

CASE STUDY

COCONINO COUNTY, ARIZONA



\$80,000,000 | PLEDGED REVENUE OBLIGATIONS | SOLE MANAGER
SERIES 2023 EXPENDITURE LIMITATION EXCEPTION AND CIP FINANCING TRANSACTION



PROJECT

The Series 2023 Bonds are being issued for the purpose of financing the cost of Capital Improvement Plan projects including: road, transportation and public safety projects, County Equipment, land and building acquisition, construction, maintenance and improvement, and infrastructure.

ISSUER

- The County was formed in 1891 and is the largest County in Arizona and the second largest in the nation with an area of approximately 18,661 square miles.
- The County has over one-third of its land designated as reservation for the Havasupai, Hualapai, Kaibab Piute, Navajo, and Hopi Tribes.

SECURITY AND RATING

- Pledged Revenue Obligations secured by Excise Tax, State Shared Revenues, Vehicle License Tax, and PILT Revenues.
- County maintained Underlying “AA” rating by S&P and “AA” rating by Moody’s.

STRUCTURING FEATURES

- The Series 2023 was Privately Placed and assumed a Serial structure with maturities ranging from 2024-2027.
- The Series 2023 was issued with early redemption available on a quarterly basis.

SUMMARY STATISTICS

- Tax-Exempt Borrowing Rate: 4.5%
- Average life: 2.559 years
- Debt Amortization: 4 years
- Debt Amortization (Expected Actual): 2 years

UNIQUE FINANCING/DEAL FEATURES

- Several Private Placement Bids received.
- Callable quarterly at any time, without premium, beginning 90 days after closing, allowing for accelerated principal reduction.
- Proceeds invested in short-term U.S Government Securities at an estimated average yield of 5.117% – which have since yielded approximately 5.25%.
- Investment interest earnings are expected to considerably offset the debt interest cost – ultimately determined by the final payoff of the bonds – with short call feature and strong liquidity position of the County.

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