

**MINUTES
TOWN OF CAMP VERDE
WORK SESSION
MAYOR AND COUNCIL
473 S MAIN STREET, SUITE 106
WEDNESDAY, OCTOBER 11, 2017 AT 5:30 P.M.**

If you want to speak ON ANY ITEM ON THE AGENDA, PLEASE complete the
Request to Speak Form

Note: Council member(s) may attend Council Sessions either in person or by telephone, video, or internet conferencing.

1. Call to Order

Mayor German called the meeting to order at 5:31 p.m.

2. Roll Call. Council Members: Jackie Baker, Buck Buchanan, Dee Jenkins, Brad Gordon, Robin Whatley; Vice Mayor Jessie Murdock; and Mayor Charles German were present.

Also Present: Town Manager Russ Martin, Town Clerk Judy Morgan, Finance Director Mike Showers, Recording Secretary Marie Moore

3. Pledge of Allegiance

Mayor German led the Pledge of Allegiance.

4. Agenda Items for Discussion. No legal action can be taken.

4.1. Presentation by Mark Reader of Stifel Nicolas, and staff regarding possible refinancing and new financing options with the Sanitary District debt and Wastewater Division of the Town of Camp Verde. The Council will be discussing these options and possibly giving direction on moving forward to bring formal proposals back for Council decision. [Staff Resource: Mike Showers and Russ Martin]

Town Manager Russ Martin introduced Mark Reader and briefly explained Mr. Reader's previous work history with the Town as well as his experience working with the Sanitary District and the Water Infrastructure Finance Authority (WIFA). Russ Martin explained that the goal of the presentation is to give Council information regarding where the project is headed and preparation for the WIFA Board Meeting that will take place in December in order to pursue funds and finalize the submitted application.

Mark Reader of Stifel Nicolas explained to Council that his purpose is to provide them with technical assistance prior to making any final decisions and then to raise the funds to make the projects possible, all while doing such in the best interest of the town.

Mark Reader distributed a PowerPoint presentation to Council which is attached to the minutes as a permanent record.

Mark Reader informed Council that the Town of Camp Verde is no longer eligible to receive grant money from the USDA due to the increase in population, the cutoff being 10,000 residents and under, but the Town is eligible to receive funds through WIFA.

Mark Reader explained to Council the current debt profile of the Sanitary District, including subsidized interest rates, how the debt is currently being paid and solutions to paying the debt off in the future. Mark Reader explained that with the Council's approval, the Town can move forward expeditiously to complete the WIFA applications, which consist of 3 total, and completion of the project can be expected around March of 2018. The Town would

need to hire a Utility Rate Consultant and to expect a 3-5% rate increase which is not uncommon. An amortization schedule was reviewed, explaining how the Town would pay off the debt and how rate schedules would be effected. Russ Martin reviewed the projects under consideration that funding would be necessary for in order of priority.

4.2. Presentation by Mark Reader of Stifel Nicolas, and staff regarding possible financing options available to fund the new Camp Verde Sports Complex. The Council will be discussing these options and possibly giving direction on moving forward with formal funding proposals back for Council decision. [Staff Resource: Mike Showers and Russ Martin]

Within the same PowerPoint Presentation affixed to the record, Mark Reader outlined the financial needs of the Town to begin the two phases of construction for the new Camp Verde Sports Complex. Mark explained that if the Town would isolate \$385,000 of sales tax funds, the first phase of construction would be funded and other financing options would need to be pursued for the completion of the second phase. If the Town is to consider a bond option, the funds would be available by the first quarter of 2018. Councilor Brad Gordon expressed concern that the request for \$385,000 would use 75% of the CIP Funds. Mayor Charles German questioned if the expansion of SR 260 would bring growth and increased revenue to the Town within the next 3-4 years. Town Manager, Russ Martin advised Council to not exceed \$350,000 of CIP Funding. Vice Mayor Jessie Murdock indicated her excitement to move forward with the project and feels that the Town would be making an investment.

4.3. Review of, possible modification to and consideration of the Draft Town Manager Agreement/Contract Template as a basis of negotiation with Town Managers (current and future). [Resource: Mayor German and Councilor Jenkins]

Mayor German called the meeting for a break at 6:57 p.m., the meeting resumed at 7:03 p.m.

Mayor German addressed Council explaining that he and Councilor Jenkins did thorough research and are presenting a generic template for Council to consider for a contract/agreement with the current and future Town Managers.

Councilor Jackie Baker commended the Mayor and Councilor Jenkins for their hard work, feels the template is straight forward and recommended accepting the changes indicated by Town Attorney Bill Sims.

Council discussed that the Town Code would need modification to state that there is a 7-member Council and the majority will always be 4. Council discussed automatic contract renewal with time limits regarding termination. Councilor Gordon expressed that he felt the Insurance Coverage offered to the Town Manager should not be limited to what the Town employees receive. Councilor Jenkins clarified that what the Council is reviewing is simply a template to go by, and each manager would be treated differently and specific negotiations would be added appropriately as needed. The template under review does not reflect any final contract. The contract will still need a final review from the Town Attorney, Bill Sims.

Councilor Jenkins indicated that the last sentence of section 9B "any problem issues must be resolved in a timely manner as agreed mutually between Town and the Manager" be removed, as such a situation should be handled in a performance evaluation.

Council directed the Mayor to send the template to the Town Attorney for final review and move forward with presenting a contract to the current Town Manager, Russ Martin.

5. Adjournment

The meeting adjourned at 7:28 pm.



Mayor Charles German

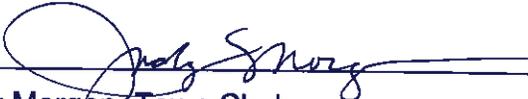


Attest: Town Clerk Judy Morgan

CERTIFICATION

I hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during Council Meeting of the Town Council of Camp Verde, Arizona, held on October 11, 2017. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 8th day of November, 2017.



Judy Morgan, Town Clerk

STIFEL

TOWN OF CAMP VERDE, ARIZONA



Financing Alternatives Discussion Regarding:
Wastewater Utility Improvement Projects and Refundings
and
Parks and Open Space Projects

Wednesday, October 11, 2017
5:30 P.M.

