



Town of Paradise Valley, Arizona

\$8,000,000

Excise Tax Revenue Obligations, Series 2020 Comparative Analysis (Public Sale Vs. Private Placement)

Presented By:

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Municipal Bond Market Update

Municipal Market Outlook

UPCOMING ISSUANCE

\$1.33B Grand Parkway Trans Corp, TX Taxable Toll Rev, A A2/-/A+, B Aa1/-/AA

\$1.08B New York City, NY GO, Aa1/AA/AA, 2020-35

\$809MM Grand Parkway System, TX Toll Rev, A2/NR/A+

\$800MM Washington State GO, Aaa/AA+, 2021-45

\$449MM Utah State GO, Aaa/AAA/AAA, 2020-34

\$298MM Roanoke, VA Economic Development Hospital Rev, Aa3/AA-/-

\$295MM Honolulu, HI GO, Aa1/-/AA+, 2020-44

\$250MM White Bear Lake, MN ISD GO, -/AAA(AA-)/-, 2021-45

\$211MM Antelope Valley Community College Dist, CA GO (126T/85TE), Aa2/AA/-

\$204MM Iowa Finance Auth Fund Rev, Aaa/AAA/AAA, 2021-49

30-Day Visible Supply: \$14.1 Billion **7-Day Visible Supply:** \$10.43 Billion

MAJOR ECONOMIC DATA

RELEASE	DAY	ESTIMATE	ACTUAL
Consumer Price Index - Jan %	13-Feb	0.2	
CPI ex Food & Energy - Jan %	13-Feb	0.2	
Retail Sales - Jan %	14-Feb	0.3	
Industrial Production - Jan %	14-Feb	-0.2	

TAXABLE MUNICIPAL GO/MAKE WHOLE TREASURY SPREAD

	5/5	10/10	20/30	30/30
AAA	25	64	74	84
AA	33	72	82	92
A	64	105	109	119
BBB	130	180	180	185

COMMENTARY

The 2019-nCoV virus and its potential affect on global growth, strong US data and weak Euro data all influenced markets last week. We start this week with continued geopolitical concerns and elevated supply. Municipal supply is expected to be \$10.43 billion with \$8.46B tax-exempt and \$1.97B taxable. Lipper reported a 57th straight week of inflows to Municipal Mutual Funds at \$1.6 billion for the week ending 2/5. The four-week moving average decreased to a positive \$1.95 billion. The data calendar is light except for Friday. The US Treasury refunding will total \$84 billion with \$38B 3YR on Tuesday, \$27B 10YR on Wednesday and \$19B 30YR on Thursday.

RATE DATA

	TODAY	WEEK PRIOR	MONTH PRIOR	YEAR PRIOR
AAA GO				
2 YEAR	0.87	0.82	0.94	1.61
5 YEAR	0.88	0.84	1.01	1.70
10 YEAR	1.18	1.15	1.35	2.12
15 YEAR	1.45	1.42	1.61	2.52
20 YEAR	1.64	1.61	1.79	2.81
30 YEAR	1.83	1.80	1.98	2.97
US TREASURY				
2 YEAR	1.38	1.35	1.57	2.47
5 YEAR	1.39	1.36	1.64	2.46
10 YEAR	1.56	1.55	1.83	2.65
30 YEAR	2.03	2.03	2.29	2.99
FED FUNDS	1.50-1.75	1.50-1.75	1.50-1.75	2.25-2.50
PRIME RATE	4.75	4.75	4.75	5.50
MIG 1 - 1YR	0.95	0.95	1.14	1.74
MUB ETF	115.490	115.580	114.760	109.500
SIFMA 7DAY	1.01	0.94	0.94	1.51
MSRB 7DAY TRD	\$59,590MM	\$58,869MM	\$62,568MM	\$71,721MM
BOND BUYER INDEXES				
20 Bond GO¹	2.53	2.47	2.63	4.23
11 Bond GO²	2.06	2.00	2.16	3.70
25 Bond REV³	3.03	2.97	2.99	4.70

