

COUNCIL MINUTES

April 11, 2002

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 April 11, 2002 at 7:30 a.m.

COUNCIL PRESENT

Mayor Hawker
Jim Davidson
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

1. Consider receiving a recommendation from the City's Financial Services Director concerning the possible issuance of not to exceed \$53,750,000, principal amount of City of Mesa, Arizona General Obligation Refunding Bonds, Series 2002.

Assistant Financial Services Director Larry Given addressed the Council and reported that staff has monitored market conditions for several months, waiting for the opportune time to maximize savings levels on the issuance of refunding bonds to refinance existing general obligation bonds. He further reported that although market conditions have been volatile, conditions were favorable this week and on April 10, 2002, the City's underwriters were successful in marketing and underwriting \$24,840,000 City of Mesa, Arizona General Obligation Refunding Bonds, Series 2002.

Mr. Given referred to and commented on a handout provided to Councilmembers entitled *Final Debt Service Savings Report* (See Attachment 1), which outlines the annual debt service savings the City will realize over an approximate 13-year period in conjunction with the refunding bonds. He explained that the refunding was structured to provide the majority of interest cost savings the first two years and said that with Council approval of this transaction, the City will save approximately \$652,000 this fiscal year, approximately \$58,000 in FY 2002/03, and minor amounts in each of the remaining years. He added that the net present value of debt service savings after payment of expenses and fees is approximately \$733,000.

Mr. Given also referred to and commented on a handout provided to Councilmembers entitled *Interest Rate Comparison – Recent Arizona Bond Issues*. He explained that in response to Councilmembers' previous inquiries concerning the City's ability to secure competitive bond rates in comparison to other government entities, staff provided a schedule outlining the Arizona bond issues underwritten within the same week (four issues including University of Arizona, State of Arizona, Gilbert Unified School District and City of Mesa). He added that Mesa secured the most attractive rates of the four issues. Mr. Given commented on the City's favorable credit

profile and also voiced appreciation to the City's underwriters for their assistance with this matter.

2. Consider adopting a resolution authorizing the issuance and sale of not to exceed \$53,750,000 principal amount of City of Mesa, Arizona General Obligation Refunding Bonds, Series 2002, providing for the annual levy of a tax for the payment of the bonds; prescribing the form, terms, covenants and conditions relating to the bonds; authorizing the execution of a bond purchase agreement relating to the sale of the bonds; authorizing the execution of a depository trust agreement; authorizing the Financial Services Director to act as the initial bond registrar and paying agent for the bonds; authorizing the execution of a continuing disclosure undertaking and a commitment for municipal bond insurance; authorizing the redemption prior to maturity of certain outstanding bonds of the City; approving the distribution of a final official statement; and ratifying the actions of all officers and agents of the City with respect to the bonds.

Mr. Given stated that staff recommends that the Council approve the issuance of refunding bonds in the total principal sum of \$24,840,000 by adopting the corresponding proposed Resolution. Mr. Given read the caption of the amended proposed Resolution (No. 7807) for the record (See Attachment 2).

In response to a question from Councilmember Pomeroy, Mr. Given explained that the total Net Debt Service Requirements on Refunding Bonds (\$35,579,144.69) itemized on the Final Debt Service Savings Report includes the principal sum of \$24,840,000 plus interest over the life of the bonds.

It was moved by Councilmember Jaffa, seconded by Councilmember Kavanaugh, that the proposed Resolution (No. 7807) be adopted.

Mayor Hawker declared the motion carried unanimously and the proposed Resolution (No. 7807) adopted.

3. Adjournment.

Without objection, the Special Council Meeting adjourned at 7:37 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 11th day of April 2002. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

Attachments
pjt