Presented By:
Mark Reader
Managing Director
mreader@stifel.com

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STIFEL

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Purpose of Study Session and Town Public Policy Goals and Objectives

Purpose of Study Session

1. Educate Town Council on all alternatives to efficiently finance wastewater utility public infrastructure and possible refundings of prior debt obligations issued by the Sanitary District;
2. Rural utility finance is complex resulting in the need to educate;
3. Select alternative(s) which is in the best interest of the Town/District and its citizens.

Town of Camp Verde WW Utility Public Policy Goals and Objectives

1. WW utility operated as an Enterprise Utility System. (System Revenues pay for operating expenses and debt service without Town subsidy);
2. Maximize Grant Funds (principal forgiveness); minimize amount of debt to be issued;
3. Growth to pay for itself (i.e., commercial development);
4. Regional public infrastructure to be paid for by all customers in a fair and equitable manner;
5. Operate as efficient as possible;
6. Responsibly adjust utility rates and charges as necessary and review each budget year but minimize, to the extent possible.

Town and Sanitary District Debt Profile

\$3,936
 Plant and Collection Line Project
 Series 1
 Dated: 6/13/2007
 Special Assessment Revenue

Fiscal Year Ending (July 1)	Principal	Coupon
2018	\$136,979	4.125%
2019	142,861	4.125%
2020	148,987	4.125%
2021	155,364	4.125%
2022	162,005	4.125%
2023	168,920	4.125%
2024	176,120	4.125%
2025	183,617	4.125%
2026	191,424	4.125%
2027	199,552	4.125%
2028	208,016	4.125%
2029	216,829	4.125%
2030	226,005	4.125%
2031	235,560	4.125%
2032	245,520	4.125%
	<u>\$2,797,757</u>	

Call
 Features: Callable at par at anytime

Wastewater Utility Enterprise System
Financial Overview

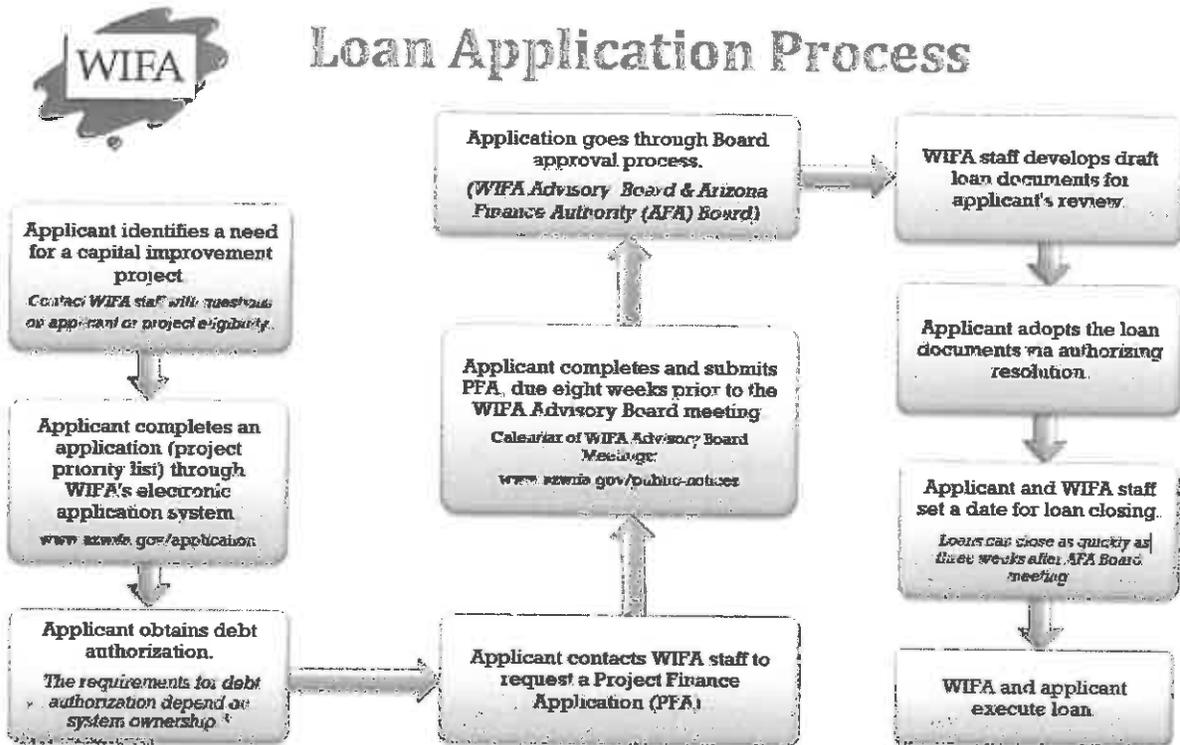
1. \$1,085,853 Annual Revenues (6/30/2016)
2. \$1,006,254 Annual Maintenance and Operation Expenses (not including depreciation)
3. \$80,000 Net Revenues
4. Town subsidizing 2009 financing – not payable from current WW enterprise revenues
5. Limited funds available for capital replacement
6. WW Utility rate increase likely required to fund improvements

Wastewater Utility Financing Alternatives

Financing Alternatives Utilized by Arizona Governments to Fund Water & Wastewater Acquisition & Infrastructure Improvements

Governmental Issuers: Arizona, Cities, Towns, Counties & Special Tax Districts

Type of Infrastructure	General Obligation Bonds	Utility Rev. Bonds	Excise Tax Rev. Bonds	Comm. Facilities Districts (CFDs)	Special Assessment Bonds	State of AZ & Federal Bond / Loan Programs			
						Water Infra. Finance Authority (WIFA)(a)	Greater Az. Develop. Authority (GADA)	USDA-RUS	North American Develop. Bank
Water & Wastewater	✓	✓	✓	✓	✓	✓	✓	✓	✓



***Debt Authorization Requirements**

- 1) For private, ACC-regulated drinking water systems: obtain approval of a financing application from the Arizona Corporation Commission.
- 2) For governmental systems with a population less than 50,000:
 - Repaying debt through excise tax or system revenue: obtain approval by resolution of the governing body.
 - Repaying debt through General Obligation (property taxes): obtain approval by bond election.
- 3) For governmental systems with a population greater than 50,000: obtain approval by bond election.
- 4) Sanitary districts have special requirements. Please contact WIFA staff for more information.

