



Information Related to the Expenditure Limitation and Potential Issuance of Excise Tax Revenue Bonds

September 25, 2025
3:00 P.M.

STIFEL | Public Finance

CIP Summary (Excludes Grant Funding)

Type of Project	CIP Cost Estimate	Source of Repayment	Amortization
To be funded by Town Excise Taxes:			
Mockingbird Lane Road Improvements	\$11,268,700	General Fund	10 Year Amortization 2-year call or callable anytime
Total:	\$11,268,700		

Request Title	Project Num	Funding Sources	FY2026	FY2027	FY2028	FY2029	FY2030	Total
32nd Street Sidewalks: Stanford Drive to Lincoln Drive	2021-02	General Sources	\$0.00	\$235,000.00	\$2,585,000.00			\$2,820,000.00
45th Street Curbs: McDonald Drive to Valley Vista Lane	2020-07	General Sources	\$121,000.00					\$121,000.00
56th Street Sidewalks: Mockingbird Lane to Doubletree Ranch Road	2018-06	General Sources			\$250,000.00	\$400,000.00		\$650,000.00
CIP Contingency	N/A	General Sources	\$250,000.00	\$250,000.00	\$250,000.00	\$250,000.00	\$250,000.00	\$1,250,000.00
Denton Lane Cul De Sac	2020-05	General Sources						\$355,000.00
Doubletree Ranch Road Entry Monument	2024-04	General Sources	\$616,000.00					\$616,000.00
Highlands Drive Cul-De-Sac	2019-03	General Sources						\$840,000.00
Lincoln Drive - 51st PI to Desert Fairways Drainage Improvements	2028-01	General Sources			\$446,250.00			\$446,250.00
Lincoln Drive & Tatum Boulevard Improvement - VSC	2020-15	General Sources			\$40,000.00	\$200,000.00		\$240,000.00
McDonald Drive Curb Replacement: 40th Street to 44th Street	2020-09	General Sources	\$645,000.00					\$645,000.00
Miscellaneous Drainage Improvements (various locations)	2020-10	General Sources	\$250,000.00	\$250,000.00	\$250,000.00	\$250,000.00		\$1,000,000.00
Miscellaneous Street Improvements (various location)	2023-01	General Sources	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00		\$800,000.00
Mockingbird Lane Storm Drain: 56th Street to Invergordon Road	2021-12	General Sources	\$450,000.00	\$2,157,155.00	\$3,161,545.00			\$5,768,700.00
Mockingbird Lane: 56th Street to Invergordon Road	2021-03	General Sources	\$1,000,000.00	\$4,500,000.00				\$5,500,000.00
Police Department Training Facility / Remodel	2018-02	General Sources	\$250,000.00	\$1,225,000.00				\$1,475,000.00
Refresh of Town Hall Campus Closed Circuit Camera monitoring system		General Sources	\$330,000.00					\$330,000.00
Sewer System Assessment	N/A	Wastewater Fund	\$150,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$1,590,000.00
Sewer System Repairs	N/A	Wastewater Fund	\$525,000.00	\$525,000.00	\$300,000.00	\$275,000.00	\$275,000.00	\$1,900,000.00
SRP Underground Conversion 40th Street and Lincoln	2022-01	General Sources		\$2,400,120.00				\$2,400,120.00
Storm Drain Projects (Storm water Master)	2023-06	General Sources	\$375,000.00	\$1,000,000.00	\$1,750,000.00	\$1,750,000.00	\$1,625,000.00	\$6,500,000.00
Tatum Boulevard Retaining Walls	2020-03	General Sources		\$725,000.00				\$725,000.00
Tatum Boulevard Sidewalks: Doubletree Ranch Road to Mountain View Road	2020-06	General Sources		\$50,000.00	\$450,000.00	\$50,000.00		\$550,000.00
Town Gateway Entry Features - VSC	2020-16	General Sources			\$10,000.00	\$140,000.00		\$150,000.00
Town Hall Complex - Space Study and Assessment	2025-01	General Sources	\$125,000.00					\$125,000.00
Watershed Studies / Storm Drainage Strategic Plan	2023-06	General Sources						
White Wing Road Half Street Improvements	2021-05	General Sources			\$50,000.00	\$200,000.00		\$250,000.00
Total			\$5,287,000.00	\$13,877,275.00	\$10,102,795.00	\$4,075,000.00	\$3,705,000.00	\$37,047,070.00

