



# Town of Paradise Valley, Arizona

## Information in Connection with the Issuance of Excise Tax Revenue Obligations, Series 2020

**November 21, 2019, 4:30 P.M.**

**Presented By:**

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- **Bond Market Update**
- **Bond Sale Objectives**
- **Public Sale – Private Placement Markets**
- **Preliminary / Expedited Financing Calendar**

## **APPENDIX:**

- **Preliminary Debt Structure and Coverage Analysis**
- **Sample Sources & Uses of Funds and Amortization Schedule**
- **Additional Market Data**
- **Disclosure**

# Municipal Market Outlook: Week of November 18, 2019

UPCOMING ISSUANCE
\$1.1B Port Authority of NY & NJ Rev, Aa3/AA-/AA-
\$520MM New York Dorm Auth Taxable Rev - SUNY, Aa3/-/A+
\$510MM North Carolina Turnpike Auth Rev, Snr NR/BBB/BBB, CABs Aa1/AA+/AA+
\$500MM California Institute of Technology Taxable Rev, Aa3/AA/-
\$500MM California Health Fac - No Place Like Home Taxable Rev, Aa3/AA-/AA-
\$426MM Round Rock, TX ISD GO PSF Gty, AAA-/AAA
\$350MM New Jersey Health Care Fac Rev - Valley Hlth, -/A/A+
\$299MM Ohio Air Quality Dev Rev - American Electric, Baa1/BBB+/NR
\$287MM University of Cincinnati, OH Rev, Aa3/AA-/NR
\$272MM Metro St. Louis, MO Sewer Dist Taxable Rev, NR/AAA/AA+
<b>30-Day Visible Supply:</b> \$19.4 Billion <b>7-Day Visible Supply:</b> \$13.17 Billion

MAJOR ECONOMIC DATA			
RELEASE	DAY	ESTIMATE	ACTUAL
Housing Starts - Oct	19-Nov	1320K	
Leading Index - Oct %	21-Nov	-0.2	
Existing Home Sales - Oct	21-Nov	5.49M	
US Manufacturing PMI - Nov	22-Nov	51.1	

TAXABLE MUNICIPAL GO/MAKE WHOLE TREASURY SPREAD				
	5/5	10/10	20/30	30/30
<b>AAA</b>	27	62	73	82
<b>AA</b>	35	71	83	92
<b>A</b>	66	104	110	119
<b>BBB</b>	130	180	180	185

## COMMENTARY

A lack of developments in the trade situation and weak global economic data were credited for the move lower in rates last week. Municipal supply will remain elevated this week with over \$13 billion expected (\$11.3B Negotiated, \$1.87B Competitive). Lipper reported a 45th consecutive week of inflows for Municipal Mutual Funds at \$1.28 billion for the week ending 11/13, up from \$1.1B of inflows the prior week. A light calendar for economic data and no US Treasury coupon supply should keep activity this week focused on geopolitical events, including the trade negotiations.

