



It's in your hands ~
"Build a stronger community— shop locally"

AGENDA
WORK SESSION
MAYOR and COMMON COUNCIL
of the
TOWN OF CAMP VERDE
COUNCIL CHAMBERS
473 S. Main Street, Ste. 106
Wednesday, MAY 4, 2011
5:30 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Pledge of Allegiance**

Discussion relative to the following:

4. **Presentation by Mark Reader of Stone & Youngberg L.L.C. outlining and explaining potential financing options for the acquisition of 16.76 acres of parcel 403-22-025E on Industrial Drive in Camp Verde, Arizona, to be used for the Town's Public Works Yard. Staff Resource Ron Long**
5. **Adjournment**

Posted by: U Jones

Date/Time: 4-28-2011 9:00 a.m.

Note: Pursuant to A.R.S. §38-431.03.A.3, the Council may vote to go into Executive Session for purposes of consultation for legal advice with the Town Attorney on any matter listed on the Agenda, or discussion of records exempt by law from public inspection associated with an agenda item.

The Town of Camp Verde Council Chambers is accessible to the handicapped. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk.



TOWN OF CAMP VERDE
Agenda Action Form

Meeting Date: May 4, 2011

Meeting Type:

Consent Agenda – Special Presentation Regular Business Work or Special Session

Reference Document:

Agenda Title (be exact): **PRESENTATION BY MARK READER OF STONE & YOUNGBERG L.L.C. OUTLINING AND EXPLAINING POTENTIAL FINANCING OPTIONS FOR THE ACQUISITION OF 16.76 ACRES OF PARCEL 403-22-025E, ON INDUSTRIAL DRIVE IN CAMP VERDE, ARIZONA, TO BE USED FOR THE TOWN'S PUBLIC WORKS YARD.**

Purpose and Background Information:

March 16, 2011: Council voted 5 -1 to direct staff to prepare possible financing options and Sales Agreement in order to proceed with the purchase of 16.76 acres on Industrial Drive.

Subsequent to the above direction, Russ Martin, Town Manager and Mel Preston, Finance Director, began discussions with Stone & Youngberg L.L.C., financial consultants to the Town. Several financing options were considered and compared, but were not limited to:
1.) Public Bonding against future Highway User Revenue Funds (HURF), or General Obligation Bond – both would require voter approval
2.) Financing approximately \$980,000 over a 12 to 15 year term with the down payment of \$210,800 from HURF plus \$200,000 from General Fund (actual down payment and closing costs to be determined based on obtaining most favorable financing terms while maintaining the Town's financial reserves), 3.) Paying cash: essentially taking the HURF fund to zero with an additional \$450,000 from the General Fund.

The presentation will cover several options for Council to consider; additional discussion, with the opportunity for questions and further analysis will be presented by Stone and Youngberg L.L.C.

Recommendation (Suggested Motion): N/A

Finance Review: Budgeted Unbudgeted N/A

Finance Director Comments/Fund:

Attorney Review: Yes No N/A

Attorney Comments:

Submitting Department: Public Works

Contact Person: Ron Long

Supporting Documents attached: Yes No N/A (If yes, list detail below)

1) _____ # of pages _____

2) _____ # of pages _____

Instructions to Clerk:

Action Report prepared by: D. Ranney

TOWN OF CAMP VERDE, ARIZONA
Industrial Drive Real Property Acquisition (Public Works Facility)
Excise Tax Secured Installment Purchase Agreement, Series 2011
Estimated Debt Service and Coverage Analysis