- Issue New Money Bonds for 3-Year Capital Improvement Plan – Mockingbird Lane projects
- Repay such bonds with specific Excise Tax revenues for repayment – with no increase in other revenues (no secondary property tax)
- Mitigate the Town's 2025/26 and 2026/27 Expenditure Limit Requirement
- Invest bond proceeds in higher interest rate taxable U.S. treasuries
- Consider repaying debt obligations early – reducing interest costs
- Finalize transaction in a timely manner

Arizona Expenditure Limitation:

- Constitutional amendment approved by Arizona voters in 1980.
- Purpose is to control expenditures of certain revenues and limit future spending increases based on population and inflation adjustments.
- Economic Estimates Commission determines each year the expenditure limitation for each City.
- City base limit for calculation may be modified permanently with approval of City voters.

Exemptions:

- Every expenditure not specifically excluded is included under the Expenditure Limitation.
- Constitutional provision sets forth several items that are **exempt** from the Expenditure Limitation, including:
 1. Amounts received from the issuance of bonds.
 2. Payment of principal and interest on such bonds.

Summary of Financings Completed to Facilitate Expenditure Limitation Calculation

Recent Arizona County Tax-Exempt Borrowings to Fund Capital Improvement Projects

Maricopa County

Year	Principal Amount of Lease Purchase (COPs) Financing Subject to the Exemption	Short-Term Maturity Structure	Tax-Exempt Interest Rates (yields)	Annual Principal and Interest Payments Subject to the Exemption (a)	Total Exemptions (total proceeds and total debt service)
2015	\$185,580,000	3 Years (Non-Callable)	0.96% - 1.35%	\$207,128,733	\$408,342,150
2018	\$106,295,000	6.5 Years (Non-Callable)	1.30% - 2.29%	\$124,230,217	\$240,644,890
2020	\$133,440,000	3 Years (Non-Callable)	0.90% - 0.94%	\$142,666,338	\$283,503,422
Total	\$425,315,000			\$474,025,288	\$932,490,462

Coconino County

Year	Principal Amount of Pledged Revenues Financing Subject to the Exemption	Short-Term Maturity Structure	Tax-Exempt Interest Rates (yields)	Annual Principal and Interest Payments Subject to the Exemption (a)	Total Exemptions (total proceeds and total debt service)
2023	\$80,000,000	4 Years (90-Day Call)	4.50%	\$89,210,700	\$168,904,300

City of Bullhead City

Year	Principal Amount of Excise Taxes Revenues Financing Subject to the Exemption	Short-Term Maturity Structure	Tax-Exempt Interest Rates (yields)	Annual Principal and Interest Payments Subject to the Exemption (a)	Total Exemptions (total proceeds and total debt service)
2023	\$14,145,000	5 Years (Callable Any Time)	4.97%	\$15,964,233	\$29,979,966

(a) Does not include interest earnings on proceeds used to offset debt service payments.