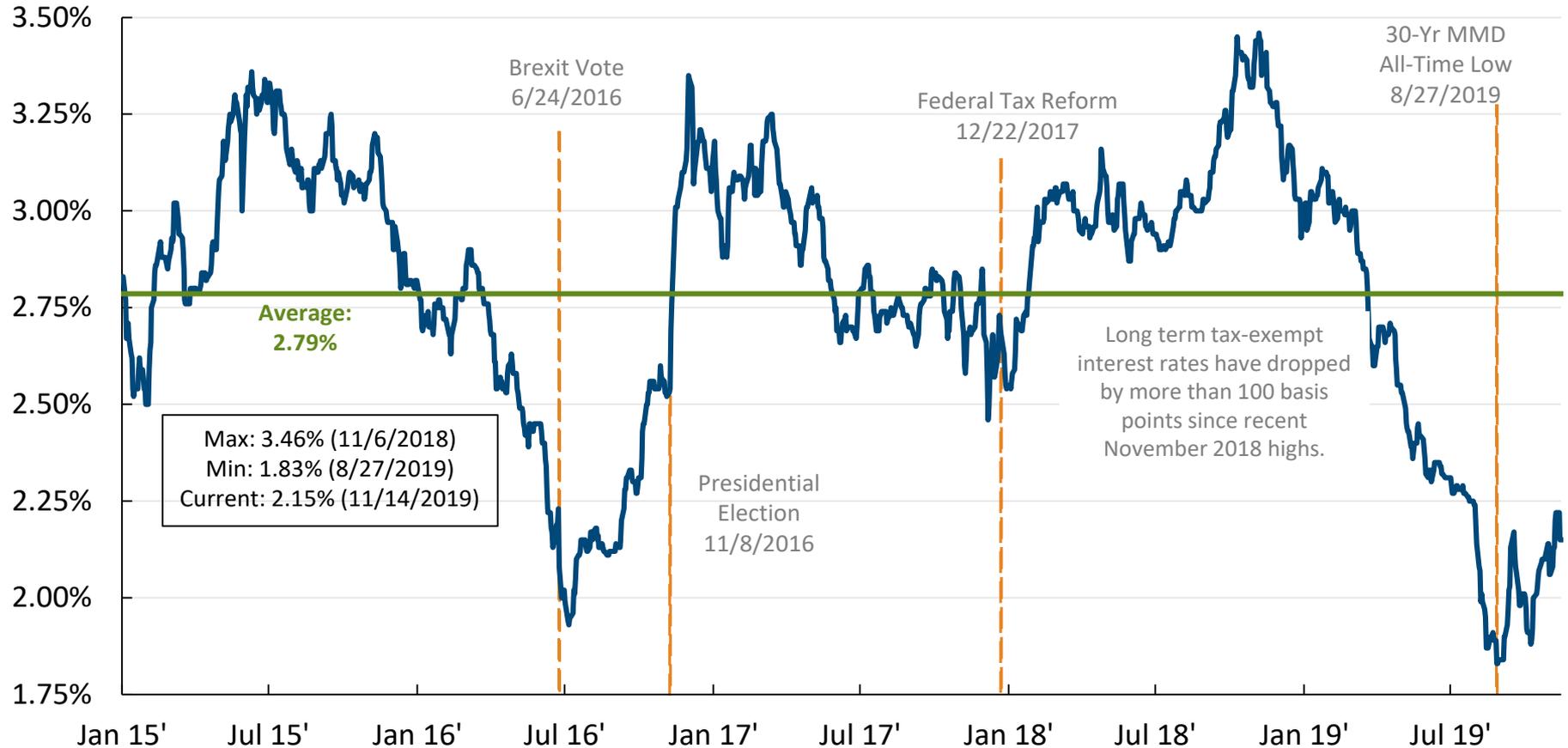
RATE DATA				
	TODAY	WEEK PRIOR	MONTH PRIOR	YEAR PRIOR
<b>AAA GO</b>				
2 YEAR	1.11	1.13	1.12	2.03
5 YEAR	1.19	1.21	1.15	2.25
10 YEAR	1.55	1.60	1.47	2.65
15 YEAR	1.79	1.85	1.69	2.93
20 YEAR	1.97	2.04	1.89	3.16
30 YEAR	2.15	2.22	2.07	3.32
<b>US TREASURY</b>				
2 YEAR	1.63	1.67	1.59	2.81
5 YEAR	1.67	1.75	1.58	2.89
10 YEAR	1.85	1.94	1.78	3.08
30 YEAR	2.33	2.42	2.28	3.34
<b>FED FUNDS</b>	1.50-1.75	1.50-1.75	1.75-2.00	2.00-2.25
<b>PRIME RATE</b>	4.75	4.75	5.00	5.25
<b>MIG 1 - 1YR</b>	1.22	1.22	1.25	2.05
<b>MUB ETF</b>	113.580	113.180	113.990	107.360
<b>SIFMA 7DAY</b>	1.12	1.09	1.29	1.66
<b>MSRB 7DAY TRD</b>	\$49,835MM	\$60,178MM	\$43,927MM	\$55,300MM
<b>BOND BUYER INDEXES</b>				
<b>20 Bond GO<sup>1</sup></b>	2.85	2.86	2.70	4.30
<b>11 Bond GO<sup>2</sup></b>	2.39	2.40	2.24	3.79
<b>25 Bond REV<sup>3</sup></b>	3.33	3.34	3.18	4.79

<sup>1</sup> GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa2 & S&P's AA

<sup>2</sup> GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa1 & S&P's AA+

<sup>3</sup> Revenue bonds maturing in 30 years, avg. rating equivalent to Moody's A1 & S&P A+

## 30-Year AAA MMD Since January 1, 2015



# Preliminary Market Scale\*

**Issuer:** Paradise Valley, Arizona  
**Purpose:** New Money  
**Size:** 8,000,000  
**Security:** Excise Tax Revenue  
**Rating:** Assume "AA-" (S&P)  
**Call:** 5-year par call 7/1/25 at par  
**Tax Status:** Tax-Exempt  
**Structure:** July 1 principal , semi-annual interest (Jan 1, July 1)  
**Est. Settle** 4/1/2020

