March 4, 2014 meeting minutes.

Councilmember Hatch moved, seconded by Councilmember McKee to approve the March 4, 2014 minutes, passed.

4. OLD BUSINESS

5. NEW BUSINESS

5a. Discussion and Review of Preliminary Revenue Projections for fiscal year 2014/2015 budget.

Finance Director Duffy reviewed the Revenue Projections for 2014/2015. He presented the 10 major revenue projects and the projects in which the revenues have increased or decreased dramatically. Overall, the general fund is estimated to increase 2%. Other items discussed in the revenue fund are the state sweeps, CBDG grant, Water fund, Capital improvement fund, Sewer fee revenue and others.

5b. Discussion and Review of Chino Valley Debt and comparison with other cities and towns.

Joe presented schedules of debt per capita based on population, less than 100,000, less than 50,000 and entity type. The average debt per capita for communities with less than 50,000 population is \$1,740 per person and the mean is \$1,000.

6. ADJOURNMENT

Councilmember Hatch moved, seconded by Councilmember McKee to adjourn and passed.

Dated this 19th day of March, 2014

By: Liz Hart, Town Clerk Assistant

**Town of Chino Valley
Request for Proposals
Banking Services Summary**

Company	Proposal Complete
Chase Bank Government Banking 20 E. University Drive, 3rd Floor Tempe, Az 85281 George W. McManus 480-377-3955	No - did not submit required RFP
NB AZ Public Financial Services a Division of Zions First Nation Bank 201 N. Montezuma Street, Suite 100 Prescott, Arizona 86301 Doug Lindbert 928-708-6926	Yes



George W. McManus
Vice President
tele (480) 377-3955
fax (480) 890-6159

Chase Bank
Government Banking
Mail Code AZ1-0311
20 E. University Drive, 3rd Floor
Tempe, AZ 85281

June 30, 2014

Mr. Joe R. Duffy
Finance Director
Town of Chino Valley
202 N. State Route 89
Chino Valley, AZ 86323

RE: Banking Services – Request for Proposals

Dear Joe:

This letter and with the enclosed Fee Schedule are collectively intended to serve as Chase Bank's formal response to the Town of Chino Valley's solicitation for Banking Services.

In November, 2013, Chase Bank provided the Town of Chino Valley with a summary of the potential monthly savings that could be derived by utilizing the negotiated unit pricing under the terms of an existing cooperative Banking Services contract with the Cities of Tempe and Chandler. The offer to convert the Town's existing banking services and benefit from the Coop unit pricing remains a valid option for the Town to consider. As previously mentioned, the Coop unit pricing could potentially save the Town approximately \$1,500 annually.

Several salient factors to consider when selecting the Town's servicing bank:

- **Arizona Government Experience** – Chase Bank is currently the contractual servicing bank for six of the fifteen counties in Arizona. Additionally, over twenty Cities and Towns throughout the State utilize Chase Bank as their primary Servicing Bank. This portfolio reflects our commitment and experience at understanding the financial needs of local Governments.
- **Dedicated Customer Support** – The Town will continue to have access to both the an assigned Banker and Client Service Professional (CSP) who have experience working with local Cities and Towns in Arizona.
- **Local Branch presence in the Community** – Chase Bank maintains a full-service banking facility in the Town of Chino Valley:


31 Butterfield Rd
Chino Valley, AZ 86323

- **Contractual Pricing Commitment** - All banking services as described and the pricing referenced are firmly and irrevocably offered to the Town of Chino Valley until **June 30, 2017**. See enclosed Fee Schedule for Banking and Treasury Management Services. *Note: Fixed pricing commitment does not apply to any third-party vendors or suppliers, interest rates, or regulatory imposed fees that may arise during the term of this contract.*
- **No Service Disruption or Account Conversion Issues** - By retaining Chase Bank, the Town avoids any payment processing disruptions or system conversions often associated with the transition of existing banking applications or processes.
- **Public Funds Collateral Requirements** – Beginning July 1, 2104, collateral will be pledged under the State of Arizona's new Pool Collateral Program at not less than 102% of the Town's aggregate account balances in excess of the Insured Limit (currently: \$250,000).