2024 Election Results of Arizona City/Town Expenditure Limitation Questions

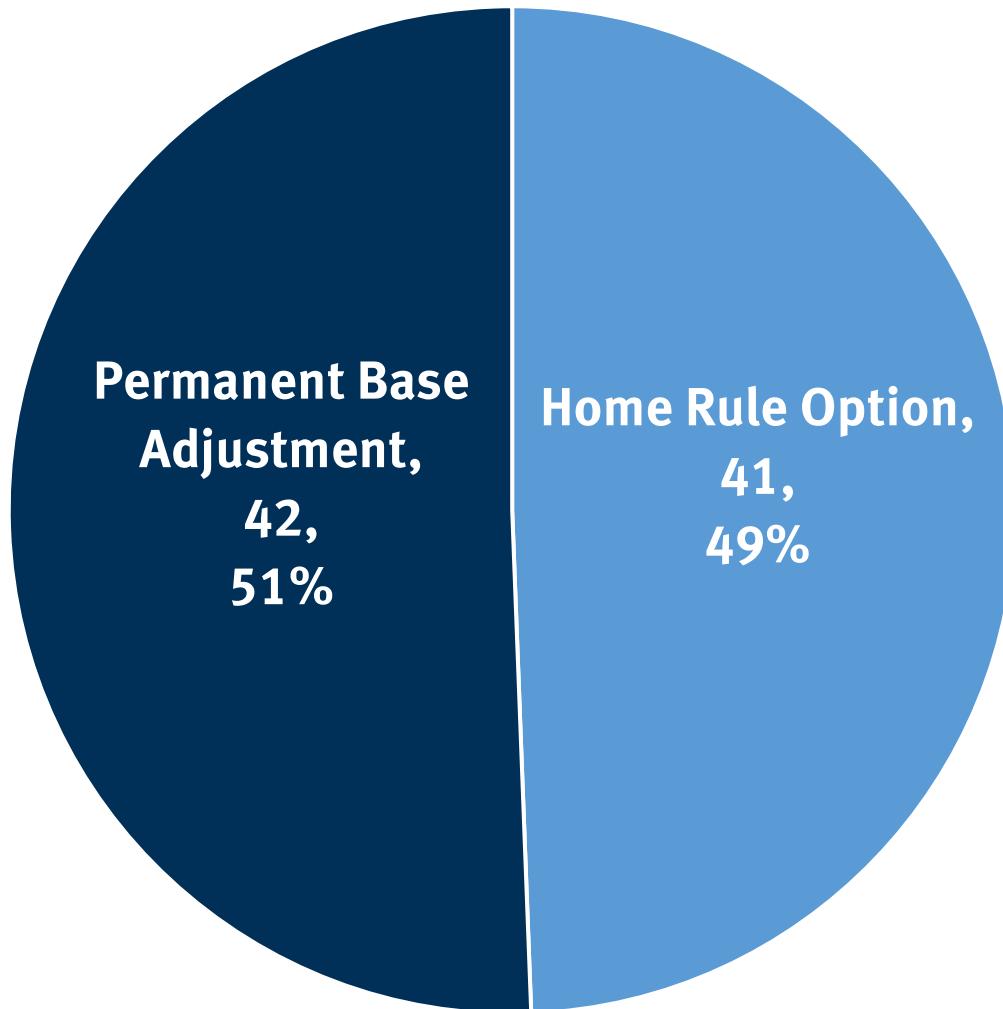
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Jurisdiction	Election Date	Descriptive Title	Pass or Fail	Yes %
Somerton	11/05/24	Continues alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	66.5%
San Luis	11/05/24	Authorizes alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	52.4%
Yavapai County	11/05/24	Authorizes permanent adjustment of the County base expenditure limitation.	Pass	62.8%
Prescott Valley	07/30/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	76.3%
Jerome	07/30/24	Authorizes alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	95.1%
Chino Valley	07/30/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	70.9%
Camp Verde	07/30/24	Authorizes permanent adjustment of the Town base expenditure limitation.	Pass	67.0%
Superior	07/30/24	Authorizes alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	71.6%
Mammoth	11/05/24	Authorizes alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	64.0%
South Tucson	11/05/24	Authorizes alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	64.0%
Taylor	07/30/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	77.3%
Snowflake	07/30/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	71.1%
Holbrook	07/30/24	Continues alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	67.9%
Bullhead City	07/30/24	Authorizes permanent adjustment of the City base expenditure limitation.	Pass	65.9%
Tolleson	11/05/24	Continues alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	84.9%
Scottsdale	11/05/24	Authorizes permanent adjustment of the City base expenditure limitation.	Pass	66.2%
Phoenix	11/05/24	Continues alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	71.4%

2024 Election Results of Arizona City/Town Expenditure Limitation Questions

STIFEL | Public Finance

Jurisdiction	Election Date	Descriptive Title	Pass or Fail	Yes %
Mesa	11/05/24	Authorizes permanent adjustment of the City base expenditure limitation.	Pass	68.9%
Guadalupe	07/30/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	74.4%
Gilbert	11/05/24	Authorizes exclusion, from the Town base expenditure limitation, for funds accumulated for capital projects and related land expenditures.	Pass	55.5%
Gilbert	11/05/24	Authorizes permanent adjustment of the Town base expenditure limitation.	Pass	67.1%
Cave Creek	07/30/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	77.3%
Parker	11/05/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	64.6%
Duncan	07/30/24	Authorizes permanent adjustment of the Town base expenditure limitation.	Pass	76.4%
Miami	11/05/24	Authorizes alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	51.7%
Globe	07/30/24	Authorizes permanent adjustment of the City base expenditure limitation.	Pass	62.7%
Tusayan	11/05/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	62.7%
Coconino County	11/05/24	Authorizes permanent adjustment of the County base expenditure limitation.	Pass	73.0%
Tombstone	11/05/24	Continues alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	54.8%
Huachuca	11/05/24	Continues alternative expenditure limitation for the Town for the next four fiscal years. The amount of the alternative limitation is determined each year by the Town Council at public meeting.	Pass	67.3%
Benson	07/30/24	Continues alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	63.7%
St. Johns	07/30/24	Establishes alternative expenditure limitation for the City for the next four fiscal years. The amount of the alternative limitation is determined each year by the City Council at public meeting.	Pass	73.1%
Quartzsite	11/07/23	Authorizes alternative expenditure limitation for the Town for FY 2025. The amount of additional spending is \$1,100,000 in excess of the expenditure limitation.	Pass	71.8%