Maturity	Amount	MMD	Coupon	Yield	Spread
2021	520,000	1.11	3.00	1.26	0.15
2022	680,000	1.12	3.00	1.32	0.20
2023	710,000	1.14	3.00	1.39	0.25
2024	750,000	1.19	4.00	1.47	0.28
2025	785,000	1.24	5.00	1.54	0.30
2026	825,000	1.31	5.00	1.59	0.28
2027	865,000	1.39	5.00	1.64	0.25
2028	910,000	1.47	5.00	1.70	0.23
2029	955,000	1.55	5.00	1.75	0.20
2030	1,000,000	1.63	5.00	1.83	0.20
	<b>\$8,000,000</b>				

1. \$8,000,000 (estimated)
2. 10-Year amortization
3. Level debt service
4. Flexible call feature in the event of prepayment in the future
5. Secure lowest cost of capital for the Town

Credit Consideration	Public Sale	Private Placement
Credit Rating	Yes	No
Official Statement (Offering Document)	Yes	No (Term Sheet)
Underwriter’s Counsel	Yes	No
Amortization	Flexibility	10 – 15 Years
Cost of Capital	Tax-Exempt Bond Market	Taxable Libor Market (generally)
Credit Committees	No	Yes
Call Features	Flexible – Adjustments as Required	Various – Depending upon institution

# Preliminary / Expedited Financing Calendar (a)

Date	Event	Responsibility
December 5 <sup>th</sup>	2019 CAFR completed.	Town
January 9 <sup>th</sup>	Private placement due diligence conference call.	All Parties
<b>January 9<sup>th</sup> (on or around)</b>	<b>Submit financing term sheet to private placement market (interested bidders).</b>	<b>Stifel, Town</b>
January 23 <sup>rd</sup>	Private placement bids due and evaluated.	Town, Stifel
January 24 <sup>th</sup>	Finalize size, debt service structure and method of sale based on receipt of private placement bids and municipal bond market conditions.	Town, Stifel
TBD	Preliminary Official Statement (POS) Due diligence meeting/conference call – assumes Public Sale.	Town, Stifel, Greenberg Traurig, UC
<b>February 18<sup>th</sup> (on or around)</b>	Resolution, Preliminary Official Statement (POS) and all legal and financial documents due to the Town for February 27 <sup>th</sup> Town Council meeting.	Town, Stifel, Greenberg Traurig
TBD	Credit Rating Agency meeting.	Town, Stifel
<b>February 27<sup>th</sup></b>	<b>Resolution adopted authorizing the private placement or issuance of the obligations and delegating authority to Town Manager and Finance Director to complete the financing.</b>	<b>All Parties</b>
Week of March 2 <sup>nd</sup> /9 <sup>th</sup>	Underwrite or Place the Obligations.	Stifel, Town
March 26 <sup>th</sup>	Close the transaction.	All Parties

(a) Assumes Council authorization prior to January 9<sup>th</sup>.

# Appendix

# \$8,000,000 Estimated Tax-Exempt Analysis

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			\$7,195,000 Excise Revenue Obligations, Tax-Exempt Series 2020 Dated Date: 4/1/2020				
Year	Estimated	2016	Estimated	Estimated	Total	Estimated	Estimated
Ending	Pledged	Outstanding	Principal	Interest	Debt Service	Total	Debt Service
June 30	Revenues	Obligations				Debt Service	Coverage
		Debt Service					
2018	\$ 24,379,906	\$ 1,469,875				\$ 1,469,875	16.59x
2019		1,472,632				1,472,632	16.56x
2020		1,472,864				1,472,864	16.55x
2021		1,474,585	\$ 535,000	\$ 396,125	\$ 931,125	2,405,710	10.13x
2022		1,475,882	630,000	300,850	930,850	2,406,732	10.13x
2023		1,471,800	645,000	281,950	926,950	2,398,750	10.16x
2024		1,472,337	665,000	262,600	927,600	2,399,937	10.16x
2025			695,000	236,000	931,000	931,000	26.19x
2026			730,000	201,250	931,250	931,250	26.18x
2027			765,000	164,750	929,750	929,750	26.22x
2028			805,000	126,500	931,500	931,500	26.17x
2029			840,000	86,250	926,250	926,250	26.32x
2030			885,000	44,250	929,250	929,250	26.24x
Total		<u>\$ 10,309,974</u>	<u>\$ 7,195,000</u>	<u>\$ 2,100,525</u>	<u>\$ 9,295,525</u>	<u>\$ 19,605,499</u>	

## SOURCES AND USES OF FUNDS

### Town of Paradise Valley, Arizona Excise Tax Revenue Bonds, Series 2020

Dated Date                    04/01/2020  
 Delivery Date                04/01/2020

Sources:

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Bond Proceeds:	
Par Amount	7,195,000.00
Premium	923,285.55
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	8,118,285.55
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Uses:

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Project Fund Deposits:	
Project Fund	8,000,000.00
Delivery Date Expenses:	
Cost of Issuance	50,000.00
Underwriter's Discount	64,755.00
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	114,755.00
Other Uses of Funds:	
Additional Proceeds	3,530.55
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	8,118,285.55
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## BOND DEBT SERVICE

### Town of Paradise Valley, Arizona Excise Tax Revenue Bonds, Series 2020

Dated Date                    04/01/2020  
Delivery Date                04/01/2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2020					
01/15/2021			250,117.22	250,117.22	
07/15/2021	520,000	3.000%	158,525.00	678,525.00	928,642.22
01/15/2022			150,725.00	150,725.00	
07/15/2022	630,000	3.000%	150,725.00	780,725.00	931,450.00
01/15/2023			141,275.00	141,275.00	
07/15/2023	650,000	3.000%	141,275.00	791,275.00	932,550.00
01/15/2024			131,525.00	131,525.00	
07/15/2024	670,000	4.000%	131,525.00	801,525.00	933,050.00
01/15/2025			118,125.00	118,125.00	
07/15/2025	695,000	5.000%	118,125.00	813,125.00	931,250.00
01/15/2026			100,750.00	100,750.00	
07/15/2026	730,000	5.000%	100,750.00	830,750.00	931,500.00
01/15/2027			82,500.00	82,500.00	
07/15/2027	765,000	5.000%	82,500.00	847,500.00	930,000.00
01/15/2028			63,375.00	63,375.00	
07/15/2028	805,000	5.000%	63,375.00	868,375.00	931,750.00
01/15/2029			43,250.00	43,250.00	
07/15/2029	845,000	5.000%	43,250.00	888,250.00	931,500.00
01/15/2030			22,125.00	22,125.00	
07/15/2030	885,000	5.000%	22,125.00	907,125.00	929,250.00
	7,195,000		2,115,942.22	9,310,942.22	9,310,942.22

## BOND SUMMARY STATISTICS

### Town of Paradise Valley, Arizona Excise Tax Revenue Bonds, Series 2020

Dated Date	04/01/2020
Delivery Date	04/01/2020
First Coupon	01/15/2021
Last Maturity	07/15/2030
Arbitrage Yield	1.619561%
True Interest Cost (TIC)	2.598121%
Net Interest Cost (NIC)	2.819716%
All-In TIC	2.712721%
Average Coupon	4.744951%
Average Life (years)	6.198
Duration of Issue (years)	5.511
Par Amount	7,195,000.00
Bond Proceeds	8,118,285.55
Total Interest	2,115,942.22
Net Interest	1,257,411.67
Total Debt Service	9,310,942.22
Maximum Annual Debt Service	933,050.00
Average Annual Debt Service	904,951.19
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	9.000000
Total Underwriter's Discount	9.000000
Bid Price	111.932322

# Interest Rate Movement

## Taxable and Municipal Rates See Repeated Up-Down Movements Since August

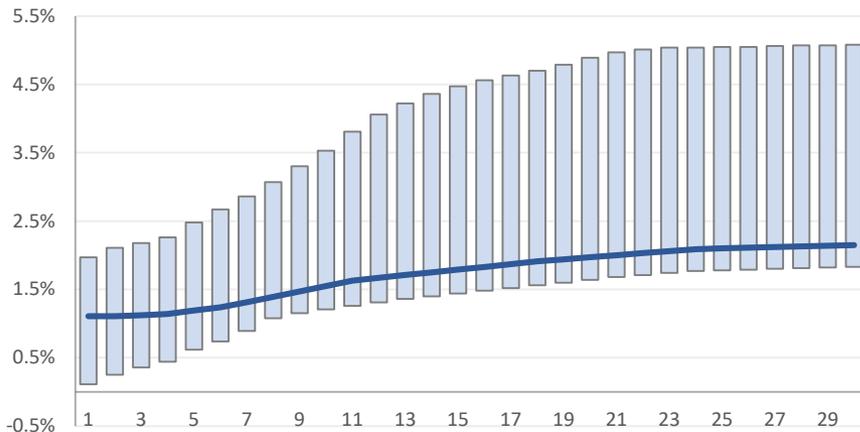
**10-Year MMD Climbs from Historic August Lows**  
 Comparing 10-Year UST and 10-Year AAA MMD since June 2018



**30-Year MMD Yield Climbs from its All-Time Low Record, Previously Set in August**  
 Comparing 30-Year UST and 30-Year AAA MMD since June 2018



**Long-Term Rates Emerge from Bottom Of 10-Year Historic Range**  
 10-Year Historical AAA MMD Range vs. Current AAA MMD



**Recent MMD and UST Movement**  
 November 7, 2019 to November 14, 2019



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