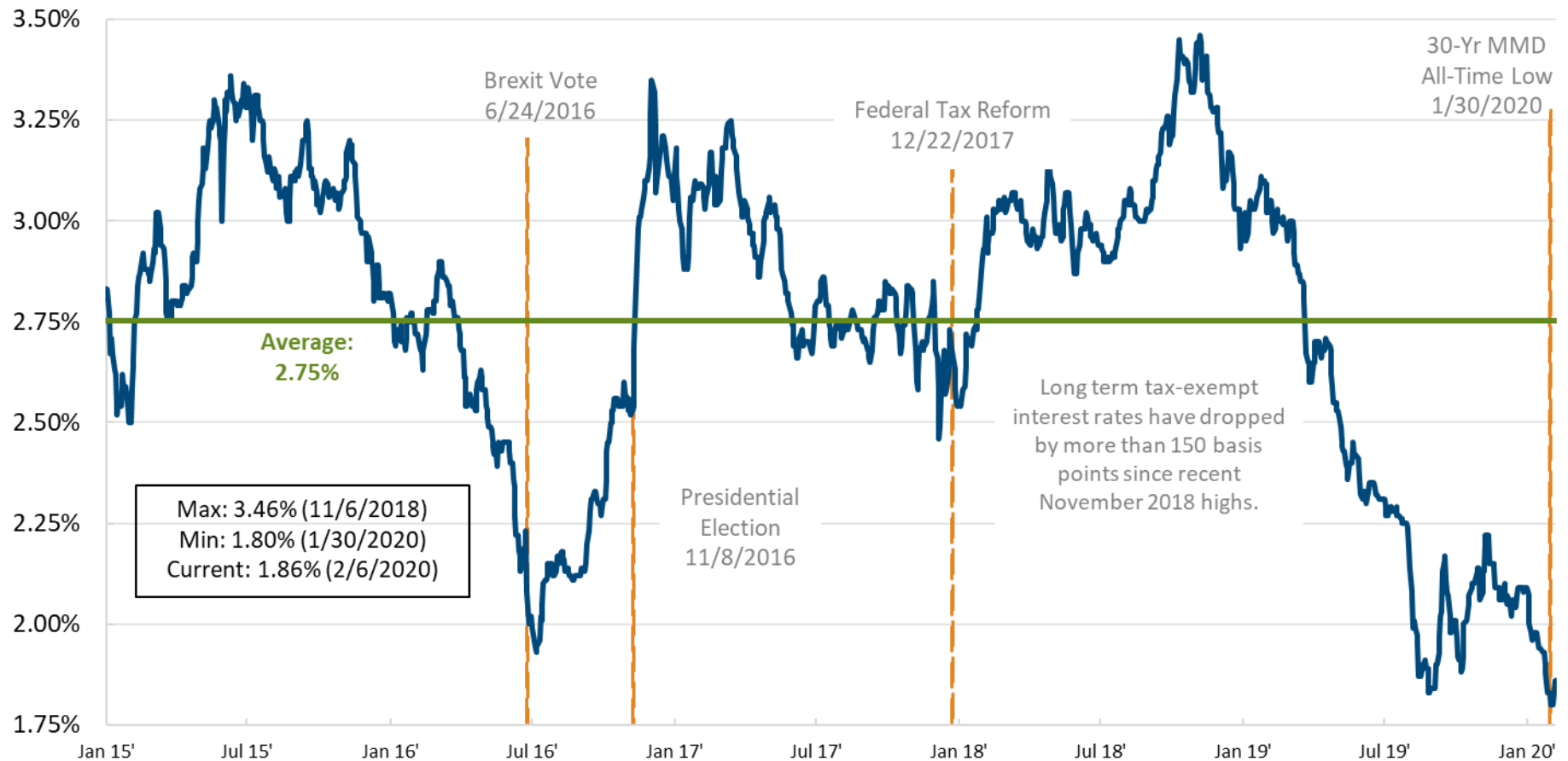
¹ GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa2 & S&P's AA