New Money Capital Improvement Projects

Principal Amount of Excise Tax Revenue Obligations Outstanding (\$000s omitted)

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TOWN OF PARADISE VALLEY OF MARICOPA COUNTY, ARIZONA

Principal Amount of Obligations Outstanding (\$000s omitted)

\$8,140
Excise Tax Revenue Obligation,
Series 2020
Dated: 3/26/20

Fiscal Year Ending	Maturity	Principal	Coupon	Total
2026	2/1/2026	\$700	1.090%	\$700
2027	8/1/2026	700	1.090%	700
		\$1,400		\$1,400

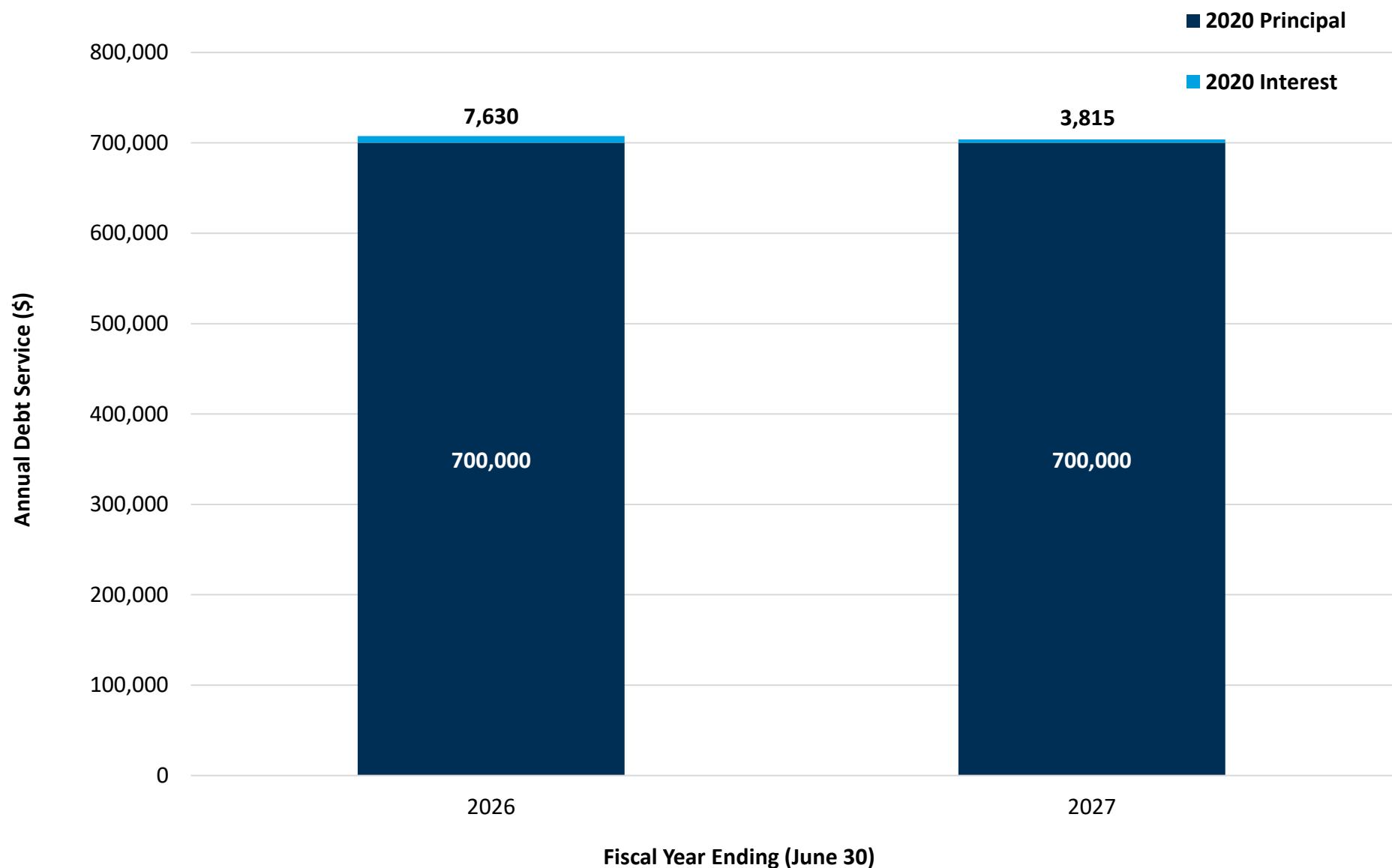
Call
Features: Call
Features: Callable 8/1/2024
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Purpose: Purpose: Roadway and Drainage Improvements

