



CONSENT ITEMS

These items have been distributed to City Council in advance for study and will be enacted by one motion with no discussion. Any member of the Council, staff, or the public may remove an item from Consent Items for discussion. Items removed may be acted upon before proceeding to the next agenda item.

- a. Minutes - April 17 & 18, 2024 City Council Special Meeting.
- b. Minutes - April 23, 2024 City Council Special Meeting - Executive Session.
- c. Minutes - April 23, 2024 City Council Regular Meeting.
- d. Minutes - April 24, 2024 City Council Special Meeting.
- e. Approval of Proclamation, 156th Anniversary of Memorial Day, May 27, 2024.
- f. AB 3047 Approval of Pickle Ball Court Construction Contract to Hope Construction, LLC. in an amount not-to-exceed \$1,598,975.10.
- g. AB 3053 Approval of a Resolution authorizing the execution of an Intergovernmental Agreement (IGA) between the City of Sedona and Arizona Department of Transportation regarding the design of Brewer Road Shared Use Path in the approximate amount \$129,578.
- h. AB 3056 Approval of a contract amendment for DVA in the amount of \$150,000 to account for the Summer Stewardship Destination Marketing Campaign (Embrace the Moment).



MEMO

Office of the City Manager

TO City Council

FROM Anette Spickard, City Manager

SUBJECT AB 3046 Supplemental Information regarding Parking Revenue Forecast

Mayor and Council,

To assist with your review of AB 3046 on May 14, 2024, additional details from the parking revenue forecast that was prepared by the Finance Department are shown below.

Based on our historic parking revenue experience from the existing paid parking in Uptown, staff estimated monthly revenue from the parking garage by first calculating a peak month and then applying the seasonality factor. A peak month is defined as 270 spaces at 75% utilization multiplied by the hourly parking rate for a 9 hour daily operating window. (As any of the assumptions in the green box change, the resulting garage revenue changes.) Here is an example at \$2.50 per hour rate.

Fee per hour	2.5	Opening Sept 2025	Fee per hour	2.5
# of spaces	270		# of spaces	270
Est hrs/day 9am-6pm	9		Est hrs/day 9am-6pm	9
Est peak usage	75%		Est peak usage	75%
Est peak monthly rev	136,688		Est peak monthly rev	136,688
Seasonal estimate		Factor	Seasonal estimate	
Jan	92,492	0.677	Jan	92,492
Feb	93,250	0.682	Feb	93,250
Mar	136,453	0.998	Mar	136,453
Apr	136,688	1.000	Apr	136,688
May	129,761	0.949	May	129,761
Jun	122,603	0.897	Jun	122,603
Jul	121,241	0.887	Jul	
Aug	104,947	0.768	Aug	
Sep	116,507	0.852	Sep	
Oct	127,316	0.931	Oct	127,316
Nov	110,960	0.812	Nov	110,960
Dec	95,426	0.698	Dec	95,426
Est garage revenue	<u>1,387,644</u>		Est garage revenue	<u>1,044,949</u>
Avg Main St net revenue	<u>399,150</u>		Avg Main St net revenue	<u>399,150</u>
Total est revenue	1,786,794		Total est revenue	1,444,099



UPTOWN SEDONA PARKING GARAGE

Construction Manager at Risk (CMAR), Construction Services contract



UPTOWN SEDONA PARKING GARAGE

Presentation Outline:

- HISTORICAL PERSPECTIVE and PUBLIC/STAKEHOLDERS
City of Sedona
- PROJECT DESIGN:
Gabor Lorant Architects
- PROJECT CONSTRUCTION (CMAR)
McCarthy Building Companies
- GMP DEVELOPMENT
City of Sedona/McCarthy



HISTORICAL PERSPECTIVE



→ 2005: Sedona Parking Management Study (by Parking Research and Solutions)

↳ 2012: Uptown Parking Management Plan (by Nelson/Nygaard)

↳ 2013: Sedona Community Plan Update (Uptown CFA)

↳ 2018: Sedona Transportation Master Plan

↳ 2019: CFA; & Needs Assessment, & Siting and Design Concept Assessment for a Parking Facility (by Walter P Moore)

↳ 2020: Sedona Area Transit Implementation Plan (by LSC)

↳ 2020: RFQ/Design (GLA)

↳ 2021: RFQ/CMAR (McCarthy)

↳ 2023: Uptown Parking Alternatives Analysis (by KHA)

↳ 2023/24: Design and CMAR Re-engagement

- Employee Parking
- Parking Guidance Tech
- Consolidation Plan
- Restrict Parking on Res St
- Fund Garage with User Fees



Public Participation



HOW ?

WHY ?

WHEN ?

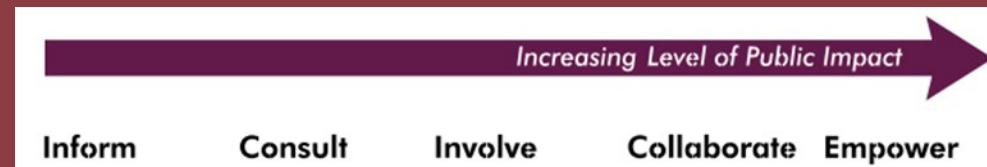
WHERE ?

PUBLIC INFORMATION MEETINGS:

- Saturday, 17 April 2021
- Thursday, 17 March 2022
- Thursday, 8 September 2022
- Thursday, 19 October 2023

PLANNING AND ZONING:

- Work Sessions, (2) – 1 June 2021 and 2 November 2022
- Public Hearings, (2) – 25 May 2021 and 19 March 2024



Stakeholder Participation



STAKEHOLDER MEETINGS:

Scoping Phase

Schematic Design

Design Development

STAKEHOLDERS:

Uptown Parking Advisory Committee

Sedona Police

Sedona Fire

COS, IT

COS, Facilities Management

COS, Public Works

COS, Transit Administrator

Qwest/Century Link





ARCHITECTURE AND SITE DESIGN

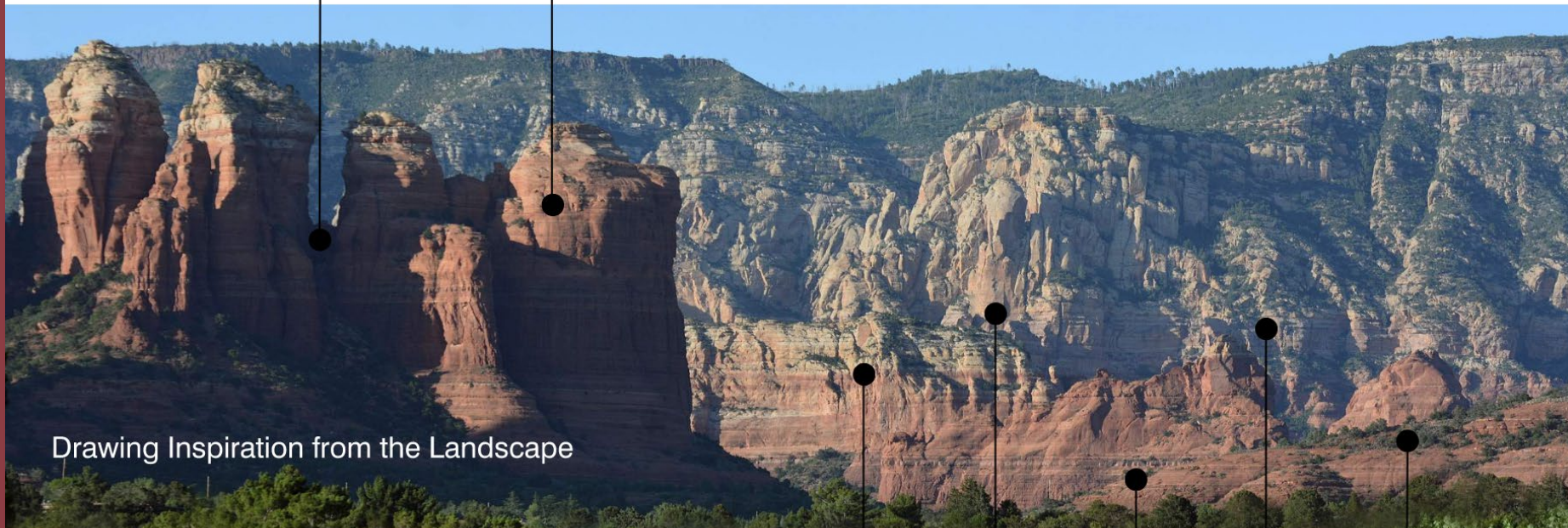


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Unique features





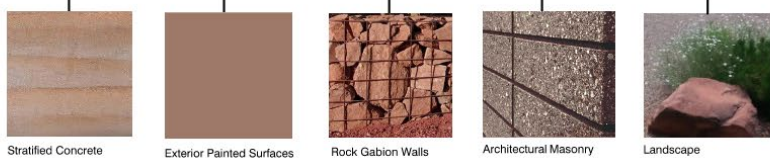
Drawing Inspiration from the Landscape

Principal colors selected for the project are drawn from the surrounding natural environment.

The sweeping metal ribbon screening the south facade reflects the natural color and forms of the neighboring red rock formations. Constructed from durable and eco-friendly weathered steel, the screening material comprises the same iron oxide that gives Sedona's red rock its spectacular red color.

Red rock gabion walls surround the garage and will be formed from rock excavated from the site.

The use of stratified integral-colored concrete visually connects the structure to Sedona's natural geological history. New sustainable manufacturing practices and little to no maintenance throughout its service life makes concrete a good choice for the garage structure.

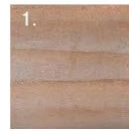


Stratified Concrete Exterior Painted Surfaces Rock Gabion Walls Architectural Masonry Landscape





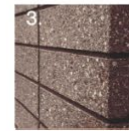
Forest Road



1. Integral Color Stratified Concrete



2. Cable Railing



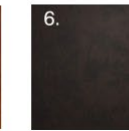
3. Architectural Masonry Trendstone "Black Mountain"



4. Pedestrian Seating Sandblasted Concrete



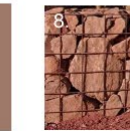
5. Sweeping Metal Facade Corten Steel



6. Exposed Steel Dark Oiled Bronze Finish



7. Exterior Painted Surfaces SW 6090 Moroccan Brown



8. Red Rock Gabion Walls



9. Garage Signage Brushed Aluminum

- 10. Solar Array
- 11. Satellite Police Station
- 12. Bike Rental
- 13. Restrooms

Uptown Sedona Parking Garage | Planning & Zoning Commission - Third Submittal
09 January 2024

PZ21-00003 (DEV) Uptown Parking Garage

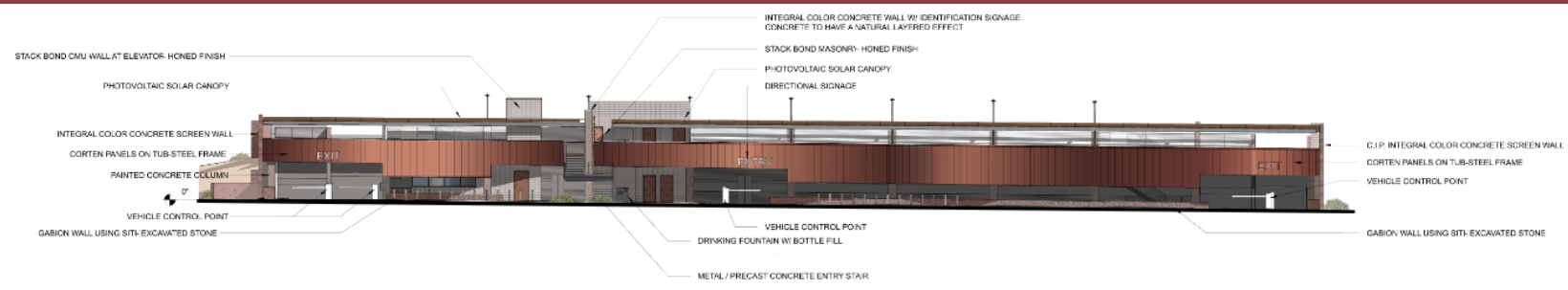


gabor lorant architects
3326 n. 3rd avenue suite 200
phoenix, arizona 85013
tel: 602.667.9090
fax: 602.667.9133
gaborlorant.com

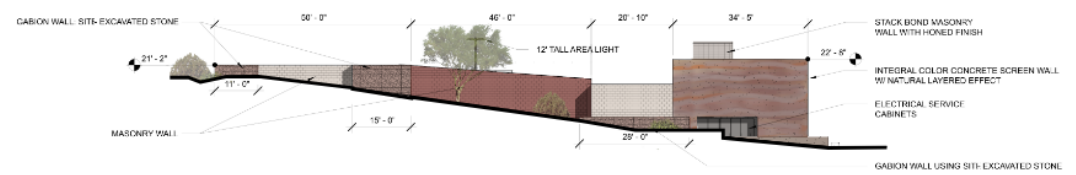


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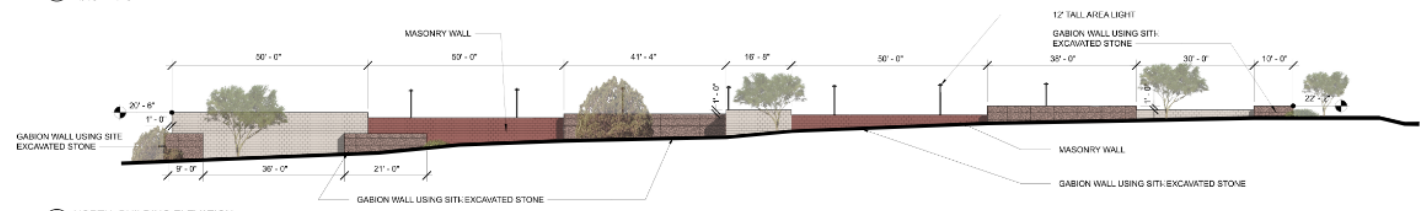




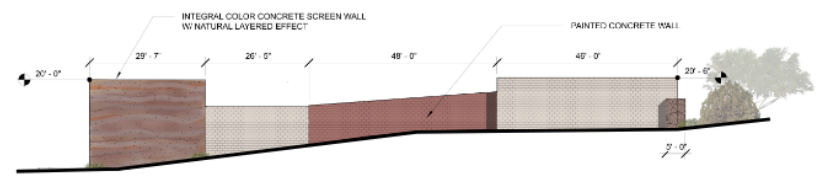
1 SOUTH-BUILDING ELEVATION
1/16" = 1'-0"