New Money Projects Under Consideration

New Money Projects Under Consideration

STIFEL

Projects	Cost Estimate	Sub-total	Purpose
Drying Beds (dirt work \$200,000)	906,810		Primary system Cost Savings
Sludge Pump Vaults 1&2	110,400		
Yard Piping	30,000	1,047,210	
Lagoon closure West Repurpose Lagoons Lagoon Liner (if req'd by ADEQ)	100,000 180,000 75,000	355,000	Secondary Syst. Sustaining Plant
Plant change over includes Header Pipe replacement, rework clarifier and wasting improvements	600,000		Incr'd Capacity - 3 to 65
Fire Main back to WWTP	105,000	705,000	
Solar Installation	500,000	500,000	Energy & Cost Savings
Adding UV disinfection	320,000	320,000	Best Syst/Reduce Chl use
UV and Filter Building	80,000	80,000	Protect System
Lift Station VFD	27,000		Sustaining Plant
Lift Station Pump	80,000		
Lift Station SCADA	30,000	137,000	
Truck Pump Station includes road widening and culvert	30,000	30,000	Sell water / limit ground water use from Const
Engineering/Cost of Money (15%)	330,000	330,000	

Total Projects **3,504,210**

Est'd Principal Forgiveness 500,000
 Final WIFA Draw-down 500,000
Debt Requirement **2,504,210**

Sample Amortization Schedule

**New Money Projects Under Consideration
Scenario 1 (no forgivable principal) (a)**

STIFEL

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2018	65,000	2.050%	30,750.00	95,750.00
07/01/2019	130,000	2.050%	60,167.50	190,167.50
07/01/2020	130,000	2.050%	57,502.50	187,502.50
07/01/2021	135,000	2.050%	54,837.50	189,837.50
07/01/2022	135,000	2.050%	52,070.00	187,070.00
07/01/2023	140,000	2.050%	49,302.50	189,302.50
07/01/2024	140,000	2.050%	46,432.50	186,432.50
07/01/2025	145,000	2.050%	43,562.50	188,562.50
07/01/2026	145,000	2.050%	40,590.00	185,590.00
07/01/2027	150,000	2.050%	37,617.50	187,617.50
07/01/2028	155,000	2.050%	34,542.50	189,542.50
07/01/2029	155,000	2.050%	31,365.00	186,365.00
07/01/2030	160,000	2.050%	28,187.50	188,187.50
07/01/2031	165,000	2.050%	24,907.50	189,907.50
07/01/2032	165,000	2.050%	21,525.00	186,525.00
07/01/2033	170,000	2.050%	18,142.50	188,142.50
07/01/2034	175,000	2.050%	14,657.50	189,657.50
07/01/2035	175,000	2.050%	11,070.00	186,070.00
07/01/2036	180,000	2.050%	7,482.50	187,482.50
07/01/2037	185,000	2.050%	3,792.50	188,792.50
	3,000,000		668,505.00	3,668,505.00

(a) Estimated and subject to change. Rates are estimated and subject to change based on a variety of market and economic factors.

**New Money Projects Under Consideration
Scenario 2 (20% forgivable principal) (a)**

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Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2018	50,000	2.050%	24,600.00	74,600.00
07/01/2019	100,000	2.050%	48,175.00	148,175.00
07/01/2020	105,000	2.050%	46,125.00	151,125.00
07/01/2021	105,000	2.050%	43,972.50	148,972.50
07/01/2022	110,000	2.050%	41,820.00	151,820.00
07/01/2023	110,000	2.050%	39,565.00	149,565.00
07/01/2024	115,000	2.050%	37,310.00	152,310.00
07/01/2025	115,000	2.050%	34,952.50	149,952.50
07/01/2026	120,000	2.050%	32,595.00	152,595.00
07/01/2027	120,000	2.050%	30,135.00	150,135.00
07/01/2028	125,000	2.050%	27,675.00	152,675.00
07/01/2029	125,000	2.050%	25,112.50	150,112.50
07/01/2030	130,000	2.050%	22,550.00	152,550.00
07/01/2031	130,000	2.050%	19,885.00	149,885.00
07/01/2032	135,000	2.050%	17,220.00	152,220.00
07/01/2033	135,000	2.050%	14,452.50	149,452.50
07/01/2034	140,000	2.050%	11,685.00	151,685.00
07/01/2035	140,000	2.050%	8,815.00	148,815.00
07/01/2036	145,000	2.050%	5,945.00	150,945.00
07/01/2037	145,000	2.050%	2,972.50	147,972.50
	2,400,000		535,562.50	2,935,562.50