Notes: Notes: Private Placement - Chase

CIP Program has not been funded by a Debt
Issuance since 2016 and 2020 (\$16.02M)

Annual Debt Service – Excise Tax Revenue Bonds Outstanding



Historical Excise Tax Revenues

Category	Audited					Unaudited	
	2019/20	2020/21	2021/22	2022/23	2023/24	Actual	Budgeted
Town Transaction Privilege (Sales) Taxes	\$22,400,711	\$21,574,254	\$30,453,757	\$32,611,036	\$34,875,255	\$35,122,924	\$37,353,961
Franchise Taxes	1,252,683	1,264,626	1,369,026	1,374,569	1,472,153	1,489,137	1,504,542
Intergovernmental Revenues:							
State Sales Tax	1,499,081	1,736,433	1,709,447	1,874,665	1,899,770	1,917,903	1,927,119
State Income Tax	1,875,319	2,091,832	1,807,821	2,405,795	3,340,483	2,659,525	2,487,660
Total	<u>\$27,027,794</u>	<u>\$26,667,145</u>	<u>\$35,340,050</u>	<u>\$38,266,065</u>	<u>\$41,587,661</u>	<u>\$41,189,488</u>	<u>\$43,273,282</u>

Source: Town of Paradise Valley Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 (audited), unaudited financials for fiscal year ending June 30, 2025 and Adopted Budget for fiscal year ending June 30, 2026.

Scenario 1 – Public Sale, 2-Year Call Feature

Estimated Debt Service Requirements and Coverage

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year	Town Excise Tax Revenues (a)	Excise Tax Obligations Outstanding Debt Service	Estimated Principal (August 1)	Estimated Interest (b)	Estimated Total	Estimated Aggregate Debt Service	Estimated Debt Service Coverage (c)
2024	\$41,587,661						
2025	41,189,488						
2026		\$ 707,630				\$ 707,630	
2027		703,815	\$ 1,085,000	\$ 324,333	\$ 1,409,333	2,113,148	19.68x
2028			910,000	501,750	1,411,750	1,411,750	29.46x
2029			955,000	456,250	1,411,250	1,411,250	29.47x
2030			1,005,000	408,500	1,413,500	1,413,500	29.42x
2031			1,055,000	358,250	1,413,250	1,413,250	29.43x
2032			1,105,000	305,500	1,410,500	1,410,500	29.48x
2033			1,160,000	250,250	1,410,250	1,410,250	29.49x
2034			1,220,000	192,250	1,412,250	1,412,250	29.45x
2035			1,280,000	131,250	1,411,250	1,411,250	29.47x
2036			1,345,000	67,250	1,412,250	1,412,250	29.45x
		<u>\$ 1,411,445</u>	<u>\$11,120,000</u>	<u>\$ 2,995,583</u>	<u>\$14,115,583</u>	<u>\$15,527,028</u>	

(a) Fiscal Year 2023/24 values from the Town's 2024 ACFR. Fiscal Year 2024/25 values from unaudited actual reports.

(b) Interest is estimated.

(c) The Town can issue about \$105 million in additional 10-Year Excise Tax Revenue Obligations with a coverage ratio of 3.00x.

* Preliminary, subject to change.