2 WEST-BUILDING ELEVATION
1/16" = 1'-0"



3 NORTH-BUILDING ELEVATION
1/16" = 1'-0"



4 EAST-BUILDING ELEVATION
1/16" = 1'-0"





Parking spaces and types accommodated





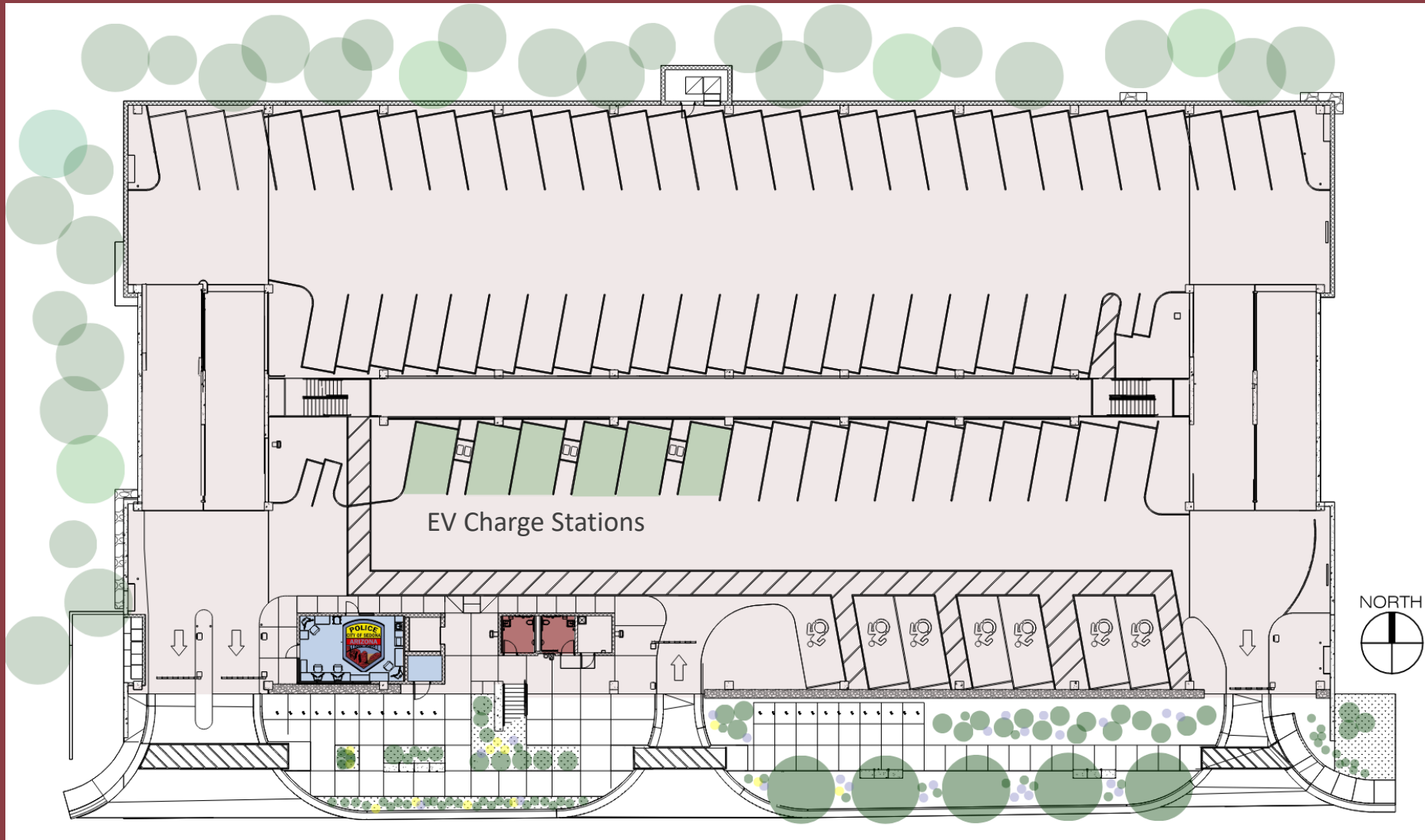
249 Standard Spaces
6 EV Charging spaces
7 Accessible Spaces
8 Motorcycle Spaces
270 Total Spaces





Design Challenges

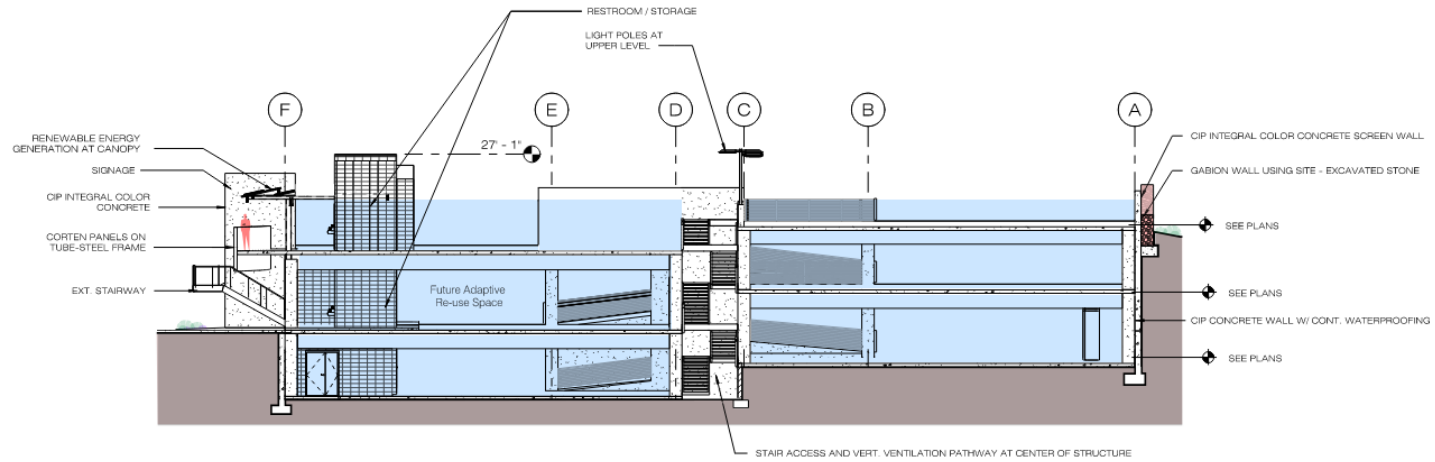




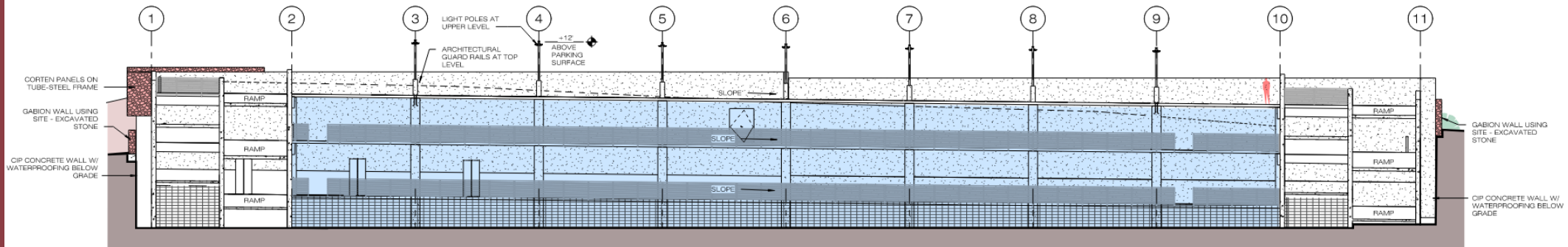
Ground Level Tiers

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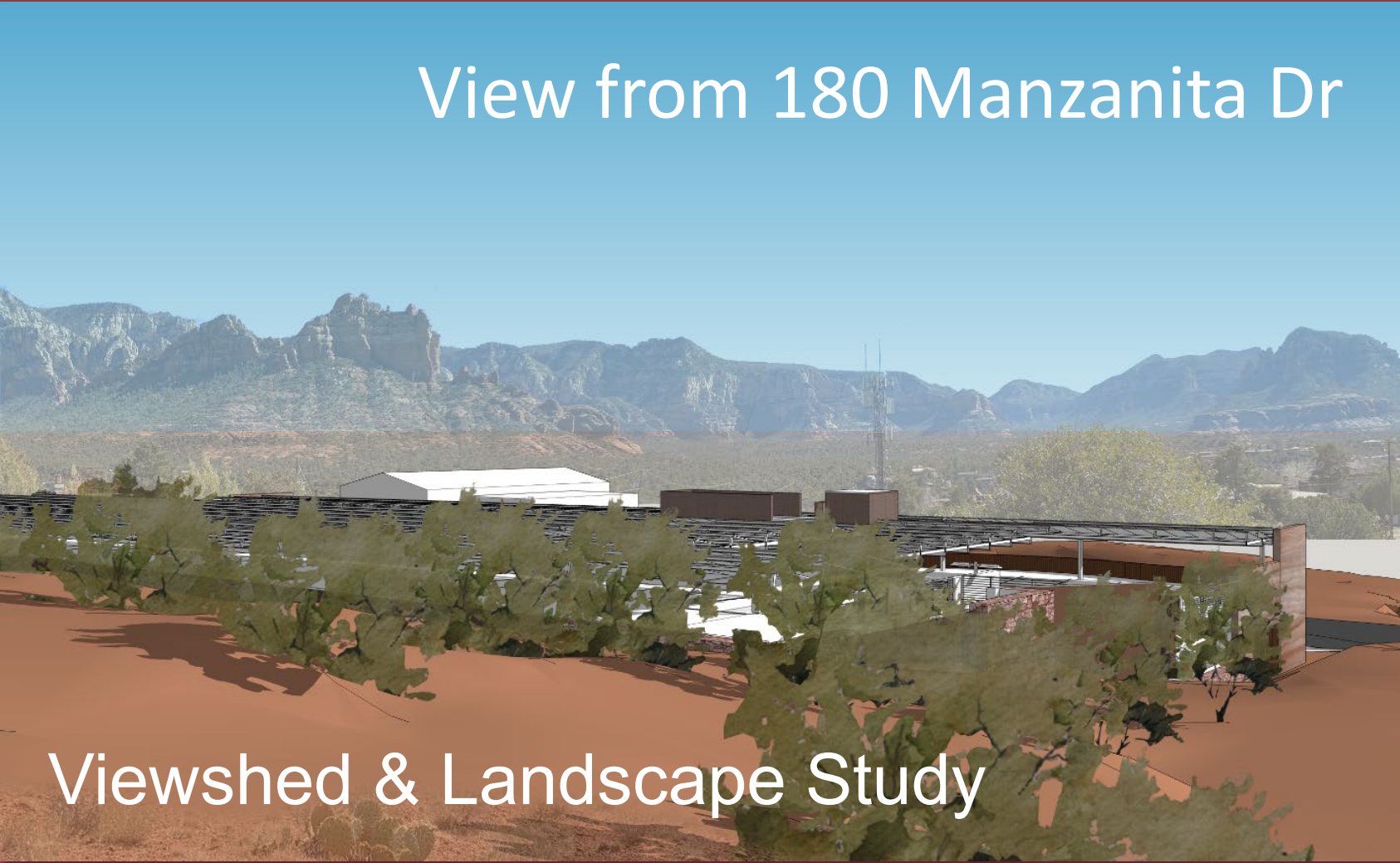


Section - A
3/32" = 1'-0"



Section - B
3/32" = 1'-0"





View from 180 Manzanita Dr

Viewshed & Landscape Study







Incorporated *ParkSmart* features leading to certification





Parksmart



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Parksmart Planning Worksheet						
Project Name:	Sedona Garage					
Cost Notes:	Costs have been qualitatively represented for categories that will likely be achieved (Yes) or that have a good opportunity to be achieved pending further validation by the City (Maybe). Cells have been highlighted in Green to indicate low cost, Yellow to indicate moderate cost, and Red to indicate high cost.					
Parksmart Certification Measure	Options	Max Points	Yes	Maybe	No	Comments & Notes
MANAGEMENT						
A1 - Parking Pricing	Parking Pricing	6	6			
A2 - Shared Parking (2 to 6 pts)	Shared Parking Program	2		2		Do users have offsetting peaks? +2 pts
	Oversubscription of Parking Permits	2	2			
	Shared Parking Analysis	6			2	6 points if shared parking analysis shows spaces can be reduced 25% (not additive), TBD.
A3 - TMA/TMO	Transportation Management Association / Organization	4		4		Confirm participation in TMO
A4 - Recycling Program (2 to 4 pts)	Active Recycling Program	2	2			
	Percentage of Recycling: At least 25% but less than 50%	1	1			Possible to get this credit or the next. City to confirm recycling effort on current facilities.
	Percentage of Recycling: 50% or more	2		1		
A5 - Sustainable Purchasing Program	Organized Sustainable Purchasing Program	2		2		Confirm if City participates in such a program
	Purchasing of Product Groups	1				City to confirm purchase of products
A6 - Proactive Operational Maintenance	Proactive Operational Maintenance	6	6			Common to achieve -- City to verify maintenance program
A7 - Cleaning Procedures - Occupied Spaces	Cleaning Products & Hand Cleaners	2	2			Confirm green products will be purchased (at least 75%).
A8 - Cleaning Procedures - Parking Decks (1 to 6 pts)	Spot Cleaning / Oil Degreasing	1	1			City should plan for active spot cleaning
	Power Washing: Water is Disposed	2	2			
	Power Washing: Water is Recycled	3		1		
	Sweeping: Electric or Propane	1	1			City should plan for active sweeping (monthly)
	Sweeping: Power Scrubber	1		1		
A9 - Building Systems Commissioning (4 to 8 pts)	LEED 2009 or v4 Enhanced Commissioning Credit	8			4	
	LEED 2009 Fundamental Commissioning of Building Energy Systems prerequisite or v4 Fundamental Commissioning and Verification prerequisite	6				
	ASHRAE Guideline 0-2005 and ASHRAE Guideline 1.1-2007	6				

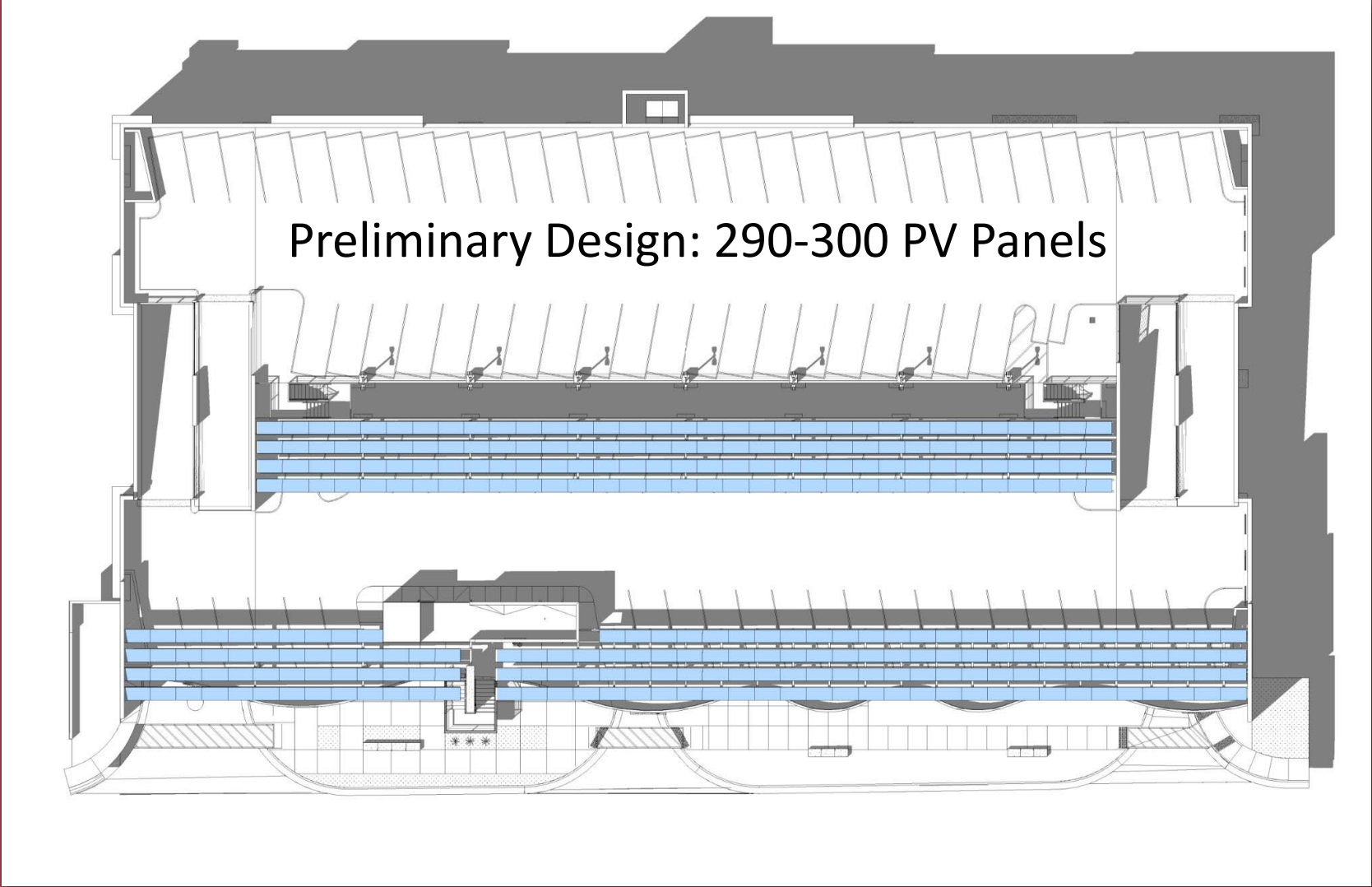
On track to achieve
Bronze Certification