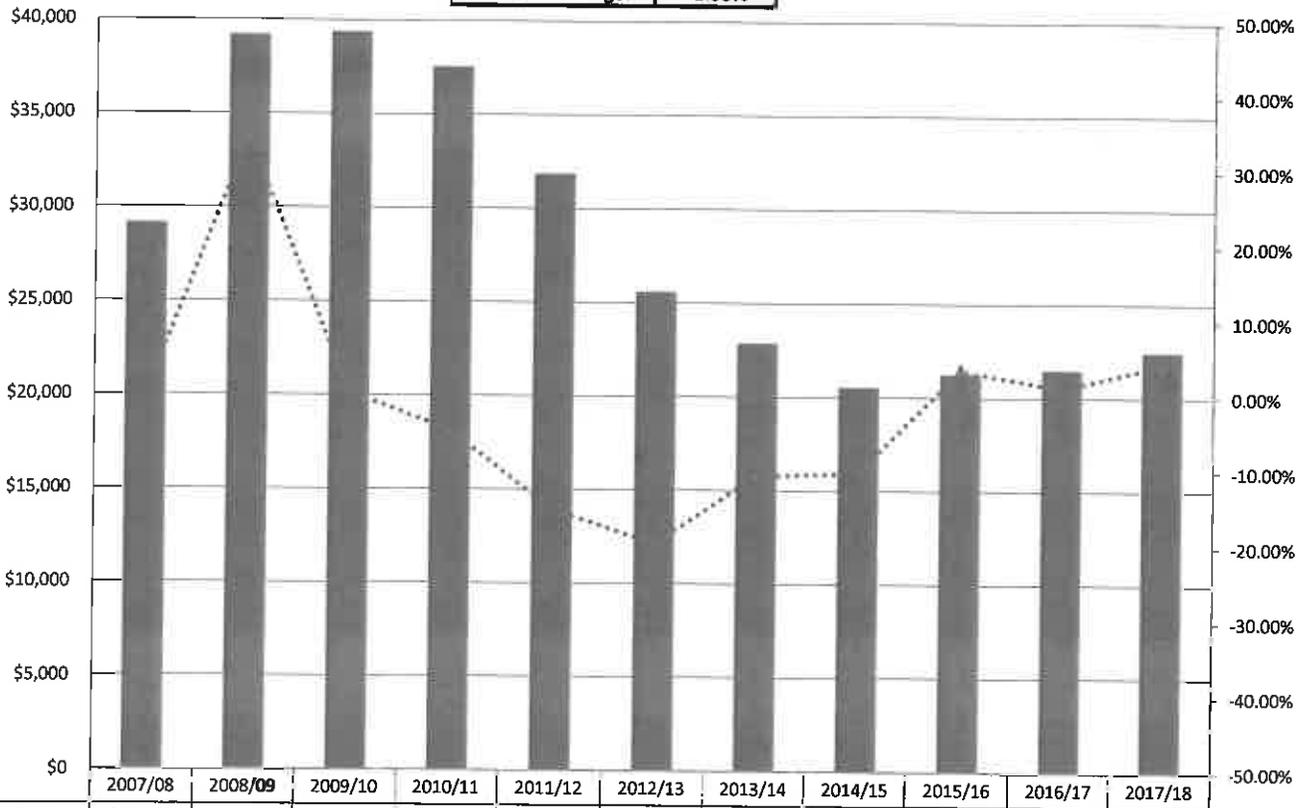
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10-year History of Net Limited Assessed Values for the Sanitary District

10-Year History of Assessed Values for the District

STIFEL

	Net AV for Taxes
5-Year Average:	-2.33%
10-Year Average:	-1.63%

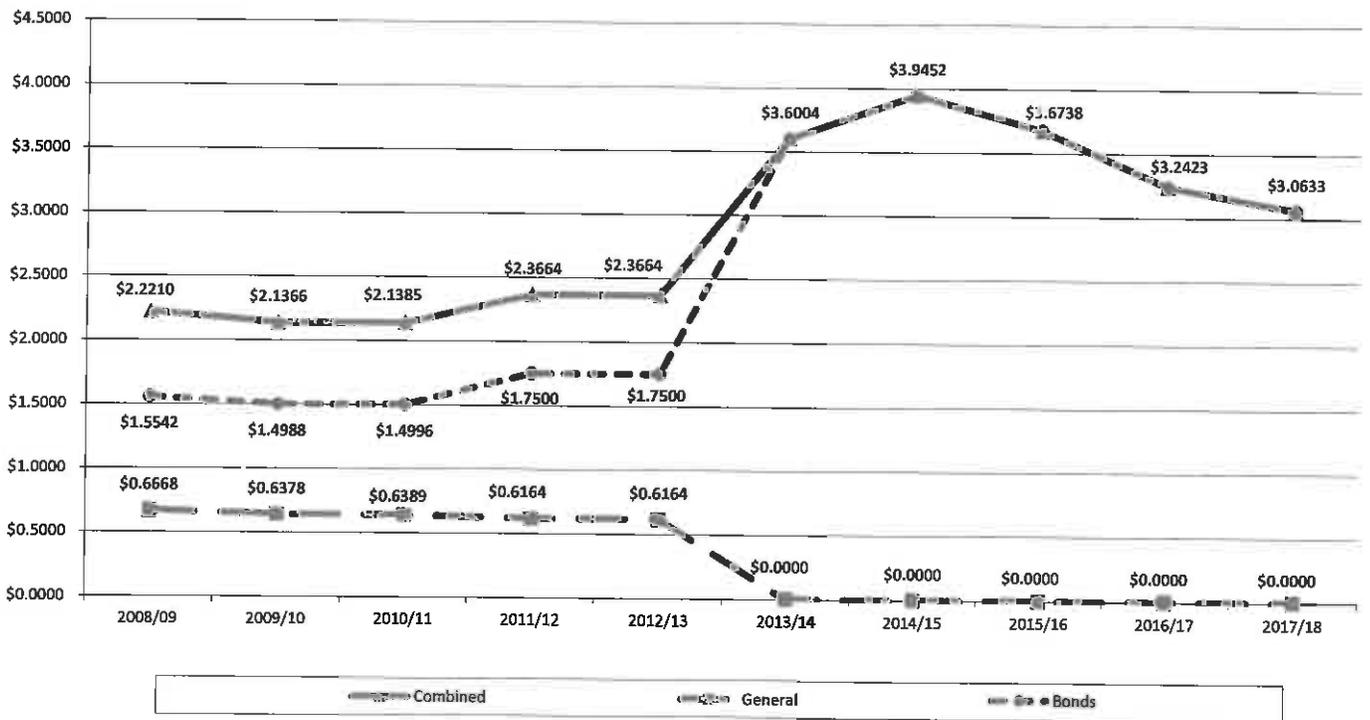


	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Net AV for Taxes	\$29,169	\$39,209	\$39,372	\$37,544	\$31,855	\$25,578	\$22,859	\$20,533	\$21,262	\$21,508	\$22,466
Net LAPV % Change	0.00%	34.42%	0.42%	-4.64%	-15.15%	-19.70%	-10.63%	-10.18%	3.55%	1.16%	4.45%

