

MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2

MINUTES OF THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 DISTRICT BOARD MEETING HELD ON MONDAY, JUNE 15, 2020 AT 5:30 P.M., OR IMMEDIATELY FOLLOWING THE TOWN OF FLORENCE COUNCIL MEETING, IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Chairman Walter called the meeting to order at 5:30 p.m.

ROLL CALL:

Present: Tara Walter, John Anderson, Karen Wall, Kristen Larsen, Michelle Cordes, Judy Hughes.

NEW BUSINESS

Discussion and possible action on Resolution No. MR CFD2 242-20:

Chairman Walter read Resolution No. MR CFD2 242-20 by title only.

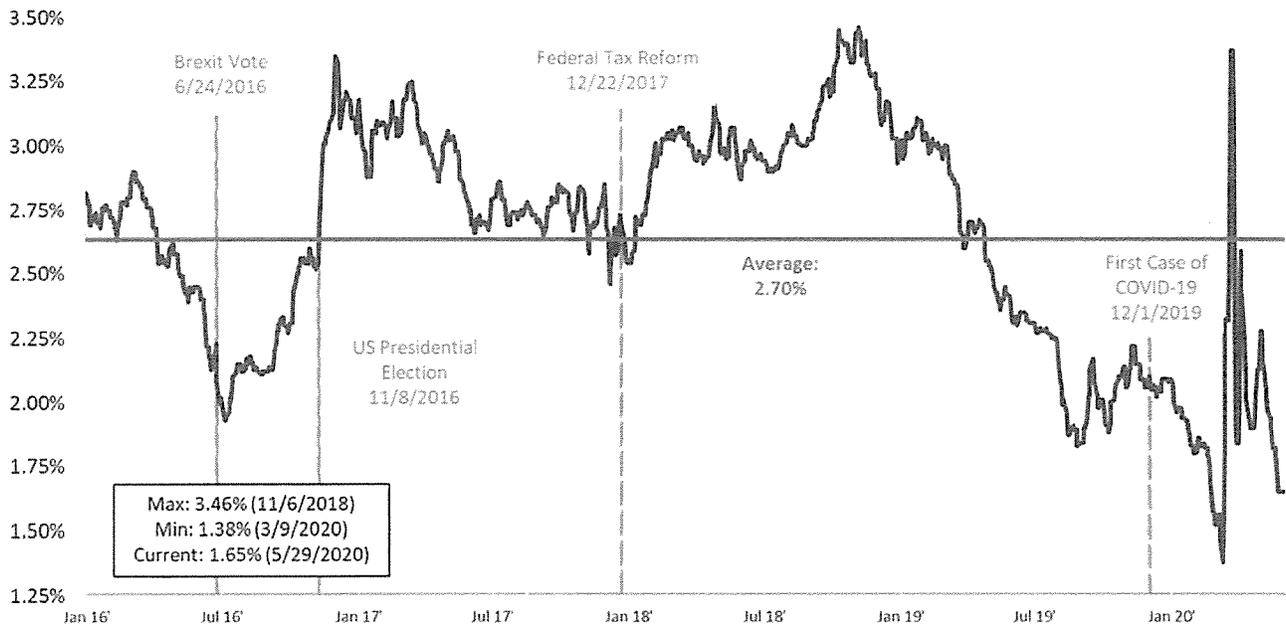
RESOLUTION (1) PROVIDING FOR THE SALE AND ISSUANCE OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 GENERAL OBLIGATION REFUNDING BONDS AND FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; (2) DELEGATING AUTHORITY TO THE DISTRICT MANAGER OF THE DISTRICT OR HIS DESIGNEE TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING AS WELL AS CERTAIN MATTERS WITH RESPECT TO CERTAIN BONDS BEING REFUNDED WITH THE PROCEEDS OF THE SALE OF SUCH BONDS; (3) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS RELATED TO THE SALE AND ISSUANCE OF SUCH BONDS; (4) ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE DISTRICT AND (5) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND RATIFYING ALL ACTIONS TAKEN TO FURTHER THIS RESOLUTION

Ms. Becki Jimenez, District Treasurer, stated that earlier this year, while issuing the 2019 bond, discussion had taken place to evaluate existing debt in General Obligation (GO) Bonds. It was determined that the 2010 General Obligation Bonds would qualify for refunding. Refunding is a refinancing of existing debt. This request is to that they can lower the interest rate from 6.11% to something much lower.

Mr. Mark Reeder, Managing Director of Stifel, provided a presentation in which he outlined the following:

- General Property Tax Information and Refunding Analysis
- Public Policy Objectives

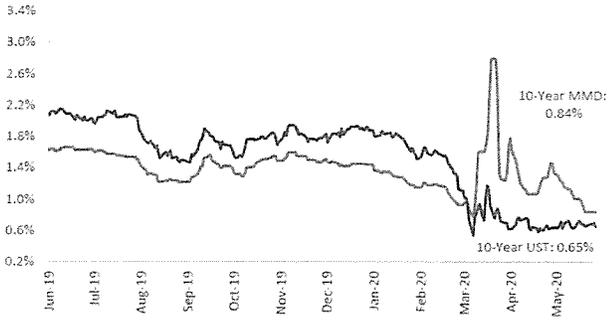
- Merrill Ranch Community Facilities District No. 2 General Obligation Refunding Bonds Policy Objectives
 - Interest rates remain around historical lows – credit spreads have widen some (see chart herein)
 - Refund Series 2010 Bonds with average rate of 6.11% for the purposes of achieving cash flow and net present value savings
 - Analyze all alternatives under the circumstances and select the most efficient alternative – (See alternatives 1 – 4 herein)
 - Structure the cash flow savings over the next two to three fiscal years with the goal of paying off \$1.1 million working capital taxable bonds
 - Annual debt service savings from \$3.25 secondary property tax levy used to repay \$1.1 million taxable working capital bonds purchased by the Town – see attached analyses
 - After working capital bonds have been redeemed, issue bonds for reimbursement of public
 - infrastructure improvements pursuant to Development Agreement
- Market Volatility: A Defining Characteristic
 - 30-Year AAA MMD Since January 1, 2016



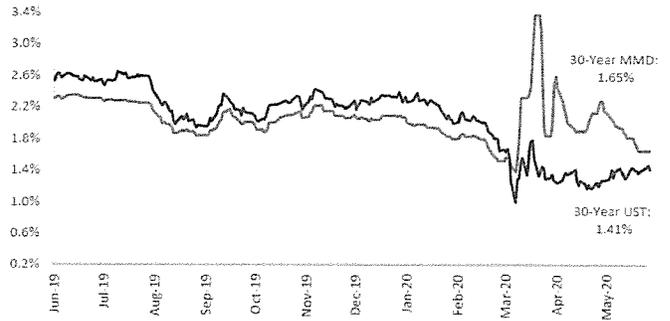
- Interest Rate Movement

US Treasuries and Municipal Rates Observe Decreased Volatility

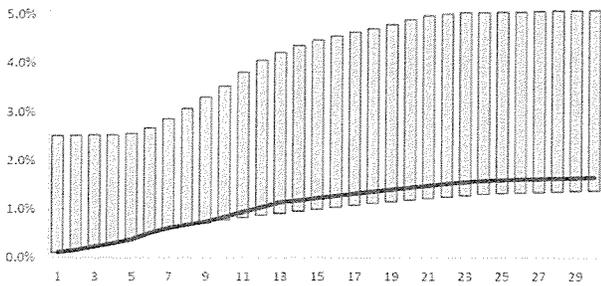
The Negative Gap Between the 10-Year MMD and UST Nearly Closes
Comparing 10-Year UST and 10-Year AAA MMD since June 2019



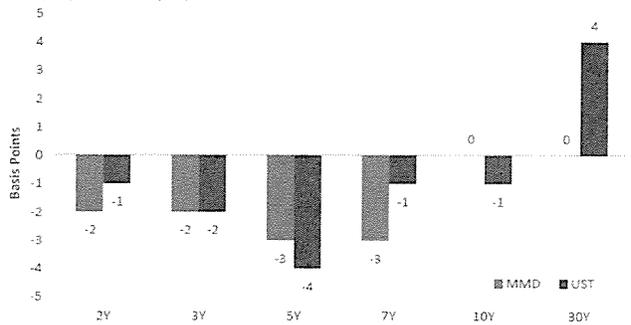
30-Year AAA MMD Remains at 1.65% for Five Business Days
Comparing 30-Year UST and 30-Year AAA MMD since June 2019



MMD Rates Approach All-Time Record Lows Set in March
10-Year Historical AAA MMD Range vs. Current AAA MMD

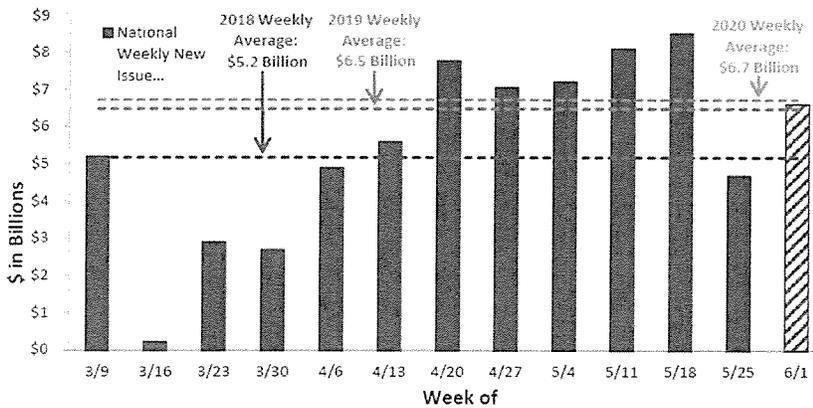


MMD and UST Rates Observe Decreased Volatility
May 22, 2020 to May 29, 2020



- New Issue – Supply and Demand
- New Issuance Begins to Return to Historic Averages
- Supply & Demand:
 - Coronavirus concerns originally influenced a worldwide “flight to quality” as money moved out of equities and into the bond market.
 - Previously, market concerns halted some new issue volume as markets monitored record-setting weekly outflows from tax-exempt municipal bond funds
 - The holiday shortened week of May 25, 2020 saw a new issue supply of \$4.7 billion, compared to a 2019 weekly average of \$6.5 billion, as expected.