Fiscal Year	Pledged Excise Tax Revenues	Parity Obligations (b)		Excise Tax Secured, Installment Purchase Series, 2011			Total Debt Service	Paid From HURF Budget (c)	Est. Debt Service Coverage
		2005A GADA Loan	2009 WIFA Loan	Principal	Est. Interest	Total			
2011	(a) \$3,774,555	\$166,450	\$119,771				\$286,221	0	13.19 x
2012		167,200	119,771	\$65,000	\$41,804	\$106,804	393,775	\$106,804	9.59 x
2013		167,700	119,771	71,000	35,663	106,663	394,134	106,663	9.58 x
2014		167,950	119,771	74,000	33,000	107,000	394,721	107,000	9.56 x
2015		167,950	119,771	77,000	30,225	107,225	394,946	107,225	9.56 x
2016		167,700	119,771	80,000	27,338	107,338	394,809	107,338	9.56 x
2017		167,200	119,771	83,000	24,338	107,338	394,309	107,338	9.57 x
2018		166,450	119,771	86,000	21,225	107,225	393,446	107,225	9.59 x
2019		165,450	119,771	89,000	18,000	107,000	392,221	107,000	9.62 x
2020		169,200	119,771	92,000	14,663	106,663	395,634	106,663	9.54 x
2021		168,800	119,771	96,000	11,213	107,213	395,784	107,213	9.54 x
2022		166,800	119,771	100,000	7,613	107,613	394,184	107,613	9.58 x
2023		169,550	119,771	103,000	3,863	106,863	396,184	106,863	9.53 x
2024		166,800	119,771				286,571		13.17 x
2025			119,771				119,771		31.51 x
2026			119,771				119,771		31.51 x
2027			119,771				119,771		31.51 x
2028			119,771				119,771		31.51 x
2029			119,771				119,771		31.51 x
2030			119,771				119,771		31.51 x
2031			119,771				119,771		31.51 x
2032			119,771				119,771		31.51 x
				\$1,016,000	\$268,942	\$1,284,942			

(a) Pledged excise tax revenues include:

Category	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Unaudited Fiscal Year	Projected Fiscal Year
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Town Sales Tax (Local)	\$ 1,679,461	\$ 1,610,894	\$ 2,314,337	\$ 1,723,947	\$ 1,700,811	\$1,404,563
Franchise Fees	\$ 231,064	\$ 219,501	\$ 237,225	\$ 238,071	\$ 242,665	\$ 237,192
Business Licenses	\$ 125,177	\$ 108,282	\$ 51,877	\$ 23,030	\$ 21,550	\$ 16,377
Permits	\$ 428,813	\$ 233,501	\$ 140,579	\$ 201,406	\$ 97,668	\$ 40,731
Park and Recreation Fees	\$ 53,907	\$ 43,768	\$ 46,144	\$ 12,718	\$ 15,957	\$ 84,803
Fines and Forfeitures	\$ 553,593	\$ 437,413	\$ 293,454	\$ 168,240	\$ 170,480	\$ 236,663
State-Shared Revenues:						
State Sales Tax	\$ 1,008,345	\$ 1,019,858	\$ 986,129	\$ 853,712	\$ 787,425	\$ 709,846
State Income Tax	\$ 989,514	\$ 1,218,237	\$ 1,510,033	\$ 1,604,964	\$ 1,344,496	\$1,044,380
Total	\$ 5,069,874	\$ 4,891,454	\$ 5,579,778	\$ 4,826,088	\$ 4,381,052	\$3,774,555

Source: Town of Camp Verde.

(b) Represents previously issued obligations in which the Town pledged its excise taxes.

(c) Debt service on the Series 2011 Installment Purchase Agreement expected to be repaid from the Town's HURF budget.

SOURCES AND USES OF FUNDS

 **DRAFT**

Town of Camp Verde, Arizona
Excise Tax Revenue Bonds, Series 2010
(Estimated Annual Debt Service Schedule Assuming
3.75% Interest Rate, 12-Year Amortization, Level Debt
Service and April 26, 2011 Closing - All Assumptions
Subject to Change Based on Market Conditions and Final Credit
Analysis and Approval)

Dated Date 05/26/2011
Delivery Date 05/26/2011

Sources:

Bond Proceeds:	
Par Amount	1,016,000.00
Other Sources of Funds:	
Town Cash Contribution	400,000.00
	<hr/>
	1,416,000.00