10-year History of Secondary Property Tax Rates for the Sanitary District

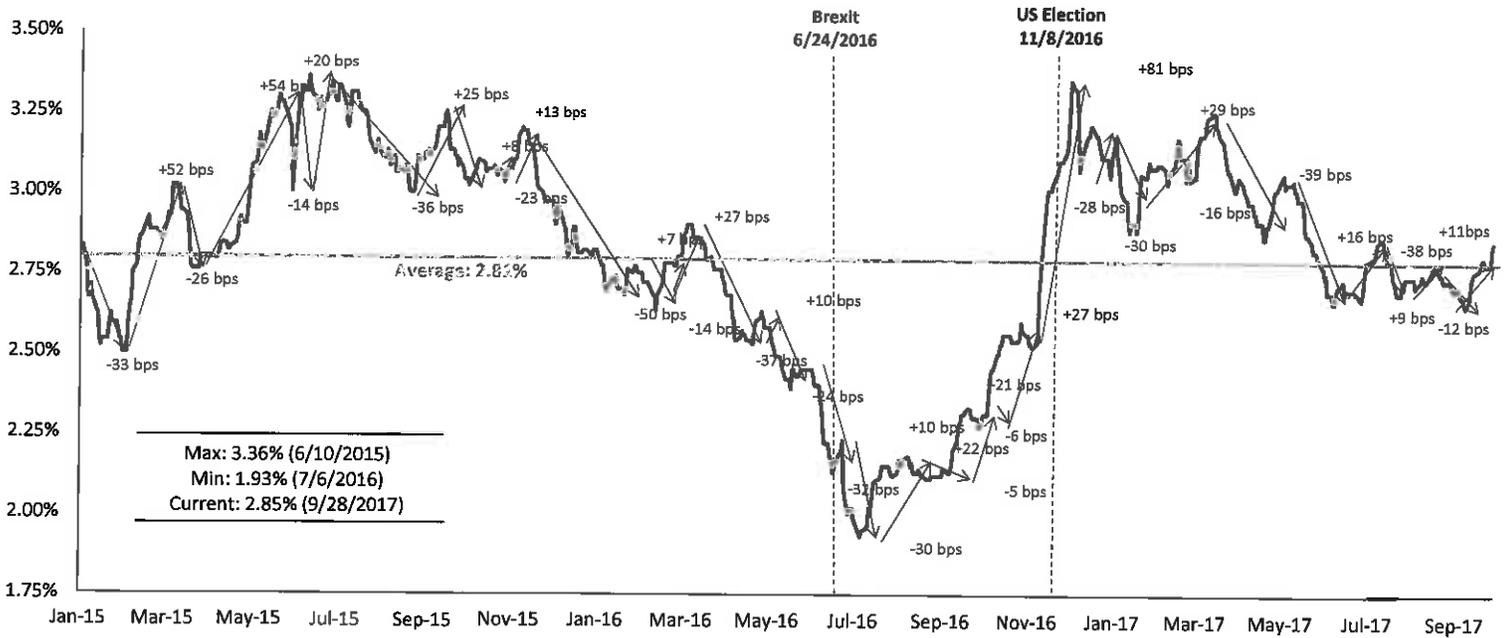
10-Year History of Secondary Property Tax Rates for the District

STIFEL



Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Finance Department of Yavapai County.

Bond Market Update



Source: Thomson Reuters. As of 10/05/17

Refunding Scenarios for the Sanitary District

Summary of Bonds Being Refunded

STIFEL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
WIFA Loan, Series 2004, 2004:					
SERIAL	07/01/2018	3.136%	32,486.45	01/01/2018	100.000
	07/01/2019	3.136%	33,505.23	01/01/2018	100.000
	07/01/2020	3.136%	34,555.95	01/01/2018	100.000
	07/01/2021	3.136%	35,639.63	01/01/2018	100.000
	07/01/2022	3.136%	36,757.29	01/01/2018	100.000
	07/01/2023	3.136%	37,910.01	01/01/2018	100.000
	07/01/2024	3.136%	35,798.13	01/01/2018	100.000
			<u>246,652.69</u>		
WIFA Loan, Series 2005, 2006:					
SERIAL	07/01/2018	3.293%	236,842.11	01/10/2018	100.000
	07/01/2019	3.293%	236,842.11	01/10/2018	100.000
	07/01/2020	3.293%	236,842.11	01/10/2018	100.000
	07/01/2021	3.293%	236,842.11	01/10/2018	100.000
	07/01/2022	3.293%	236,842.11	01/10/2018	100.000
	07/01/2023	3.293%	236,842.11	01/10/2018	100.000
	07/01/2024	3.293%	236,842.11	01/10/2018	100.000
	07/01/2025	3.293%	236,842.11	01/10/2018	100.000
	07/01/2026	3.293%	236,842.11	01/10/2018	100.000
			<u>2,131,578.99</u>		
Plant and Collection Line Project, Series 1, SA1:					
BOND	07/01/2019	4.125%	142,860.90	01/01/2018	100.000
	07/01/2020	4.125%	148,986.90	01/01/2018	100.000
	07/01/2021	4.125%	155,363.90	01/01/2018	100.000
	07/01/2022	4.125%	162,004.90	01/01/2018	100.000
	07/01/2023	4.125%	168,919.90	01/01/2018	100.000
	07/01/2024	4.125%	176,119.90	01/01/2018	100.000
	07/01/2025	4.125%	183,616.90	01/01/2018	100.000
	07/01/2026	4.125%	191,423.90	01/01/2018	100.000
	07/01/2027	4.125%	199,551.90	01/01/2018	100.000
	07/01/2028	4.125%	208,015.90	01/01/2018	100.000
	07/01/2029	4.125%	216,828.90	01/01/2018	100.000
	07/01/2030	4.125%	226,004.90	01/01/2018	100.000
	07/01/2031	4.125%	235,559.90	01/01/2018	100.000
	07/01/2032	4.125%	245,519.59	01/01/2018	100.000
			<u>2,660,778.29</u>		
			<u>5,039,009.97</u>		

Sources and Uses of Funds

STIFEL

Sources:	General Obligation Refunding Bonds (Refunds 2004 WIFA Loan)	General Obligation Refunding Bonds (Refunds 2006 WIFA Loan)	Special Assessment Refunding Bonds, Series 2018	Total
Bond Proceeds:				
Par Amount	253,000.00	2,181,000.00	2,720,000.00	5,154,000.00
	253,000.00	2,181,000.00	2,720,000.00	5,154,000.00
Uses:				
Refunding Escrow Deposits:				
Cash Deposit	246,652.69	2,133,333.81	2,660,778.29	5,040,764.79
Cost of Issuance:				
Cost of Issuance	2,945.29	25,389.99	31,664.72	60,000.00
Placement Agent Fee	2,530.00	21,810.00	27,200.00	51,540.00
	5,475.29	47,199.99	58,864.72	111,540.00
Other Uses of Funds:				
Additional Proceeds	872.02	466.20	356.99	1,695.21
	253,000.00	2,181,000.00	2,720,000.00	5,154,000.00