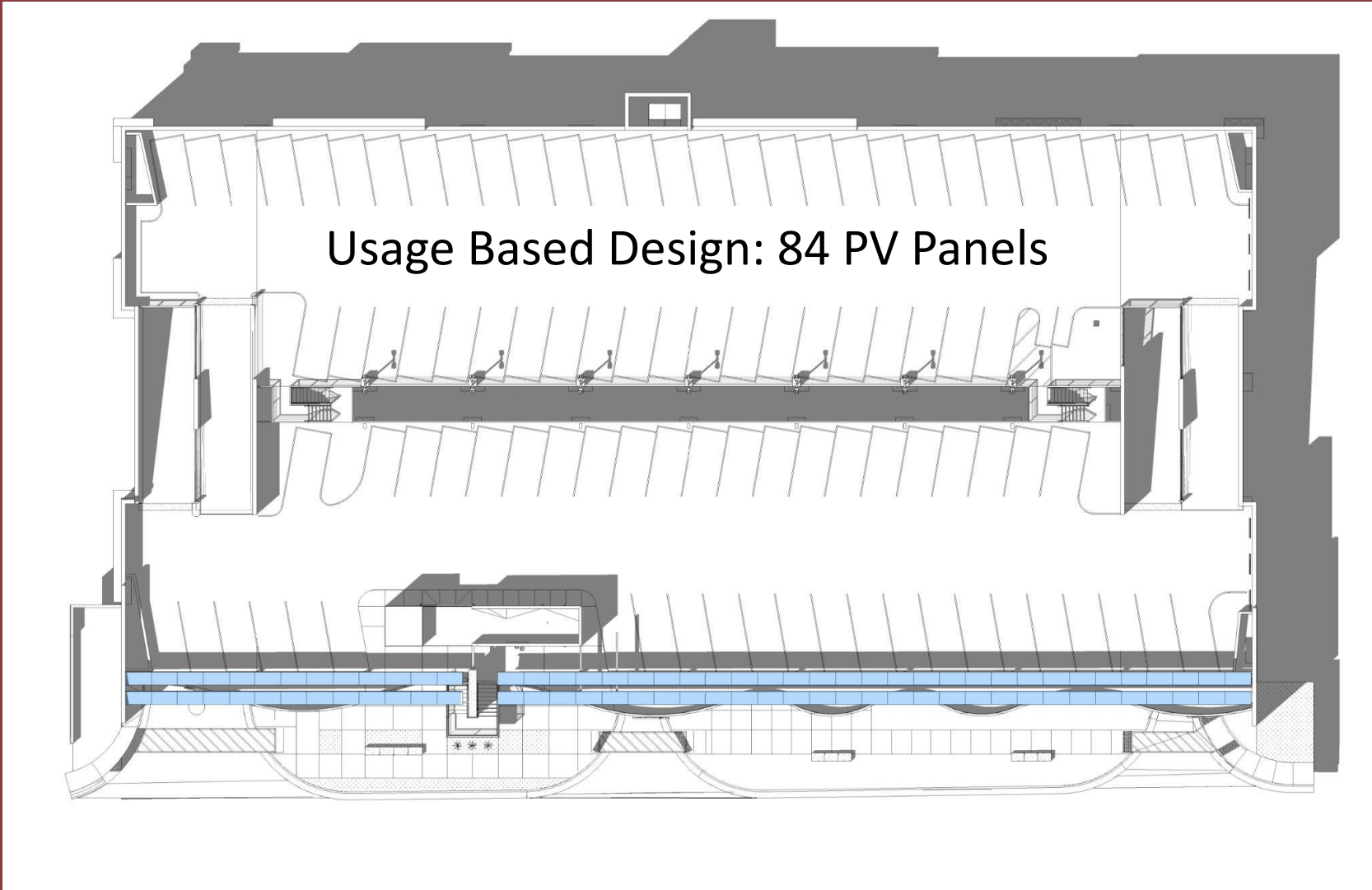




Solar Array







Usage Based Design: 84 PV Panels





Amenities





Restrooms, Police Beat, Water Bottle Filling Station, Visitor Information





CONSTRUCTION AND GMP DEVELOPMENT

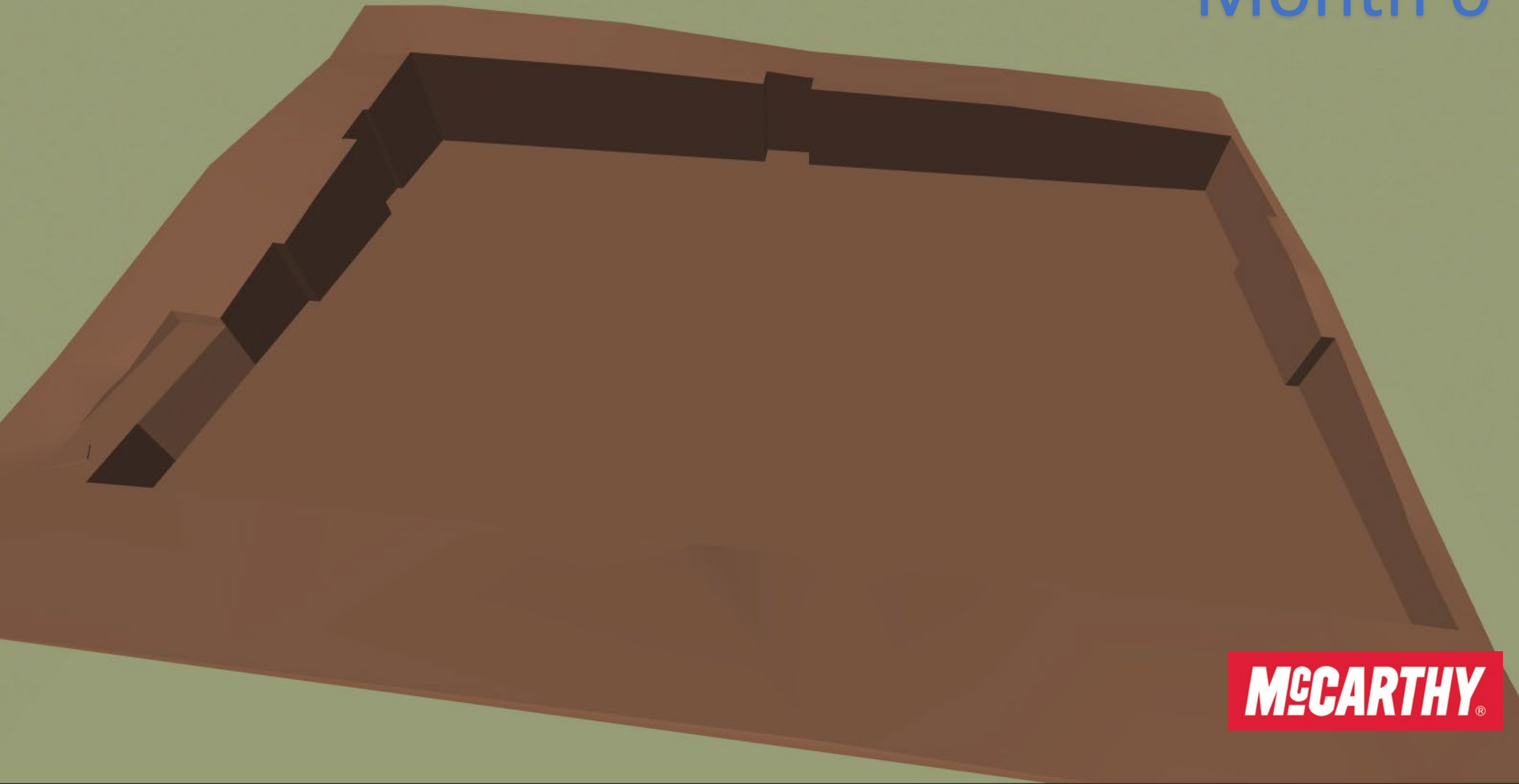


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Site Overview



Month 0



MCCARTHY[®]

Month 1



MCCARTHY[®]

Month 2



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Month 2



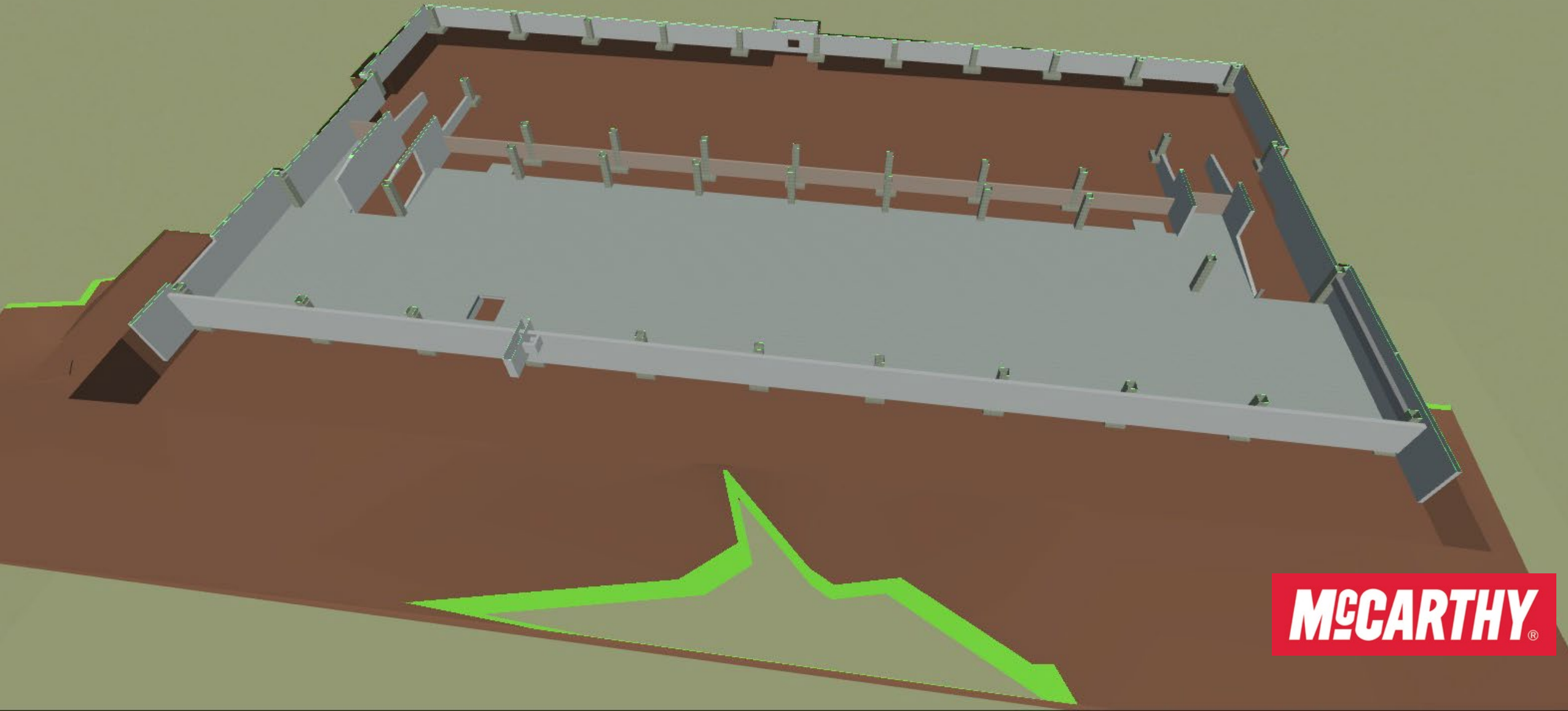
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Month 3



MCCARTHY®

Month 3



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Month 4



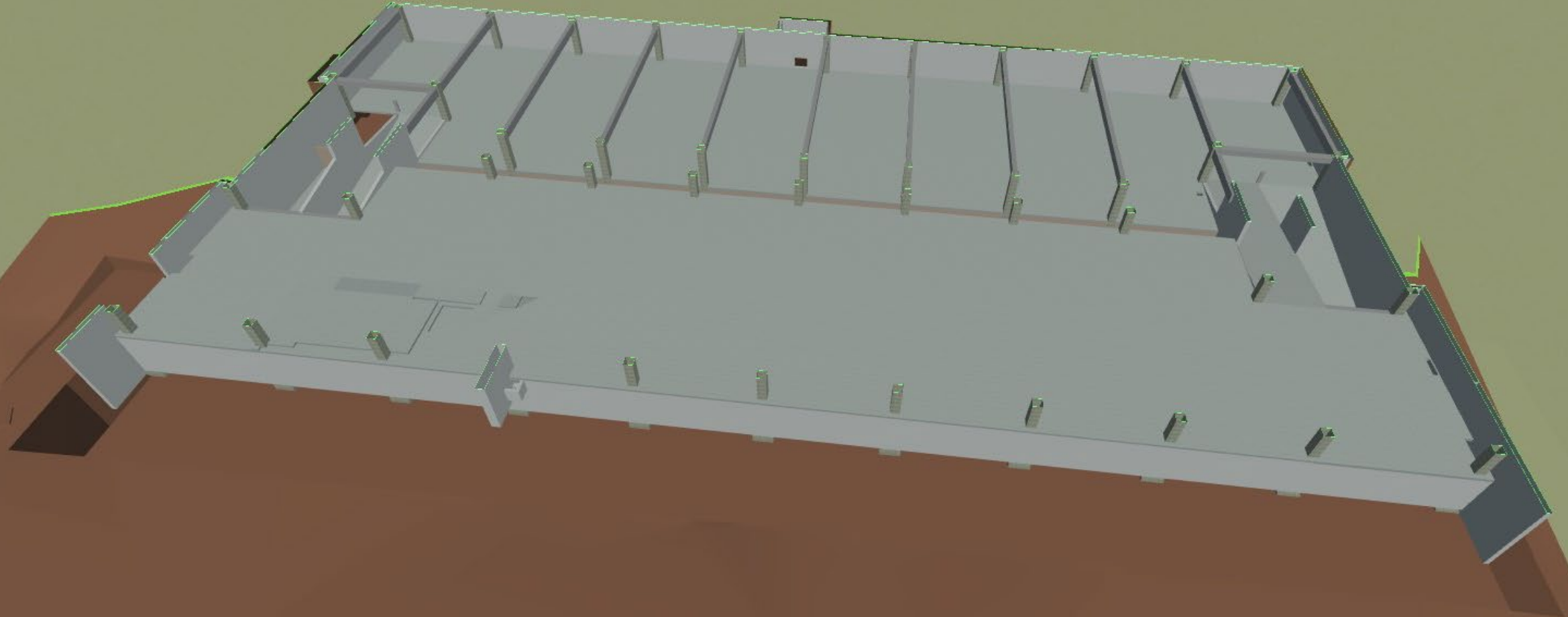
MCCARTHY®

Month 4



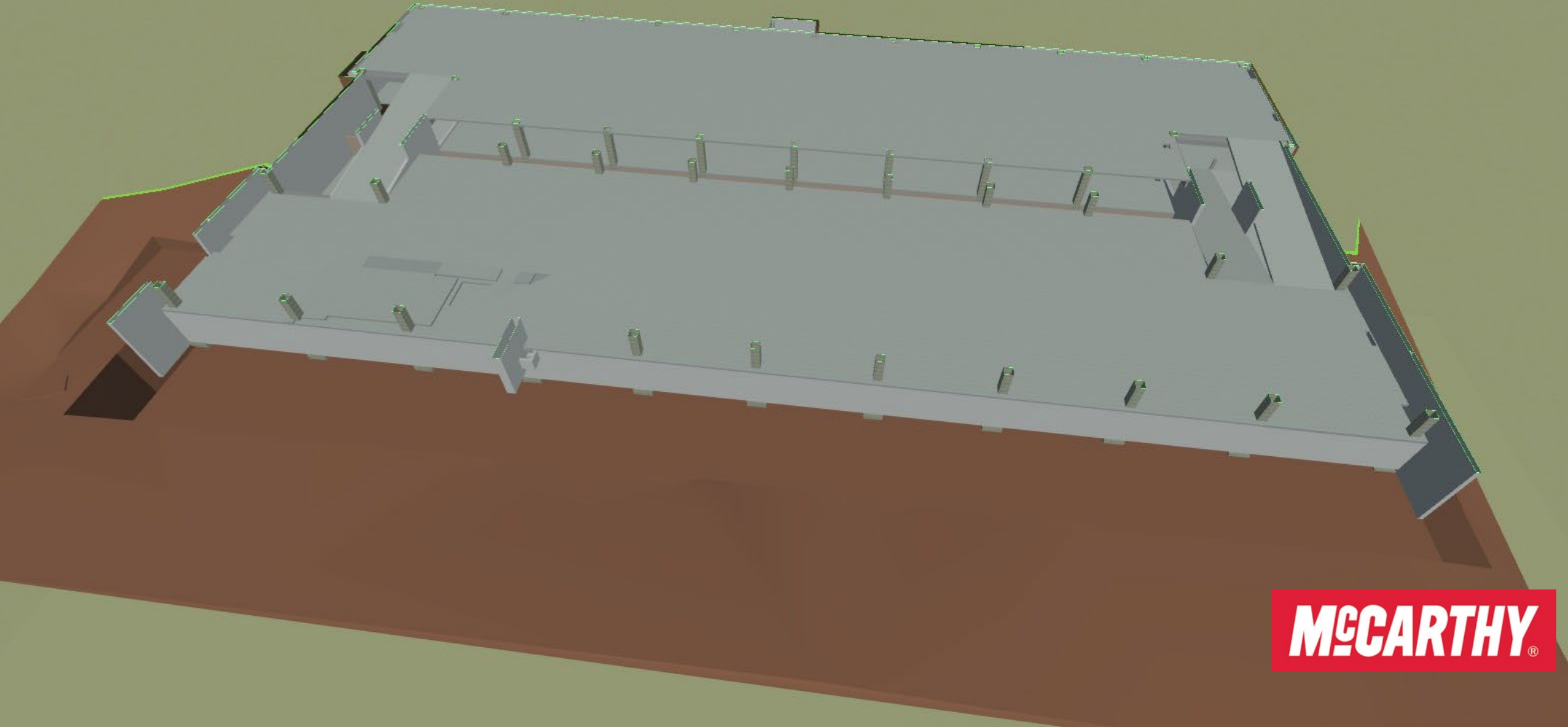
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Month 5