Scenario 1 – Public Sale, 2-Year Call Feature

Estimated Interest Rate Scale*

Issuer: **Town of Paradise Valley, Arizona**
Size: \$11,120,000
Security: Excise Tax Revenues
Rating: Assumes "AA+"
Tax Status: Tax-Exempt
Callable: 2-year par call
Settle: Assumes 1/1/2026

9/15/2025		
Maturity 1-Aug	Amount	MMD Yield
2027	\$1,085,000	2.120
2028	910,000	2.000
2029	955,000	2.010
2030	1,005,000	2.040
2031	1,055,000	2.160
2032	1,105,000	2.330
2033	1,160,000	2.480
2034	1,220,000	2.570
2035	1,280,000	2.720
2036	1,345,000	2.890
	\$11,120,000	

Spread	Coupon	Yield
12	5.00	2.24
13	5.00	2.13
14	5.00	2.15
15	5.00	2.19
16	5.00	2.32
17	5.00	2.50
19	5.00	2.67
23	5.00	2.80
25	5.00	2.97
27	5.00	3.16

* Preliminary, subject to change.

A Appendix

Bond Market Update

Municipal Market Outlook – Week of September 15, 2025

UPCOMING ISSUANCE

\$1B Metropolitan Transportation Auth, NY Rev, A2/A/AA/AA	
\$289MM Houston, TX Public Improvement, Aa3/-/AA, 2026-40	
\$268MM Douglas County School Dist, GA GO, Aa1(Aa3)/AA+(AA-), 2028-42	
\$211MM Louisiana Pub Fac Auth Lease Rev - LSU, A1/AA/A AG, 2035-65	
\$198MM New York City Housing Dev Corp Taxable Rev, Aa2, 2031-55	
\$194MM Richmond County BOE, GA Sales Tax Rev, Aa1(Aa3)/AA+(A+), 2028-32	
\$175MM Idaho Housing & Fin SFM Taxable Rev, Aa1, 2026-56	
\$170MM Philadelphia Auth for Industrial Dev Rev, A1/A+/A+, 2026-45	
\$146MM Sarasota County, FL Util Rev, AA+/AA+, 2028-55	
\$132MM Leander, TX Rev & COB, Aa1/AA	
30-Day Visible Supply: \$12.03 Billion	7-Day Visible Supply: \$5.1 Billion

MAJOR ECONOMIC DATA

RELEASE	DAY	ESTIMATE	ACTUAL
Empire Manufacturing - September	15-Sep	5.0	
Retail Sales - August	16-Sep	0.3%	
Industrial Production - August	16-Sep	-0.1%	
Housing Starts - August	17-Sep	1365K	
FOMC Rate Decision	17-Sep	4.00%-4.25%	
Leading Index - August	18-Sep	-0.2%	

TAXABLE MUNICIPAL GO/MAKE WHOLE TREASURY SPREAD

	5/5	10/10	20/30	30/30
AAA	15	35	70	80
AA	25	45	85	95
A	40	75	115	125
BBB	105	145	190	200

COMMENTARY

Fixed Income Rates moved down across the curve in anticipation of a Fed rate cut this week. Labor market data continued to be weak and inflation data came in mixed (lower at the wholesale level, PPI 2.6% and higher at the consumer level 2.9%). The FOMC rate decision comes on Wednesday but CME data shows that a 25 basis point cut is fully expected and 75 basis points of rate cuts for the year are priced into the current market. Municipal supply is light at just over \$5 million but is expected to return to elevated after the FOMC rate decision. Lipper reported Municipal Mutual Fund inflows of \$2.1 billion for the week ending 9/10. The four-week moving average is +\$1.4 billion. High Yield Muni Funds had inflows of \$1.06 billion. Municipals outperformed US Treasuries last week pushing ratios lower (AAA Muni GO to UST: 5-year 60%, 10-year 71.6%, 30-year 90.3%).

RATE DATA

	TODAY	WEEK PRIOR	MONTH PRIOR	YEAR PRIOR
AAA GO				
2 YEAR	2.00	2.11	2.27	2.35
5 YEAR	2.17	2.28	2.41	2.34
10 YEAR	2.90	3.09	3.21	2.63
15 YEAR	3.53	3.73	3.87	2.90
20 YEAR	4.02	4.22	4.36	3.24
30 YEAR	4.23	4.43	4.58	3.52
US TREASURY				
2 YEAR	3.54	3.51	3.76	3.53
5 YEAR	3.61	3.59	3.83	3.40
10 YEAR	4.05	4.09	4.27	3.63
30 YEAR	4.68	4.77	4.84	3.96
FED FUNDS	4.25-4.50	4.25-4.50	4.25-4.50	5.25-5.50
PRIME RATE	7.50	7.50	7.50	8.50
MIG 1 - 1YR	2.46	2.51	2.60	3.00
MUB ETF	106.430	105.250	104.020	108.440
SIFMA 7DAY	2.60	2.63	1.69	4.21
SOFR	4.42	4.42	4.35	5.33
MSRB 7DAY TRD	\$86,328MM	\$69,194MM	\$89,343MM	\$69,740MM
BOND BUYER INDEXES				
20 Bond GO¹	4.94	5.22	5.20	3.83
11 Bond GO²	4.84	5.12	5.10	3.73
25 Bond REV³	5.23	5.51	5.49	4.12

