

COUNCIL MINUTES

June 15, 2006

The City Council of the City of Mesa met in a Special Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on June 15, 2006 at 7:30 a.m.

COUNCIL PRESENT

Red Griswold
Tom Rawles
Scott Somers
Claudia Walters
Mike Whalen

COUNCIL ABSENT

Keno Hawker
Kyle Jones

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Barbara Jones

Vice Mayor Walters excused Mayor Hawker and Councilmember Jones from the meeting.

1. Hear a report concerning the sale of General Obligation Refunding Bonds, Series 2006.

Larry Given of Peacock, Hislop, Staley & Given, Inc., the City's financial advisor, reported that this agenda item is a refunding and restructuring issue. He explained that on June 13, 2006, the sale of the General Obligation Refunding Bonds, Series 2006, and the Utility Systems Revenue Refunding Bonds, Series 2006, (agenda item 3) was completed. Mr. Given stated that relative to the General Obligation Refunding Bonds, which totaled \$26,650,000, there was a Net Nominal Debt Service Savings of \$2,012,593 and a Net Present Value Debt Service Savings equaling \$643,902. He indicated that the City's debt restructuring objectives were met in this issue and added that the savings were greater than originally anticipated.

2. Discuss and act on a resolution providing for the issuance and sale of City of Mesa General Obligation Refunding Bonds, Series 2006, and other matters related thereto – Resolution No. 8748.

Fred Rosenfeld, who serves as the City's Bond Counsel, advised that the resolution authorizes the issuance of the bonds, the City Manager to sign the Bond Purchase Agreement, and the bonds to be what are called "Book-Entry-Only" bonds; that it sets the maturity schedule and the payback requirements; authorizes the bonds to be issued on June 28, 2006; and approves the documentation associated with the sale/issuance of the bonds.

Mr. Rosenfeld explained that it is the intention of the City to pay the principal and interest on the bonds from revenues and monies derived from its utility systems revenue fund, general fund and special revenue funds. Mr. Rosenfeld commented, however, if such funding "falls short," the City of Mesa would be required to levy a secondary property tax to meet its commitment to the bond purchasers.

Vice Mayor Walters stressed the fact that this action does not constitute a change from the manner in which the City of Mesa has conducted business for many years.

Councilmember Griswold stated that the Council has agreed if the City issues General Obligation bonds in the future, a secondary property tax would be utilized as the method of repayment. He noted, however, that would not be the case with this series of bonds.

It was moved by Councilmember Whalen, seconded by Councilmember Somers, that Resolution No. 8748 be adopted.

Vice Mayor Walters declared the motion carried unanimously by those present and Resolution No. 8748 adopted.

3. Hear a report concerning the sale of Utility Systems Revenue Refunding Bonds, Series 2006.

Mr. Given explained that the results of the Utility Systems revenue restructuring and refunding bond issue, which totaled \$61,300,000, reflected that approximately half of the issue was for the purpose of restructuring debt service expenses, with the remainder for debt service savings. He stated that the Net Nominal Debt Service Loss was \$5,803,188, with a Net Present Value Debt Service Savings of \$2,120,223. Mr. Given added that the transaction met all of the City's restructuring goals.

4. Discuss and act on a resolution supplementing the City's Resolution No. 6362 as amended dated July 29, 1991, providing for the issuance and sale of City of Mesa Utility Systems Revenue Refunding Bonds, Series 2006, and other matters related thereto – Resolution No. 8749.

It was moved by Councilmember Whalen, seconded by Councilmember Somers, that Resolution No. 8749 be adopted.

Vice Mayor Walters declared the motion carried unanimously by those present and Resolution No. 8749 adopted.

5. Items from citizens present.

There were no items from citizens present.

6. Adjournment.

Without objection, the Special Council meeting adjourned at 7:40 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona held on the 15th day of June 2006. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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