

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: July 7, 2011**

**SUBJECT:** Refunding Municipal Property Corporation Bonds

**SUBMITTING DEPARTMENT:** Management Services

**PREPARED BY:** Robert A. Casillas, Stone & Youngberg

**AGENDA LOCATION:** Comments/Communications , Consent , Work/Study ,  
New Business , Public Hearing , Second Reading

---

**ATTACHMENTS:** None.

---

**SUMMARY/BACKGROUND:** Over the years, the Municipal Property Corporation Board has assisted the Town of Prescott Valley in constructing various projects by entering into leases of Town property and then issuing bonds based on the lease revenue. For example, in 1995 and 1997 the Town sold MPC revenue bonds to finance construction of a Police operations building, Town Hall building and Library.

When interest rates have dropped, the Town's financial advisors at Stone & Youngberg have in the past suggested that staff review various scenarios to see if refunding outstanding MPC bond issues would be advantageous to the Town. On that basis, the Council approved Resolution No. 1246, on February 12, 2004, which granted preliminary approval to negotiate the sale of not-to-exceed \$8,500,000 aggregate principal amount of Municipal Facilities Revenue Refunding Bonds, and authorized the preparation of a Preliminary Official Statement. Under the resolution, additional authority was given to the Town Manager to determine (on behalf of the MPC) the date any such bonds would be offered for sale, if on such date the same would result in a present value debt service savings (net of all costs associated with the issuance of the bonds) of not less than two percent (2%) of the principal amount of the bonds being refunded. The MPC bonds would not be issued unless this provision was met.

And again, on April 26, 2007, Resolution No. 1498 was approved (as an emergency measure) which authorized execution and delivery of a First Amendment to Series 2003 Ground Lease, a Town Lease, a Bond Purchase Contract and a Continuing Disclosure Undertaking; approved execution and delivery by the Town of Prescott Valley Municipal Property Corporation of such documents as well as a supplemental Trust Indenture and an Escrow Trust Agreement; approved issuance of not-to-exceed \$15,000,000 aggregate principal amount of MPC Facilities Revenue Refunding Bonds; approved an official statement relating to such Bonds; delegated to the Town Manager the authority to determine various terms with respect to such Bonds and certain matters relating to certain bonds to be refunded with the proceeds of the sale thereof; and authorized the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution. However, due to interest rates not being favorable for the Town to move ahead with the refunding of outstanding MPC bonds, this action was not pursued.

Staff is now presenting to Council a comparable scenario as the above, to discuss the possibility of refunding certain outstanding MPC Bonds. Similar authority would be granted to the Town Manager to determine (with Stone & Youngberg) when the criteria has been met to sell the bonds.

---

**OPTIONS ANALYSIS:** None. For discussion only.

---

**ACTION OPTION:** None. For discussion only.

---

**RECOMMENDATION:** None. For discussion only.

---

**FISCAL ANALYSIS:** Preliminary estimates are that refunding these prior MPC bonds could save the Town approximately \$355,000 (net of costs associated with the bond issue) at present value.

---

**REVIEWED BY:**

Management Services Director \_\_\_\_\_ Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

---

**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_