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Month 5



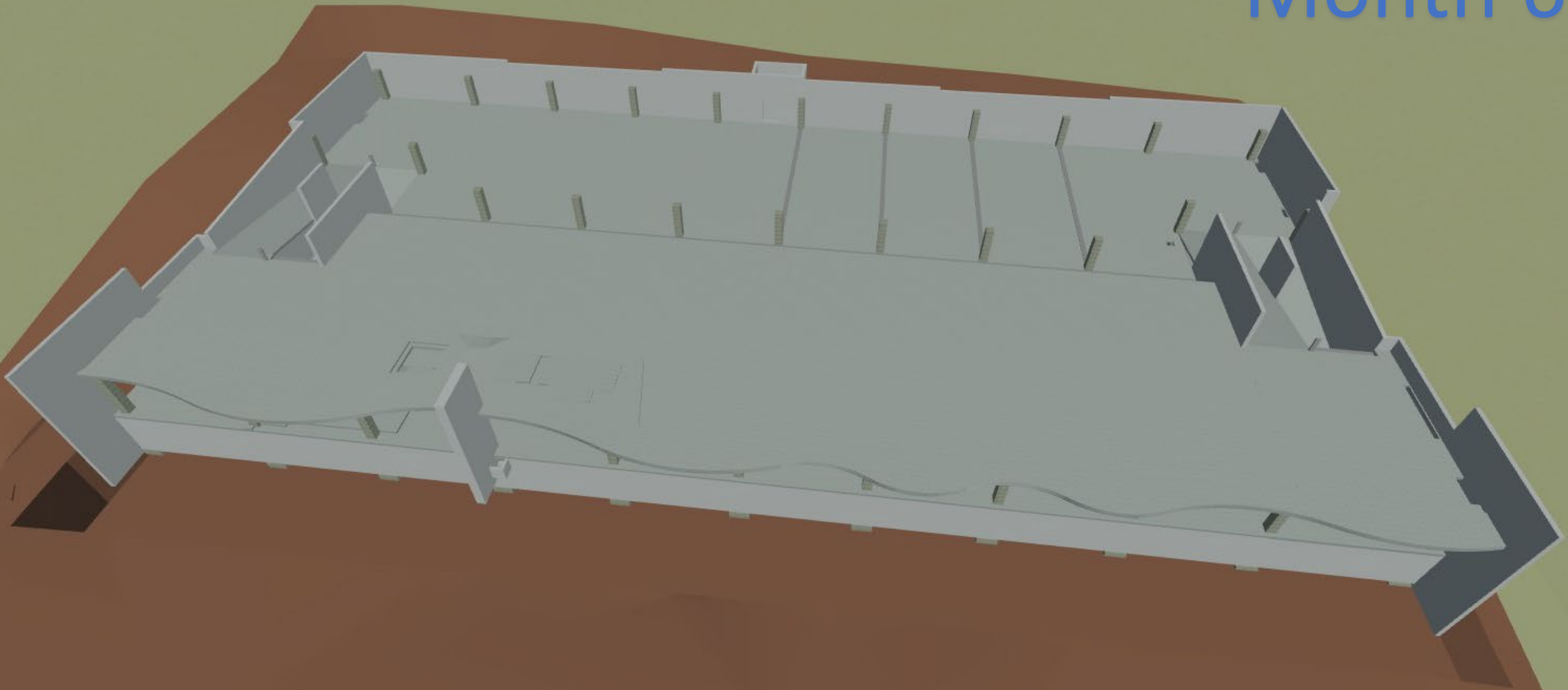
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Month 6



MCCARTHY®

Month 6



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Month 7

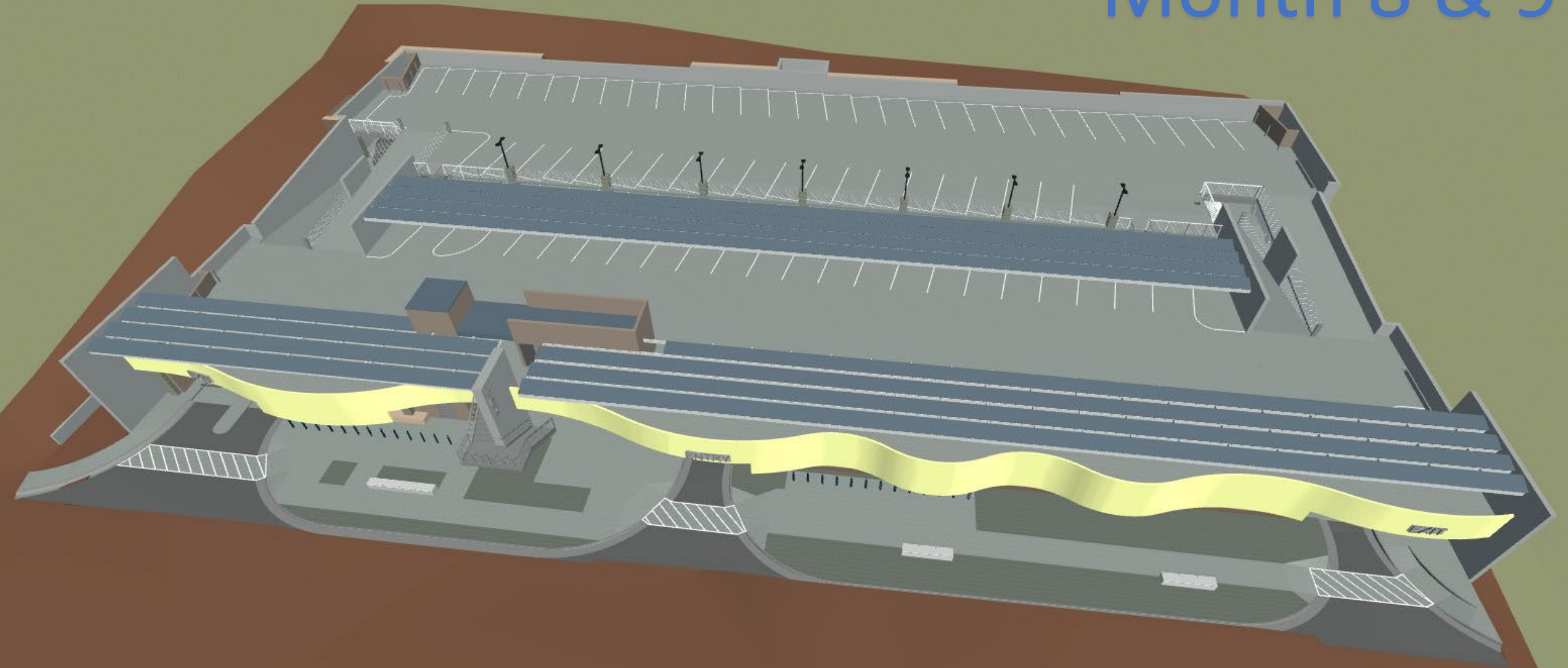


Month 7



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Month 8 & 9



MCCARTHY[®]



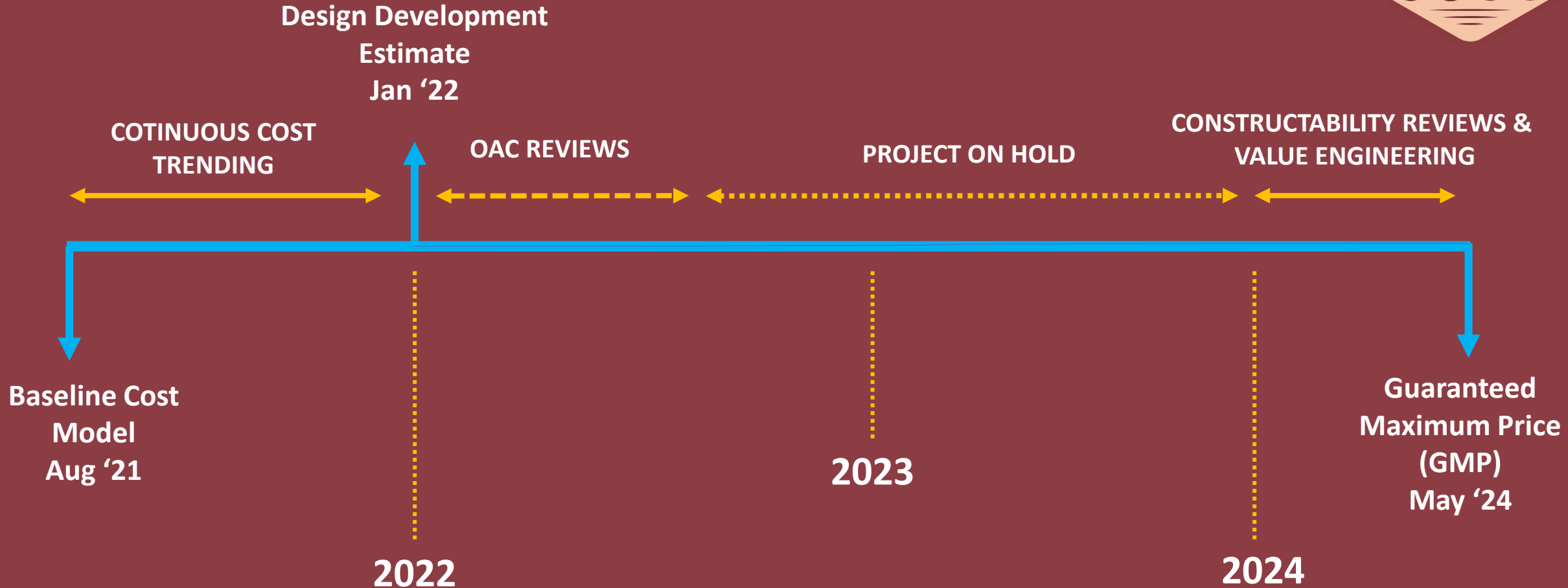
GMP DEVELOPMENT



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McCarthy Preconstruction Timeline





McCarthy GMP Effort

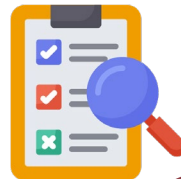
Bid Outreach Effort

- Trade Partners Invited: **239**
- Trade Partner Bids Received: **86**
- Scopes of Work: **29**



Bid Evaluation

- Detailed Scope Review
- Scope Interview Sessions
- Low & Qualified Trade Partner Recommended



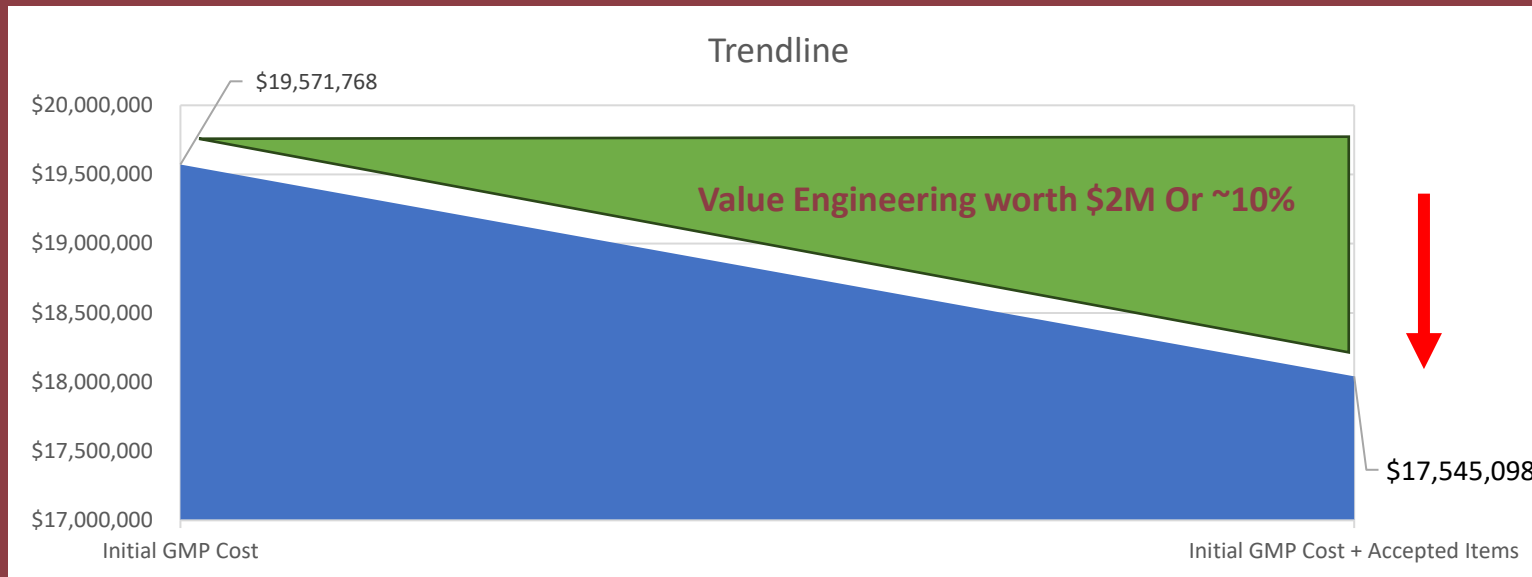
Value Add

- Constructability Reviews
- Value Engineering
- Provide solutions to the challenging Market Conditions.