- **Evidence of Insurance Policies** – Annually, Chase Bank will provide the Town with a copy of our Certificate of Liability Insurance, to evidence that the Bank maintains adequate insurance coverage during the duration of this service contact (see enclosed Sample). The Town will not be separately listed as an Additional Insured under these various Insurance Policies.

Should you have any questions or require additional information, please contact me directly at (480) 377-3955.

Sincerely,



George W. McManus
Vice President



Municipal Leasing Consultants
7 Old Town Lane
Grand Isle, VT 05458-2325
Tel (802) 372-8435
Fax (802) 372-4775
www.PowerOfLeasing.com

June 24, 2014

Joe Duffy, CPA
Finance Director
Town of Chino Valley
202 N. State Route 89
Chino Valley, AZ 86323-0406

Dear Joe,

Municipal Leasing Consultants, an independent woman-owned business, is pleased to present the following proposal to lease certain capital equipment pursuant to the following terms and conditions:

LESSOR: Municipal Leasing Consultants, its Agents or Assignee

LESSEE: Town of Chino Valley, AZ

EQUIPMENT: 2014 John Deere Backhoe and Loader, 2014/15 Ford 550 with 11' Dump, Four (4) 2014/15 Ford Police Interceptor Vehicles, Outfitting Police Cars, 10-Wheel Dump Truck

EQUIPMENT COST: \$765,000.00 Not-to-exceed

PAYMENT STRUCTURES: **Tax-Exempt Lease Purchase**
Five (5) Years – Annual
Five (5) Annual payments of \$166,883.89
First payment of \$166,883.89 due One (1) year after funding and Annual thereafter
(i.e., \$765,000.00 x .218149 = \$166,883.89)

RATE: **2.967%**

The preceding costs are estimates and thus, the payment amount would be changed in proportion to the actual cost. The Vendor(s) will be paid upon the Lessee's authorization and the execution of mutually acceptable documentation.

THE ABOVE QUOTES ARE FIXED FROM JUNE 30, 2014 TO JULY 11, 2014 IN ANTICIPATION OF CLOSING / FUNDING BY THIS DATE. THEREAFTER, THE RATE WILL FLOAT AND NOT BE LOCKED IN UNTIL DOCUMENTS ARE PREPARED FOR CLOSING AND WILL BE BASED ON THE LIKE TERM SWAP RATES.

EQUIPMENT ACCEPTANCE DATE:

This proposal is based on both the assumption and the condition that any and all equipment will be delivered to and accepted by Lessee prior to June 30, 2015

OPTION AT LEASE EXPIRATION:

At the lease expiration, the Lessee shall have the right to purchase the equipment for One dollar (\$1.00); assuming the lease is not in default and all terms and conditions of the lease have been met.

NET LEASE:

This lease will be a net lease transaction with maintenance, acceptable insurance coverage, taxes and any legal fees the responsibility of the Lessee.

LEASE AMORTIZATION SCHEDULE:

Amortization schedules with separate principal and interest cost breakdown will be provided with the final documentation.

WARRANTIES:

Lessor is bidding only as to the provision of lease purchase financing for the purchase cost of the equipment and will have no responsibility to the Lessee or any other person for the selection, furnishing, delivery, servicing or maintaining of the equipment. All equipment manufacturer or vendor warranties will be passed to the Lessee under the agreement.

NON-APPROPRIATION:

The lease payments shall be subject to annual appropriation for each fiscal year.

BANK OR NON-BANK QUALIFICATION:

Lessee reasonably anticipates the total amount of tax-exempt obligations (other than private activity bonds) to be issued by Lessee during calendar year 2014 **will/will not** exceed ten million (\$10,000,000.00) dollars.

FINANCIAL STATEMENTS:

If applicable, Lessee shall furnish Lessor with its financial statement for the last three (3) fiscal years and its current year fiscal budget.

AUTHORIZED SIGNORS:

The Lessee's governing board shall provide MLC with its resolution or ordinance authorizing this Agreement and shall designate the individual(s) to execute all necessary documents used therein.

LEGAL OPINION:

The Lessee's counsel shall furnish MLC with an opinion of counsel letter covering this transaction and the documents used herein.

