

RESOLUTION 2019-21

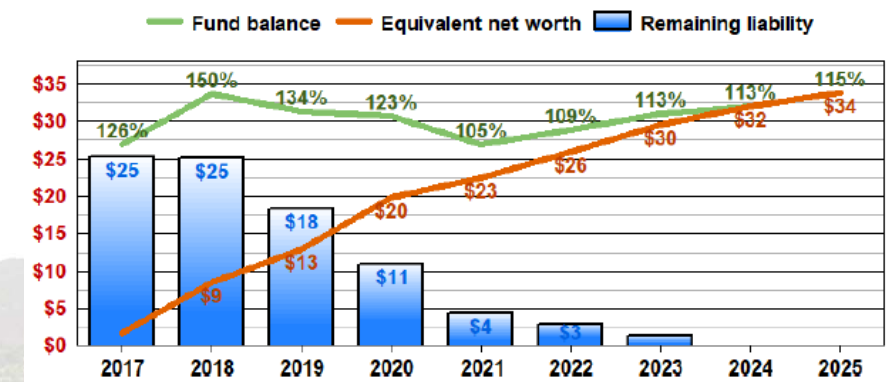
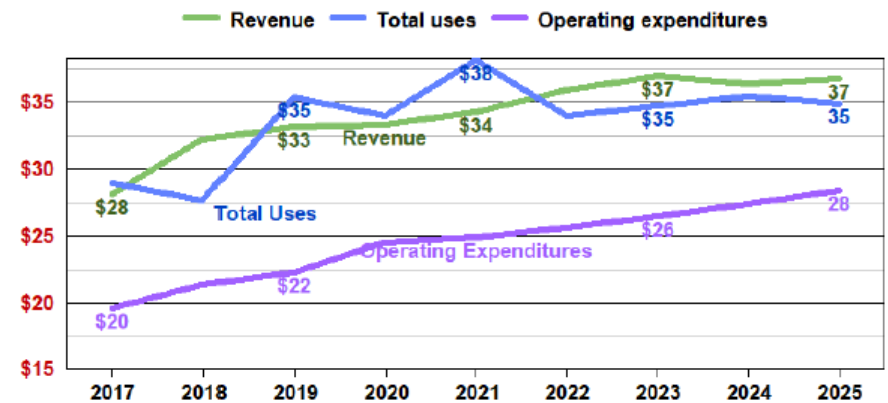
DECLARING INTENT TO BE REIMBURSED
IN CONNECTION WITH CERTAIN CAPITAL
EXPENDITURES IN AND FOR THE TOWN



November 21st, 2019

Why Bond in Good Economic Times

The 2020 Budget and 2019 draft financial statements identify that there is enough revenue and cash for the Town to pay the entire PSPRS Unfunded Liability, all the Capital Improvement Plan (“CIP”) and continuing status quo Town operations, while maintaining sufficient reserves in the event of a sudden stress on the Town’s economy. But there is not adequate Annual Expenditure Limitation capacity to do so. An added concern with the Annual Expenditure Limitation capacity for FY2020 and FY2021 is the timeliness of developer reimbursements for Capital Expenditures.



Why Bond in Good Economic Times

- 1) Trades large costs of the PSPRS debt for a smaller interest rate on Bonded debt;
- 2) Ensures the Town is compliant with the required Expenditure Limitation; and
- 3) Frees AEL capacity that allows the Town flexibility for:
 - a. Paying down the Town's PSPRS Unfunded Liability in conformance with Council Resolution;
 - b. Keeping current and prefunding the PSPRS "bad news" to hedge the recalculations of base (normal costs) and unfunded pension liabilities because of changes in assumptions;
 - c. Honoring development agreement obligations to front cash for Capital Projects and invoice for reimbursement;
 - d. Assisting with the timing of CIP reimbursement delays or possible developer refusal;
 - e. Maintaining the Town's existing level of government services;
 - f. Maintaining the Town's emergency cash reserves; and
 - g. Rebuilding the Town's AEL carry over capacity to limit future debt issuance for AEL purposes.



RESOLUTION NUMBER 2019-21

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PARADISE VALLEY, ARIZONA, DECLARING, FOR PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, ITS OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES IN AND FOR THE TOWN.



Resolution 2019-21

Reimburse Proceeds

WHEREAS, the Town of Paradise Valley, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as the “Town”), is authorized and empowered by to law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the Town; and

WHEREAS, it is contemplated that certain expenditures made by the Town with regard to capital facilities owned or to be owned by the Town identified more specifically in the Exhibit hereto labeled “TOWN FUNDED PROJECTS” together with any other capital facilities owned or to be owned by the Town related thereto, the “Projects”) will be reimbursed from the proceeds of the sale of obligations to be issued in the future by or on behalf of the Town;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF TOWN OF PARADISE VALLEY, ARIZONA, that:



Resolution 2019-21

Reimburse Proceeds

Section 1. Definitions. The following terms shall have the meanings assigned thereto as follows:

“Official Intent” means a declaration of intent of the Town to reimburse an original expenditure with proceeds of an obligation.

“Original Expenditure” means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond.

“Reimbursement Bond” means the portion of an issue of obligations allocated to reimburse an original expenditure that was paid before the issue date of such issue.

Section 2. Official Intent. This Resolution is the Official Intent relating to reimbursement for the Original Expenditures for the Projects which are capital expenditures (being any cost of a type that is properly chargeable to a capital account, or would be so chargeable with a proper election, under general federal income tax principles) made within sixty (60) days before and any time after the date of this Resolution.



Resolution 2019-21

Reimburse Proceeds

Section 3. Project Descriptions. The maximum principal amount of obligations (including the Reimbursement Bonds for such purposes) to be issued for the Projects will not exceed \$8,000,000.