Summary of Refunding Results (a)

STIFEL

	General Obligation Refunding Bonds (Refunds 2004 WIFA Loan)	General Obligation Refunding Bonds (Refunds 2006 WIFA Loan)	Special Assessment Refunding Bonds, Series 2018	Total
Dated Date	01/01/2018	01/01/2018	01/01/2018	01/01/2018
Delivery Date	01/01/2018	01/01/2018	01/01/2018	01/01/2018
Arbitrage Yield	1.676839%	1.676839%	1.676839%	1.676839%
Escrow Yield				
Value of Negative Arbitrage				
Bond Par Amount	253,000.00	2,181,000.00	2,720,000.00	5,154,000.00
True Interest Cost	1.230000%	1.440000%	1.800000%	1.676839%
Net Interest Cost	1.230000%	1.440000%	1.800000%	1.679869%
Average Coupon	1.230000%	1.440000%	1.800000%	1.679869%
Average Life	3.540	4.418	8.307	6.427
Par amount of refunded bonds	246,652.69	2,131,578.99	2,660,778.29	5,039,009.97
Average coupon of refunded bonds	3.136000%	3.293000%	4.125000%	3.861082%
Average life of refunded bonds	3.585	4.500	8.673	6.659
PV of prior debt	259,013.31	2,278,527.21	3,177,003.36	5,714,543.88
Net PV Savings	10,720.23	119,640.95	431,877.92	562,239.10
Percentage savings of refunded bonds	4.346285%	5.612785%	16.231263%	11.157729%
Percentage savings of refunding bonds	4.237245%	5.485601%	15.877865%	10.908791%

(a) Estimated and subject to change. Rates are estimated and subject to change based on a variety of market and economic factors.

Savings (Refunding of 2004 WIFA Loan) (a)

STIFEL

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/01/2018 @ 1.6768388%
07/01/2018	36,353.96	34,555.95	1,798.01	1,783.06
07/01/2019	40,221.49	38,706.00	1,515.49	1,494.40
07/01/2020	40,221.47	39,263.20	958.27	932.77
07/01/2021	40,221.49	38,808.10	1,413.39	1,344.12
07/01/2022	40,221.49	38,353.00	1,868.49	1,741.44
07/01/2023	40,221.49	38,897.90	1,323.59	1,212.85
07/01/2024	36,920.75	35,430.50	1,490.25	1,339.57
	274,382.14	264,014.65	10,367.49	9,848.21

(a) Estimated and subject to change. Rates are estimated and subject to change based on a variety of market and economic factors.

Savings (Refunding of 2006 WIFA Loan) (a)

STIFEL

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/01/2018 @ 1.6768388%
07/01/2018	271,938.56	257,703.20	14,235.36	14,117.00
07/01/2019	299,235.79	284,921.60	14,314.19	14,101.04
07/01/2020	291,436.59	277,220.80	14,215.79	13,756.67
07/01/2021	283,637.37	269,577.60	14,059.77	13,365.27
07/01/2022	275,838.17	261,992.00	13,846.17	12,929.42
07/01/2023	268,038.95	253,464.00	14,574.95	13,363.81
07/01/2024	260,239.75	246,008.00	14,231.75	12,818.27
07/01/2025	252,440.53	238,609.60	13,830.93	12,236.09
07/01/2026	244,641.33	230,268.80	14,372.53	12,487.18
	2,447,447.04	2,319,765.60	127,681.44	119,174.75

(a) Estimated and subject to change. Rates are estimated and subject to change based on a variety of market and economic factors.

Savings (Refunding of 2007 USDA RD Loan) (a)

STIFEL

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/01/2018 @ 1.6768388%
07/01/2018	54,878.55	24,480.00	30,398.55	30,145.80
07/01/2019	252,618.00	219,960.00	32,658.00	32,098.71
07/01/2020	252,851.00	220,882.00	31,969.00	30,895.02
07/01/2021	253,082.28	220,732.00	32,350.28	30,731.19
07/01/2022	253,314.52	220,528.00	32,786.52	30,614.49
07/01/2023	253,546.82	221,270.00	32,276.82	29,629.44
07/01/2024	253,778.88	220,940.00	32,838.88	29,629.35
07/01/2025	254,010.92	221,556.00	32,454.92	28,785.58
07/01/2026	254,243.74	222,100.00	32,143.74	28,023.91
07/01/2027	254,475.50	221,572.00	32,903.50	28,192.52
07/01/2028	254,707.98	221,990.00	32,717.98	27,553.62
07/01/2029	254,940.32	222,336.00	32,604.32	26,986.49
07/01/2030	255,172.14	222,610.00	32,562.14	26,487.61
07/01/2031	255,404.42	222,812.00	32,592.42	26,054.66
07/01/2032	255,647.27	222,942.00	32,705.27	25,692.54
	3,612,672.34	3,126,710.00	485,962.34	431,520.93

(a) Estimated and subject to change. Rates are estimated and subject to change based on a variety of market and economic factors.

Preliminary Financing Calendar

Preliminary Financing Calendar

STIFEL

Date	Task	Responsibility
October 11 th	Council Study Session to review projects and financing alternatives.	Town, Stifel
October 18 th	WIFA (non-binding) Debt Authorization resolution approved by Council and Sanitary District Board (Council). WIFA to forward Project Finance Applications.	Town
October 27 th	WIFA Project Finance Application(s) completed and submitted to WIFA.	Town
In Process	WW Utility Rate Study completed.	Town/Stifel/WW Utility Consultant
In Process	Capital Improvement Projects finalized along with project budgets.	Town
Open	WIFA Project Finance Applications completed.	Stifel/Town
Open	Town Council (Sanitary District Board) meeting to approve refunding transactions.	Stifel/Town, GT
December 20 th	WIFA Board meeting to approve new money projects and financings – subject to Title 9 utility rate increase public hearing and effective date. Potential Sanitary District General Obligation Bonds and Special Assessment Bond Refundings could close expeditiously.	Stifel/Town
In Process	WW Utility Rate Public Hearing.	Town
	Town Council adopts Resolution authorizing the WIFA financing documents.	Town, Stifel, GT
Feb/March	Utility rate increase effective.	Town
March	Closing. Funds available to award construction contracts.	Town, Stifel, GT