Value Engineering Effort



March '24

May '24

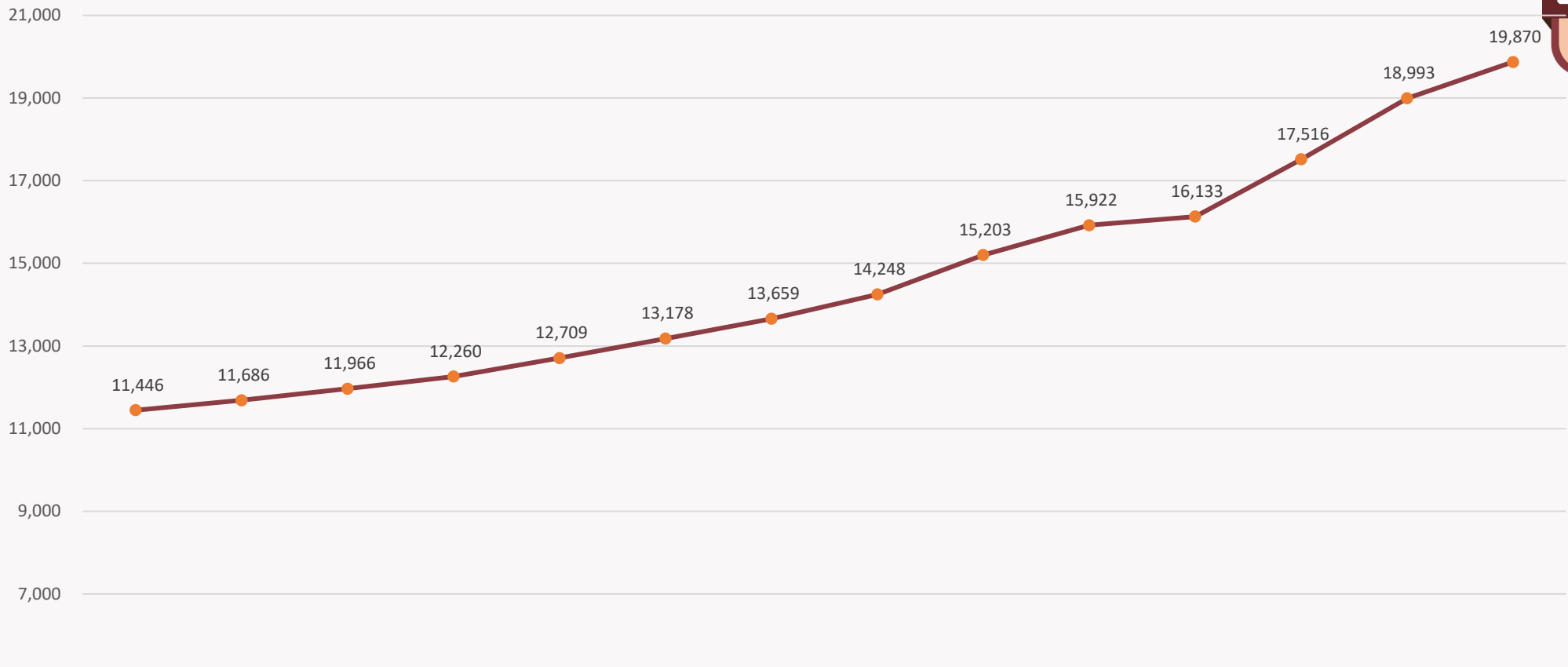
9 Iterations/Submittals for GMP

- Using the rock face with the shotcrete layer as the basement wall in lieu of Masonry or Cast in Place Concrete: **(\$950,000)**
- Provide 86 PV Panels (Base Load for the Garage) in lieu of 292 PV Panels: **(\$496,000)**
- Optimizing CMAR Overheads, General Conditions, & General Requirements: **(\$250,000)**
- Provide best value through extensive bid outreach: **(\$200,000)**
- Using alternative framing members for PV Panel Supports: **(\$80,000)**
- Collaborating with the Mechanical engineer to identify design opportunities and efficiencies : **(\$50,000)**





RLB Index - Phoenix



	2011 Q1	2012 Q1	2013 Q1	2014 Q1	2015 Q1	2016 Q1	2017 Q1	2018 Q1	2019 Q1	2020 Q1	2021 Q1	2022 Q1	2023 Q1	2024 Q1
RLB Index	11,446	11,686	11,966	12,260	12,709	13,178	13,659	14,248	15,203	15,922	16,133	17,516	18,993	19,870

RLB Index

Source: <https://www.rlb.com/americas/insights/>

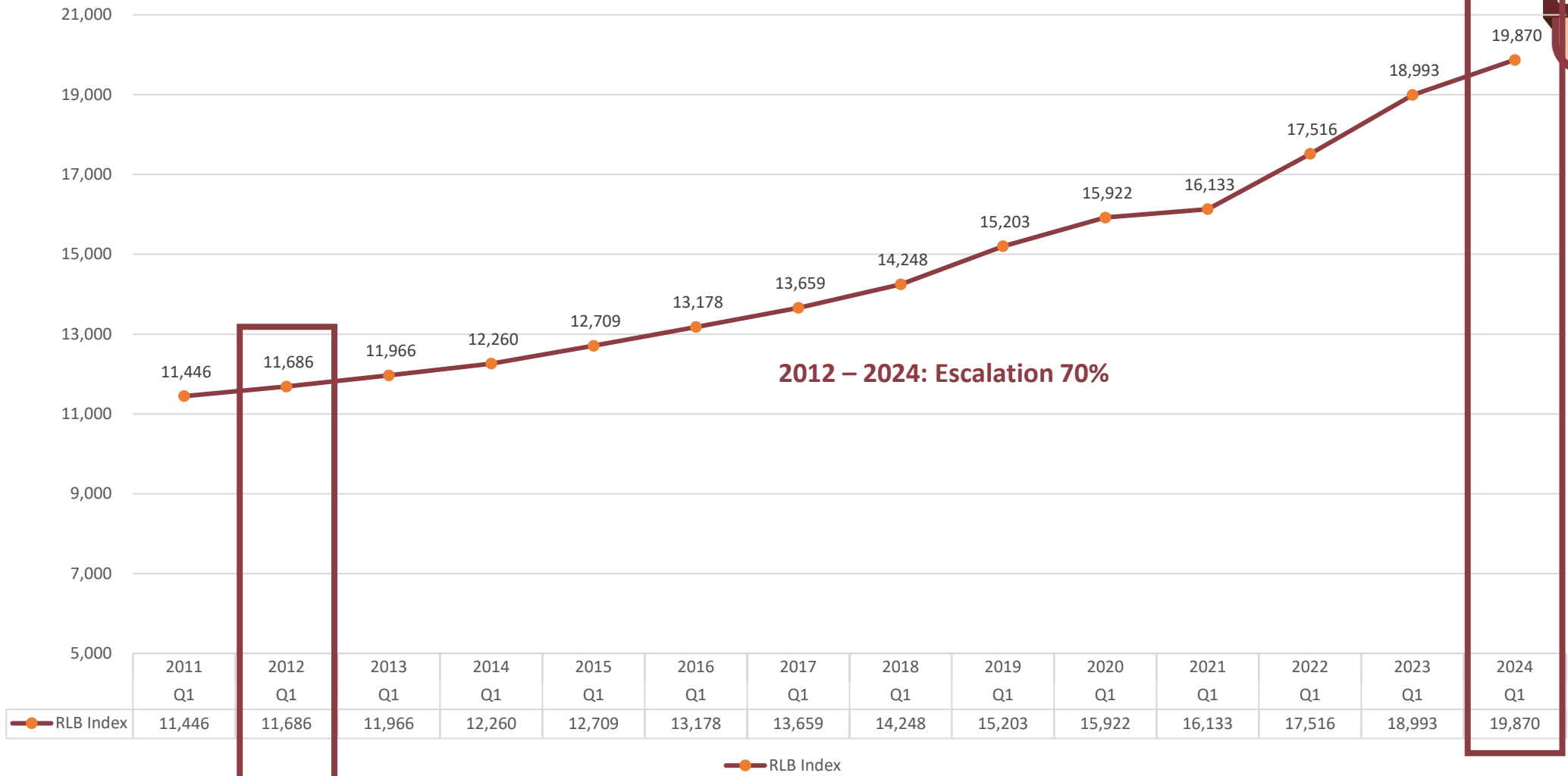


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RLB Index - Phoenix



2012 – 2024: Escalation 70%

Source: <https://www.rlb.com/americas/insights/>



Construction Cost Summary



Direct Construction Costs (incl General Requirements & Conditions, and PV Solar Array VE Reduction) \$17,545,098

City of Sedona Separate Contract Work and Cost \$5,133,133

<i>Site Excavation</i>	<i>\$3,022,600.00</i>
<i>a: Value Engineering - Reduction for Overex @ Perimeter</i>	<i>(\$200,000.00)</i>
<i>Temporary Shoring (Soil Nail and Guniting)</i>	<i>\$712,200.00</i>
<i>Paid Access Revenue Collection System</i>	<i>\$171,517.00</i>
<i>Access Control (CCTV, Card Readers, Strike Locks, etc)</i>	<i>\$126,816.00</i>
<i>APS Transformer Relocation and Garage Service (approx.)</i>	<i>\$300,000.00</i>
<i>Owner Contingency</i>	<i>\$1,000,000.00</i>

TOTAL PROJECT CONSTRUCTION COST \$22,678,231



“The Sedona Factor”

Scenario Cost Comparison for Non-Sedona, Larger Site (less constrained); Basic Structure (Minimal Aesthetic Value); Favorable Subgrade Soils, etc.:



Description	Total Unit Price Deduction
No Rock Excavation	(\$3,022,600.00)
Reduce Excavation & Export by 1/2-Story	(\$700,000.00)
Reduced Aesthetics Value (Basic Concrete & Masonry)	(\$500,000.00)
No Temporary Shoring	(\$712,200.00)
No Restrooms	(\$290,000.00)
No Police Substation	(\$171,000.00)
No Photovoltaic System Array (86 Panels)	(\$427,000.00)
Simple Paid Access Revenue Collection System	(\$50,000.00)
APS Utility Relocations and Supply	(\$300,000.00)
IT Room, Conduit and Cabling System (No WiFi)	(\$50,000.00)
Camera Systems	(\$30,000.00)
Sedona Locale Adjustment 3%	(\$525,000.00)
More Competitive Bidding 5%	(\$875,000.00)
Reduced Owner Contingency	(\$500,000.00)
TOTAL	(\$8,152,800.00)

COST PER VEHICLE SPACE (270 Spaces)

Total Construction Cost = \$22,678,231

Average Cost per Space = \$83,993

Total Construction Cost Less Sedona Factor Cost (\$8,152,800) = \$14,525,431

Average Cost per Space = \$53,798





End of Presentation

Closing Remarks

Questions?





Parking Garage Financing Overview and Municipal Bond Market Update

Presented by,
Mark Reader, Managing Director

May 14, 2024



City of Sedona

Scott Jablow, Mayor

Holli Ploog, Vice Mayor

Melissa Dunn, Councilor

Brian Fultz, Councilor

Pete Furman, Councilor

Kathy Kinsella, Councilor

Jessica Williamson, Councilor

Anette Spickard, City Manager

J. Andy Dickey, Deputy City Manager

Renée Stanley, Accounting Manager

Sterling West, Budget & Financial Analyst

Kurt Harris, Public Works Director

Bob Welch, Project Manager

- 01** Downtown Parking Garage – Public Policy Objectives
- 02** City of Sedona Debt Profile
- 03** Est. Parking Garage Construction Cost / Sources and Uses of Funds
- 04** Debt Service Structure and Coverage
- 05** Financing Calendar
- 06** Appendix

Disclosure

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Downtown Parking Garage – Public Policy Objectives

Downtown Parking Garage – Public Policy Objectives

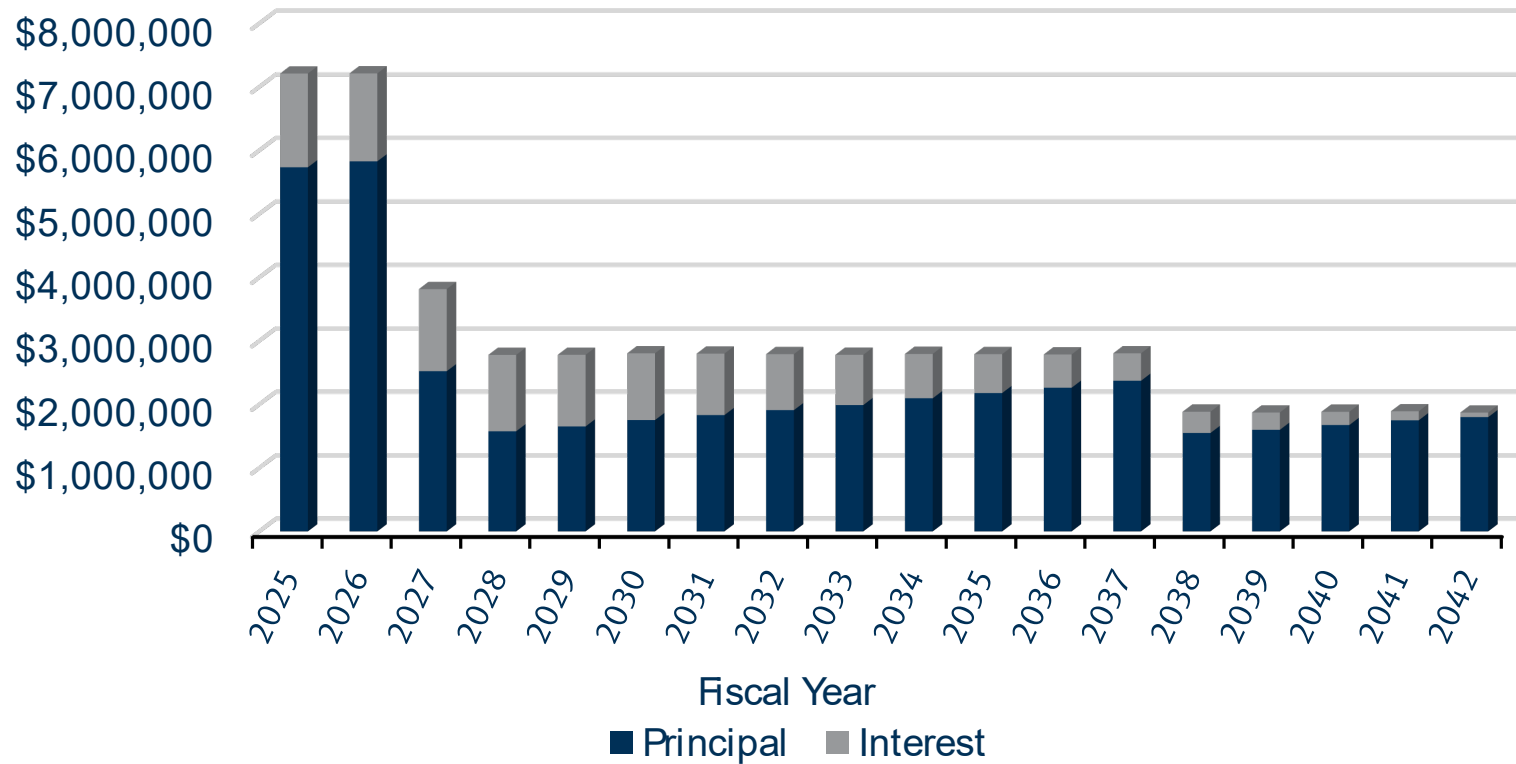
1. Establish a parking garage enterprise system with parking revenues utilized to pay debt service and operating expenses – with customers paying the parking revenues
2. Maintain a conservative 5-year forecast of parking revenues/expenses to determine parking rates and update each year during the budget process
3. Structure debt service to match projected net user fee revenues – amortization based on conservative net revenue collections
4. Secure the lowest tax-exempt interest rate possible at time of sale and position the City to refinance in approximately 9 years – markets and savings threshold permitting
5. Determine potential benefits of direct pay tax credits (grants) under the Inflation Reduction Act – to be determined
6. Close the transaction with funds available for construction draws and reimbursements in July

C City of Sedona Debt Profile

Excise Tax Revenue Bonds Outstanding (\$000s omitted)