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's A+

Market Volatility: A Defining Characteristic

30-Year AAA MMD Since January 1, 2015



Interest Rate Movement

Taxable and Municipal Rates Hit Historic Lows on January 30, 2020

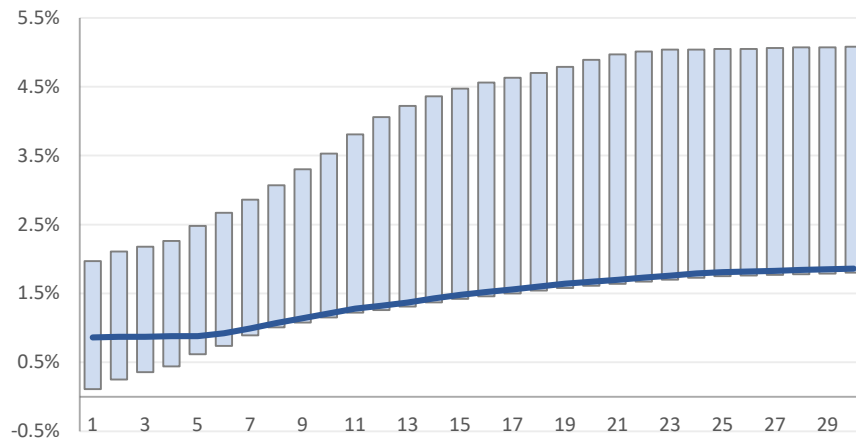
10-Year MMD Hits Historic Low of 1.15% on January 30, 2020

Comparing 10-Year UST and 10-Year AAA MMD since June 2019



Long-Term Rates at Bottom Of the 10-Year Historic Range

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



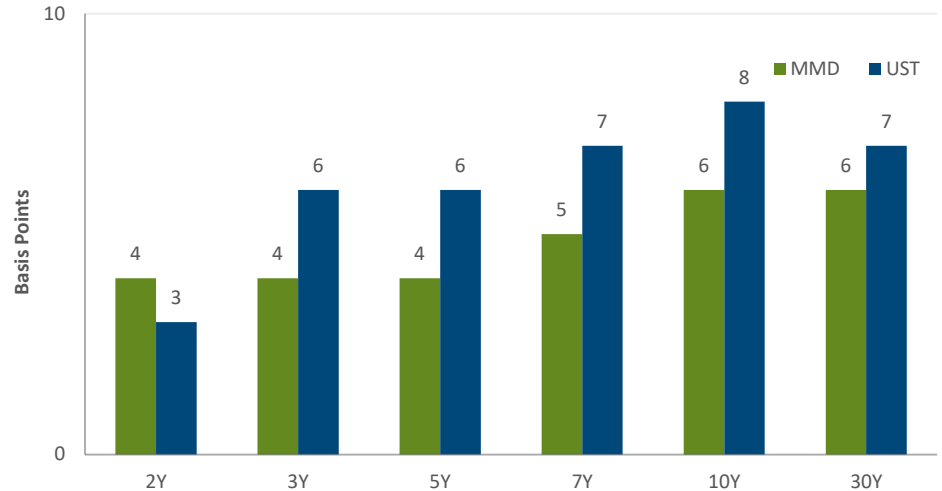
30-Year MMD Hits Historic Low of 1.80% on January 30, 2020

Comparing 30-Year UST and 30-Year AAA MMD since June 2019



Recent MMD and UST Movement

January 30, 2020 to February 6, 2020



Public Sale

Issuer: Paradise Valley, Arizona
Purpose: Capital Improvements
Size: \$8,160,000
Security: Pledged Revenue
Rating: AA
Call: Non-callable
Tax
Status: Tax-Exempt
Structure: July 1 principal , semi-annual interest (Jan 1, July 1)

Maturity	Amount	MMD	Coupon	Yield	Spread
2021	1,105,000	0.82	4.00	0.92	0.10
2022	1,275,000	0.83	4.00	0.98	0.15
2023	1,340,000	0.83	5.00	1.01	0.18
2024	1,410,000	0.84	5.00	1.04	0.20
2025	1,480,000	0.84	5.00	1.07	0.23
2026	1,550,000	0.88	5.00	1.13	0.25
	\$8,160,000				