Section 4. Reasonableness of Official Intent. On the date of this Resolution, the Mayor and Common Council of the Town have a reasonable expectation (being that a prudent person in the same circumstances would have based on all the objective facts and circumstances) that it will reimburse such original expenditures with proceeds of such obligations. (Official intents have not been declared by the Town as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such projects. Moreover, the Town does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.)



Resolution 2019-21

Reimburse Proceeds

Section 5. Reimbursement Period. With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the later of the date that the original expenditure is paid.

Section 6. Public Record. This Resolution shall be included as of the date hereof in the publicly available official records of the Town, such records being maintained and supervised by the Clerk of the Town, being the main administrative office of the Town, and shall remain available for public inspection on a reasonable basis.



Resolution 2019-21

Reimburse Proceeds

ADOPTED AND AMENDMENTS TO CIP PROJECTS BUDGETS

TOWN FUNDED PROJECTS (General fund & Wastewater)		Total 2020 Budget	BUDGET	
			Adopted	Amendment
Roadway & Utility Improvements: Lincoln Dr, Mockingbird Ln, Indian Bend Rd	2016-14	\$ 2,651,936	\$ 2,500,000	\$ 151,936
Lincoln Dr Sidewalks	2017-05	380,000	80,000	300,000
Town Hall Optimization-Office Spaces & Entry	2018-12	710,000	600,000	110,000
SRP Denton Ln Underground Conversion	2020-02	170,000	170,000	-
Drainage Improvements (various locations)	2020-10	300,000	300,000	-
Lincoln Dr & Tatum Blvd Improvement - VSC	2020-15	10,000	10,000	-
Intersection Improvement: 56th St & Doubletree Ranch Rd	2020-11	20,000	20,000	-
License Plate Readers Update	2020-12	350,000	350,000	-
Lincoln Dr Median Improvements: 32nd St to Tatum Blvd	2020-13	650,000	650,000	-
Lincoln Dr Median Improvements: Tatum Blvd to Mockingbird Ln	2020-14	650,000	650,000	-
Intersection Realignment: Lincoln Dr & Invergordon Rd	2019-01	230,000	230,000	-
Telecommunications System Update	2019-04	200,000	200,000	-
Public Works Remodel	2018-01	90,000	90,000	-
CIP Contingencies (general)	2099-99	-	200,000	(200,000)
Mockingbird improvements: 56th st to Invergordon		105,000	-	105,000
CIP Scope & Cost Estimating	2099-98	50,000	50,000	-
Town of Paradise Valley Operating Funds		6,566,936	6,100,000	466,936
Sewer system assessment	2017-06	234,200	234,200	-
Sewer system improvements	2019-05	500,000	500,000	-
Total Wastewater Enterprise Funds		734,200	734,200	-
TOTAL TOWN FUNDED PROJECTS		\$ 7,301,136	\$ 6,834,200	\$ 466,936
PRIVATE ORGANIZATION FUNDED PROJECTS		Total Budget	BUDGET	
			Adopted	Amendment
Mockingbird Ln, Indian Bend Rd	2016-14	\$ 11,002,746	\$ 10,395,000	\$ 607,746
SRP Denton Ln Underground - Aesthetics	2020-02	200,000	200,000	-
SRP Denton Ln Underground - Residents	2020-02	180,067	180,067	-
Deferred capital contributions		(1,350,000)	(1,350,000)	-
TOTAL PRIVATE ORGANIZATION PROJECTS		\$ 10,032,813	\$ 9,425,067	\$ 607,746
TOTAL CAPITAL IMPROVEMENT PLAN		\$ 17,333,949	\$ 16,259,267	\$ 1,074,682



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Reimburse Proceeds

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WHEREAS, the Town of Paradise Valley, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as the "Town"), is authorized and empowered by law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the Town; and

WHEREAS, it is contemplated that certain expenditures made by the Town with regard to capital facilities owned or to be owned by the Town identified more specifically in the Exhibit hereto labeled "TOWN FUNDED PROJECTS" together with any other capital facilities owned or to be owned by the Town related thereto, the "Projects") will be reimbursed from the proceeds of the sale of obligations to be issued in the future by or on behalf of the Town;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF TOWN OF PARADISE VALLEY, ARIZONA, that:

Section 1. Definitions. The following terms shall have the meanings assigned thereto as follows:

"Official Intent" means a declaration of intent of the Town to reimburse an original expenditure with proceeds of an obligation.

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Section 3. Project Descriptions. The maximum principal amount of obligations (including the Reimbursement Bonds for such purposes) to be issued for the Projects will not exceed \$8,000,000.

Section 4. Reasonableness of Official Intent. On the date of this Resolution, the Mayor and Common Council of the Town have a reasonable expectation (being that a prudent person in the same circumstances would have based on all the objective facts and circumstances) that it will reimburse such original expenditures with proceeds of such obligations. (Official intents have not been declared by the Town as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such projects. Moreover, the Town does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.)

Section 5. Reimbursement Period. With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the later of the date that the original expenditure is paid.

Section 6. Public Record. This Resolution shall be included as of the date hereof in the publicly available official records of the Town, such records being maintained and supervised by the Clerk of the Town, being the main administrative office of the Town, and shall remain available for public inspection on a reasonable basis.

PASSED, ADOPTED AND APPROVED by the Town Council of the Town of Paradise Valley this 21st day of November 2019.



RESOLUTION 2019-21

DECLARING INTENT TO BE REIMBURSED
IN CONNECTION WITH CERTAIN CAPITAL
EXPENDITURES IN AND FOR THE TOWN



November 21st, 2019