Fiscal Year Ending (July 1)	\$8,030 Excise Tax Revenue Refunding Obligation Second Series 2015 Dated: 12/ 16/ 15		\$8,890 Excise Tax Revenue Refunding Obligation Series 2021-1 Dated: 8/ 13/ 21		\$21,640 Excise Tax Revenue Obligations Series 2022 Dated: 2/ 16/ 22		\$10,148 Excise Tax Revenue Obligations Second Series 2022 Dated: 12/ 8/ 22		Total
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	
2025	\$ 970	1.940%	\$ 4,233	1.160%			\$ 532	4.210%	\$ 5,735
2026	990	1.940%	4,283	1.160%			555	4.210%	5,828
2027	1,005	1.940%			\$ 940	5.000%	578	4.210%	2,523
2028					975	5.000%	602	4.210%	1,577
2029					1,025	5.000%	628	4.210%	1,653
2030					1,100	5.000%	654	4.210%	1,754
2031					1,150	5.000%	682	4.210%	1,832
2032					1,200	5.000%	710	4.210%	1,910
2033					1,250	5.000%	740	4.210%	1,990
2034					1,325	4.000%	772	4.210%	2,097
2035					1,375	4.000%	804	4.210%	2,179
2036					1,425	4.000%	838	4.210%	2,263
2037					1,500	4.000%	873	4.210%	2,373
2038					1,550	4.000%			1,550
2039					1,600	4.000%			1,600
2040					1,675	4.000%			1,675
2041					1,750	4.000%			1,750
2042					1,800	4.000%			1,800
	<u>\$2,965</u>		<u>\$8,516</u>		<u>\$21,640</u>		<u>\$8,968</u>		<u>\$42,089</u>
Call Features:	Callable @ par		N/A		7/1/33 and After Callable 7/1/32 @ par		Callable at any time @ par		
Purpose:	Refunding		Refunding		Transportation Master Plan Projects		Land Acquisition – 41 Acres		
Arb Yield:	N/A		N/A		2.288%		4.209%		
NPV Savings:	\$991		\$650		N/A		N/A		<u>Total \$1,641</u>

Aggregate Debt Service



Est. Parking Garage Construction Cost / Sources and Uses of Funds

SOURCES AND USES OF FUNDS

SOURCES	
Principal Amount	\$23,425,000
City Contributions	1,987,933
Total:	\$25,412,933
USES	
Construction Cost Estimate	\$23,000,000
Cost of Issuance	190,750
Underwriter's Discount	234,250
Land Acquisition and Related Costs	898,880
Architectural and Design Costs	1,089,053
Total:	\$25,412,933

D Debt Service Structure and Coverage

RATE DATA				
	TODAY	WEEK PRIOR	MONTH PRIOR	YEAR PRIOR
AAA GO				
2 YEAR	3.22	3.15	2.84	2.69
5 YEAR	2.85	2.78	2.47	2.38
10 YEAR	2.81	2.74	2.47	2.35
15 YEAR	3.26	3.19	2.94	2.95
20 YEAR	3.64	3.57	3.33	3.17
30 YEAR	3.96	3.90	3.65	3.39
US TREASURY				
2 YEAR	4.97	4.99	4.63	4.08
5 YEAR	4.65	4.67	4.23	3.54
10 YEAR	4.62	4.62	4.24	3.47
30 YEAR	4.74	4.71	4.41	3.71

Preliminary Interest Rates

Maturity (July 1)	Principal Amount	4-29-24 Jul-Interp MMD	AA Insured			Underlying Only		
			Coupon	Spread	Yield	Coupon	Spread	Yield
2024								
2025		3.36	5.00	28	3.64	5.00	38	3.74
2026		3.21	5.00	30	3.51	5.00	40	3.61
2027	\$170,000	3.02	5.00	35	3.37	5.00	45	3.47
2028	180,000	2.90	5.00	40	3.30	5.00	52	3.42
2029	445,000	2.85	5.00	43	3.28	5.00	55	3.40
2030	465,000	2.82	5.00	45	3.27	5.00	58	3.40
2031	490,000	2.79	5.00	47	3.26	5.00	60	3.39
2032	515,000	2.80	5.00	50	3.30	5.00	65	3.45
2033	540,000	2.81	5.00	53	3.34	5.00	68	3.49
2034	565,000	2.83	5.00	55	3.38	5.00	70	3.53
2035	595,000	2.91	5.00	55	3.46	5.00	72	3.63
2036	625,000	2.98	5.00	55	3.53	5.00	73	3.71
2037	655,000	3.12	5.00	55	3.67	5.00	75	3.87
2038	690,000	3.18	5.00	55	3.73	5.00	75	3.93
2039	720,000	3.26	5.00	58	3.84	5.00	78	4.04
2040	760,000	3.37						
2041	795,000	3.47						
2042	835,000	3.52						
2043	880,000	3.58						
2044	920,000	3.64	5.00	60	4.24	5.00	80	4.44
2045	965,000	3.69						
2046	1,010,000	3.74						
2047	1,055,000	3.79						
2048	1,105,000	3.84						
2049	1,155,000	3.88						
2050	1,205,000	3.90						
2051	1,260,000	3.91						
2052	1,315,000	3.91						
2053	1,375,000	3.91						
2054	1,440,000	3.91	4.50	85	4.76	4.75	105	4.96
	\$22,730,000							

Pledged Excise Tax Revenues

Source	Actual					Projected 2023/ 24 (c)	Budgeted 2024/ 25 (c)
	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23		
Qty Sales Tax (a)	\$ 18,419,630	\$ 17,315,576	\$ 23,972,811	\$ 28,156,541	\$ 27,307,204	\$ 28,566,384	\$ 28,852,048
Bed Tax (b)	4,104,205	3,565,872	6,129,428	7,665,228	7,361,133	7,929,209	8,008,501
Franchise Fees	810,915	809,673	883,456	883,545	913,690	906,500	848,000
License & Permit Fees	380,721	311,569	385,953	469,115	598,810	644,580	579,420
State Shared Sales Tax	1,039,635	1,067,529	1,199,926	1,374,160	1,443,176	1,454,000	1,505,000
State Shared Income Tax	1,251,688	1,336,465	1,477,587	1,289,131	1,852,056	2,618,000	1,946,000
Vehicle License Tax	662,935	664,581	795,420	772,588	730,999	677,000	748,000
Charges for Services	933,927	671,405	667,179	991,851	924,988	926,190	858,730
Total	\$ 27,603,656	\$ 25,742,670	\$ 35,511,760	\$ 41,602,159	\$ 41,132,056	\$ 43,721,863	\$ 43,345,699

(a) Less portion dedicated to transportation projects related to the special 0.50% Transportation Sales Tax.

(b) Less portion legally required to be used for the promotion of tourism (0.50% of the Additional 3.5% Bed Tax).

(c) Projected and budgeted figures are "forward-looking" statements, subject to change upon audit and should be considered with an abundance of caution.

Preliminary Debt Service Structure and Coverage

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year	Revenues from Excise Tax and State Shared Excise Taxes	Pledged Debt Service Revenue Outstanding	Principal	Est. Interest @ 4.65%	Total Debt Service	Total Annual Debt Service Requirements	Projected Maximum Annual Debt Service Coverage
2022/ 23	\$ 41,132,056						
2023/ 24	43,721,863						
2024/ 25		\$ 7,210,859		\$ 1,089,263	\$ 1,089,263	\$ 8,300,122	
2025/ 26		7,213,541		1,089,263	1,089,263	8,302,804	5.27x
2026/ 27		3,816,287	\$ 425,000	1,089,263	1,514,263	5,330,550	
2027/ 28		2,779,456	445,000	1,069,500	1,514,500	4,293,956	
2028/ 29		2,781,362	465,000	1,048,808	1,513,808	4,295,170	
2029/ 30		2,804,673	485,000	1,027,185	1,512,185	4,316,858	
2030/ 31		2,800,140	510,000	1,004,633	1,514,633	4,314,772	
2031/ 32		2,791,928	530,000	980,918	1,510,918	4,302,845	
2032/ 33		2,782,037	555,000	956,273	1,511,273	4,293,309	
2033/ 34		2,795,383	585,000	930,465	1,515,465	4,310,848	
2034/ 35		2,791,882	610,000	903,263	1,513,263	4,305,144	
2035/ 36		2,787,033	640,000	874,898	1,514,898	4,301,931	
2036/ 37		2,804,753	670,000	845,138	1,515,138	4,319,891	
2037/ 38		1,885,000	700,000	813,983	1,513,983	3,398,983	
2038/ 39		1,873,000	730,000	781,433	1,511,433	3,384,433	
2039/ 40		1,884,000	765,000	747,488	1,512,488	3,396,488	
2040/ 41		1,892,000	800,000	711,915	1,511,915	3,403,915	
2041/ 42		1,872,000	840,000	674,715	1,514,715	3,386,715	
2042/ 43			875,000	635,655	1,510,655	1,510,655	
2043/ 44			920,000	594,968	1,514,968	1,514,968	
2044/ 45			960,000	552,188	1,512,188	1,512,188	
2045/ 46			1,005,000	507,548	1,512,548	1,512,548	
2046/ 47			1,050,000	460,815	1,510,815	1,510,815	
2047/ 48			1,100,000	411,990	1,511,990	1,511,990	
2048/ 49			1,150,000	360,840	1,510,840	1,510,840	
2049/ 50			1,205,000	307,365	1,512,365	1,512,365	
2050/ 51			1,260,000	251,333	1,511,333	1,511,333	
2051/ 52			1,320,000	192,743	1,512,743	1,512,743	
2052/ 53			1,380,000	131,363	1,511,363	1,511,363	
2053/ 54			1,445,000	67,193	1,512,193	1,512,193	
		<u>\$ 55,565,335</u>	<u>\$23,425,000</u>	<u>\$21,112,395</u>	<u>\$ 44,537,395</u>	<u>\$ 100,102,730</u>	

Parking Garage Project Revenues / Expenses

(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year	Est. Parking Revenues (a)	Expenses	Net Revenues	Bond Debt Service	\$ Coverage
2024/ 25				\$ 1,089,263	\$ (1,089,263)
2025/ 26	\$ 1,440,000(b)	\$ (120,000)	\$ 1,320,000	1,089,263	230,738
2026/ 27	1,780,000	(120,000)	1,660,000	1,514,263	145,738
2027/ 28	1,780,000	(120,000)	1,660,000	1,514,500	145,500
2028/ 29	1,780,000	(120,000)	1,660,000	1,513,808	146,193
2029/ 30	1,780,000	(120,000)	1,660,000	1,512,185	147,815
2030/ 31	1,780,000	(120,000)	1,660,000	1,514,633	145,368
2031/ 32	1,780,000	(120,000)	1,660,000	1,510,918	149,083
2032/ 33	1,780,000	(120,000)	1,660,000	1,511,273	148,728
2033/ 34	1,780,000	(120,000)	1,660,000	1,515,465	144,535
2034/ 35	1,780,000	(120,000)	1,660,000	1,513,263	146,738
2035/ 36	1,780,000	(120,000)	1,660,000	1,514,898	145,103
2036/ 37	1,780,000	(120,000)	1,660,000	1,515,138	144,863
2037/ 38	1,780,000	(120,000)	1,660,000	1,513,983	146,018
2038/ 39	1,780,000	(120,000)	1,660,000	1,511,433	148,568
2039/ 40	1,780,000	(120,000)	1,660,000	1,512,488	147,513
2040/ 41	1,780,000	(120,000)	1,660,000	1,511,915	148,085
2041/ 42	1,780,000	(120,000)	1,660,000	1,514,715	145,285
2042/ 43	1,780,000	(120,000)	1,660,000	1,510,655	149,345
2043/ 44	1,780,000	(120,000)	1,660,000	1,514,968	145,033
2044/ 45	1,780,000	(120,000)	1,660,000	1,512,188	147,813
2045/ 46	1,780,000	(120,000)	1,660,000	1,512,548	147,453
2046/ 47	1,780,000	(120,000)	1,660,000	1,510,815	149,185
2047/ 48	1,780,000	(120,000)	1,660,000	1,511,990	148,010
2048/ 49	1,780,000	(120,000)	1,660,000	1,510,840	149,160
2049/ 50	1,780,000	(120,000)	1,660,000	1,512,365	147,635
2050/ 51	1,780,000	(120,000)	1,660,000	1,511,333	148,668
2051/ 52	1,780,000	(120,000)	1,660,000	1,512,743	147,258
2052/ 53	1,780,000	(120,000)	1,660,000	1,511,363	148,638
2053/ 54	1,780,000	(120,000)	1,660,000	1,512,193	147,808

(a) Assumes a \$2.50 per hour parking rate. Subject to adjustment to provide sufficient revenues to cover bond debt service net of expenses.

(b) Assumes 9 months of revenue collections for fiscal year 2026.

Alternative Structure No. 1: \$24.0 million (est), Project, Series 2024:

1. Parking Revenues pay for debt service and operating expenses – amortization to match revenues
2. Estimated amortization 30-years – subject to change
3. Average life of financing: 19-years
4. Estimated life of Parking Garage: 30 Years +
5. Estimated interest cost: \$21 million
6. Limited or no general fund support (estimated) – subject to annual budget requirements

Consideration / Discussion of **Alternative Structure No. 2:** \$18 million Series 2024

1. \$18 million of 2022 bond funds (repurposed) to fund the Parking Garage – shift \$1.350 million to the enterprise
2. \$6 million of 2024 bond funds for Parking Garage – payable from the enterprise
3. \$12 million of 2024 bond money to fund Forest Road Project
4. 2022 bonds sold at lower interest rates (2.8%) and amortized over 20-years (shorter amortization)
5. Higher debt service of \$1.35 million on 2022 bonds allocated to parking garage enterprise
6. Amortization of Forest Road improvements results in general fund savings of approximately \$340,000 per year
7. Estimated interest cost of approximately \$12.4 million

Alternative 2 - Parking Garage Project Revenues / Expenses

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year	Est. Parking Revenues (a)	Expenses	Net Revenues	\$6MM Bond Debt Service 33.33% of 2024 Bonds (Parking Garage)	\$18MM from 2022 Bond Debt Service 72% of 2022 Bonds (Parking Garage)	Parking Garage Net Revenue \$ Coverage	\$12MM Bond Debt Service Forest Road (General Fund) 66.67% of 2024 Bonds	General Fund Savings from Repurposing	Total 2024 Bond Debt Service
2024/ 25				\$ 268,305		\$ (268,305)	\$ 568,695		\$ 837,000
2025/ 26	\$ 1,440,000(b)	\$ (120,000)	\$ 1,320,000	268,305		1,051,695	568,695		837,000
2026/ 27	1,780,000	(120,000)	1,660,000	373,305	\$ 1,355,040	(68,345)	1,018,695	\$ 336,345	1,392,000
2027/ 28	1,780,000	(120,000)	1,660,000	373,423	1,346,400	(59,823)	1,017,770	328,630	1,391,193
2028/ 29	1,780,000	(120,000)	1,660,000	373,308	1,347,300	(60,608)	1,015,915	331,385	1,389,223
2029/ 30	1,780,000	(120,000)	1,660,000	372,960	1,364,400	(77,360)	1,018,130	346,270	1,391,090
2030/ 31	1,780,000	(120,000)	1,660,000	372,380	1,360,800	(73,180)	1,019,183	341,618	1,391,563
2031/ 32	1,780,000	(120,000)	1,660,000	371,568	1,355,400	(66,968)	1,019,073	336,328	1,390,640
2032/ 33	1,780,000	(120,000)	1,660,000	375,523	1,348,200	(63,723)	1,017,800	330,400	1,393,323
2033/ 34	1,780,000	(120,000)	1,660,000	374,013	1,357,200	(71,213)	1,015,365	341,835	1,389,378
2034/ 35	1,780,000	(120,000)	1,660,000	372,270	1,355,040	(67,310)	1,016,768	338,273	1,389,038
2035/ 36	1,780,000	(120,000)	1,660,000	375,295	1,351,440	(66,735)	1,016,775	334,665	1,392,070
2036/ 37	1,780,000	(120,000)	1,660,000	372,855	1,364,400	(77,255)	1,015,388	349,013	1,388,243
2037/ 38	1,780,000	(120,000)	1,660,000	370,183	1,357,200	(67,383)	1,017,605	339,595	1,387,788
2038/ 39	1,780,000	(120,000)	1,660,000	372,278	1,348,560	(60,838)	1,018,195	330,365	1,390,473
2039/ 40	1,780,000	(120,000)	1,660,000	373,908	1,356,480	(70,388)	1,017,158	339,323	1,391,065
2040/ 41	1,780,000	(120,000)	1,660,000	375,073	1,362,240	(77,313)	1,019,493	342,748	1,394,565
2041/ 42	1,780,000	(120,000)	1,660,000	370,773	1,347,840	(58,613)	1,019,968	327,873	1,390,740
2042/ 43	1,780,000	(120,000)	1,660,000	371,240	-	1,288,760	1,018,583		1,389,823
2043/ 44	1,780,000	(120,000)	1,660,000	371,243	-	1,288,758	1,020,338		1,391,580
2044/ 45	1,780,000	(120,000)	1,660,000	370,780	-	1,289,220			370,780
2045/ 46	1,780,000	(120,000)	1,660,000	369,853	-	1,290,148			369,853
2046/ 47	1,780,000	(120,000)	1,660,000	373,460	-	1,286,540			373,460
2047/ 48	1,780,000	(120,000)	1,660,000	371,370	-	1,288,630			371,370
2048/ 49	1,780,000	(120,000)	1,660,000	373,815	-	1,286,185			373,815
2049/ 50	1,780,000	(120,000)	1,660,000	370,563	-	1,289,438			370,563
2050/ 51	1,780,000	(120,000)	1,660,000	371,845	-	1,288,155			371,845
2051/ 52	1,780,000	(120,000)	1,660,000	372,430	-	1,287,570			372,430
2052/ 53	1,780,000	(120,000)	1,660,000	372,318	-	1,287,683			372,318
2053/ 54	1,780,000	(120,000)	1,660,000	371,508	-	1,288,493			371,508
							Total Savings: \$	5,394,663	

(a) Assumes a \$2.50 per hour parking rate. Subject to adjustment to provide sufficient revenues to cover bond debt service net of expenses.