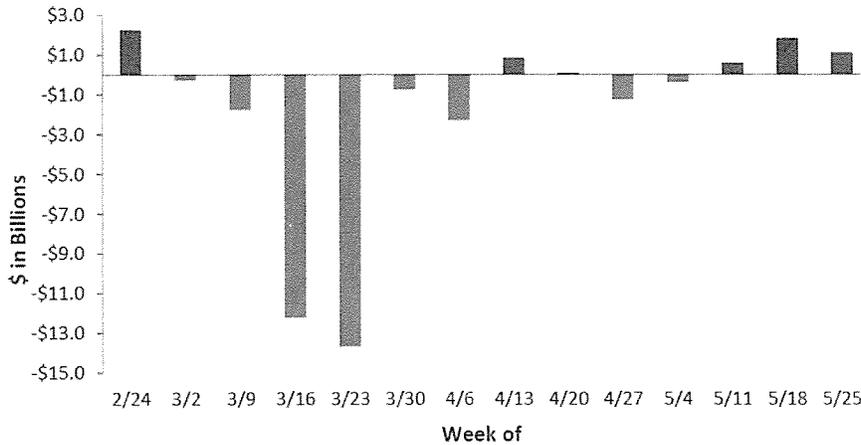
Weekly New Issue Volumes Return to Pre-Outbreak Averages
Previous 12 Weeks of New Issue Supply and Forecast of Current Week



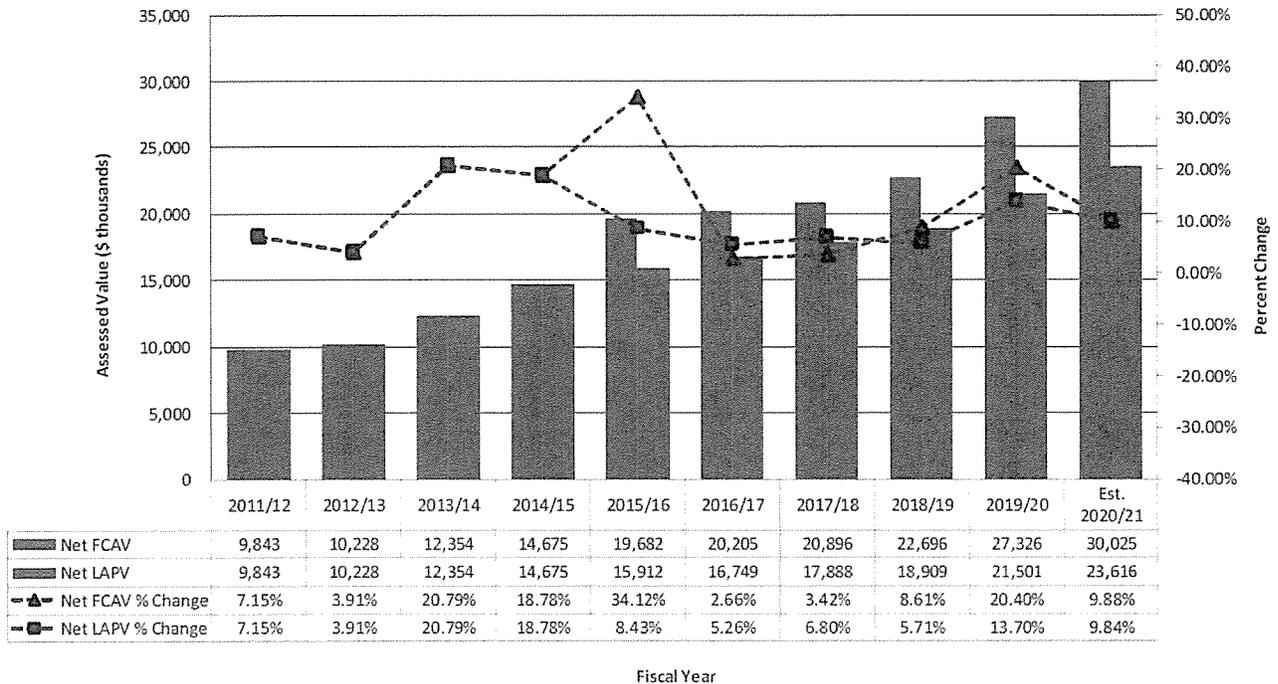
- Tax-exempt municipal bond funds observe around \$1 billion of inflows:

- Before the COVID-19 Outbreak, Lipper reported outflows on March 2nd ending a record-setting 60-week streak of inflows into municipal bond mutual funds.
- The week of March 23rd observed the historic record of outflows with \$13.7 billion flowing from tax-exempt municipal bond mutual funds.
- The week of May 18, 2020 observed inflows of \$1.09 billion into tax-exempt mutual funds, compared to the 2019 average of \$1.24 billion of inflows.

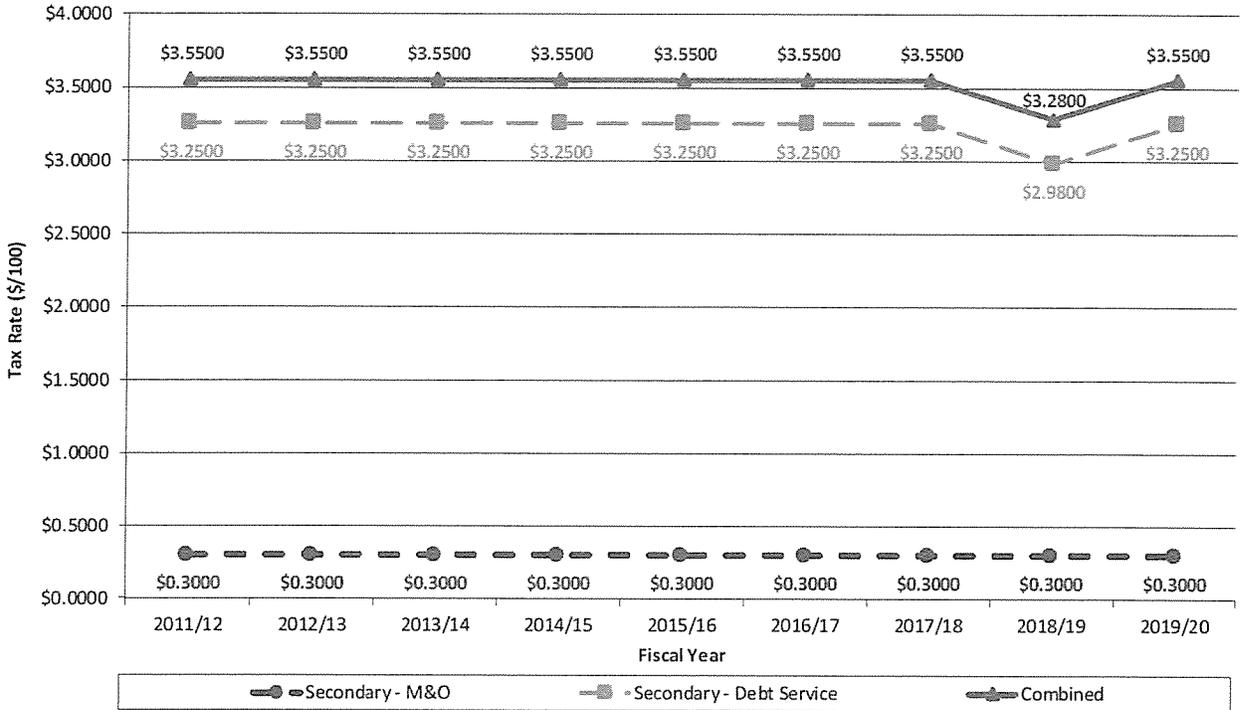
Tax-Exempt Funds Observed Third Consecutive Week of Inflows
Recent Weekly Municipal Bond Fund Flows



- 10-Year Historical Assessed Values – MRCFD No. 2



Net FCAV = Net Full Cash Assessed Value (To Calculate Capacity)
Net LAPV = Net Limited Assessed Property Value (To Calculate Taxes)



- General Obligation Debt Outstanding

Fiscal Year Ending (July 15)	\$3,560 General Obligation Bonds Series 2010 Dated: 11/30/10		\$1,850 General Obligation Bonds Series 2013 Dated: 12/19/13		\$2,000 General Obligation Bonds Series 2016 Dated: 6/22/16		\$1,440 General Obligation Bonds Series 2017 Dated: 11/16/17		\$1,100 General Obligation Bonds Taxable Series 2019 Dated: 12/18/19		Total
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	
2020	\$100	4.850%	\$25	4.500%	\$35	3.000%			\$120	3.350%	\$280
2021	105	5.100%	30	4.500%	30	3.000%			165	3.350%	330
2022	110	5.250%	30	4.500%	35	3.250%			220	3.350%	395
2023	115	5.375%	30	4.500%	40	3.250%			285	3.350%	470
2024	120	5.500%	35	5.250%	40	3.250%			310	3.350%	505
2025	130	5.600%	35	5.250%	40	3.250%					205
2026	135	6.000%	35	5.250%	45	5.000%					215
2027	145	6.000%	35	5.250%	45	5.000%					225
2028	150	6.000%	40	5.250%	45	5.000%					235
2029	160	6.000%	45	5.750%	45	5.000%					250
2030	170	6.000%	45	5.750%	50	5.000%					265
2031	180	6.250%	50	5.750%	50	5.000%					280
2032	190	6.250%	55	5.750%	50	5.250%					295
2033	205	6.250%	55	6.000%	50	5.250%					310
2034	215	6.250%	60	6.000%	55	5.250%					330
2035	230	6.250%	60	6.000%	60	5.250%					350
2036			310	6.000%	60	5.250%					370
2037			330	6.750%	60	5.250%					390
2038			350	6.750%	65	5.250%					415
2039					435	5.250%	\$15	5.000%			450
2040					455	5.250%	20	5.000%			475
2041							410	5.000%			410
2042							305	5.000%			305
	<u>\$2,460</u>		<u>\$1,655</u>		<u>\$1,790</u>		<u>\$750</u>		<u>\$1,100</u>		<u>\$7,755</u>

Call Features: 7/15/21 and After Callable 7/15/20 @ par; 7/15/28 and After Callable 7/15/23 @ par; 7/15/31 and After Callable 7/15/26 @ par; 7/15/42 Callable 7/15/27 @ par; Callable Anytime @ par

- Taxable Working Capital Amortization Schedule

BOND DEBT SERVICE

\$1,100,000
Merrill Ranch Community Facilities District No. 2
(Florence, Arizona)
General Obligation Bonds, Taxable Series 2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
7/15/2020	\$120,000	3.35%	\$21,188.75	\$141,188.75	\$141,188.75
1/15/2021			16,415.00	16,415.00	
7/15/2021	165,000	3.35%	16,415.00	181,415.00	197,830.00
1/15/2022			13,651.25	13,651.25	
7/15/2022	220,000	3.35%	13,651.25	233,651.25	247,302.50
1/15/2023			9,966.25	9,966.25	
7/15/2023	285,000	3.35%	9,966.25	294,966.25	304,932.50
1/15/2024			5,192.50	5,192.50	
7/15/2024	310,000	3.35%	5,192.50	315,192.50	320,385.00
	\$1,100,000		\$111,638.75	\$1,211,638.75	\$1,211,638.75

