

# COUNCIL MINUTES

January 10, 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 10, 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

(Agenda items 1, 2 and 3 were discussed concurrently.)

1. Receive a report and recommendation from the City's Financial Services Director concerning the receipt of bids for the purchase of \$26,575,000 aggregate principal amount of General Obligation Bonds, Series 2002.
2. Consider awarding the contract for the purchase of such bonds.
3. Consider adopting a resolution providing for the issuance and sale of \$26,575,000 aggregate principal amount of General Obligation Bonds, Series 2002; providing for the annual levy of a tax for the payment of the Bonds; accepting the bid for the purchase of the Bonds; approving the distribution of an official statement relating to the Bonds; ratifying the actions of City officers and agents concerning the bonds and the distribution of a preliminary official statement pertaining thereto; authorizing the execution of a Continuing Disclosure Certificate; and providing certain terms, covenants and provisions regarding the Bonds – Resolution No. 7768.

Assistant Financial Services Director Larry Given addressed the Council relative to this agenda item and introduced Fred Rosenfeld, who serves as the City's Bond Counsel. Mr. Given advised that the City received a total of nine bids on the General Obligation Bonds and reported that the winning proposal was submitted by ABN AMRO Financial Services, Inc., with an average interest rate of 4.8006%. (See Attachment)

In response to a question by Councilmember Pomeroy regarding a comparison of bond sales in previous years, Mr. Given clarified that staff received many competitive bids and there was significant interest generated by the various financial institutions. He noted that in 1999, the City sold bonds at an interest rate of 5½ %, in 2000 at 5¼ % and this year at 4.8%.

Vice Mayor Davidson stressed that adoption of the Resolution provides for the annual levy of a tax for the payment of the bonds and that the City's existing tax structure is adequate to pay down the debt on the bonds.

Discussion ensued relative to the General Obligation Bonds' maturity schedules including the 6% General Purpose Municipal Bonding capacity, which is utilized to fund Public Safety, Fire and Library improvements, and the 20% General Obligation Bonding capacity, which is utilized to fund Parks and Recreation and storm sewer projects.

Mr. Given advised the Council that due to various circumstances which occurred in 2002, including the events of September 11<sup>th</sup>, the temporary shutdown of the stock market and also the City's budget shortfall, the City did not issue bonds in November and December when it is traditionally accomplished. He stated, however, that the delay was advantageous in that the City will now benefit from lower interest rates in January.

Councilmember Jaffa requested that staff make a presentation to the Finance Committee with regard to future bond authorizations.

Further discussion ensued regarding assessed valuations for the City of Mesa.

Councilmember Pomeroy emphasized that the proposed request for the issuance and sale of the bonds is the result of prior authorization and added that the City is selling bonds that were approved by Mesa's voters.

It was moved by Councilmember Jaffa, seconded by Councilmember Pomeroy, that Resolution No. 7768 be adopted.

Carried unanimously.

(Agenda items 4, 5 and 6 were discussed concurrently.)

4. Receive a report and recommendation from the City's Financial Services Director concerning the receipt of bids for the purchase of \$57,950,000, principal amount of City of Mesa, Arizona Utility Systems Revenue Bonds, Series 2002.
5. Consider awarding the contract for the purchase of such Bonds.
6. Consider adopting a resolution supplementing the City's Resolution No. 6362, dated July 29, 1991, pertaining to the issuance of Utility System Revenue Bonds and authorizing the issuance and sale of \$57,950,000, principal amount of City of Mesa, Arizona Utility Systems Revenue Bonds, Series 2002; prescribing the form and other details of the Series 2002 Bonds; providing that the Series 2002 Bonds shall be Parity Bonds as defined in Resolution No. 6362; authorizing the execution of a Continuing Disclosure Certificate; authorizing the purchase of bond insurance and reserve fund insurance or guarantees; approving the distribution of a final official statement; ratifying the actions of all officers and agents of the City with respect to the Series 2002 Bonds and the preliminary official statement – Resolution No. 7769.

Mr. Given provided the Council with a recap of the tabulation of bids with regard to the Utility System Revenue Bonds. He reported that staff received a total of nine bids and that the winning proposal was submitted by Morgan Stanley, Dean Witter, with an average interest rate of 5.0216%. (See Attachment)

Mr. Given commented that adoption of the proposed Resolution would not only approve the bid of Morgan Stanley, Dean Witter, but also the purchase of a Reserve Fund Replacement Policy by Financial Guarantee Insurance Company.

Mr. Rosenfeld advised the Council that an emergency clause was inadvertently included in the bond document and that it will be removed from the final Resolution.

In response to a question from Mayor Hawker, City Attorney Debbie Spinner concurred with the recommendation of Mr. Rosenfeld.

Discussion ensued relative to the 1991 Utility System Revenue Bond Resolution, which allows for the issuance of additional revenue bonds thereafter provided that Mesa generates utility system revenues greater than 1.20% of the City's net revenues after deductions of operating expenses, and the fact it is incorporated into the proposed Resolution.

In response to a question from Councilmember Walters regarding the difference in percentages between the General Obligation Bonds and the Utility System Revenue Bonds, Mr. Given explained that the average life of Revenue Bonds is 17 years as opposed to 14 or 15 years for the General Obligation Bonds.

In response to a question from Councilmember Walters regarding the possibility of the City issuing bonds at this timeframe in the future, Mr. Given advised that although it is a possible consideration, October or November is traditionally when funding needs arise for various capital improvement projects.

It was moved by Councilmember Jaffa, seconded by Councilmember Kavanaugh, that Resolution No. 7769 be adopted.

Carried unanimously.

(Agenda items 7, 8 and 9 will be discussed concurrently.)

7. Receive a report and recommendation from the City's Financial Services Director concerning the receipt of bids for the purchase of \$25,800,000 aggregate principal amount of City of Mesa Street and Highway User Revenue Bonds, Series 2002.
8. Consider awarding the contract for the purchase of such Bonds.
9. Consider adopting a resolution providing for the issuance and sale of \$25,800,000 aggregate principal amount of City of Mesa Street and Highway User Revenue Bonds, Series 2002; providing for the payment of the Bonds; accepting a bid for the purchase of the Bonds; approving the distribution of an official statement relating to the Bonds; ratifying the actions of City officers and agents concerning the Bonds and the distribution of a preliminary official statement pertaining thereto; authorizing the execution of a continuing disclosure certificate; and providing certain terms, covenants and provisions regarding the Bonds – Resolution No. 7770.

Mr. Given advised the Council that the City received a total of seven bids on the Highway User Revenue Bonds and reported that the winning proposal was submitted by RBC Dain Rauscher, Inc., with an average interest rate of 4.9836%. (See Attachment)

Mr. Rosenfeld briefly discussed the distribution of funds to the City by the State of Arizona.

It was moved by Councilmember Jaffa, seconded by Councilmember Pomeroy, that Resolution No. 7770 be adopted.

Carried unanimously.

10. Adjournment.

Without objection, the Special Council Meeting adjourned at 8:13 a.m.

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KENO HAWKER, MAYOR

ATTEST:

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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 10<sup>th</sup> day of January 2002. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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Attachment