(b) Assumes 9 months of revenue collections for fiscal year 2026.

F Financing Calendar

Financing Calendar

Date	Event	Responsibility
May 14th	City Council considers approval of CMAR Contract Discussion of Financing Plan and related direction to proceed	City, Stifel
May 15th	Draft Resolution and legal documents submitted to financing team for review and comments. DRAFT Preliminary Official Statement (“POS”) distributed	All Parties
Starting May 15th	Credit rating agency and insurance applications submitted	Stifel
In Process - TBD	Draft Rating Agency Power Point Presentation review	Stifel, City
May 21st	POS Due Diligence conference call	All Parties
Week of May 21st	S&P credit rating meeting	City, Stifel
Week of May 27th	S&P Credit Rating received	Stifel, City
May 30th	All documents due to the City in connection with the June 11th City Council meeting to adopt the Resolution	All Parties
June 11th	City Council approves Resolution (including Reimbursement) authorizing the issuance of the Obligations, with emergency clause	All Parties
June 12th (on or around)	Post POS to prospective investors. Construction draw schedule updated	City, Stifel
June 20th / Week of June 24th	Underwriting of Revenue Obligations	All Parties
Week of July 8th/15th	Closing. Funds wired to Trustee	All Parties

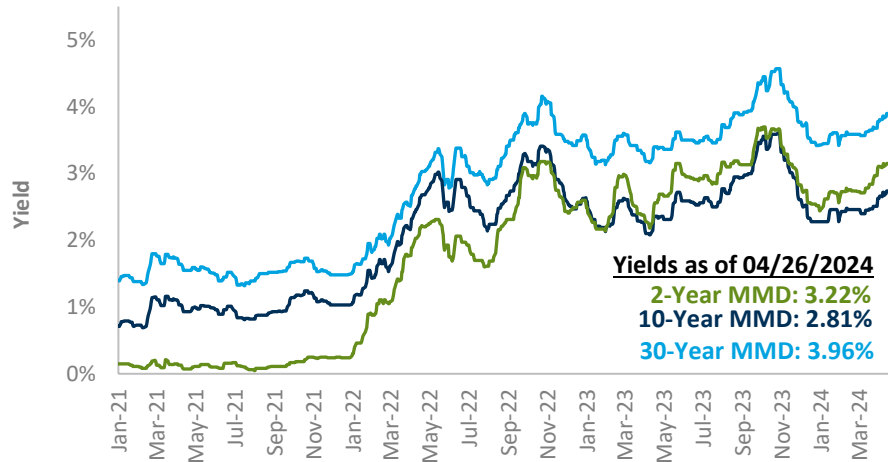
A Appendix

Tax-Exempt Interest Rate Movement

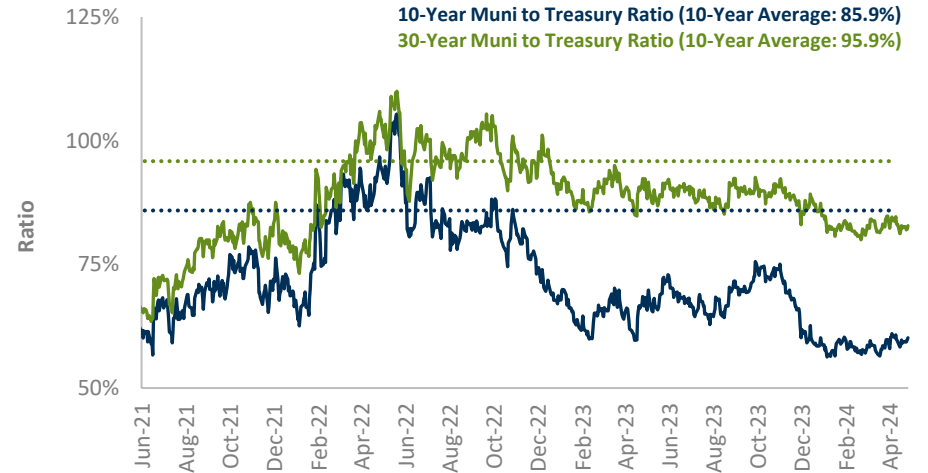
AAA MMD yields have risen from recent December 2023 lows.

AAA MMD Yields Since 2021

Comparing 2-, 10- and 30-Year AAA MMD

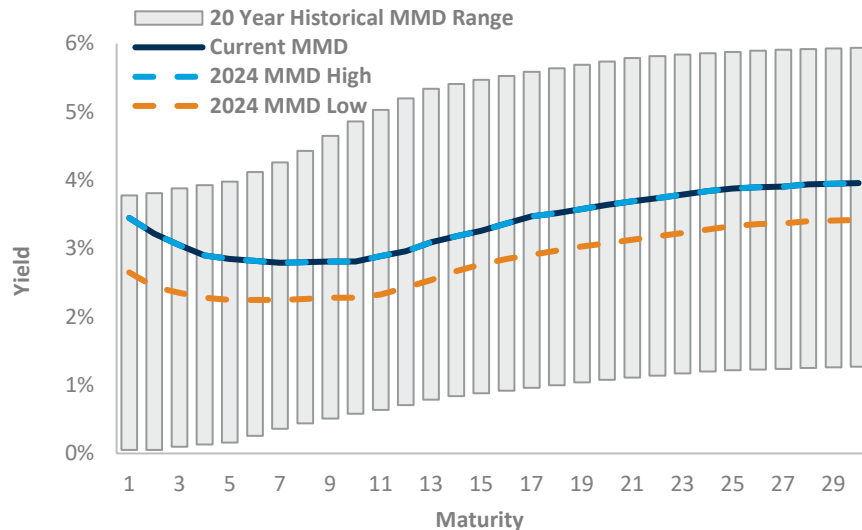


10-Year and 30-Year Muni to Treasury Ratios Since 2021



Current MMD Yields and Historic Context

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



AAA MMD Summary Statistics

	5-Year	10-Year	30-Year
Current	2.85%	2.81%	3.96%
Weekly Change	+7 bps	+7 bps	+6 bps

2024 Year-to-Date

YTD Change	+57 bps	+53 bps	+54 bps
High	2.85%	2.81%	3.96%
Low	2.25%	2.28%	3.42%
Average	2.48%	2.48%	3.63%
Beginning of 2024	2.28%	2.28%	3.42%

AAA BVAL Summary Statistics

	5-Year	10-Year	30-Year
Current	2.79%	2.78%	3.96%
Weekly Change	+7 bps	+6 bps	+5 bps

2024 Year-to-Date

YTD Change	+60 bps	+53 bps	+62 bps
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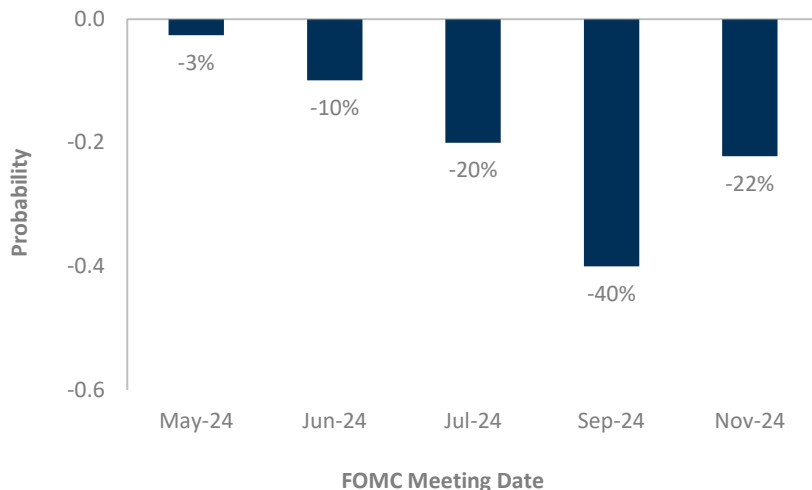
Interest Rate Forecast

- It's Fed Week! This week, the economic calendar is centered on the Fed's FOMC meeting with a rate announcement this Wednesday. The Fed is widely expected to keep rates unchanged for the sixth consecutive meeting. There will be no updated Summary of Economic Projections (SEP), so market participants – and us included – will be closely parsing through the updated statement and listening in on Chair Powell's press conference for any updated commentary on the recent inflation reports and what they mean for Fed policy going forward
- The Fed has been clear there is no end to how long it will remain on the sideline waiting for further evidence inflation is once again receding to the Committee's 2% target. However, what if, for example, inflation reverses course in a meaningful and sustained manner, meaning 6+ months, at what point is the Committee willing to not just delay rate cuts, but also actually reengage in additional rate hikes? At what point will the Committee concede it likely stopped short of the needed level of rates to meaningfully slow the consumer and the broader economy in order to quell price pressures

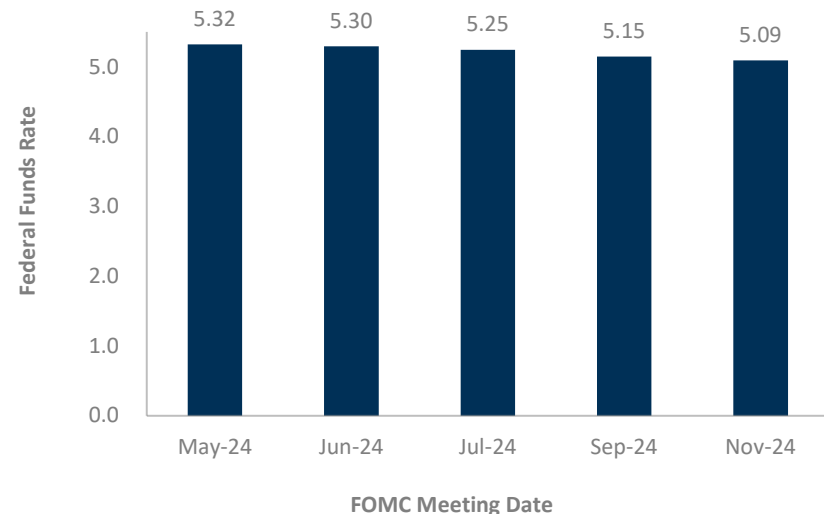
Bloomberg Consensus Yield Curve Projections (%)

Market Consensus Yield Curve Projections (%)					
	Current	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Fed Funds	5.50	5.45	5.20	4.90	4.55
2-Yr UST	4.96	4.62	4.35	4.06	3.88
10-Yr UST	4.67	4.36	4.19	4.04	3.99
30-Yr UST	4.78	4.55	4.40	4.27	4.21

Market Consensus Probability of a Rate Hike at Upcoming Fed Meetings Calculated Using Fed Funds Futures. (Values > 100% indicate a greater than 25 bp hike)



Market Consensus Implied Overnight Effective Rate After Each Fed Meeting



PARK CENTRAL COMMUNITY FACILITIES DISTRICT, PHOENIX, ARIZONA
\$30,000,000 Special Assessment Revenue Bonds, Taxable Series 2019

<p>Issuer and Project</p>	<ul style="list-style-type: none"> ▪ The District was formed by the City of Phoenix to provide a vehicle for financing certain public infrastructure necessary for redevelopment of the land within the boundaries of the District ▪ The District is located on the former 40-acre Park Central Mall property which was being redeveloped to include new class A office space, retail, hotel, apartments and a new medical school for Creighton University ▪ As part of the Development Agreement, the City agreed to form the CFD and issue Special Assessment Revenue Bonds to fund a new 2,100 space parking garage. This was the first parking garage CFD financing completed in the State
<p>Security and Rating</p>	<ul style="list-style-type: none"> ▪ Special Assessment Revenue Bonds of the District, payable from assessments on any land in the District based on the benefit determined by the District's Board of Directors ▪ The Bonds were not rated
<p>Structuring Features</p>	<ul style="list-style-type: none"> ▪ The Bonds were structured as term bonds maturing from 2024 to 2044

Taxable Series 2019	
Pricing Date	June 6, 2019
True Interest Cost	5.488%
Par Amount	\$30,000,000

Term Bonds		
Maturity (July 1)	Par (\$000's)	Yield
2024	\$2,840	4.38%
2027	2,480	4.75%
2029	1,855	4.88%
2034	5,655	5.10%
2038	5,850	5.40%
2044	11,320	5.50%



FARALLON WATER CAMPUS PROJECT, BUCKEYE, ARIZONA
\$45,230,000 Excise Tax Revenue Obligations, Series 2024A

Issuer and Project	<ul style="list-style-type: none"> ▪ The Obligations financed the development of the Farallon Water Campus (FWC) ▪ The FWC project includes installation of three miles of raw water transmission lines and the construction of the first phase of a 20-acre water campus ▪ The Farallon Water Service Area covers nearly 4,900 acres and the project will provide potable water infrastructure to allow for residential, commercial and industrial development in an area that is currently mostly used for agriculture
Security and Rating	<ul style="list-style-type: none"> ▪ Excise Tax Revenue Obligations of the City, payable from and secured by revenues from Excise Taxes and State Shared Revenues ▪ S&P and Fitch assigned ratings of “AA+” and “AA,” respectively to the Obligations
Structuring Features	<ul style="list-style-type: none"> ▪ The Obligations were structured as serial bonds, maturing from 2025 to 2044, and were issued with an optional redemption feature beginning in 2033

Series 2024A	
Pricing Date	March 5, 2024
True Interest Cost	3.627%
Par Amount	\$45,230,000

Serial Obligations		
Maturity (July 1)	Par (\$000's)	Yield
2025	\$790	3.05%
2026	1,455	2.82%
2027	1,530	2.66%
2028	1,605	2.63%
2029	1,685	2.61%
2030	1,770	2.63%
2031	1,855	2.65%
2032	1,950	2.68%
2033	2,050	2.66%
2034	2,150	2.69%
2035	2,255	2.80%
2036	2,370	2.87%
2037	2,490	2.97%
2038	2,615	3.02%
2039	2,745	3.12%
2040	2,880	3.26%
2041	3,025	3.35%
2042	3,175	3.45%
2043	3,335	3.50%
2044	3,500	3.55%



COMMUNITY AND AQUATIC CENTER PROJECT, MARANA, ARIZONA
\$49,500,000 Pledged Excise Tax Revenue Obligations, Series 2024

Issuer and Project	<ul style="list-style-type: none"> ▪ The Obligations were issued to fund the construction of a multi-generational facility consisting of a 60,000 square foot community center and a 48,000 square foot outdoor aquatic center located near the Marana Municipal Complex ▪ The community center will include three full-size courts, an indoor 3-lane elevated track, fitness studios, community rooms, child watch, gaming room, lounge areas, locker rooms, and administration and support spaces ▪ The aquatic center will include a 25-yard competition pool with ten swim lanes and a diving well, a recreation pool, pool slides, sun deck, rentable cabanas and lawn space ▪ The location of the community center and aquatic center is expected to drive traffic to the developing downtown area
Security and Rating	<ul style="list-style-type: none"> ▪ Excise Tax Revenue Obligations of the Town, payable from and secured by revenues from Excise Taxes and State Shared Revenues ▪ S&P assigned rating of “AA” to the Obligations

Series 2024	
Pricing Date	January 25, 2024
True Interest Cost	4.075%
Par Amount	\$49,500,000

Serial Obligations		
Maturity (July 1)	Par (\$000's)	Yield
2024	\$2,725	3.25%
2025	1,445	3.12%
2026	1,520	2.89%
2027	1,595	2.80%
2028	1,675	2.75%
2029	1,760	2.71%
2030	1,810	2.87%
2031	1,905	2.94%
2032	2,000	2.97%
2033	2,100	3.06%
2034	2,205	3.07%
2035	2,315	3.15%
2036	2,430	3.24%
2037	2,550	3.36%
2038	2,675	3.48%
2039	2,810	3.56%

Term Obligations		
Maturity (July 1)	Par (\$000's)	Yield
2044	\$15,980	4.10%



S&P Global
Ratings

RatingsDirect®

Summary:

Sedona, Arizona; Miscellaneous Tax

Primary Credit Analyst:

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Table Of Contents

Rationale

Outlook

Summary:

Sedona, Arizona; Miscellaneous Tax

Credit Profile

Sedona excise tax (AGM)

Unenhanced Rating

AA-(SPUR)/Stable

Upgraded

Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings raised its underlying rating (SPUR) to 'AA-' from 'A' on Sedona, Ariz.'s existing excise tax revenue refunding bonds. The outlook is stable.