- Private Placement Bid Summary RFP sent to 30 Financial Institutions
 - The following banks reviewed the Term Sheet and ultimately passed for various reasons:
 - BBVA Compass
 - CapitalOne
 - JP Morgan Chase
 - Key Bank
 - Sterling National Bank
 - Wells Fargo Bank N.A.
- Private Placement market has become more difficult with many no longer responsive/engaged due to COVID 19
 - Two Bids Received:
 - Western Alliance: 3.25%
 - First foundation Bank: 4.01%

- General Obligation Refunding Alternatives

Scenario	Structure	Comments
Scenario 1: Private Placement, 3.25% - Refunds July 15, 2020 principal and interest payment	Cash Flow Savings \$359,838 Net Present Value Savings (\$) \$355,248 Net Present Value Savings (%) 14.44%	Closing: 30 – 45 days or less (CFD Board approval on 6/15) Redeem \$160,000 (working capital bonds) on July 16, 2020 resulting in interest savings of approximately \$3,500.
Scenario 2: Private Placement, 3.25%, Does not Refund July 15, 2020 principal and related interest payment	Cash Flow Savings \$367,163 Net Present Value Savings (\$) \$356,333 Net Present Value Savings (%) 15.10%	Closing: 30 – 45 days or less Redeem \$160,000 worth of principal in fiscal year 2020/21.
Scenario 3: Effectuate Immediately a Public Sale of Bonds:	Cash Flow Savings \$569,103 Net Present Value Savings (\$) \$553,735 Net Present Value Savings (%) 22.51%	Requires expeditious calendar Closing on or around July 15 th with conditional call notices. Additional Discussion Required Credit Rating Applied For – affirmation of BBB would be goal Municipal bond insurance applied for (AA)
Scenario 4: Wait Six Months for Litigation to Settle (assume six months is sufficient)	Cash Flow Savings \$ _____ Net Present Value Savings (\$) \$ _____ Net Present Value Savings (%) _____ %	Limited disclosure likely required Credit rating required/municipal bond insurance applied for Interest rate risk – is the market going to get better, worse or stay at or near its current levels?

- Secondary Tax Rate and Cash Flow Savings Model for Debt Repayment Refunding Analysis
• Private Sale Scenario 1

SCENARIO 1 - PRIVATE SALE - UPFRONT SAVINGS (includes refunding of 7/15/2020 principal and related interest payment)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Fiscal Year	Net Limited Assessed Valuation (b)	Projected Growth	Principal	Interest	Principal	Interest	Principal	Estimated Interest (c)	Total Aggregate Debt Service	Secondary Bond Tax Rate Revenues @ \$3.25 & 95% collections	Excess Levy	\$1,100,000 2019 Taxable GO principal outstanding (e)
2019/20	\$ 21,500,529		\$280,000	\$393,630	\$100,000	\$72,696			\$500,934	\$663,829	\$162,894	\$880,000
2020/21	23,615,820	10%	330,000	398,246	105,000	140,541		\$88,717	571,422	729,138	157,717	557,283
2021/22	25,977,402	10%	395,000	385,114	110,000	135,186	\$135,000	87,263	757,190	802,052	44,862	292,421
2022/23	28,575,142	10%	470,000	369,481	115,000	129,411	161,000	82,875	838,945	882,258	43,313	0
2023/24	30,575,402	7%	505,000	351,103	120,000	123,230	165,000	77,643	855,515	944,016	88,501	
2024/25	32,715,680	7%	205,000	330,980	130,000	116,630	174,000	72,280	535,630	1,010,097	474,467	
2025/26	34,351,464	5%	215,000	320,563	135,000	109,350	177,000	66,625	534,838	1,060,601	525,764	
2026/27	36,089,038	5%	225,000	308,375	145,000	101,250	185,000	60,873	532,998	1,113,632	580,634	
2027/28	37,151,109	3%	235,000	295,588	150,000	92,550	187,000	54,860	529,898	1,147,040	617,143	
2028/29	38,265,642	3%	250,000	282,238	160,000	83,550	194,000	48,783	531,470	1,181,452	649,982	
2029/30	39,413,611	3%	265,000	267,800	170,000	73,950	201,000	42,478	532,328	1,216,895	684,568	
2030/31	40,596,020	3%	280,000	252,513	180,000	63,750	207,000	35,945	531,708	1,253,402	721,695	
2031/32	41,813,900	3%	295,000	235,888	190,000	52,500	213,000	29,218	530,605	1,291,004	760,399	
2032/33	43,088,317	3%	310,000	218,225	205,000	40,625	223,000	22,295	527,895	1,329,734	801,839	
2033/34	44,360,367	3%	330,000	199,488	215,000	27,813	227,000	15,048	528,723	1,369,626	840,904	
2034/35	45,691,178	3%	350,000	179,563	230,000	14,375	236,000	7,670	528,858	1,410,715	881,858	
2035/36	47,061,913	3%	370,000	158,438					528,438	1,453,037	924,599	
2036/37	48,473,770	3%	390,000	136,688					526,688	1,496,628	969,940	
2037/38	49,927,983	3%	415,000	111,263					526,263	1,541,526	1,015,264	
2038/39	51,425,623	3%	450,000	84,225					534,225	1,587,772	1,053,547	
2039/40	52,968,598	3%	475,000	60,638					535,638	1,635,405	1,099,768	
2040/41	54,557,656	3%	410,000	35,750					445,750	1,684,468	1,238,718	
2041/42	56,194,385	3%	305,000	15,250					320,250	1,735,002	1,414,752	
			<u>\$7,755,000</u>		<u>\$2,460,000</u>	<u>\$1,377,407</u>	<u>\$2,685,000</u>	<u>\$792,569</u>				

(a) Closing date subject to change.
 (b) Fiscal year 2019/20 is actual. Fiscal year 2020/21 is estimated by Pinal County. Subsequent years assume growth as stated in column 3.
 (c) Rate is estimated at 3.25% and is subject to change based on a variety of economic and market factors.
 (d) Includes 5.0% delinquency factor. 2019/20 tax rate is actual.
 (e) Assumes certain excess tax collections would be used during each year to payback the Town. These amounts are subject to change based on actual tax collections on other objectives.

• Private Sale Scenario 2

SCENARIO 2 - PRIVATE SALE - UPFRONT SAVINGS (does not include refunding of 7/15/2020 principal or related interest payment)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Fiscal Year	Net Limited Assessed Valuation (b)	Projected Growth	Currently Outstanding General Obligation Bond Debt Service		\$2,360,000 Bonds Being Refunded (Series 2010 GO Bonds)		\$2,582,000 GO Refunding Bonds, Series 2020 Dated: 7/9/20 (a)		Total Aggregate Debt Service	Secondary Bond Tax Rate Revenues @ \$3.25 & 95% collections	Excess Levy	\$1,100,000 2019 Taxable GO principal outstanding (e)
			Principal	Interest	Principal	Interest	Principal	Interest (c)				
2019/20	\$ 21,500,529		\$280,000	\$393,630		\$70,271			\$603,359	\$663,829	\$60,469	\$980,000
2020/21	23,615,820	10%	330,000	398,246	\$105,000	140,541		\$85,314	568,019	729,138	161,120	653,880
2021/22	25,977,402	10%	395,000	385,114	110,000	135,186	\$32,000	83,915	650,843	802,052	151,210	282,670
2022/23	28,575,142	10%	470,000	369,481	115,000	129,411	161,000	82,875	838,945	882,258	43,313	0
2023/24	30,575,402	7%	505,000	351,103	120,000	123,230	165,000	77,643	855,515	944,016	88,501	
2024/25	32,715,680	7%	205,000	330,980	130,000	116,630	174,000	72,280	535,630	1,010,097	474,467	
2025/26	34,351,464	5%	215,000	320,563	135,000	109,350	177,000	66,625	534,838	1,060,601	525,764	
2026/27	36,069,038	5%	225,000	308,375	145,000	101,250	185,000	60,873	532,998	1,113,632	580,634	
2027/28	37,151,109	3%	235,000	295,588	150,000	92,550	187,000	54,860	529,898	1,147,040	617,143	
2028/29	38,265,642	3%	250,000	282,238	160,000	83,550	194,000	48,783	531,470	1,181,452	649,982	
2029/30	39,413,611	3%	265,000	267,800	170,000	73,950	201,000	42,478	532,328	1,216,895	684,568	
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2038/39	51,425,823	3%	450,000	84,225					534,225	1,587,772	1,053,547	
2039/40	52,968,598	3%	475,000	60,638					535,638	1,635,405	1,099,768	
2040/41	54,557,656	3%	410,000	35,750					445,750	1,684,468	1,238,718	
2041/42	56,194,385	3%	305,000	15,250					320,250	1,735,002	1,414,752	
			\$7,755,000		\$2,360,000	\$1,374,982	\$2,582,000	\$785,819				

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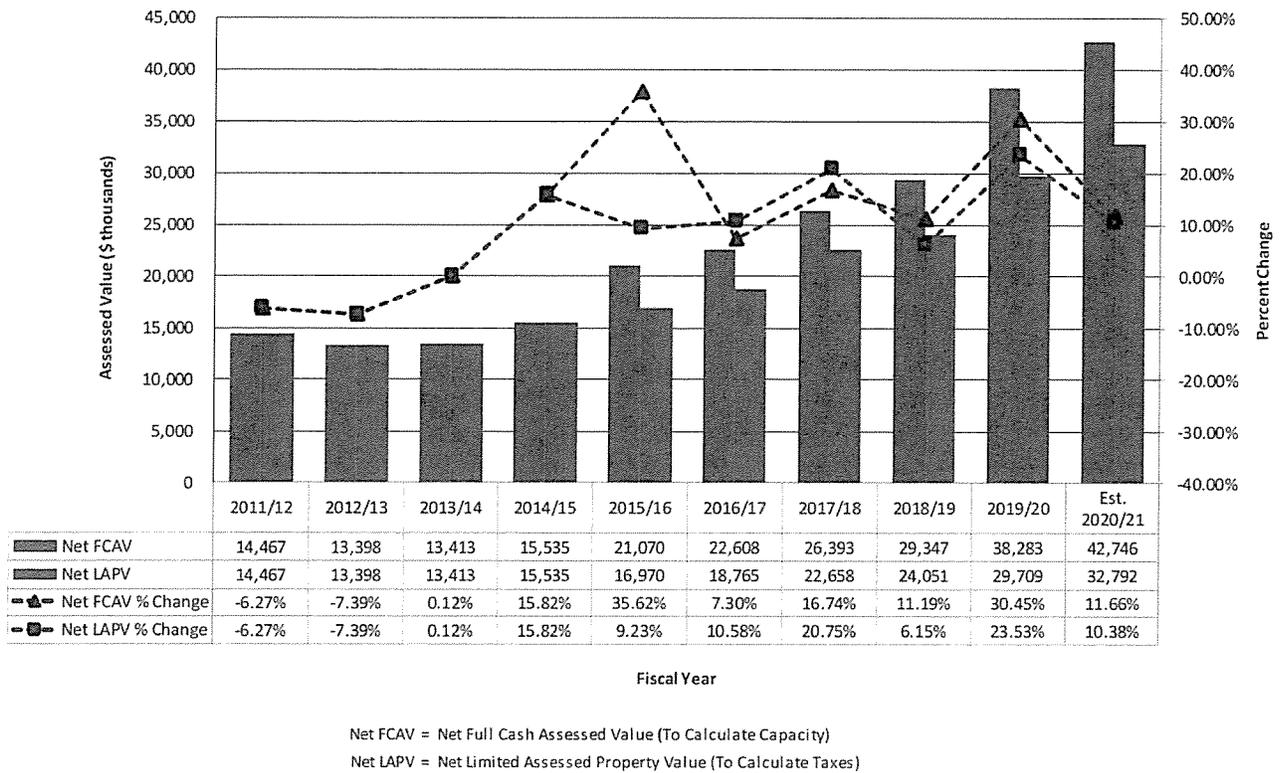
• Public Sale Scenario 3