Uses:

Project Fund Deposits:	
Streets Yard Property Acquisition	1,390,800.00
Delivery Date Expenses:	
Cost of Issuance	25,000.00
Other Uses of Funds:	
Additional Proceeds	200.00
	<hr/>
	1,416,000.00

BOND DEBT SERVICE


DRAFT

Town of Camp Verde, Arizona
Excise Tax Revenue Bonds, Series 2010
(Estimated Annual Debt Service Schedule Assuming
3.75% Interest Rate, 12-Year Amortization, Level Debt
Service and April 26, 2011 Closing - All Assumptions
Subject to Change Based on Market Conditions and Final Credit
Analysis and Approval)

Dated Date 05/26/2011
Delivery Date 05/26/2011

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2012			22,754.17	22,754.17	
07/01/2012	65,000	3.750%	19,050.00	84,050.00	106,804.17
01/01/2013			17,831.25	17,831.25	
07/01/2013	71,000	3.750%	17,831.25	88,831.25	106,662.50
01/01/2014			16,500.00	16,500.00	
07/01/2014	74,000	3.750%	16,500.00	90,500.00	107,000.00
01/01/2015			15,112.50	15,112.50	
07/01/2015	77,000	3.750%	15,112.50	92,112.50	107,225.00
01/01/2016			13,668.75	13,668.75	
07/01/2016	80,000	3.750%	13,668.75	93,668.75	107,337.50
01/01/2017			12,168.75	12,168.75	
07/01/2017	83,000	3.750%	12,168.75	95,168.75	107,337.50
01/01/2018			10,612.50	10,612.50	
07/01/2018	86,000	3.750%	10,612.50	96,612.50	107,225.00
01/01/2019			9,000.00	9,000.00	
07/01/2019	89,000	3.750%	9,000.00	98,000.00	107,000.00
01/01/2020			7,331.25	7,331.25	
07/01/2020	92,000	3.750%	7,331.25	99,331.25	106,662.50
01/01/2021			5,606.25	5,606.25	
07/01/2021	96,000	3.750%	5,606.25	101,606.25	107,212.50
01/01/2022			3,806.25	3,806.25	
07/01/2022	100,000	3.750%	3,806.25	103,806.25	107,612.50
01/01/2023			1,931.25	1,931.25	
07/01/2023	103,000	3.750%	1,931.25	104,931.25	106,862.50
	1,016,000		268,941.67	1,284,941.67	1,284,941.67