SOURCES AND USES OF FUNDS

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Public Sale - 6.5 years - Non-callable

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

Sources:

Bond Proceeds:	
Par Amount	7,115,000.00
Premium	1,053,783.45
<hr/>	
	8,168,783.45
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Uses:

Project Fund Deposits:	
Project Fund	8,000,000.00
Delivery Date Expenses:	
Cost of Issuance	90,000.00
Underwriter's Discount	78,265.00
	<hr/>
	168,265.00
Other Uses of Funds:	
Additional Proceeds	518.45
<hr/>	
	8,168,783.45
<hr/>	

BOND DEBT SERVICE

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Public Sale - 6.5 years - Non-callable

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

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2020					
02/01/2021			279,041.67	279,041.67	
08/01/2021	970,000	4.000%	167,425.00	1,137,425.00	1,416,466.67
02/01/2022			148,025.00	148,025.00	
08/01/2022	1,120,000	4.000%	148,025.00	1,268,025.00	1,416,050.00
02/01/2023			125,625.00	125,625.00	
08/01/2023	1,165,000	5.000%	125,625.00	1,290,625.00	1,416,250.00
02/01/2024			96,500.00	96,500.00	
08/01/2024	1,225,000	5.000%	96,500.00	1,321,500.00	1,418,000.00
02/01/2025			65,875.00	65,875.00	
08/01/2025	1,285,000	5.000%	65,875.00	1,350,875.00	1,416,750.00
02/01/2026			33,750.00	33,750.00	
08/01/2026	1,350,000	5.000%	33,750.00	1,383,750.00	1,417,500.00
	7,115,000		1,386,016.67	8,501,016.67	8,501,016.67

Coverage Table – Public Sale – 6.5 years

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			<div> \$7,115,000 Excise Revenue Obligations, Tax-Exempt Series 2020 Dated Date: 4/1/2020 </div>				
Year Ending June 30	Estimated Pledged Revenues	2016 Outstanding Obligations Debt Service (a)	Estimated Principal	Estimated Interest	Total Debt Service	Estimated Total Debt Service	Estimated Debt Service Coverage
2019	\$ 26,960,533	\$ 1,472,632				\$ 1,472,632	18.31x
2020		1,472,864				1,472,864	18.30x
2021		1,474,585	\$ 970,000	\$ 446,467	\$ 1,416,467	2,891,051	9.33x
2022		1,475,882	1,120,000	296,050	1,416,050	2,891,932	9.32x
2023		1,471,800	1,165,000	251,250	1,416,250	2,888,050	9.34x
2024		1,472,337	1,225,000	193,000	1,418,000	2,890,337	9.33x
2025			1,285,000	131,750	1,416,750	1,416,750	19.03x
2026			1,350,000	67,500	1,417,500	1,417,500	19.02x
Total		<u>\$ 10,309,974</u>	<u>\$ 7,115,000</u>	<u>\$ 1,386,017</u>	<u>\$ 8,501,017</u>	<u>\$ 18,810,991</u>	

Private Placement

1. RFP sent to 30+ financial institutions
2. 14 responses were received
3. Wide range of responses
4. Lowest bidder significantly below cover bid and others
5. Initial low bid: 4.5 years: 1.56%; 6.5 years: 1.66% (non-callable)
6. Currently negotiating basis point reduction – reduced by 8bps (4.5 years) and 11bps (6.5 years)
 - a. Current 4.5 year bid – 1.48%
 - b. Current 6.5 year bid – 1.55%