SCENARIO 3 - PUBLIC SALE - UPFRONT SAVINGS (includes refunding of 7/15/2020 principal and related payment)

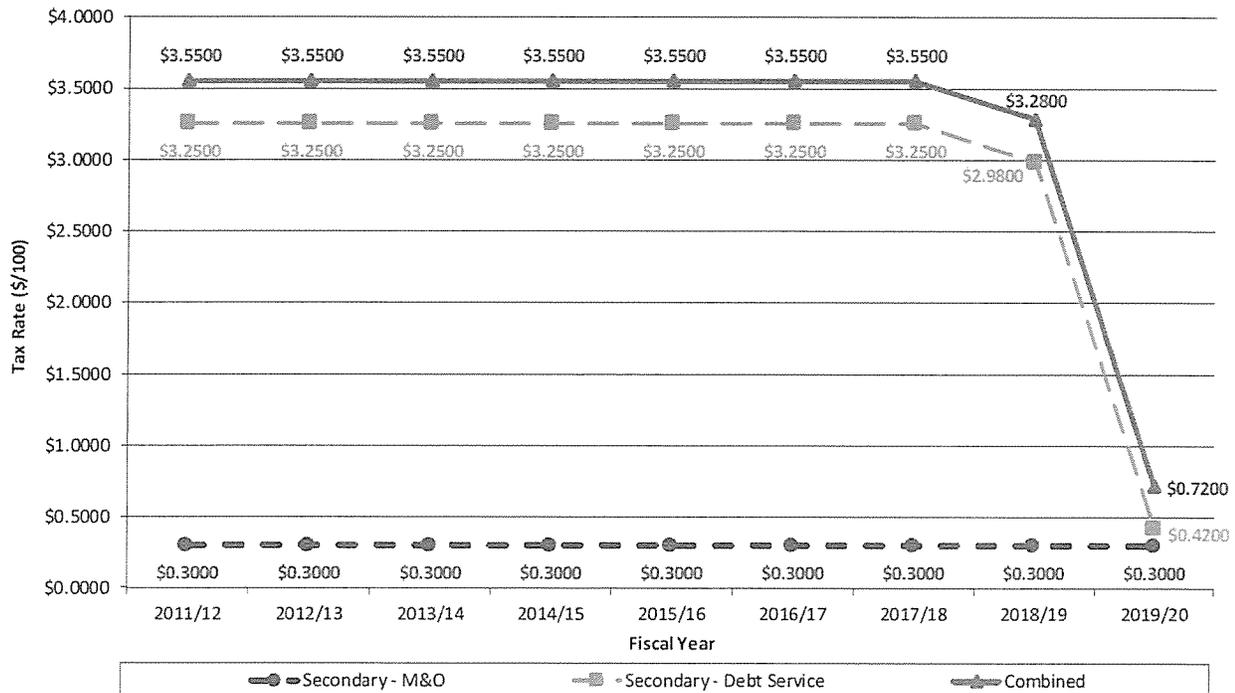
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			Principal	Interest	Principal	Interest	Principal	Interest (c)				
2019/20	\$ 21,500,529		\$280,000	\$393,630	\$100,000	\$72,696			\$500,934	\$663,829	\$162,894	\$817,106
2020/21	23,615,820	10%	330,000	398,246	105,000	140,541		\$84,104	566,809	729,138	162,330	489,776
2021/22	25,977,402	10%	395,000	385,114	110,000	135,186		82,725	617,653	802,052	184,400	85,376
2022/23	28,575,142	10%	470,000	369,481	115,000	129,411	\$125,000	82,725	802,795	882,258	79,463	0
2023/24	30,575,402	7%	505,000	351,103	120,000	123,230	160,000	79,600	852,473	944,016	91,543	
2024/25	32,715,680	7%	205,000	330,980	130,000	116,630	170,000	75,200	534,550	1,010,097	475,547	
2025/26	34,351,464	5%	215,000	320,563	135,000	109,350	170,000	70,100	531,313	1,060,601	529,289	
2026/27	36,069,038	5%	225,000	308,375	145,000	101,250	180,000	65,000	532,125	1,113,632	581,507	
2027/28	37,151,109	3%	235,000	295,588	150,000	92,550	180,000	59,600	527,638	1,147,040	619,403	
2028/29	38,265,642	3%	250,000	282,238	160,000	83,550	185,000	54,200	527,888	1,181,452	653,564	
2029/30	39,413,611	3%	265,000	267,800	170,000	73,950	195,000	48,650	532,500	1,216,895	684,395	
2030/31	40,596,020	3%	280,000	252,513	180,000	63,750	200,000	42,800	531,563	1,253,402	721,840	
2031/32	41,813,900	3%	295,000	235,888	190,000	52,500	205,000	34,800	528,188	1,291,004	762,817	
2032/33	43,068,317	3%	310,000	218,225	205,000	40,625	215,000	26,600	524,200	1,329,734	805,534	
2033/34	44,360,367	3%	330,000	199,488	215,000	27,813	220,000	18,000	524,675	1,369,626	844,951	
2034/35	45,691,178	3%	350,000	179,563	230,000	14,375	230,000	9,200	524,388	1,410,715	886,328	
2035/36	47,061,913	3%	370,000	158,438					528,438	1,453,037	924,599	
2036/37	48,473,770	3%	390,000	136,688					526,688	1,496,628	969,940	
2037/38	49,927,983	3%	415,000	111,263					526,263	1,541,526	1,015,264	
2038/39	51,425,823	3%	450,000	84,225					534,225	1,587,772	1,053,547	
2039/40	52,968,598	3%	475,000	60,638					535,638	1,635,405	1,099,768	
2040/41	54,557,656	3%	410,000	35,750					445,750	1,684,468	1,238,718	
2041/42	56,194,385	3%	305,000	15,250					320,250	1,735,002	1,414,752	
			\$7,755,000		\$2,460,000	\$1,377,407	\$2,435,000	\$833,304				

- (a) Closing date subject to change.
- (b) Fiscal year 2019/20 is actual. Fiscal year 2020/21 is estimated by Pinal County. Subsequent years assume growth as stated in column 3.
- (c) Rate is estimated at 3.25% and is subject to change based on a variety of economic and market factors.
- (d) Includes 5.0% delinquency factor. 2019/20 tax rate is actual.
- (e) Assumes certain excess tax collections would be used during each year to payback the Town. These amounts are subject to change based on actual tax collections on other objectives.

- Appendix A: MRCFD No. 1 – Assessed Value & Tax Rates
 - 10-Year Historical Assessed Values – MRCFD No. 1



- Historical Tax Rates – MRCFD No. 1



- Appendix B: Term Sheet Responses



Merrill Ranch Community Facilities District No. 2
(Town of Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
May 20, 2020

PRELIMINARY LENDING PARAMETERS

Western Alliance Bank and its affiliate Western Alliance Business Trust (the "Purchaser") are pleased to submit the following preliminary lending parameters with respect to Merrill Ranch Community Facilities District No. 2 (Town of Florence, Arizona) General Obligation Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). These preliminary lending parameters are provided solely as a basis for discussion outlining general contemplated structures for the Series 2020 Bonds and should not be construed as a commitment by the Purchaser. These confidential preliminary lending parameters are a non-binding outline only and do not purport to summarize all of the conditions, terms, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the Series 2020 Bonds contemplated hereby. These confidential preliminary lending parameters are delivered to the Borrower with the understanding that neither this outline nor any of its terms and substance shall be disclosed, directly or indirectly, to any other person except: (i) to the Borrower's employees, agents and advisors who are directly involved in the consideration of this matter; and (ii) as disclosure may be compelled in a judicial or administrative proceeding.

Issuer: Merrill Ranch Community Facilities District No. 2 (the "Borrower")

Town: Town of Florence, Arizona (the "Town")

Purchaser: Western Alliance Business Trust, a wholly owned affiliate of Western Alliance Bank (the "Purchaser").

Monika E. Suarez	Joshua J. Lentz
Managing Director	Senior Vice President
Municipal Finance Manager	Commercial Banking
Western Alliance Public & Nonprofit Finance	Western Alliance Public & Nonprofit Finance
601 W. 5th Street, Suite 100	One E. Washington Street, Ste. 1400
Los Angeles, CA 90071	Phoenix, AZ 85004
Ph. (213) 362-5277	Ph. (602) 346-7467
msuarez@westernalliancebank.com	jlentz@westernalliancebank.com

Tax-Status: Interest on the Series 2020 Bonds shall be excluded from gross income for federal income tax purposes and exempt from income taxation under the laws of the State of Arizona.

Principal Amount: Not to exceed \$2,500,000

Purpose: Proceeds from the Series 2020 Bonds are to be used to:

- 1) refund the District's General Obligation Bonds, Series 2010 (the "Series 2010 Bonds"); and
- 2) pay costs of issuance associated with the issuance of the Series 2020 Bonds.

Final Maturity: July 15, 2035

Interest Payments: Semi-annual interest payments on January 15 and July 15 commencing on January 15, 2021 through July 15, 2035. Interest on the Series 2020 Bonds is to be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal Payments: Annual principal payments on July 15 commencing on July 15, 2023 through July 15, 2035.

