

## Jeffrey S. Aal

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**From:** Jeffrey S. Aal <jeffrey@jsaal.com>  
**Sent:** Wednesday, January 17, 2018 11:49 AM  
**To:** 'Garrett, LaRon'  
**Subject:** RE: CCP / Varxity / Town of Payson question

Thank you.

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**From:** Garrett, LaRon [mailto:LGarrett@paysonaz.gov]  
**Sent:** Wednesday, January 17, 2018 11:35 AM  
**To:** Jeffrey@JSAal.com  
**Subject:** RE: CCP / Varxity / Town of Payson question

Mr. Aal,

The meeting tonight is to discuss the Rumsey Park Master Plan and to get input from those in attendance on their ideas for the master plan. This meeting is not to discuss the potential financing of this project.

The project financing options will be available to the public once they have been determined. Until then, there is nothing to discuss.

LaRon G. Garrett, P.E.  
Town Manager  
Town of Payson  
928-472-5041

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**From:** Jeffrey S. Aal [mailto:jeffrey@jsaal.com]  
**Sent:** Wednesday, January 17, 2018 11:22 AM  
**To:** Garrett, LaRon  
**Subject:** RE: CCP / Varxity / Town of Payson question

Mr. Garrett,

Thank you for the response.

Assuming no bond, and assuming a PPP, the most logical would be a DBFOM arrangement. As a practical matter that will require that Varxity have significant control over a public asset (Rumsey Park) via lease, typically long term in nature. That scenario has been implied by Mr. Chambless, however not explicitly stated. Will you be addressing that at the meeting tonight?

As a long term lease has significant risk, will the full financials of the proposed partner, Varxity, be made public for review?

Again assuming a DBFOM, (Or any variation of the DB, DBOM etc.) the town will be a "revenue stream" for Varxity, and that stream will have a significant value. Will the PPP partner be subject to the Town Procurement policy of RFP / RFQ? If so, why was that not done?

Again assuming a DBFOM, and assuming the private partner defaults, will that change the "risk /revenue neutral" equation and if so, how will the DBFOM contract be resolved? Assumption? Via what mechanism?

Thank you in advance for the clarification.

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**From:** Garrett, LaRon [<mailto:LGarrett@paysonaz.gov>]  
**Sent:** Wednesday, January 17, 2018 10:36 AM  
**To:** [Jeffrey@JSAal.com](mailto:Jeffrey@JSAal.com)  
**Subject:** RE: CCP / Varxity / Town of Payson question

Mr. Aal,

From the beginning this was envisioned to be a Public-Private partnership with private financing. The planning team has never considered using revenue bonds or any other bond that would be backed by the Town. The final decision on how we proceed will be made by the Town Council but I would not recommend moving forward if there is undue financial risk to the Town. Any project the Town undertakes has a certain amount of financial risk but this project is to be revenue neutral to the Town.

Concerning the contract, any contract must be negotiated prior to recommending it to the Town Council for approval. The Scope of Work for this contract was negotiated between June and September. The items paid for on the 1<sup>st</sup> invoice were items included in the approved Scope of Services. The Scope of Work items completed by CCP prior to September 21<sup>st</sup> were done at their risk. If the contract was not approved, they would not have been paid for the work they had completed.

LaRon G. Garrett, P.E.  
Town Manager  
Town of Payson  
928-472-5041

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**From:** Jeffrey S. Aal [<mailto:jeffrey@jsaal.com>]  
**Sent:** Tuesday, January 16, 2018 9:15 AM  
**To:** Garrett, LaRon  
**Subject:** CCP / Varxity / Town of Payson question

Dear Mr. Garrett,

It is my understanding that the Town maintains financing for the Rec Center / Rumsey Park is using "private financing." All revenue bonds are "privately financed." I am not concerned about the "placement." I am concerned about the debtor and guarantor of the debt.

Will you, as the town manager, provide a concise, unequivocal, statement that any bond issued will **NOT** contain a backstop or combination feature in the indenture agreement that would draw on general funds in the event the private entity is unable to make the payments?

While I have your attention, can you explain how the town can honor an invoice for work completed 06/21/17 to 09/21/17 in the amount of \$25,000.00 when the project was not authorized until 09/21/17 and the invoicing party was not in existence until 07/27/17? I had requested input from Ms. Barber, but to date I have not received the courtesy of a response.

Thank you in advance,

Jeffrey S. Aal  
Payson, AZ

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