Bid Results Summary

	Bank 1	Bank 2	Bank 3	Bank 4	Bank 5
Est. Rate as of 1/21/20:	Option A1 - 5yrs: 1.56% Option A2 - 5yrs: 1.66% Option B1 - 7yrs: 1.66% Option B2 - 7yrs: 1.83% Option B3 - 7yrs: 1.71%	Option A1 - 5yrs: 1.72% Option A2 - 5yrs: 1.82% Option B1 - 7yrs: 1.84% Option B2 - 7yrs: 1.96% Indicative	Option A - 5-yrs: 1.82% Option B - 7-yrs: 1.90%	Option A - 5 yrs: 1.86% TIC Option B - 7 yrs: 1.98% TIC (Scale provided)	Option A - 5-yrs: 1.93% Option B - 7-yrs: 2.03%
Comments:				Requires book entry with CUSIPs; requires 3rd party paying agent	
Prepayment:	Option A1: Non-Callable Option A2: 8/1/22 @ 100 Option B1: Non-Callable Option B2: 8/1/22 @ 100 Option B3: 8/1/24 @ 100	Option A1: Make whole Option A2: 8/1/22 @ 100 Option B1: Make whole Option B2: 8/1/23 @ 100	Any payment date @ 100	Option A: Non-Callable Option B: 8/1/24 @ 100	Callable any time @ 102 8/2/21 @ 101 8/2/22 @ 100 with 30 days written notice
Bank's Estimated Fees: (Lender's Counsel, Origination Fees, Maintenance Fee, etc.)	Bank Fee: \$10,000	Bank Fee: \$10,000	Bank Fee: \$10,000	Not Specified	Bank Fee: \$7,000
Bank Counsel:	Kutak Rock LLP	Not Specified	Not Specified	Not Specified	Gilmore & Bell, P.C.
Financial Requirement (if provided):	Annual audited financial statements due within 270 days of FYE	Annual audited financial statements due within 270 days of FYE; annual budget due within 30 days of adoption	Financial statements to be delivered within 270 days of FYE	Not Specified	Not Specified
Accept by/Rate Locked:	Expires 1/22/20	Term sheet expires 2/5/20	Rate expires 3/18/20	Not Specified	Rate locked through closing date; term sheet expires 2/7/20

Bid Results Summary – Continued

	Bank 6	Bank 7	Bank 8	Bank 9	Bank 10
Est. Rate as of 1/21/20:	2.07%	Option A - 5-yrs: 2.07% Option B - 7-yrs: 2.08%	Option A - 5 yrs: 2.09% Option B - 7 yrs: 2.18%	Option A - 5 yrs: 2.09% Option B - 7 yrs: 2.20%	Option A - 5-yrs: 2.16% Option B - 7-yrs: 2.25%
	Indicative		Indicative		
Comments:			Default rate: current rate + 3.00%		Offers draw down period over 18-months; default rate = current rate + 3.00%
Prepayment:	Callable at any time with make-whole call provision	Callable in whole or in part, any time at 100 plus accrued interest with 30 days written notice	Non-Callable	Option A: 8/1/22 @ 100 Option B: 8/1/23 @ 100	Callable any time with 5,(5),5,(4),3,2,1% premium
Bank's Estimated Fees: (Lender's Counsel, Origination Fees, Maintenance Fee, etc.)	Bank Fee: \$5,000 - \$7,000	None	Bank Fee: \$10,000	None	Bank Fee: \$6,000 Processing Fee if monthly draws: \$1,000
Bank Counsel:	Not Specified	Internal	Sherman & Howard LLC Zach Sakas	Capital One Public Funding	Not Specified
Financial Requirement (if provided):	Annual audited financial statements due within 270 days of FYE; approved operating budget due within 30 days of FYE	Not Specified	Annual audited financial statements due within 210 days of FYE; approved operating budget due within 30 days of FYE	Audited financial statements as soon as available	Annual audited financial statements; annual budget; annual report on pledged revenues and det service coverage
Accept by/Rate Locked:	Rate lock within 30 days of funding	Locked for 60 calendar days	Expires 2/4/20	Expires 1/28/20	Expires on 2/4/20