Interest Rate Pricing:	<p>The Series 2020 Bonds will be purchased at par at a fixed rate of interest through the Final Maturity based on the following formula:</p> <p>78% of the sum of the 10-Year ICE Interest Rate Swap Rate (0.667% as of May 20, 2020 at 17:49:25 EDT) plus 3.50% (tax-exempt fixed rate).</p> <p>Based on current market conditions, the interest rate on the Series 2020 Bonds would be <u>3.25%</u> as of May 20, 2020. The interest rate may be locked following all necessary approvals.</p>
Security:	<p>Principal of and interest on the Series 2020 Bonds will be payable from a continuing, direct, annual, ad valorem tax levied against all of the taxable property in the District sufficient together with any amounts from sources described in the "Enabling Act" and available pursuant to the governing legal document to pay debt service on the Series 2020 Bonds.</p>
Redemption Provisions:	<p>The Series 2020 Bonds or any portion thereof or any integral multiple thereof may be called prior to maturity and redeemed at the option of the District, from any sources of funds, in whole or in part, on any Interest Payment Date on or after July 15, 2028, at a price equal to the principal amount of the Series 2020 Bonds to be redeemed, together with accrued interest to the date of redemption, without any penalty.</p> <p>Partial redemption shall be applied in inverse chronological order among final maturity and mandatory sinking fund installments.</p>
Purchaser's Counsel:	<p>Stradling Yocca Carlson & Rauth, a Professional Corporation / Las Vegas, Nevada</p>
Fees:	<p>The Borrower shall be obligated to pay all costs of issuance, including legal fees of the Purchaser's Counsel, which is estimated to be \$10,000.00 for the Series 2020 Bonds.</p>
Documentation:	<p>Bond Counsel will be responsible for preparing all legal documentation, which will contain customary affirmative and negative covenants as well as usual representations and warranties for like situated borrowers acceptable to the Purchaser and the Purchaser's Counsel.</p> <p>Opinions of Bond Counsel, among other things, as to:</p> <ol style="list-style-type: none">1) treatment of interest payments under the Series 2020 Bonds as tax-exempt obligations under the IRS Code and treatment of interest payments under the Series 2020 Bonds as exempt from State of Arizona income taxes;2) the validity and enforceability of the Series 2020 Bonds and the <i>ad valorem</i> taxes being duly and validly authorized and levied pursuant to law;3) the Series 2020 Bonds being exempt from registration pursuant to the Securities Act of 1933, as amended;4) opinion as to the indenture of trust being exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and5) such other opinions as the Purchaser may require. <p>The additional provisions and conditions set forth herein shall be included in the documentation, which shall include execution and delivery of legal documentation acceptable to the Purchaser and its counsel; the Series 2020 Bonds will be registered to the Purchaser, DTC will not be holding the Series 2020 Bonds and the Series 2020 Bonds will not have a CUSIP; the Series 2020 Bonds will not be rated; there will not be a disclosure document or a purchase contract; and no amendments to the issuing documents without the Purchaser's prior consent. The Purchaser shall not be required</p>

	to surrender the Series 2020 Bonds or assignment thereof for payment of principal except at final maturity.
Reporting Requirements:	<p>Within nine (9) months after each fiscal year, the Borrower shall provide:</p> <ol style="list-style-type: none">1) a copy of the Borrower’s audited financial statements;2) a table presenting the property taxes levied and collected for the prior fiscal year for the prior year;3) a table presenting the net limited assessed property values of major taxpayers in the District for the prior fiscal year;4) a table presenting the net limited assessed property value for District for the prior fiscal year and preliminary estimate of such amount for the current fiscal year; and5) a table presenting the estimated net full cash value for the District for the prior fiscal year and a preliminary estimate of such amount for the current fiscal year. <p>The Borrower shall furnish notice to the Purchaser of any occurrence of an event described in subsection (b)(5)(i)(C) of the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12) in a timely manner but not in excess of ten business days after the occurrence of such event.</p>
Assignment/Participation:	<p>The Purchaser’s intent is to book the Series 2020 Bonds as a loan and hold the Series 2020 Bonds to maturity or to the redemption date; however, the Purchaser retains the right to assign or participate out its interest in the Series 2020 Bonds. The Purchaser acknowledges and agrees that the Series 2020 Bonds may only be transferred to a “Qualified Institutional Buyer” or an “Accredited Investor” within the meaning of the Securities Act of 1933, as amended.</p>

NO FIDUCIARY RELATIONSHIP DISCLAIMER

Inasmuch as the Series 2020 Bonds represents a negotiated transaction, the Borrower understands, and hereby confirms, that the Purchaser is not acting as a fiduciary of the Borrower, but rather is acting solely in its capacity as a Purchaser, for its own account. The Borrower acknowledges and agrees that:

- 1) *the transaction contemplated herein is an arm’s length commercial transaction between the Borrower and the Purchaser and its affiliates;*
- 2) *in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a “Municipal Advisor” as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the “Municipal Advisor Rules”);*
- 3) *the Purchaser and its affiliates are relying on the bank exemption in the Municipal Advisor Rules;*
- 4) *the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto;*
- 5) *the Purchaser and its affiliates have financial and other interests that differ from those of the Borrower; and*
- 6) *the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.*



FIRST FOUNDATION BANK

May 21, 2020

RE: Merrill Ranch CFD No. 2
2020 GO Refunding Bonds

Based upon your request and preliminary review of the information provided to-date, First Foundation Bank ("FFB") would like express its interest in underwriting and obtaining credit approval for the following Credit Facility to the Merrill Ranch Community Facilities District No. 2, AZ ("Borrower") based on the terms outlined below. This Letter is provided by First Foundation Bank for discussion purposes only. *It is not intended to be binding, does not create any obligation on the part of First Foundation Bank to Sponsor or any third party, and is not a commitment to lend or agreement of any kind. No obligation whatsoever on the part of First Foundation Bank shall arise until execution and delivery of a formal commitment or loan documentation by a duly authorized officer of First Foundation Bank, which obligation shall be subject to all of the conditions contained therein.*

The proposed loan conditions are:

STRUCTURE: Term

PURPOSE: Refunding of the District's existing Series 2010 Bonds

APPROX. LOAN AMT: \$2,500,000

INTEREST RATE: Tax-exempt BQ: 4.01% (5.00% taxable equivalent)

RATE LOCK: The Rate will be locked for a period of 60-days prior to dosing. If the Credit Facility fails to close within this period, FFB reserves the right to adjust the rate.

TERM: 15-years

REPAYMENT: Semi-annual interest, annual payments

AVERAGE LIFE: 9.92-years

PRE-PAYMENT: Repayable at 103% of par in years 1-2, decreasing to 102% in years 3-4, and 101% in years 5-6. Redeemable at par beginning in year 7 and thereafter.

COLLATERAL: Obligation to levy property taxes

ADDITIONAL TERMS: Documents to be prepared by the Borrower's Bond Counsel for review by FFB's counsel Nixon Peabody, LLP. Legal fees and expenses of Nixon Peabody, LLP should not exceed \$7,500. All other filing fees and related fees shall be paid by the Borrower in connection with the issuance.

Periodic financial and collateral reporting by the Borrower, as well as representations and warranties of the Borrower regarding its status and ability to repay, taxability gross-up and covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed above will be determined as part of FFB's underwriting and credit approval process.

PDF's of all executed and other documents listed on the Closing Index shall be provided to FFB no later than 24 hours before the time of the requested wire; provided, that if any documents can only be signed after receipt of the wire, those documents shall be provided immediately after receipt of the wire.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Deposit Insurance Corporation, Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.

Trevor Mael | VP, Public Finance | Tel: 916.724.2423 | Email: tmael@ff-inc.com



- Appendix C: Preliminary Refunding Analysis

SAVINGS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
 General Obligation Refunding Bonds, Series 2020
 SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
 [Includes refunding of 7/15/2020 principal payment,
 Rate assumes 3.25% provided by Western Alliance]

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/09/2020 @ 3.2499416%
07/15/2020	172,695.63		172,695.63	172,602.87
07/15/2021	245,541.26	88,716.88	156,824.38	152,163.76
07/15/2022	245,186.26	222,262.50	22,923.76	21,845.68
07/15/2023	244,411.26	243,875.00	536.26	829.62
07/15/2024	243,230.00	242,642.50	587.50	841.55
07/15/2025	246,630.00	246,280.00	350.00	604.26
07/15/2026	244,350.00	243,625.00	725.00	883.10
07/15/2027	246,250.00	245,872.50	377.50	562.72
07/15/2028	242,550.00	241,860.00	690.00	769.34
07/15/2029	243,550.00	242,782.50	767.50	785.13
07/15/2030	243,950.00	243,477.50	472.50	527.25
07/15/2031	243,750.00	242,945.00	805.00	722.73
07/15/2032	242,500.00	242,217.50	282.50	320.18
07/15/2033	245,625.00	245,295.00	330.00	314.79
07/15/2034	242,812.50	242,047.50	765.00	552.88
07/15/2035	244,375.00	243,670.00	705.00	468.02
	3,837,406.91	3,477,569.38	359,837.53	354,793.89

Savings Summary

PV of savings from cash flow	354,793.89
Plus: Refunding funds on hand	454.37
	355,248.26
Net PV Savings	355,248.26

SOURCES AND USES OF FUNDS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
Delivery Date 07/09/2020

Sources:

Bond Proceeds:	
Par Amount	2,685,000.00
	<hr/>
	2,685,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,532,695.63
Delivery Date Expenses:	
Cost of Issuance	151,850.00
Other Uses of Funds:	
Additional Proceeds	454.37
	<hr/>
	2,685,000.00

BOND PRICING

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	07/15/2022	135,000	3.250%	3.250%	100.000
	07/15/2023	161,000	3.250%	3.250%	100.000
	07/15/2024	165,000	3.250%	3.250%	100.000
	07/15/2025	174,000	3.250%	3.250%	100.000
	07/15/2026	177,000	3.250%	3.250%	100.000
	07/15/2027	185,000	3.250%	3.250%	100.000
	07/15/2028	187,000	3.250%	3.250%	100.000
	07/15/2029	194,000	3.250%	3.250%	100.000
	07/15/2030	201,000	3.250%	3.250%	100.000
	07/15/2031	207,000	3.250%	3.250%	100.000
	07/15/2032	213,000	3.250%	3.250%	100.000
	07/15/2033	223,000	3.250%	3.250%	100.000
	07/15/2034	227,000	3.250%	3.250%	100.000
	07/15/2035	236,000	3.250%	3.250%	100.000
		2,685,000			

Dated Date	07/09/2020	
Delivery Date	07/09/2020	
First Coupon	01/15/2021	
Par Amount	2,685,000.00	
Original Issue Discount		
Production	2,685,000.00	100.000000%
Underwriter's Discount		
Purchase Price	2,685,000.00	100.000000%
Accrued Interest		
Net Proceeds	2,685,000.00	

BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
 [Includes refunding of 7/15/2020 principal payment,
 Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service
07/15/2020				
07/15/2021			88,716.88	88,716.88
07/15/2022	135,000	3.250%	87,262.50	222,262.50
07/15/2023	161,000	3.250%	82,875.00	243,875.00
07/15/2024	165,000	3.250%	77,642.50	242,642.50
07/15/2025	174,000	3.250%	72,280.00	246,280.00
07/15/2026	177,000	3.250%	66,625.00	243,625.00
07/15/2027	185,000	3.250%	60,872.50	245,872.50
07/15/2028	187,000	3.250%	54,860.00	241,860.00
07/15/2029	194,000	3.250%	48,782.50	242,782.50
07/15/2030	201,000	3.250%	42,477.50	243,477.50
07/15/2031	207,000	3.250%	35,945.00	242,945.00
07/15/2032	213,000	3.250%	29,217.50	242,217.50
07/15/2033	223,000	3.250%	22,295.00	245,295.00
07/15/2034	227,000	3.250%	15,047.50	242,047.50
07/15/2035	236,000	3.250%	7,670.00	243,670.00
	2,685,000		792,569.38	3,477,569.38

BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/09/2020					
01/15/2021			45,085.63	45,085.63	
07/15/2021			43,631.25	43,631.25	88,716.88
01/15/2022			43,631.25	43,631.25	
07/15/2022	135,000	3.250%	43,631.25	178,631.25	222,262.50
01/15/2023			41,437.50	41,437.50	
07/15/2023	161,000	3.250%	41,437.50	202,437.50	243,875.00
01/15/2024			38,821.25	38,821.25	
07/15/2024	165,000	3.250%	38,821.25	203,821.25	242,642.50
01/15/2025			36,140.00	36,140.00	
07/15/2025	174,000	3.250%	36,140.00	210,140.00	246,280.00
01/15/2026			33,312.50	33,312.50	
07/15/2026	177,000	3.250%	33,312.50	210,312.50	243,625.00
01/15/2027			30,436.25	30,436.25	
07/15/2027	185,000	3.250%	30,436.25	215,436.25	245,872.50
01/15/2028			27,430.00	27,430.00	
07/15/2028	187,000	3.250%	27,430.00	214,430.00	241,860.00
01/15/2029			24,391.25	24,391.25	
07/15/2029	194,000	3.250%	24,391.25	218,391.25	242,782.50
01/15/2030			21,238.75	21,238.75	
07/15/2030	201,000	3.250%	21,238.75	222,238.75	243,477.50
01/15/2031			17,972.50	17,972.50	
07/15/2031	207,000	3.250%	17,972.50	224,972.50	242,945.00
01/15/2032			14,608.75	14,608.75	
07/15/2032	213,000	3.250%	14,608.75	227,608.75	242,217.50
01/15/2033			11,147.50	11,147.50	
07/15/2033	223,000	3.250%	11,147.50	234,147.50	245,295.00
01/15/2034			7,523.75	7,523.75	
07/15/2034	227,000	3.250%	7,523.75	234,523.75	242,047.50
01/15/2035			3,835.00	3,835.00	
07/15/2035	236,000	3.250%	3,835.00	239,835.00	243,670.00
	2,685,000		792,569.38	3,477,569.38	3,477,569.38

SUMMARY OF REFUNDING RESULTS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date	07/09/2020
Delivery Date	07/09/2020
Arbitrage yield	3.249942%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	2,685,000.00
True Interest Cost	3.249942%
Net Interest Cost	3.250000%
All-In TIC	4.021921%
Average Coupon	3.250000%
Average Life	9.083
Par amount of refunded bonds	2,460,000.00
Average coupon of refunded bonds	6.110675%
Average life of refunded bonds	8.696
PV of prior debt to 07/09/2020 @ 3.249942%	3,039,793.89
Net PV Savings	355,248.26
Percentage savings of refunded bonds	14.440986%

BOND SUMMARY STATISTICS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date	07/09/2020
Delivery Date	07/09/2020
First Coupon	01/15/2021
Last Maturity	07/15/2035
Arbitrage Yield	3.249942%
True Interest Cost (TIC)	3.249942%
Net Interest Cost (NIC)	3.250000%
All-In TIC	4.021921%
Average Coupon	3.250000%
Average Life (years)	9.083
Duration of Issue (years)	7.744
Par Amount	2,685,000.00
Bond Proceeds	2,685,000.00
Total Interest	792,569.38
Net Interest	792,569.38
Total Debt Service	3,477,569.38
Maximum Annual Debt Service	246,280.00
Average Annual Debt Service	231,580.65
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	_____
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	2,685,000.00	100.000	3.250%	9.083	7.744	2,043.35
	2,685,000.00			9.083		2,043.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,685,000.00	2,685,000.00	2,685,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-151,850.00	
- Other Amounts			
Target Value	2,685,000.00	2,533,150.00	2,685,000.00
Target Date	07/09/2020	07/09/2020	07/09/2020
Yield	3.249942%	4.021921%	3.249942%

SUMMARY OF BONDS REFUNDED

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2010, GO2010, SER:					
	07/15/2020	4.850%	100,000.00		
	07/15/2021	5.100%	105,000.00	07/15/2020	100.000
	07/15/2022	5.250%	110,000.00	07/15/2020	100.000
	07/15/2023	5.375%	115,000.00	07/15/2020	100.000
	07/15/2024	5.500%	120,000.00	07/15/2020	100.000
	07/15/2025	5.600%	130,000.00	07/15/2020	100.000
			680,000.00		
General Obligation Bonds, Series 2010, GO2010, TER1:					
	07/15/2030	6.000%	760,000.00	07/15/2020	100.000
General Obligation Bonds, Series 2010, GO2010, TER2:					
	07/15/2035	6.250%	1,020,000.00	07/15/2020	100.000
			2,460,000.00		

PRIOR BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service
07/15/2020	100,000	4.850%	72,695.63	172,695.63
07/15/2021	105,000	5.100%	140,541.26	245,541.26
07/15/2022	110,000	5.250%	135,186.26	245,186.26
07/15/2023	115,000	5.375%	129,411.26	244,411.26
07/15/2024	120,000	5.500%	123,230.00	243,230.00
07/15/2025	130,000	5.600%	116,630.00	246,630.00
07/15/2026	135,000	6.000%	109,350.00	244,350.00
07/15/2027	145,000	6.000%	101,250.00	246,250.00
07/15/2028	150,000	6.000%	92,550.00	242,550.00
07/15/2029	160,000	6.000%	83,550.00	243,550.00
07/15/2030	170,000	6.000%	73,950.00	243,950.00
07/15/2031	180,000	6.250%	63,750.00	243,750.00
07/15/2032	190,000	6.250%	52,500.00	242,500.00
07/15/2033	205,000	6.250%	40,625.00	245,625.00
07/15/2034	215,000	6.250%	27,812.50	242,812.50
07/15/2035	230,000	6.250%	14,375.00	244,375.00
	2,460,000		1,377,406.91	3,837,406.91

ESCROW REQUIREMENTS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Period Ending	Principal	Interest	Principal Redeemed	Total
07/15/2020	100,000.00	72,695.63	2,360,000.00	2,532,695.63
	100,000.00	72,695.63	2,360,000.00	2,532,695.63

FINANCIAL ADVISOR DISCLOSURE

**Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 1 - PRIVATE SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]**

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SAVINGS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/09/2020 @ 3.2499433%
07/15/2020	70,270.63		70,270.63	70,232.88
07/15/2021	245,541.26	85,313.58	160,227.68	155,484.52
07/15/2022	245,186.26	115,915.00	129,271.26	121,524.58
07/15/2023	244,411.26	243,875.00	536.26	829.62
07/15/2024	243,230.00	242,642.50	587.50	841.55
07/15/2025	246,630.00	246,280.00	350.00	604.26
07/15/2026	244,350.00	243,625.00	725.00	883.10
07/15/2027	246,250.00	245,872.50	377.50	562.72
07/15/2028	242,550.00	241,860.00	690.00	769.34
07/15/2029	243,550.00	242,782.50	767.50	785.13
07/15/2030	243,950.00	243,477.50	472.50	527.25
07/15/2031	243,750.00	242,945.00	805.00	722.73
07/15/2032	242,500.00	242,217.50	282.50	320.18
07/15/2033	245,625.00	245,295.00	330.00	314.79
07/15/2034	242,812.50	242,047.50	765.00	552.88
07/15/2035	244,375.00	243,670.00	705.00	468.02
	3,734,981.91	3,367,818.58	367,163.33	355,423.57

Savings Summary

PV of savings from cash flow	355,423.57
Plus: Refunding funds on hand	909.37
	356,332.94
Net PV Savings	356,332.94

SOURCES AND USES OF FUNDS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
Delivery Date 07/09/2020

Sources:

Bond Proceeds:	
Par Amount	2,582,000.00

2,582,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,430,270.63
Delivery Date Expenses:	
Cost of Issuance	150,820.00
Other Uses of Funds:	
Additional Proceeds	909.37

2,582,000.00

BOND PRICING

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	07/15/2022	32,000	3.250%	3.250%	100.000
	07/15/2023	161,000	3.250%	3.250%	100.000
	07/15/2024	165,000	3.250%	3.250%	100.000
	07/15/2025	174,000	3.250%	3.250%	100.000
	07/15/2026	177,000	3.250%	3.250%	100.000
	07/15/2027	185,000	3.250%	3.250%	100.000
	07/15/2028	187,000	3.250%	3.250%	100.000
	07/15/2029	194,000	3.250%	3.250%	100.000
	07/15/2030	201,000	3.250%	3.250%	100.000
	07/15/2031	207,000	3.250%	3.250%	100.000
	07/15/2032	213,000	3.250%	3.250%	100.000
	07/15/2033	223,000	3.250%	3.250%	100.000
	07/15/2034	227,000	3.250%	3.250%	100.000
	07/15/2035	236,000	3.250%	3.250%	100.000
		2,582,000			

Dated Date	07/09/2020	
Delivery Date	07/09/2020	
First Coupon	01/15/2021	
Par Amount	2,582,000.00	
Original Issue Discount		
Production	2,582,000.00	100.000000%
Underwriter's Discount		
Purchase Price	2,582,000.00	100.000000%
Accrued Interest		
Net Proceeds	2,582,000.00	

BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service
07/15/2020				
07/15/2021			85,313.58	85,313.58
07/15/2022	32,000	3.250%	83,915.00	115,915.00
07/15/2023	161,000	3.250%	82,875.00	243,875.00
07/15/2024	165,000	3.250%	77,642.50	242,642.50
07/15/2025	174,000	3.250%	72,280.00	246,280.00
07/15/2026	177,000	3.250%	66,625.00	243,625.00
07/15/2027	185,000	3.250%	60,872.50	245,872.50
07/15/2028	187,000	3.250%	54,860.00	241,860.00
07/15/2029	194,000	3.250%	48,782.50	242,782.50
07/15/2030	201,000	3.250%	42,477.50	243,477.50
07/15/2031	207,000	3.250%	35,945.00	242,945.00
07/15/2032	213,000	3.250%	29,217.50	242,217.50
07/15/2033	223,000	3.250%	22,295.00	245,295.00
07/15/2034	227,000	3.250%	15,047.50	242,047.50
07/15/2035	236,000	3.250%	7,670.00	243,670.00
	2,582,000		785,818.58	3,367,818.58

BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
 General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
 [Does not include refunding of 7/15/2020 principal payment,
 Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/09/2020					
01/15/2021			43,356.08	43,356.08	
07/15/2021			41,957.50	41,957.50	85,313.58
01/15/2022			41,957.50	41,957.50	
07/15/2022	32,000	3.250%	41,957.50	73,957.50	115,915.00
01/15/2023			41,437.50	41,437.50	
07/15/2023	161,000	3.250%	41,437.50	202,437.50	243,875.00
01/15/2024			38,821.25	38,821.25	
07/15/2024	165,000	3.250%	38,821.25	203,821.25	242,642.50
01/15/2025			36,140.00	36,140.00	
07/15/2025	174,000	3.250%	36,140.00	210,140.00	246,280.00
01/15/2026			33,312.50	33,312.50	
07/15/2026	177,000	3.250%	33,312.50	210,312.50	243,625.00
01/15/2027			30,436.25	30,436.25	
07/15/2027	185,000	3.250%	30,436.25	215,436.25	245,872.50
01/15/2028			27,430.00	27,430.00	
07/15/2028	187,000	3.250%	27,430.00	214,430.00	241,860.00
01/15/2029			24,391.25	24,391.25	
07/15/2029	194,000	3.250%	24,391.25	218,391.25	242,782.50
01/15/2030			21,238.75	21,238.75	
07/15/2030	201,000	3.250%	21,238.75	222,238.75	243,477.50
01/15/2031			17,972.50	17,972.50	
07/15/2031	207,000	3.250%	17,972.50	224,972.50	242,945.00
01/15/2032			14,608.75	14,608.75	
07/15/2032	213,000	3.250%	14,608.75	227,608.75	242,217.50
01/15/2033			11,147.50	11,147.50	
07/15/2033	223,000	3.250%	11,147.50	234,147.50	245,295.00
01/15/2034			7,523.75	7,523.75	
07/15/2034	227,000	3.250%	7,523.75	234,523.75	242,047.50
01/15/2035			3,835.00	3,835.00	
07/15/2035	236,000	3.250%	3,835.00	239,835.00	243,670.00
	2,582,000		785,818.58	3,367,818.58	3,367,818.58

SUMMARY OF REFUNDING RESULTS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date	07/09/2020
Delivery Date	07/09/2020
Arbitrage yield	3.249943%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	2,582,000.00
True Interest Cost	3.249943%
Net Interest Cost	3.250000%
All-In TIC	4.024572%
Average Coupon	3.250000%
Average Life	9.364
Par amount of refunded bonds	2,360,000.00
Average coupon of refunded bonds	6.110773%
Average life of refunded bonds	9.063
PV of prior debt to 07/09/2020 @ 3.249943%	2,937,423.57
Net PV Savings	356,332.94
Percentage savings of refunded bonds	15.098853%

BOND SUMMARY STATISTICS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Dated Date	07/09/2020
Delivery Date	07/09/2020
First Coupon	01/15/2021
Last Maturity	07/15/2035
Arbitrage Yield	3.249943%
True Interest Cost (TIC)	3.249943%
Net Interest Cost (NIC)	3.250000%
All-In TIC	4.024572%
Average Coupon	3.250000%
Average Life (years)	9.364
Duration of issue (years)	7.974
Par Amount	2,582,000.00
Bond Proceeds	2,582,000.00
Total Interest	785,818.58
Net Interest	785,818.58
Total Debt Service	3,367,818.58
Maximum Annual Debt Service	246,280.00
Average Annual Debt Service	224,272.05
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	

Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	2,582,000.00	100.000	3.250%	9.364	7.974	2,023.78
	2,582,000.00			9.364		2,023.78

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,582,000.00	2,582,000.00	2,582,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-150,820.00	
- Other Amounts			
Target Value	2,582,000.00	2,431,180.00	2,582,000.00
Target Date	07/09/2020	07/09/2020	07/09/2020
Yield	3.249943%	4.024572%	3.249943%

SUMMARY OF BONDS REFUNDED

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2010, GO2010, SER:					
	07/15/2021	5.100%	105,000.00	07/15/2020	100.000
	07/15/2022	5.250%	110,000.00	07/15/2020	100.000
	07/15/2023	5.375%	115,000.00	07/15/2020	100.000
	07/15/2024	5.500%	120,000.00	07/15/2020	100.000
	07/15/2025	5.600%	130,000.00	07/15/2020	100.000
			580,000.00		
General Obligation Bonds, Series 2010, GO2010, TER1:					
	07/15/2030	6.000%	760,000.00	07/15/2020	100.000
General Obligation Bonds, Series 2010, GO2010, TER2:					
	07/15/2035	6.250%	1,020,000.00	07/15/2020	100.000
			2,360,000.00		

PRIOR BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
 [Does not include refunding of 7/15/2020 principal payment,
 Rate assumes 3.25% provided by Western Alliance]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service
07/15/2020			70,270.63	70,270.63
07/15/2021	105,000	5.100%	140,541.26	245,541.26
07/15/2022	110,000	5.250%	135,186.26	245,186.26
07/15/2023	115,000	5.375%	129,411.26	244,411.26
07/15/2024	120,000	5.500%	123,230.00	243,230.00
07/15/2025	130,000	5.600%	116,630.00	246,630.00
07/15/2026	135,000	6.000%	109,350.00	244,350.00
07/15/2027	145,000	6.000%	101,250.00	246,250.00
07/15/2028	150,000	6.000%	92,550.00	242,550.00
07/15/2029	160,000	6.000%	83,550.00	243,550.00
07/15/2030	170,000	6.000%	73,950.00	243,950.00
07/15/2031	180,000	6.250%	63,750.00	243,750.00
07/15/2032	190,000	6.250%	52,500.00	242,500.00
07/15/2033	205,000	6.250%	40,625.00	245,625.00
07/15/2034	215,000	6.250%	27,812.50	242,812.50
07/15/2035	230,000	6.250%	14,375.00	244,375.00
	2,360,000		1,374,981.91	3,734,981.91

ESCROW REQUIREMENTS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
 [Does not include refunding of 7/15/2020 principal payment,
 Rate assumes 3.25% provided by Western Alliance]

Period Ending	Interest	Principal Redeemed	Total
07/15/2020	70,270.63	2,360,000.00	2,430,270.63
	70,270.63	2,360,000.00	2,430,270.63

FINANCIAL ADVISOR DISCLOSURE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 2 - PRIVATE SALE WITH UPFRONT SAVINGS
[Does not include refunding of 7/15/2020 principal payment,
Rate assumes 3.25% provided by Western Alliance]

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SAVINGS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
 [Includes refunding of 7/15/2020 principal payment,
 Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 07/09/2020 @ 2.0087994%
07/15/2020	172,695.63		172,695.63	172,638.11
07/15/2021	245,541.26	84,103.75	161,437.51	158,461.00
07/15/2022	245,186.26	82,725.00	162,461.26	156,295.94
07/15/2023	244,411.26	207,725.00	36,686.26	34,760.32
07/15/2024	243,230.00	239,600.00	3,630.00	3,552.17
07/15/2025	246,630.00	245,200.00	1,430.00	1,481.78
07/15/2026	244,350.00	240,100.00	4,250.00	3,943.21
07/15/2027	246,250.00	245,000.00	1,250.00	1,244.65
07/15/2028	242,550.00	239,600.00	2,950.00	2,654.21
07/15/2029	243,550.00	239,200.00	4,350.00	3,755.70
07/15/2030	243,950.00	243,650.00	300.00	349.57
07/15/2031	243,750.00	242,800.00	950.00	846.66
07/15/2032	242,500.00	239,800.00	2,700.00	2,193.41
07/15/2033	245,625.00	241,600.00	4,025.00	3,157.24
07/15/2034	242,812.50	238,000.00	4,812.50	3,673.86
07/15/2035	244,375.00	239,200.00	5,175.00	3,852.41
	3,837,406.91	3,268,303.75	569,103.16	552,860.23

Savings Summary

PV of savings from cash flow	552,860.23
Plus: Refunding funds on hand	874.99
	553,735.22
Net PV Savings	553,735.22

SOURCES AND USES OF FUNDS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
 [Includes refunding of 7/15/2020 principal payment,
 Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Dated Date	07/09/2020
Delivery Date	07/09/2020

Sources:

Bond Proceeds:

Par Amount	2,435,000.00
Premium	298,082.90

2,733,082.90

Uses:

Refunding Escrow Deposits:

Cash Deposit	2,532,695.63
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Delivery Date Expenses:

Cost of Issuance	150,000.00
Underwriter's Discount	25,000.00
Bond Insurance @ 75 bp P&I	24,512.28
	199,512.28

Other Uses of Funds:

Additional Proceeds	874.99
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2,733,082.90

BOND PRICING

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	
Bond Component:										
	07/15/2023	125,000	2.500%	0.950%	104.598				5,747.50	
	07/15/2024	160,000	2.750%	1.070%	106.587				10,539.20	
	07/15/2025	170,000	3.000%	1.210%	108.687				14,767.90	
	07/15/2026	170,000	3.000%	1.390%	109.261				15,743.70	
	07/15/2027	180,000	3.000%	1.540%	109.674				17,413.20	
	07/15/2028	180,000	3.000%	1.650%	110.098				18,176.40	
	07/15/2029	185,000	3.000%	1.760%	110.296				19,047.60	
	07/15/2030	195,000	3.000%	1.860%	110.374				20,229.30	
	07/15/2031	200,000	4.000%	1.990%	118.171 C	2.140%	07/15/2030	100.000	36,342.00	
	07/15/2032	205,000	4.000%	2.090%	117.181 C	2.350%	07/15/2030	100.000	35,221.05	
	07/15/2033	215,000	4.000%	2.190%	116.199 C	2.531%	07/15/2030	100.000	34,827.85	
	07/15/2034	220,000	4.000%	2.230%	115.810 C	2.643%	07/15/2030	100.000	34,782.00	
	07/15/2035	230,000	4.000%	2.280%	115.324 C	2.748%	07/15/2030	100.000	35,245.20	
		2,435,000								298,082.90

Dated Date	07/09/2020	
Delivery Date	07/09/2020	
First Coupon	01/15/2021	
Par Amount	2,435,000.00	
Premium	298,082.90	
Production	2,733,082.90	112.241598%
Underwriter's Discount	-25,000.00	-1.026694%
Purchase Price	2,708,082.90	111.214903%
Accrued Interest		
Net Proceeds	2,708,082.90	

BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service
07/15/2020				
07/15/2021			84,103.75	84,103.75
07/15/2022			82,725.00	82,725.00
07/15/2023	125,000	2.500%	82,725.00	207,725.00
07/15/2024	160,000	2.750%	79,600.00	239,600.00
07/15/2025	170,000	3.000%	75,200.00	245,200.00
07/15/2026	170,000	3.000%	70,100.00	240,100.00
07/15/2027	180,000	3.000%	65,000.00	245,000.00
07/15/2028	180,000	3.000%	59,600.00	239,600.00
07/15/2029	185,000	3.000%	54,200.00	239,200.00
07/15/2030	195,000	3.000%	48,650.00	243,650.00
07/15/2031	200,000	4.000%	42,800.00	242,800.00
07/15/2032	205,000	4.000%	34,800.00	239,800.00
07/15/2033	215,000	4.000%	26,600.00	241,600.00
07/15/2034	220,000	4.000%	18,000.00	238,000.00
07/15/2035	230,000	4.000%	9,200.00	239,200.00
	2,435,000		833,303.75	3,268,303.75

BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/09/2020					
01/15/2021			42,741.25	42,741.25	
07/15/2021			41,362.50	41,362.50	84,103.75
01/15/2022			41,362.50	41,362.50	
07/15/2022			41,362.50	41,362.50	82,725.00
01/15/2023			41,362.50	41,362.50	
07/15/2023	125,000	2.500%	41,362.50	166,362.50	207,725.00
01/15/2024			39,800.00	39,800.00	
07/15/2024	160,000	2.750%	39,800.00	199,800.00	239,600.00
01/15/2025			37,600.00	37,600.00	
07/15/2025	170,000	3.000%	37,600.00	207,600.00	245,200.00
01/15/2026			35,050.00	35,050.00	
07/15/2026	170,000	3.000%	35,050.00	205,050.00	240,100.00
01/15/2027			32,500.00	32,500.00	
07/15/2027	180,000	3.000%	32,500.00	212,500.00	245,000.00
01/15/2028			29,800.00	29,800.00	
07/15/2028	180,000	3.000%	29,800.00	209,800.00	239,600.00
01/15/2029			27,100.00	27,100.00	
07/15/2029	185,000	3.000%	27,100.00	212,100.00	239,200.00
01/15/2030			24,325.00	24,325.00	
07/15/2030	195,000	3.000%	24,325.00	219,325.00	243,650.00
01/15/2031			21,400.00	21,400.00	
07/15/2031	200,000	4.000%	21,400.00	221,400.00	242,800.00
01/15/2032			17,400.00	17,400.00	
07/15/2032	205,000	4.000%	17,400.00	222,400.00	239,800.00
01/15/2033			13,300.00	13,300.00	
07/15/2033	215,000	4.000%	13,300.00	228,300.00	241,600.00
01/15/2034			9,000.00	9,000.00	
07/15/2034	220,000	4.000%	9,000.00	229,000.00	238,000.00
01/15/2035			4,600.00	4,600.00	
07/15/2035	230,000	4.000%	4,600.00	234,600.00	239,200.00
	2,435,000		833,303.75	3,268,303.75	3,268,303.75

SUMMARY OF REFUNDING RESULTS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Dated Date	07/09/2020
Delivery Date	07/09/2020
Arbitrage yield	2.008799%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	2,435,000.00
True Interest Cost	2.351733%
Net Interest Cost	2.412085%
All-In TIC	3.063974%
Average Coupon	3.587870%
Average Life	9.538
Par amount of refunded bonds	2,460,000.00
Average coupon of refunded bonds	6.110675%
Average life of refunded bonds	8.696
PV of prior debt to 07/09/2020 @ 2.008799%	3,312,778.31
Net PV Savings	553,735.22
Percentage savings of refunded bonds	22.509562%

BOND SUMMARY STATISTICS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Dated Date	07/09/2020
Delivery Date	07/09/2020
First Coupon	01/15/2021
Last Maturity	07/15/2035
Arbitrage Yield	2.008799%
True Interest Cost (TIC)	2.351733%
Net Interest Cost (NIC)	2.412085%
All-In TIC	3.063974%
Average Coupon	3.587870%
Average Life (years)	9.538
Duration of Issue (years)	8.242
Par Amount	2,435,000.00
Bond Proceeds	2,733,082.90
Total Interest	833,303.75
Net Interest	560,220.85
Total Debt Service	3,268,303.75
Maximum Annual Debt Service	245,200.00
Average Annual Debt Service	217,645.09
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	10.266940
Total Underwriter's Discount	10.266940
Bid Price	111.214903

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	2,435,000.00	112.242	3.588%	9.538	8.278	1,952.50
	2,435,000.00			9.538		1,952.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,435,000.00	2,435,000.00	2,435,000.00
+ Accrued Interest			
+ Premium (Discount)	298,082.90	298,082.90	298,082.90
- Underwriter's Discount	-25,000.00	-25,000.00	
- Cost of Issuance Expense		-150,000.00	
- Other Amounts	-24,512.28	-24,512.28	-24,512.28
Target Value	2,683,570.62	2,533,570.62	2,708,570.62
Target Date	07/09/2020	07/09/2020	07/09/2020
Yield	2.351733%	3.063974%	2.008799%

SUMMARY OF BONDS REFUNDED

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2010, GO2010, SER:					
	07/15/2020	4.850%	100,000.00		
	07/15/2021	5.100%	105,000.00	07/15/2020	100.000
	07/15/2022	5.250%	110,000.00	07/15/2020	100.000
	07/15/2023	5.375%	115,000.00	07/15/2020	100.000
	07/15/2024	5.500%	120,000.00	07/15/2020	100.000
	07/15/2025	5.600%	130,000.00	07/15/2020	100.000
			680,000.00		
General Obligation Bonds, Series 2010, GO2010, TER1:					
	07/15/2030	6.000%	760,000.00	07/15/2020	100.000
General Obligation Bonds, Series 2010, GO2010, TER2:					
	07/15/2035	6.250%	1,020,000.00	07/15/2020	100.000
			2,460,000.00		

PRIOR BOND DEBT SERVICE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
 [Includes refunding of 7/15/2020 principal payment,
 Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Dated Date 07/09/2020
 Delivery Date 07/09/2020

Period Ending	Principal	Coupon	Interest	Debt Service
07/15/2020	100,000	4.850%	72,695.63	172,695.63
07/15/2021	105,000	5.100%	140,541.26	245,541.26
07/15/2022	110,000	5.250%	135,186.26	245,186.26
07/15/2023	115,000	5.375%	129,411.26	244,411.26
07/15/2024	120,000	5.500%	123,230.00	243,230.00
07/15/2025	130,000	5.600%	116,630.00	246,630.00
07/15/2026	135,000	6.000%	109,350.00	244,350.00
07/15/2027	145,000	6.000%	101,250.00	246,250.00
07/15/2028	150,000	6.000%	92,550.00	242,550.00
07/15/2029	160,000	6.000%	83,550.00	243,550.00
07/15/2030	170,000	6.000%	73,950.00	243,950.00
07/15/2031	180,000	6.250%	63,750.00	243,750.00
07/15/2032	190,000	6.250%	52,500.00	242,500.00
07/15/2033	205,000	6.250%	40,625.00	245,625.00
07/15/2034	215,000	6.250%	27,812.50	242,812.50
07/15/2035	230,000	6.250%	14,375.00	244,375.00
	2,460,000		1,377,406.91	3,837,406.91

ESCROW REQUIREMENTS

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
 [Includes refunding of 7/15/2020 principal payment,
 Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Period Ending	Principal	Interest	Principal Redeemed	Total
07/15/2020	100,000.00	72,695.63	2,360,000.00	2,532,695.63
	100,000.00	72,695.63	2,360,000.00	2,532,695.63

FINANCIAL ADVISOR DISCLOSURE

Merrill Ranch Community Facilities District No. 2 (Florence, Arizona)
General Obligation Refunding Bonds, Series 2020
SCENARIO 3 - PUBLIC SALE WITH UPFRONT SAVINGS
[Includes refunding of 7/15/2020 principal payment,
Rates as provided by Piper on 5-27-20 (preliminary and subject to change)]

Stifel, Nicolaus & Company, Incorporated ("Stifel") is providing the information for discussion purposes and is declaring that it has done so within the regulatory framework of MSRB Rule G-23 as a financial advisor, as defined therein, and not an underwriter to the issuer for this proposed issuance of municipal securities. A 'financial advisory relationship' shall be deemed to exist when a firm enters into an agreement to render financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters. Accordingly, any services provided by Stifel as they relate to our role as financial advisor should not be construed as those of an underwriter or placement agent.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and are subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

- Disclosure

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Vice-Mayor Anderson inquired where the potential growth of 10% come from.

Mr. Reader explained how the 10% was derived. If they do not grow at the 10%, they will not have as much of an excess levy. This will be evaluated each year.

On motion of Boardmember Wall, seconded by Vice-Chairman Anderson, and carried (6-0) to adopt Resolution No. MRCFD2 242-20.

Approve and accept Written Policies and Procedures for Tax-Advantaged Obligations for Merrill Ranch Community Facilities District No. 2, with an implementation date of June 15, 2020.

Ms. Jimenez stated that Mr. Mark Cafiso Mr. Michael Cafiso, District Bond Counsel, has developed written policies and procedures for tax-advantaged obligations. Without accurate guidelines, possible violations of Internal Revenue Code of 1986 may occur resulting in loss of tax-exempt status or other penalties associated with non-compliance.

Mr. Mark Cafiso, District Bond Counsel, stated that the District must comply with the Internal Revenue System's requirements and regulations that they must comply with in order for the interest on the bonds to be exempt from federal income tax. He stated that the procedures are put in place so that there is something to check against to ensure that they are in compliance. This will also assist in ensuring that the District is doing everything it needs to do to remain exempt from federal income tax.

Mr. Cafiso stated that the General Obligation Funds they are refunding are for public infrastructure and public improvements. There will be no issues or restrictions on this. In the rare case that the IRS were to audit, it would show that there are procedures in place and that staff follows the outlined procedures.

On motion of Vice-Chairman Anderson, seconded by Boardmember Hughes, and carried (6-0) to approve and accept Written Policies and Procedures for Tax-Advantaged Obligations for Merrill Ranch Community Facilities District No. 2, with an implementation date of June 15, 2020.

Discussion and possible action to approve Merrill Ranch Community Facilities District No. 2 February 18, March 16 and April 15, 2020 Special Meeting minutes.

On motion of Vice-Chairman Anderson, seconded by Boardmember Larsen, and carried (6-0) to approve the Merrill Ranch Community Facilities District No. 2 February 18, March 16 and April 15, 2020 Special Meeting minutes.

ADJOURNMENT

The Merrill Ranch Community Facilities District No. 2 (MRCFD2) Board may go into Executive Session at any time during the meeting for the purpose of obtaining legal advice from the District's Attorney(s) on any of the agenda items pursuant to A.R.S. § 38-431.03(A)(3). One or more members of MRCFD2 Board may appear for part or all of the meeting including Executive Session telephonically.

On motion of Vice-Chairman Anderson, seconded by Boardmember Larsen, and carried (6-0) to adjourn the meeting.

Merrill Ranch Community Facilities District No. 2 Meeting Minutes

June 15, 2020

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Tara Walter

Tara Walter, Chairman

ATTEST:



Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 2 meeting held on June 15, 2020 and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, District Clerk