

COUNCIL MINUTES

January 24, 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 January 24, 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. Receive a recommendation from the City's Financial Services Director concerning the possible issuance of not to exceed \$130,000,000, principal amount of City of Mesa, Arizona Utility Systems Revenue Refunding Bonds, Series 2002.

Assistant Financial Services Director Larry Given addressed the Council and reported that staff has monitored market conditions for approximately one year, waiting for the opportune time to maximize savings levels on the issuance of refunding bonds. He further reported that on January 22, 2002, approximately one-third of the City's utility systems revenue bonds, which were outstanding with an average rate of approximately 5.4%, were marketed with the result of an issuance of refunding bonds to replace the existing bonds at an average annual yield of approximately 4.55%.

Mr. Given referred to and commented on a handout provided to the Councilmembers entitled *Final Debt Service Savings Report (See Attachment 1)*, which outlines the annual debt service savings the City will realize over an approximate sixteen-year period. He noted that during this fiscal year, the City will save approximately \$2.1 million; that during FY 2002/03 the City will save approximately \$176,000; that the average annual savings for the remaining years through FY 2016/17 is \$117,000; and that the total debt service savings is approximately \$3.9 million. He noted that the savings results are within the range staff hoped to achieve.

In response to a question from Mayor Hawker, Mr. Given explained that the new bonds are not for new projects and that the City is refinancing a portion of bonds sold during 1995, 1997, 1999 and 2000, which have higher interest rates.

Discussion ensued regarding the fact that the City will realize a significant savings in interest every year for the life of the bonds and on an overall basis.

In response to a question from Mayor Hawker, Mr. Given confirmed that although the total debt service savings is approximately \$3.9 million, the present value of the total debt service savings is approximately \$3.4 million.

2. Consider adopting a resolution authorizing the issuance and sale of such Bonds.

Mr. Given read the proposed, amended caption of Resolution No. 7771 for the record (See Attachment 2).

It was moved by Councilmember Jaffa, seconded by Councilmember Pomeroy, that Resolution No. 7771 be adopted.

Discussion ensued regarding the necessity of conducting a Special Council Meeting to finalize this transaction on an expedited basis; and the fact that the City's bond attorney, Fred Rosenfeld of Gust Rosenfeld PLC, was significantly involved in this process and prepared Resolution No. 7771 and all the supporting legal documents.

Mayor Hawker declared the motion carried unanimously and Resolution No. 7771 adopted.

3. 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 24th day of January 2002. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

Attachments
pjt