REIMBURSEMENT:

If Lessee intends to be reimbursed for any equipment cost associated with this agreement, intent for reimbursement from the proceeds of this Agreement must be evidenced, and must qualify under the Treasury Regulation Section 1.150.2.

DOCUMENTATION:

All documentation will be provided by Lessor, its Agents or Assignee, and must be satisfactory to all parties concerned.

ESCROW FUNDING:

If applicable, an interest bearing escrow account will be established to make disbursements. The proceeds of the lease will be deposited into an Escrow Account. This account has a \$500.00 - \$1,000.00 fee and can be taken from the interest earnings. Interest earnings will accrue to the benefit of the Lessee.

PREPAYMENT OPTION:

The Lessee will have the option to prepay on any payment date for 102% of the remaining balance.

BASIS OF PROPOSAL:

This proposal is based upon financing being provided by Lessor and should not be construed nor relied upon as a commitment. Such a commitment is subject to formal credit review, approval and execution of mutually acceptable documentation. The contract, and not the proposal, will set forth the agreement between the parties.

We appreciate the opportunity to provide this proposal and look forward to working with you in the future. If the foregoing meets with the Town's approval, please date and sign the acceptance below and return the signed proposal to the undersigned via email or fax to 802/372-4775. Failure to consummate this transaction once credit approval is granted will result in a \$550.00 fee being assessed to the Town. Formal credit approval will be pursued upon receipt of the signed proposal, completed lease application, financials, and vendor quote or invoice. **Credit approval normally takes ten (10) to fourteen (14) business days.**

If you have any questions or need further information, please do not hesitate to contact me at 802/372-8435.

The foregoing is acknowledged and accepted as of the _____ day of _____, 2014.

Town of Chino Valley, AZ

By: _____

Title: _____

Sincerely,

Reneé M. Piché
President
renee.piche@powerofleasing.com

- Attachments:
- Renee Piche Biography
 - MLC Brochure
 - MLC Staff
 - References
 - Amortization Schedule



Ron Thurman
100 W Washington St
Phoenix, AZ 85003

Ronald.D.Thurman@wellsfargo.com
Phone: 858-242-7791

Date: June 27th, 2014

Joe Duffy
Finance Director
Town of Chino Valley
202 North State Route 89
Chino Valley, Arizona 86323

Dear Joe:

We are pleased to provide the following equipment lease financing proposal for Town of Chino Valley. As a leading provider of tax-exempt equipment finance solutions to state and local governmental entities, Wells Fargo Equipment Finance, Inc. is well positioned to provide financing options to meet your unique needs. We appreciate the opportunity to work with you and look forward to hearing from you with regard to this proposal.

Lessor: Wells Fargo Equipment Finance, Inc. (WFEF)

Lessee: Town of Chino Valley

Type of Facility Tax-exempt equipment lease-purchase agreement covering miscellaneous equipment listed below to be located at the town of Chino Valley, Arizona.

Maximum Equipment Cost: \$765,000 The actual amount may be different based on WFEF's evaluation of the Equipment and the actual equipment cost.

Equipment Lease 1: The leased Equipment is expected to consist of the following:
2014 John Deere 410 Backhoe \$ 180,000
2014 John Deere 544K Loader \$ 200,000
2014/15 Ford 550 with 11' Dump \$ 55,000
Total: \$435,000

Equipment Lease 2: The leased Equipment is expected to consist of the following:
2014/15 Ford Police Interceptor (4) \$ 140,000
Outfitting Police Cars \$ 40,000
10 Wheel Dump Truck \$ 150,000
Total: \$330,000

Final Equipment must be acceptable to WFEF in its sole discretion.

Lease Term 1: 60 months

Lease Term 2: 36 months

End of Term: Lessee will have the option to purchase the Equipment for \$1.00 at the end of the Lease Term.

Lease Commencement: It is expected that a definitive lease agreement will be executed and the lease term commenced on or before September 30th, 2014 **and** if the lease includes funding into escrow: On the closing date, Lessor will deposit the lease proceeds into an escrow account from which vendor/contractor payments will be disbursed in accordance with the terms of the escrow agreement. Funds in the escrow account will be invested at the direction of Lessee and in accordance with the terms of the escrow agreement. There is no charge for the escrow arrangement if the escrow account is maintained by Lessor or an affiliate of Lessor and disbursements do not exceed one per month.