Bid Results Summary – Continued

	Bank 11	Bank 12	Bank 13	Bank 14
Est. Rate as of 1/21/20:	Option A - 5-yrs: 2.23% Option B - 7-yrs: 2.31%	Option A - 5-yrs: 2.32% Option B - 7-yrs: 2.60%	Option A - 5-yrs: 2.55% Option B - 7-yrs: 2.58%	2.57%
Comments:	Default rate: 6.00%	Contains indemnification language; default rate: current rate + 3.00%	Default rate: current rate + 3.00%	Rate fixed for 4 years with option to renew for additional 2 years
Prepayment:	Option A: 8/1/23 @ 100 Option B: 8/1/24 @ 100	Non-Callable	Year 1 @ 103 Year 2 @ 102 Year 3 @ 101 Year 4 @ 100	Callable any time @ 100
Bank's Estimated Fees: (Lender's Counsel, Origination Fees, Maintenance Fee, etc.)	Bank Fee: \$5,000	Bank Fee: \$7,500 Origination Fee: \$500	Bank Fee: \$10,000	Bank Fee: \$5,000
Bank Counsel:	Chapman and Cutler LLP	Gust Rosenfeld, P.L.C.	Nixon Peabody, LLP	Hillis, Clark, Martin & Peterson
Financial Requirement (if provided):	Annual audited financial statements due within 210 days of FYE	Audited Annual Financial Statements within 2 weeks of completion; annual budget upon adoption; other reasonable financial information	Periodic financial and collateral reporting	Annual audited financial statements within 270 days of fiscal year end
Accept by/Rate Locked:	Rate valid through 3/20/20	Not Specified	Locked for 60 days prior to closing	Rate locked until closing; term sheet expires 3/17/20

SOURCES AND USES OF FUNDS

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Private Placement - 6.5 years - Non-callable - @ 1.55%

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

Sources:

Bond Proceeds:	
Par Amount	8,130,000.00
	8,130,000.00

Uses:

Project Fund Deposits:	
Project Fund	8,000,000.00
Delivery Date Expenses:	
Cost of Issuance	130,000.00
	8,130,000.00

Amortization Schedule – Private Placement – 6.5 years

BOND DEBT SERVICE

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Private Placement - 6.5 years - Non-callable - @ 1.55%

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

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2020					
02/01/2021			105,012.50	105,012.50	
08/01/2021	1,270,000	1.550%	63,007.50	1,333,007.50	1,438,020.00
02/01/2022			53,165.00	53,165.00	
08/01/2022	1,330,000	1.550%	53,165.00	1,383,165.00	1,436,330.00
02/01/2023			42,857.50	42,857.50	
08/01/2023	1,350,000	1.550%	42,857.50	1,392,857.50	1,435,715.00
02/01/2024			32,395.00	32,395.00	
08/01/2024	1,370,000	1.550%	32,395.00	1,402,395.00	1,434,790.00
02/01/2025			21,777.50	21,777.50	
08/01/2025	1,395,000	1.550%	21,777.50	1,416,777.50	1,438,555.00
02/01/2026			10,966.25	10,966.25	
08/01/2026	1,415,000	1.550%	10,966.25	1,425,966.25	1,436,932.50
	8,130,000		490,342.50	8,620,342.50	8,620,342.50

(1)	(2)	(3)	(4)
	Bank 1 PP	Public	Difference
All in True Interest Cost	1.98%	1.62%	0.36%
Average Annual Payment	\$1,361,107	\$1,342,266	\$18,841
Total Debt Service	\$8,620,343	\$8,501,017	\$119,326
Costs	\$130,000	\$168,265	\$38,265

Private Placement

- No continuing disclosure requirements (Electronic Municipal Market Access) (Minimal all-in-all)
- No Preliminary Official Statement regulatory risk (unlikely)
- Would require less staff and professional time

Public Sale

- Underlying credit rating – positive
- Estimated lower cost of capital
- Bonds available to purchase by local Paradise Valley residents, if desired

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Appendix: 4.5-year Scenario

SOURCES AND USES OF FUNDS

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Public Sale - 4.5 years - Non-callable

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

Sources:

Bond Proceeds:	
Par Amount	7,395,000.00
Premium	778,059.05
	<hr/>
	8,173,059.05
	<hr/>

Uses:

Project Fund Deposits:	
Project Fund	8,000,000.00
Delivery Date Expenses:	
Cost of Issuance	90,000.00
Underwriter's Discount	81,345.00
	<hr/>
	171,345.00
Other Uses of Funds:	
Additional Proceeds	1,714.05
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	8,173,059.05
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Amortization Schedule – Public Sale – 4.5 years

BOND DEBT SERVICE

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Public Sale - 4.5 years - Non-callable

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

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2020					
02/01/2021			279,041.67	279,041.67	
08/01/2021	1,655,000	4.000%	167,425.00	1,822,425.00	2,101,466.67
02/01/2022			134,325.00	134,325.00	
08/01/2022	1,835,000	4.000%	134,325.00	1,969,325.00	2,103,650.00
02/01/2023			97,625.00	97,625.00	
08/01/2023	1,905,000	5.000%	97,625.00	2,002,625.00	2,100,250.00
02/01/2024			50,000.00	50,000.00	
08/01/2024	2,000,000	5.000%	50,000.00	2,050,000.00	2,100,000.00
	7,395,000		1,010,366.67	8,405,366.67	8,405,366.67

Coverage Table – Public Sale – 4.5 years

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			<div> \$7,395,000 Excise Revenue Obligations, Tax-Exempt Series 2020 Dated Date: 4/1/2020 </div>				
Year Ending June 30	Estimated Pledged Revenues	2016 Outstanding Obligations Debt Service (a)	Estimated Principal	Estimated Interest	Total Debt Service	Estimated Total Debt Service	Estimated Debt Service Coverage
2019	\$ 26,960,533	\$ 1,472,632				\$ 1,472,632	18.31x
2020		1,472,864				1,472,864	18.30x
2021		1,474,585	\$ 1,655,000	\$ 446,467	\$ 2,101,467	3,576,051	7.54x
2022		1,475,882	1,835,000	268,650	2,103,650	3,579,532	7.53x
2023		1,471,800	1,905,000	195,250	2,100,250	3,572,050	7.55x
2024		1,472,337	2,000,000	100,000	2,100,000	3,572,337	7.55x
Total		<u>\$ 10,309,974</u>	<u>\$ 7,395,000</u>	<u>\$ 1,010,367</u>	<u>\$ 8,405,367</u>	<u>\$ 18,715,341</u>	

SOURCES AND USES OF FUNDS

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Private Placement - 4.5 years - Non-callable - @ 1.48%

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

Sources:

Bond Proceeds:	
Par Amount	8,130,000.00
	8,130,000.00

Uses:

Project Fund Deposits:	
Project Fund	8,000,000.00
Delivery Date Expenses:	
Cost of Issuance	130,000.00
	8,130,000.00

Amortization Schedule – Private Placement – 4.5 years

BOND DEBT SERVICE

Town of Paradise Valley, Arizona
Excise Tax Revenue Bonds, Series 2020
Private Placement - 4.5 years - Non-callable - @ 1.48%

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

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2020					
02/01/2021			100,270	100,270	
08/01/2021	1,960,000	1.480%	60,162	2,020,162	2,120,432
02/01/2022			45,658	45,658	
08/01/2022	2,025,000	1.480%	45,658	2,070,658	2,116,316
02/01/2023			30,673	30,673	
08/01/2023	2,055,000	1.480%	30,673	2,085,673	2,116,346
02/01/2024			15,466	15,466	
08/01/2024	2,090,000	1.480%	15,466	2,105,466	2,120,932
	8,130,000		344,026	8,474,026	8,474,026

(1)	(2)	(3)	(4)
	Bank 1 PP	Public	Difference
All in True Interest Cost	2.06%	1.77%	0.29%
Average Annual Payment	\$1,955,544	\$1,939,700	\$15,844
Total Debt Service	\$8,474,026	\$8,405,367	\$68,659
Costs	\$130,000	\$171,345	\$41,345