Parks and Open Space

1. Consider Implementation of Parks, Open Space and Recreation Master Plan
2. Consider using approximately \$385,000 of local sales tax CIP funds – for the purpose of issuing bonds to complete Phase 1 of the Master Plan (Preliminary Analysis Herein)
3. Consider other financing alternatives for Phase 2 of the Master Plan

Sources and Uses of Funds and Estimated Debt Service (a)

STIFEL

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2018	270,000	3.500%	114,975	384,975
07/01/2019	160,000	3.500%	220,500	380,500
07/01/2020	170,000	3.500%	214,900	384,900
07/01/2021	175,000	3.500%	208,950	383,950
07/01/2022	180,000	3.500%	202,825	382,825
07/01/2023	185,000	3.500%	196,525	381,525
07/01/2024	190,000	3.500%	190,050	380,050
07/01/2025	200,000	3.500%	183,400	383,400
07/01/2026	205,000	3.500%	176,400	381,400
07/01/2027	215,000	3.500%	169,225	384,225
07/01/2028	220,000	3.500%	161,700	381,700
07/01/2029	230,000	3.500%	154,000	384,000
07/01/2030	235,000	3.500%	145,950	380,950
07/01/2031	245,000	3.500%	137,725	382,725
07/01/2032	255,000	3.500%	129,150	384,150
07/01/2033	260,000	3.500%	120,225	380,225
07/01/2034	270,000	3.500%	111,125	381,125
07/01/2035	280,000	3.500%	101,675	381,675
07/01/2036	290,000	3.500%	91,875	381,875
07/01/2037	300,000	3.500%	81,725	381,725
07/01/2038	310,000	3.500%	71,225	381,225
07/01/2039	320,000	3.500%	60,375	380,375
07/01/2040	335,000	3.500%	49,175	384,175
07/01/2041	345,000	3.500%	37,450	382,450
07/01/2042	355,000	3.500%	25,375	380,375
07/01/2043	370,000	3.500%	12,950	382,950
	6,570,000		3,369,450	9,939,450

(a) Estimated and subject to change. Stifel makes no commitment to underwrite at these rates. Rates are subject to change based on a variety of market and economic factors.

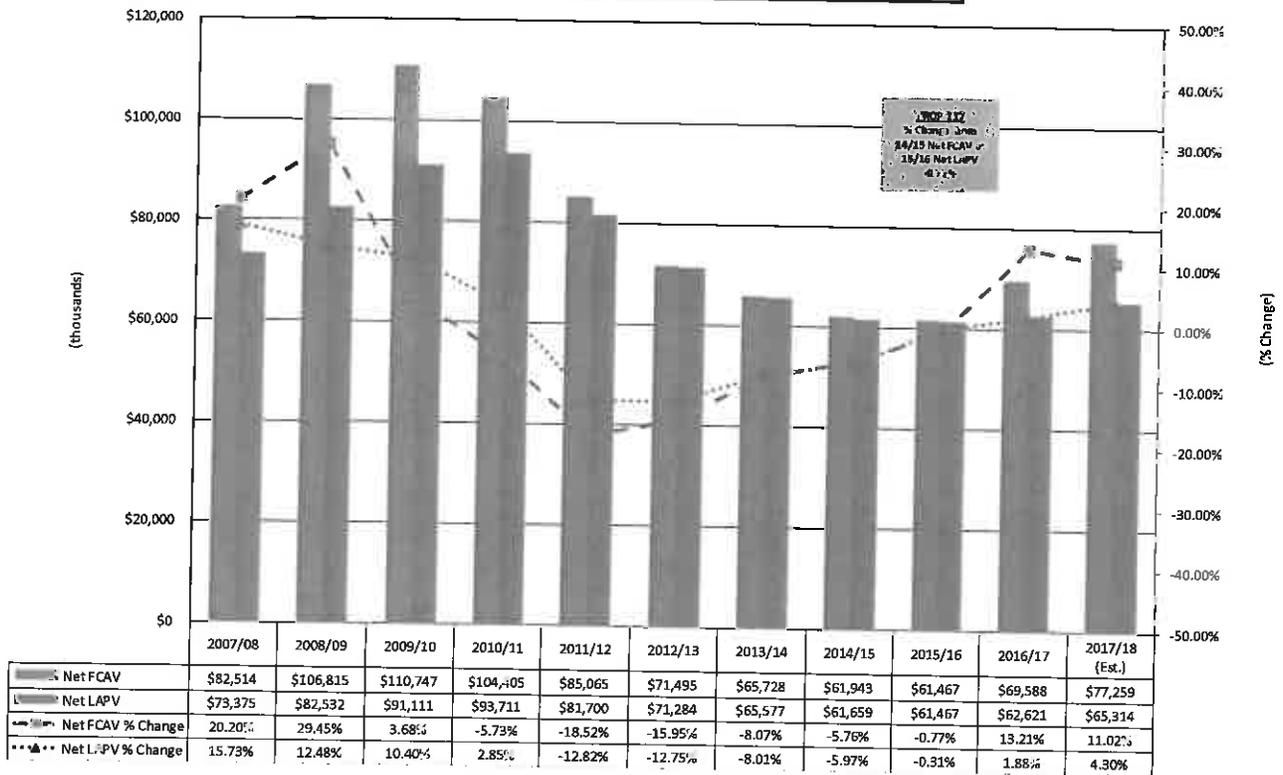
General Obligation Bond Election

	Water, Sewer, Light, Parks and Open Space, Transportation and Public Safety Purpose Bonds 20%	All Other 6%
Net Full Cash Assessed Valuation	\$77,258,689	\$77,258,689
Multiply by:	20%	6%
Calculation Base:	\$15,451,737	\$4,635,521
Less: Outstanding Bonds	(0)	(0)
Total:	\$15,451,737	\$4,635,521