Lease Rate: **To be determined by Lessor at the time of a funding or two business days prior thereto. Based on current rates and market conditions, the interest rate as of June 27th, 2014 would be 2.37% per annum (lease rate factor .10539) for Lease 1 and 1.90% per annum (lease rate factor .17065) for lease 2, Actual pricing will be different in the event that Lessor's cost of funds or economic conditions change prior to any funding. The interest rate may be adjusted to allow Lessor to maintain its anticipated economics. Once funded, the applicable interest rate will remain fixed for the term of the applicable lease supplement.**

This proposal and the interest rate set forth above assume that the interest component of payments under the lease will be excludable from the owner's gross income for federal income tax purposes, and will not be an item of tax preference for purposes of the federal alternative minimum tax. The lease agreement will include federal tax covenants pursuant to which the Lessee will agree to comply with all applicable provisions of the Internal Revenue Code of 1986, and the regulations promulgated thereunder, to maintain the tax-exempt status of such interest payments.

[It is further assumed that Lessee will designate the lease as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code .]

Frequency of Payment: **During the Lease Term, semi-annual rent payments in advance.**

Documentation: Standard WFEF lease documents are anticipated together with the terms described herein.

Unconditional Net Lease: Each lease transaction shall be "net", meaning that all costs and expense related to the transaction and equipment, including, without limitation, insurance, maintenance, repairs and taxes are the Lessee's sole

responsibility. Manufacturer's warranty will be available to the Lessee to the extent assignable so long as no default has occurred. [Subject only to the annual appropriation provisions in the lease agreement, all][All] payments shall be absolute and unconditional, to be paid without defense, reduction or offset.

Insurance Requirements:

All Risk personal property and liability insurance coverage in amounts, with insurers, and under policies in form and substance, satisfactory to WFEF, containing endorsements naming WFEF and its successors and assigns as additional insured and/or lender loss payee as appropriate.

Transaction Expenses; Fees:

Lessee agrees to reimburse WFEF for reasonable expenses incurred by WFEF in connection with this transaction, including, but not limited to, any applicable filing fees and/or lien searches, UCC searches, escrow agent, appraisal and other similar expenses. In addition, Lessee agrees to pay the legal fees and expenses incurred by WFEF in the documentation and negotiation of the transaction whether or not such transaction closes. **In addition, a non-refundable fee equal to \$750.00 dollars per contract will be payable to WFEF on Closing Date.**

Indicative Terms

Only:

This proposal is for discussion purposes only. It does not set forth the complete terms or conditions of any transaction and does not constitute an obligation or commitment by WFEF to make any lease or to provide any other financial accommodation. Any lease or other credit extension by WFEF is subject, without limitation to the following conditions:

- (a) there not having occurred (i) any material change in the financial or operational performance of the lessee, any guarantors and their affiliates; or (ii) any event that would constitute a default under the terms of WFEF's standard lease documents or under any terms, if any, referred to above;
- (b) (i) credit approval by WFEF regarding the financial and operational performance of the lessee, any guarantors and their affiliates, and (ii) approval by WFEF of the subject equipment to be financed and all other collateral;
- (c) receipt and complete review and approval by WFEF of any other due diligence items related to the prospective lessee, any guarantors and any of their affiliates as determined by WFEF in its sole and absolute discretion;
- (d) satisfactory completion of regulatory compliance investigation and background review of the prospective lessee, any guarantors and their principal owners and key officers, (including BSA and OFAC diligence) and receipt by WFEF of other information regarding the prospective

lessee, any guarantors and their affiliates, deemed necessary by WFEF in its sole discretion;

- (e) execution and delivery of definitive lease documents, ancillary documents and guaranties each in form and substance acceptable to WFEF and the other parties thereto; and
- (f) there not having occurred any event that would in WFEF's reasonable opinion make it illegal or commercially impractical to enter into the transaction, including without limitation, disruption in financial markets, regulatory requirements or changes in applicable law, including tax laws.