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

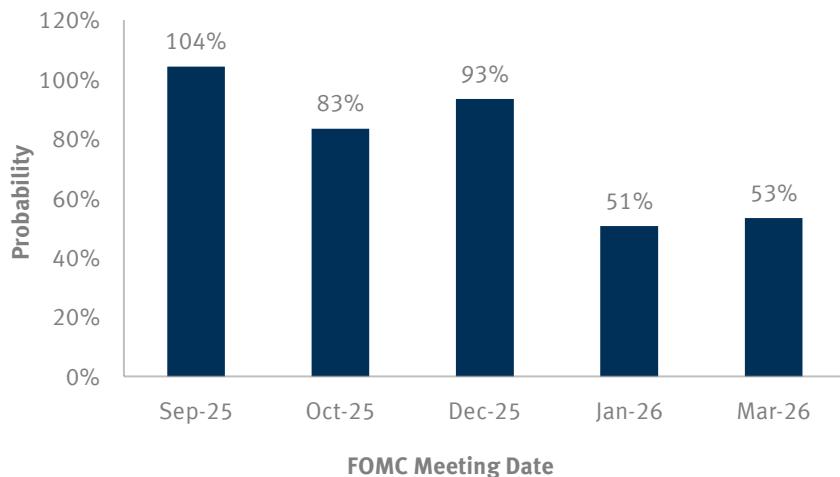
² GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa1 & S&P's AA+

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

Interest Rate Forecast

- Last week, CPI rose 0.4% in August, surpassing the 0.3% gain expected. Year-over-year, consumer prices rose 2.9%, as expected. Meanwhile, the PPI unexpectedly dropped 0.1% in August, marking the first monthly decline since April.
- In addition, initial jobless claims unexpectedly jumped 27k to 263k in the week ending September 6, the highest level since October 2021. Moreover, the BLS revisions to the Establishment Survey data showed a downward revision of 911k payrolls in the 12 months through March 2025, more than the forecasted drop of 682k.
- An outright disinflationary producer price report – at least for the month – and a relatively benign consumer price report seemingly solidifies a 25bp federal funds rate cut next week; the decline in the report and the lack of an upside surprise in this morning's report does not, however, support the need for a larger 50bp cut, although there may be a dissent or two in favor of more aggressive action.

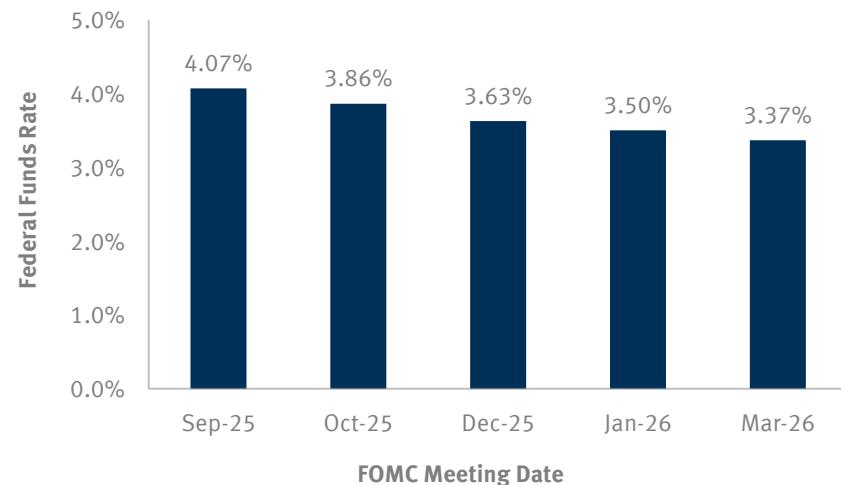
Market Consensus Probability of a Rate Cut at Upcoming Fed Meetings *Calculated Using Fed Funds Futures. (Values < 100% indicate a greater than 25 bp cut)*



Bloomberg Consensus Yield Curve Projections (%)