**Town of Camp Verde, Arizona
Excise Tax/State Shared Revenue Secured
Financing Term Sheet**

 **DRAFT**

Terms/Definitions	Description
Purpose/Project:	Acquisition of 16.76 acres, including an existing building to be used by the Town of Camp Verde, Arizona (the "Town") as a public works facility. The Town has been leasing such facility for several years
Estimated Size (Par)::	\$1,016,000 (subject to change).
Type:	100% Participation in Tax-Exempt Installment Purchase Agreement.
Bank Qualified:	Yes.
Credit Rating:	Non-Rated. However, the Town is open to applying for underlying credit rating if it results in a lower net interest rate.
Pledged Collateral:	<p>Pledge: The Town will irrevocably pledge for the payment of the amounts due under the Installment Purchase Agreement the revenues from the Excise Taxes and the State Shared Revenues. "Excise Taxes" means the unrestricted transaction privilege (sales) tax, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures which the Town imposes; provided that the Mayor and Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council. "State Shared Revenues" means any amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State of Arizona or any agency thereof and returned, allocated or apportioned to the Town, except the Town's share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes.</p> <p>Parity Indebtedness: Except as described in the next sentence, and by the corresponding sections in any agreement for any loan in addition to the existing loan to the Town, dated as of February 1, 2005 (the "GADA Loan"), from the Greater Arizona Development Authority ("GADA") or for any loan from the Water Infrastructure Finance Authority of Arizona ("WIFA") subject to Section 49-1225(F) or 49-1245(F), Arizona Revised Statutes, as amended, hereinafter consummated (collectively, "Additional Agency/Authority Loan Agreements"), the rights to payment for the Installment Purchase Agreement from the revenues from the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of (1) the GADA Loan, (2) the Amendment to and Restatement of the Intergovernmental Agreement, dated as of July 24, 2009 (the "IGA"), between the Town and the Camp Verde Sanitary District and (3) any obligations hereafter issued on a parity with this Agreement as permitted as hereinafter described (with the GADA Loan and the IGA, the "Parity Lien Obligations") which may include Additional Agency/Authority Agreements. GADA may, in the case of nonpayment with respect to the GADA Loan, direct a withholding of the State Shared Revenues as provided in Sections 41-1554.06(L) and (M) and 41-1554.07(I), (J) and (K), Arizona Revised Statutes, as amended (the "State Intercept"). Additional Agency/Authority Agreements shall be subject to the State Intercept in the case of loans from GADA and may be so in the case of loans from WIFA.</p> <p>Additional Parity Indebtedness: So long as any amounts due under the Installment Purchase Agreement remain unpaid or unprovided for, the Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge thereunder unless the revenues from the Excise Taxes plus the State Shared Revenues, in the most recently completed fiscal year of the Town, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for the Installment Purchase Agreement and the Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith. (For these purposes, any variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.)</p> <p>Additional Parity Debt: To the extent permitted by applicable law, the revenues from the</p>

**Town of Camp Verde, Arizona
Excise Tax/State Shared Revenue Secured
Financing Term Sheet**

 **DRAFT**

	Excise Taxes shall be retained and maintained so that the amounts received from the revenues from the Excise Taxes and the State Shared Revenues, all within and for the most recently completed fiscal year of the Town, shall have been equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of the Town for the Installment Purchase Agreement and the Parity Lien Obligations. If the revenues from the Excise Taxes and the State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1¼) times the total of the interest and principal requirements for the current fiscal year of the Town for the Installment Purchase Agreement and the Parity Lien Obligations or if at any time it appears that the revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, the Town shall, to the extent permitted by applicable law, impose new exactions of the type of the Excise Taxes which will be part of the Excise Taxes or increase the rates for the Excise Taxes currently imposed in order that (a) the revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements under the Installment Purchase Agreement and (b) the revenues from the Excise Taxes and the State Shared Revenues will be reasonably calculated to attain the level as required by the preceding sentence of this subsection.
Interest and Principal Payments:	Interest: January 1 and July 1. First interest payable on January 1, 2012. Principal: July 1 commencing July 1, 2012 through July 1, 2023. Payments: To be made through a trustee pursuant to a Trust Agreement.
Amortization Period:	12-Years (preferable)– fixed rate
Debt Service Reserve Fund:	Not required due to strong excise tax/debt service coverage (See Table 1)
Estimated Annual Debt Service:	\$107,000 per year (principal and interest).
Call Feature:	Non-callable
Other Collateral Related Issues:	Real property to be acquired will not be collateral. Trustee will be counterparty to the Installment Purchase Agreement. Bank will receive a Pledged Revenue Obligation pursuant to the Trust Agreement representing 100% participation in the Installment Purchase Agreement.

Town of Camp Verde, Arizona
Excise Tax/State Shared Revenue Secured
Financing Term Sheet

 **DRAFT**

Installment Purchase Agreement/Trust Agreement with Appropriate Opinions:	To be provided by Greenberg Traurig LLP, Special Counsel to the Town.
Bids Due:	Wednesday, May 11 th , 5:00 p.m.
Bid Recommendation:	Thursday, May 12 th , subject to Council approval on May 18 th
Resolution to Approve Financing:	Wednesday, May 18 th : Financing Resolution to be considered for approval by the Town Council on May 18 th
Closing Date:	Thursday, May 26 th (on or around)