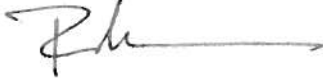
Expiration: This proposal shall expire on the earlier of July 14th or the date withdrawn by WFEF, unless previously signed by you and returned to WFEF.

Confidentiality: Lessee agrees that the terms described herein are confidential and that it will protect the confidentiality of such information in a manner at least as protective as it treats its own confidential information and shall not disclose any of the provisions hereof to any person or entity (including, without limitation any financial institution or other lender) other than (i) to its employees who are involved in evaluating or effectuating the Lease facility, its lawyers and accountants, and (ii) as may be required by law.

No Advice: The information provided in this proposal is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. This proposal is for discussion purposes only in anticipation of engaging in a commercial, arm's length transaction in which WFEF would be acting solely as a principal and not a municipal advisor, financial advisor or fiduciary to Lessee or any other person or entity. WFEF will not have any duties or liability to Lessee or any other person or entity in connection with the information provided herein. Lessee should consult with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent Lessee deems appropriate.

Thank you for this opportunity to serve you in connection with this prospective transaction. I look forward to working with you as we proceed toward finalizing terms, credit review and documentation, it being understood however, that neither party shall be obligated to proceed with any transaction unless mutually agreeable definitive documents are agreed on and executed. If you wish to proceed, please sign a copy of this letter to acknowledge approval of the parameters set forth above and return it to me by July 14th, 2014. If you have any questions, please do not to hesitate to call me at 858-242-7791.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Thurman', with a long horizontal flourish extending to the right.

Ron Thurman
Territory Manager
Wells Fargo Equipment Finance, Inc.

Please proceed in accordance with the terms stated above.

Town of Chino Valley

Date:
By:
Title:
Signature:

June 30, 2014

Mr. Joe Duffy
Finance Director
Town of Chino Valley
202 North State Route 89
Chino Valley, AZ 86323

Re: Lease Purchase Financing- Approx. \$765,000.00

Dear Mr. Duffy:

On behalf of NB I AZ Public Financial Services, a Division of Zions First National Bank and Affiliate of National Bank of Arizona, we are pleased to respond to the Town of Chino Valley's request for financing. We have the capacity and experience to meet your financing needs.

Lender Information:

Arizona Contact:

Lee Davis, Managing Director
NB I AZ Public Financial Services
A Division of Zions First National Bank
1119 West Southern Avenue
Mesa, Arizona 85210
Lee.davis@nbarizona.com
480.756.7122 (office)
602.402.8202 (cellular)

Lessor:

Zions First National Bank
One South Main Street, Ste. 1700
Salt Lake City, Utah 84133

Proposal Structure:

Purpose:	Purchase of Various Pieces of Equipment (see EXHIBIT A)
Structure:	Lease Purchase
Amount:	Approx. \$765,000.00
Bank Qualified:	Yes
Termination Fee:	No pre-payment penalty for partial or full early payoff
Payments:	Level quarterly
Security:	Lienholder on Title

Pricing:

Interest Rate:			
Term:	5-years:	1.93%	

Legal Requirements:

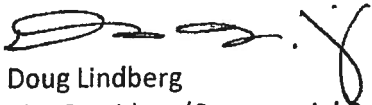
Borrower shall execute or have executed the following documents provided by Zions Bank:

- Lease Agreement
- Resolution of Governing Body
- Issuer's Opinion
- IRS Form 8038-G
- Wire Transfer Instructions

Expiration of Proposal: Rates quoted above good through September 30, 2014

If you should have any questions or would like to discuss in further details, please call.

Sincerely,



Doug Lindberg
Vice President/Commercial Banker
National Bank of Arizona

Exhibit A

Equipment list for the Town of Chino Valley to purchase during the 2014/2015 fiscal year.

Town of Chino Valley	
Capital Equipment Fund - Lease Purchase Summary	
Fiscal year ending June 30, 2015	
Equipment	Proposed Budget FY 14/15
2014 John Deere 410 Backhoe	\$180,000
2014 John Deere 544K Loader	\$200,000
2014/15 Ford 550 with 11' Dump	\$55,000
2014/15 Ford Police Interceptor (4)	\$140,000
Outfitting Police Cars	\$40,000
10 Wheel Dump Truck	\$150,000
Total	\$765,000