The raised rating reflects the application of our priority-lien tax revenue debt criteria, published Oct. 22, 2018, on RatingsDirect, which factors in both the strength and stability of the pledged revenue, as well as the general credit quality of the city, where taxes are distributed and collected (the obligor's creditworthiness, or OC). In our opinion, the priority-lien rating reflects the strength of the pledged revenue and is not constrained by our view of the city's underlying creditworthiness. The raised rating is further reflective of the continued growth in pledged revenue and the strengthened coverage on the bonds, which we expect will be maintained at a very strong level.

Security

The bonds are secured by lease rental payments from Sedona as lessee to U.S. Bank National Assn. as lessor, which are in turn secured by a first lien and pledge of the city's excise taxes and bed tax revenue, including city- and state-collected sales taxes, state revenue sharing, and fines and licensing fees. Lease payments are not subject to abatement or appropriation. The series 1998 and series 2012 bonds are on parity with the city's first series 2015 and second series 2015 excise tax bonds, both of which were privately placed.

Credit fundamentals

Key credit considerations include:

- A stable local tax base with an estimated population of 10,336 that is located within the Prescott metropolitan statistical area (MSA) and the Flagstaff MSA, coupled with very strong per capita income levels;
- Our view that nationwide sales taxes have historically demonstrated low volatility, in addition to our view of moderate volatility at the local level; and
- The city's maintenance of very strong coverage maximum annual debt service (MADS) of 4.5x, based on actual fiscal 2018 pledged revenue.

While the local economy is concentrated in the inherently volatile tourism industry, recent trends have been positive since the recession, as reflected in the double-digit growth in pledged sales and bed tax revenue since 2014. Current projections forecast a slowdown in revenue growth, but coverage on the lien is expected to remain very strong, further supported by a lack of additional debt plans and a declining debt service schedule.

Economic fundamentals: Adequate to weak

We consider the city's economy adequate, with some exposure to cyclicity and seasonality. Sedona, with an estimated population of 10,336, is in central Arizona, approximately 27 miles south of Flagstaff. The majority of the city is located in Yavapai County and benefits from the Prescott MSA, which we consider broad and diverse, although the MSA's population is relatively small at approximately 228,970. The remainder of the county is located within Coconino County and benefits from the Flagstaff MSA, which we do not consider broad and diverse. The city serves as a premier tourist, resort, retirement, and art center for the area, and thus, the city's local economy is largely anchored in tourism. Management estimates that the city hosts roughly 16,000 to 17,000 visitors daily during peak season. Historically, the city has been a wealthy retirement community, though in recent years there has been growth in short-term rentals and second homes. A recently hired economic development director has focused the city's economic development plans on improving economic diversity, stimulating local small business growth. In our opinion, median household effective buying income (EBI) is good at 108% of the national level, and per capita EBI is very strong at 163%, although we note that these figures may somewhat understate the wealth of the retiree population.

The Mountain region of the U.S. continues to lead the country in net migration from other states, and we expect most of these new residents to find work, with nonfarm employment growth expanding through 2021. As many of these new residents come with coastal-level buying power, we anticipate that median home price growth will give developers incentive to build in a region with plenty of land. However, projections for demand are not being reflected in housing starts and projections show that in 2019 every state but Arizona--which we anticipate will squeak in with 0.2% growth--will see declines. Further, we see the region's diverse portfolio of leading industries--professional services, natural resources and mining, and leisure and hospitality--and attractiveness to interstate migrants for its quality of life as helping it capture a portion of the growth that would otherwise flow to high-paying but even higher-costing metropolitan areas in the Pacific states. For more information, please see our report "U.S. State And Local Governments Will Need To Keep Their Hands On The Wheel," published July 31, 2019.

Volatility: Moderately low

We assess the volatility of revenue in order to determine the likelihood of the availability of revenue during different economic cycles. We have two levels of volatility assessment: macro and micro.

On a macro level, we consider sales and use tax revenue to have a low historical volatility assessment, based on total retail food and service sales data from the U.S. Census Bureau over the past two decades. Our macro volatility assessment begins with an assessment of the historical volatility of the economic activity being taxed, and includes an analysis of societal, demographic, political, and other factors that could affect these activities. Nationwide retail and food service sales have historically fluctuated moderately throughout severe economic downturns and price fluctuations, as sales of nonessential goods are relatively cyclical. However, we expect overall collections will remain relatively stable nationwide, given the relative inelasticity of demand for certain taxable goods and services.

On a micro level, local sales taxes, representing 67% of pledged revenue, demonstrated a more significant recessionary decline relative to national peers. The city's combined pledged revenue declined by about 21.4% between 2009 and 2012, and by 21.3% in fiscal 2010 alone. We note, however, that the city's pledged revenue recovered relatively quickly compared with peers' recovery, with total revenue fully rebounding by fiscal 2014, just two years after its nadir.

Over the past six years, the total pledged revenue trend has been strong, growing by an average annual rate of 10.9% between fiscals 2013 and 2018. We understand that the city's projections include flat growth in sales and bed tax revenue in coming years, reflective of a leveling off from the rapid growth following the recession.

The inclusion of state-shared sales and income taxes, which together account for 8.8% of overall pledged revenue, provides some additional revenue diversity and stability. The state-shared revenue is collected by the state and distributed to cities and towns monthly based on a statutory formula. The allocation of revenue to each city and town is based on their population relative to the aggregate population of all cities and towns as shown by the latest census. The city has seen consistent growth in state-shared revenue in recent years, benefitting from its growing population.

Coverage and liquidity: Very strong

Based on fiscal 2018 collections, the city's pledged revenue of \$26.1 million provides MADS coverage on the lien of 4.5x, which we consider very strong. The city's fiscal 2019 estimated actuals project a 4% increase in pledged revenue. The fiscal 2020 budget reflects a small decline in pledged revenue to account for a slowdown in sales and bed tax revenue growth, although we note that the city's projections have historically proven conservative. We expect coverage will remain at least very strong throughout the near-term horizon, given the expected pledged revenue growth, lack of additional debt plans, and strong reliance on pledged revenues for operations.

The additional bonds test (ABT) requires 1.5x MADS coverage by pledged excise taxes, which we consider adequate. While there is no debt service reserve fund, the city covenants to maintain rates such that pledged revenues cover MADS by 1.5x. We understand the city has no plans to issue additional debt at this time. Additionally, pledged revenue accounts for approximately 83% of total governmental funds' revenue, which we believe is a deterring factor for the city to issue debt to the fullest extent allowed under the ABT.

With very strong coverage and a moderately low volatility assessment based on our view of the dependability of sales and use taxes (the largest revenue stream), there is no downward adjustment to the strong coverage score that would indicate potential liquidity pressures.

Obligor linkage: Close

We believe the priority lien of pledged revenue provides some protection from operating risk; however, because taxes are collected monthly by the city, which then transfers to the trustee, we consider the flow of pledged revenue to be within the city's direct control. Under our criteria, this narrows the linkage between the priority-lien pledge and the OC, as we believe pledged revenue has some degree of exposure to operating risk. We assess the city's general operations, because we view overall creditworthiness as a key determinant of an obligor's ability to pay all of its obligations, including bonds secured by a special tax.

Rating linkage to Sedona

We consider the city's local economy to be very strong, based on wealth and income indicators, albeit somewhat limited due to its reliance on tourism. The city has historically maintained a very strong reserve position of about 50% of expenditures, per its internal policy, which was recently revised to a 30% minimum level. As a result, the city has intentionally reduced its reserve position to be more in line with its new reserve minimum, transferring excess reserves and recent general fund surpluses to its capital improvement fund. After accounting for these one-time transfers, the city's budgetary performance is what we consider strong, with operating surpluses in each of the last three audited fiscal years. The city's performance is further supported by what we consider strong financial management policies and practices and minimal pressure from long-term liabilities. We anticipate these credit factors will remain stable throughout the near term.

Outlook

The stable outlook reflects our view of the city's stable tax base, which has generated strong growth in pledged revenues in recent years as the tourism industry has recovered from the recession, supporting very strong coverage on the bonds. The outlook further reflects our expectation that coverage will remain very strong throughout the two year outlook horizon given the lack of additional debt plans and growing pledged revenue. Finally, the stable outlook reflects our view of the city's overall creditworthiness. We do not anticipate changing the rating within the outlook period.

Upside scenario

Should ongoing economic expansion diversify the tax base away from tourism and further strengthen the city's economic indicators to a level we consider strong, we could raise the rating. Additionally, we could raise the rating if coverage on the bonds is maintained at above 4.0x and we believe this will be sustained for multiple years.

Downside scenario

If pledged revenue declines considerably, or if the city issues a significant amount of additional parity debt, causing coverage to fall to levels that we would no longer consider strong, we could lower the rating. A downgrade is also possible if our opinion of the city's OC were to deteriorate by multiple notches.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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AGGREGATE DEBT SERVICE

City of Sedona, Arizona
Excise Tax Revenue Obligations Outstanding as of April 2024

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
07/01/2024	2,713,000	3,938,589	6,651,589	6,651,589
01/01/2025		737,930	737,930	
07/01/2025	5,735,000	737,930	6,472,930	7,210,859
01/01/2026		692,771	692,771	
07/01/2026	5,828,000	692,771	6,520,771	7,213,541
01/01/2027		646,644	646,644	
07/01/2027	2,523,000	646,644	3,169,644	3,816,287
01/01/2028		601,228	601,228	
07/01/2028	1,577,000	601,228	2,178,228	2,779,456
01/01/2029		564,181	564,181	
07/01/2029	1,653,000	564,181	2,217,181	2,781,362
01/01/2030		525,337	525,337	
07/01/2030	1,754,000	525,337	2,279,337	2,804,673
01/01/2031		484,070	484,070	
07/01/2031	1,832,000	484,070	2,316,070	2,800,140
01/01/2032		440,964	440,964	
07/01/2032	1,910,000	440,964	2,350,964	2,791,928
01/01/2033		396,018	396,018	
07/01/2033	1,990,000	396,018	2,386,018	2,782,037
01/01/2034		349,191	349,191	
07/01/2034	2,097,000	349,191	2,446,191	2,795,383
01/01/2035		306,441	306,441	
07/01/2035	2,179,000	306,441	2,485,441	2,791,882
01/01/2036		262,017	262,017	
07/01/2036	2,263,000	262,017	2,525,017	2,787,033
01/01/2037		215,877	215,877	
07/01/2037	2,373,000	215,877	2,588,877	2,804,753
01/01/2038		167,500	167,500	
07/01/2038	1,550,000	167,500	1,717,500	1,885,000
01/01/2039		136,500	136,500	
07/01/2039	1,600,000	136,500	1,736,500	1,873,000
01/01/2040		104,500	104,500	
07/01/2040	1,675,000	104,500	1,779,500	1,884,000
01/01/2041		71,000	71,000	
07/01/2041	1,750,000	71,000	1,821,000	1,892,000
01/01/2042		36,000	36,000	
07/01/2042	1,800,000	36,000	1,836,000	1,872,000
	44,802,000	17,414,924	62,216,924	62,216,924

Terry Shoulders

Fine Art Photography



Daybreak



Place of the White Rocks



The Cloud Bank



Sabatier Effect



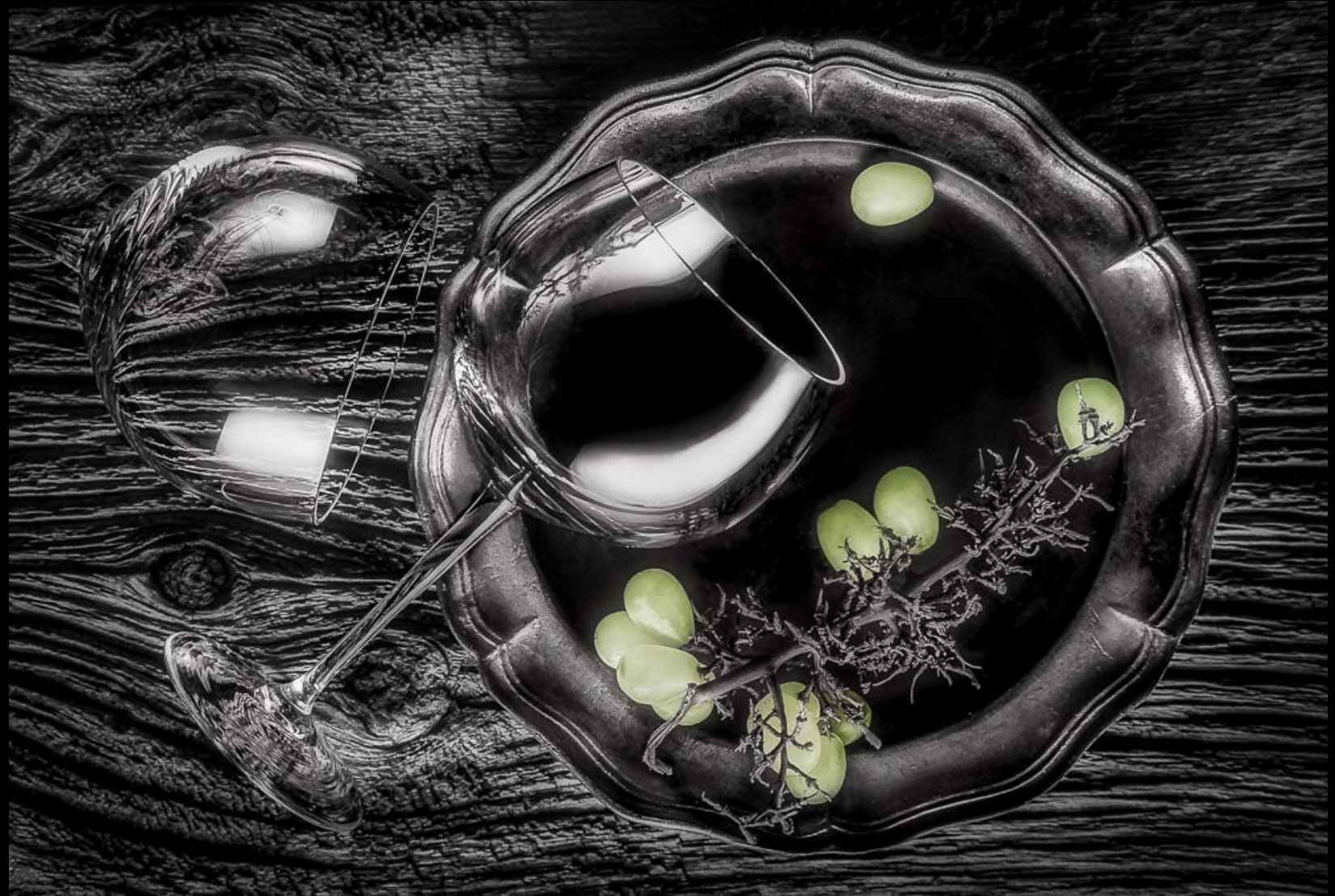
The Golden Path



The Old Porch Swing



Ghost Trees of Junipine



Time to Call It A Day

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