

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: June 7, 2012**

SUBJECT: Approving Action by Prescott Valley Municipal Property Corporation Potentially Refunding Town 2003 Sewer Revenue Refunding Bonds and MPC Second Series 2004 Revenue Bonds

SUBMITTING DEPARTMENT: Management Services

PREPARED BY: Robert A. Casillas, Stone & Youngberg
William E. Kauppi, Management Services Director

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

ATTACHMENTS: a) Town Resolution No. 1793; b) MPC Board Res. No. 12-01; c) First Amendment to Ground Lease; (d) Ground Lease, (e) Town Lease; (f) Supplemental Indenture; (g) Escrow Trust Agreement; (h) Bond Purchase Agreement; and (i) Preliminary Official Statement (yellow verbiage – attachments from 2011 refunding)

SUMMARY/BACKGROUND: Over the years, the Municipal Property Corporation (MPC) 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 MPC sold revenue bonds to finance construction of a Police operations building and a Town Hall building and Library.

When interest rates have dropped, the Town's investment banker/underwriter, Stone & Youngberg, has suggested that staff consider various scenarios to see if refunding outstanding MPC (and other) bond issues would be advantageous to the Town. For example, on February 12, 2004, the Council approved Resolution No. 1246, which granted preliminary approval for the MPC to sell not-to-exceed \$8,500,000 aggregate principal amount of Municipal Facilities Revenue Refunding Bonds. Under the resolution, 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.

Similarly, on July 14, 2011, Resolution No. 1757 approved (as an emergency measure) sale by the MPC of not-to-exceed \$31,000,000 aggregate principal amount of Municipal Facilities Revenue Refunding Bonds and delegated to the Town Manager and Management Services Director authority to deem final a Preliminary Official Statement. These Bonds were ultimately issued, and the Town realized over \$400,000 (2.70%) net present value debt service savings.

Staff is now asking the Council to consider approving the sale by the MPC of bonds that would refund certain Sewer Revenue Bonds and certain existing MPC bonds. More specifically, this would involve the Town Series 2003 Sewer Revenue Refunding Bonds and the MPC Second Series 2004 Revenue Bonds. Authority would again be requested for the Town Manager and Management Services Director to determine (with Stone & Youngberg) when the parameters set forth in the Resolution have been met to actually move ahead with one or both of the refundings.

OPTIONS ANALYSIS: Council may choose to authorize these potential refundings or not to authorize these refundings.

ACTION OPTION: Motion to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1793, an emergency measure, authorizing the execution and delivery of an Amendment to Ground Lease, a Ground Lease, a Town Lease, a Bond Purchase contract and a Continuing Disclosure Undertaking; approving execution and delivery by the MPC of these and other documents and issuance by the MPC of not to exceed \$19,500,000 aggregate principal amount of one or more series of Municipal Facilities Revenue Refunding Bonds, Series 2012; delegating to the Town Manager and Management Services Director authority to determine various terms with respect to such bonds; providing for the transfer of certain moneys for the payment thereof and making certain covenants and agreements with respect thereto, **OR** Motion not to approve Resolution No. 1793. **VOTE.**

RECOMMENDATION: Staff recommends authorizing signature of Resolution No. 1793.

FISCAL ANALYSIS: Preliminary estimates are that refunding the 2003 Sewer Revenue/MPC bonds could save the Town approximately \$375,000 (net of costs associated with the bond issue) on a present value basis, and could save the Town approximately \$200,000 (net of costs associated with the bond issue) on a present value basis to refund the Second Series 2004 MPC Bonds), for a total of approximately \$575,000 in savings.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____