Historical Assessed Valuations for the Town

STIFEL

	With 2017/18 (Est.)		
	Net FCAV	Net LAPV	Net AV for Taxes
5-Year Average	1.93%	-1.62%	-1.68%
10-Year Average	0.26%	-0.80%	-1.55%



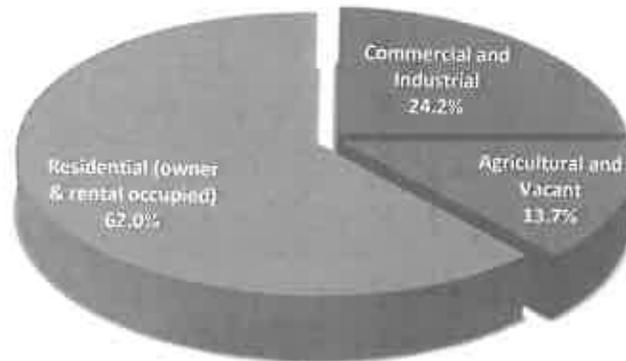
Net FCAV = Net Full Cash Assessed Value (To Calculate Capacity)
 Net LAPV = Net Limited Assessed Property Value (To Calculate Taxes)
 Net AV = Net Assessed Property Value for Secondary Tax Purposes

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Property Tax Rates and Assessed Values, Arizona Tax Research Association.

Net Limited Assessed Property Value by Property Classification (\$000s omitted)

STIFEL

Property Description	(Net FCAV)								(Net LAPV)		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Commercial and Industrial	\$23,174	\$30,693	\$35,920	\$37,401	\$28,778	\$24,509	\$21,342	\$17,440	\$17,435	\$17,307	\$15,832
Agricultural and Vacant	4,033	4,730	5,068	4,896	3,656	2,337	2,135	1,869	1,732	1,681	8,965
Residential (owner & rental occupied)	55,278	71,359	69,726	62,067	52,593	44,607	42,181	42,561	42,260	43,593	40,508
All Other	29	33	32	40	38	42	70	74	40	40	9
	\$82,514	\$106,815	\$110,747	\$104,405	\$85,065	\$71,495	\$65,728	\$61,943	\$61,467	\$62,621	\$65,314



Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue and Property Tax Rates and Assessed Values, Arizona Tax Research Association.

Estimated Debt Service Requirement and Projected Impact on the Secondary Tax Rate

STIFEL

(1)	(2)	(3)	(4)	(5)	(6)
		\$5,000,000 General Obligation Bonds Series A (2019) Bonds Dated: 4/1/2019		Estimated Debt Service	
Fiscal Year	Combined Valuation (a)(b)	Principal	Estimated Interest (c)	Debt Service	Secondary Bond Tax Rate (b)
2017/18	\$65,314,344			\$0	\$0.00
2018/19	65,314,344			0	0.00
2019/20	65,314,344	\$80,000	\$343,750	423,750	0.65
2020/21	65,314,344	155,000	270,600	425,600	0.65
2021/22	65,314,344	160,000	262,075	422,075	0.65
2022/23	65,314,344	170,000	253,275	423,275	0.65
2023/24	65,314,344	180,000	243,925	423,925	0.65
2024/25	65,314,344	190,000	234,025	424,025	0.65
2025/26	65,314,344	200,000	223,575	423,575	0.65
2026/27	65,314,344	210,000	212,575	422,575	0.65
2027/28	65,314,344	225,000	201,025	426,025	0.65
2028/29	65,314,344	235,000	188,650	423,650	0.65
2029/30	65,314,344	250,000	175,725	425,725	0.65
2030/31	65,314,344	260,000	161,975	421,975	0.65
2031/32	65,314,344	275,000	147,675	422,675	0.65
2032/33	65,314,344	290,000	132,550	422,550	0.65
2033/34	65,314,344	310,000	116,600	426,600	0.65
2034/35	65,314,344	325,000	99,550	424,550	0.65
2035/36	65,314,344	345,000	81,675	426,675	0.65
2036/37	65,314,344	360,000	62,700	422,700	0.65
2037/38	65,314,344	380,000	42,900	422,900	0.65
2038/39	65,314,344	400,000	22,000	422,000	0.65
		\$5,000,000			

Average Tax Rate: 0.6489

- (a) Fiscal year 2017/18 is estimated and assumes 4.30% change. Subsequent fiscal years assume 0.00% growth.
- (b) Secondary tax rates are per \$100 of assessed valuation. Fiscal year 2018/19 assumes a delinquency rate of 0.00%. Subsequent projected tax rates are not.
- (c) Interest is estimated at 5.50% for the Bonds.

Estimated Average Cost to Taxpayer*

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The following tables illustrate the estimated annual and monthly cost to taxpayers, including principal and interest, based on varying types of property, property values and assessed values. To determine your estimated tax increase, refer to your property tax statement which identifies the specific assessed value of your property.

ESTIMATED AVERAGE ANNUAL BOND TAX RATE PER \$100 OF ASSESSED VALUATION: \$0.6489

RESIDENTIAL PROPERTY (Assessed at 10.0%)			
Value for Tax Purposes (a)	2017/18 Assessed Value	Estimated Average Annual Cost (b)	Estimated Average Monthly Cost (b)
\$135,334 (c) 100,000	\$13,533 (c) 10,000	\$87.82 64.89	\$7.32 5.41

* Estimated, subject to change. See assumptions on next page.

- (a) Assessor's value for tax purposes is the value of your property as it appears on your tax bill and does not necessarily represent the market value. Beginning with fiscal year 2015-2016, this value cannot increase by more than 5% from the prior year if the property has not changed. For commercial property, only locally assessed property is subject to this limit.
- (b) Cost based on the estimated average tax rate over the life of the bond issues and a number of other financing assumptions which are subject to change.
- (c) Estimated average assessed value of owner-occupied residential properties, commercial properties or agricultural and vacant properties, as applicable, within the District as provided by the Arizona Department of Revenue.

Note: The information in this analysis is not intended to be used as the primary basis for determining an issuer's bonding capacity, tax rate or ability to sell bonds. This analysis is based on assumptions provided by sources considered to be reliable, including the issuer, but is not guaranteed as to accuracy and does not purport to be complete. Any information expressed in this analysis is subject to change.

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