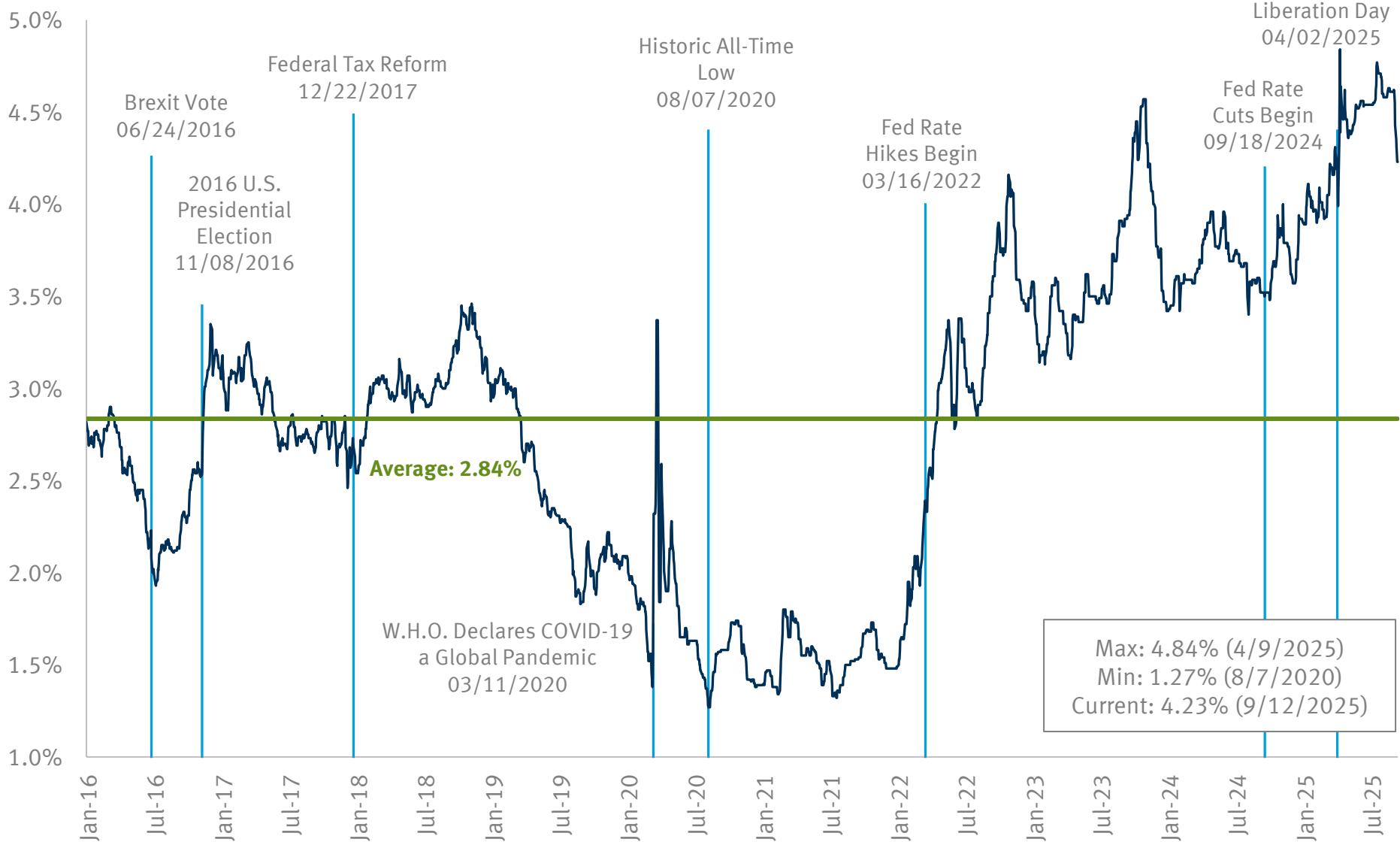
	Market Consensus Yield Curve Projections (%)					
	Current	Q3 25	Q4 25	Q1 26	Q2 26	
Fed Funds	4.50	4.26	3.95	3.74	3.53	
2-Yr UST	3.56	3.67	3.60	3.51	3.45	
10-Yr UST	4.06	4.20	4.20	4.16	4.15	
30-Yr UST	4.68	4.81	4.73	4.68	4.67	

Market Consensus Implied Overnight Effective Rate After Each Fed Meeting



Market Volatility: A Defining Characteristic

30-Year AAA MMD Since 2016



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