

COUNCIL MINUTES

September 13, 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 September 13, 2002 at 8:05 a.m.

COUNCIL PRESENT

Mayor Hawker
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

Rex Griswold
Kyle Jones
Dennis Kavanaugh

OFFICERS PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

(Mayor Hawker excused Vice Mayor Kavanaugh and Councilmembers Griswold and Jones from the meeting.)

1. To introduce, discuss and, if deemed appropriate, adopt a resolution authorizing and providing for the issuance and sale of City of Mesa, Utility System Revenue Refunding Bonds, Series 2002A to refund Utility Systems Revenue Bonds and Utility Systems Revenue Refunding Bonds previously issued by the City and to take all other necessary actions with respect thereto – Resolution No. 7906.

Assistant Financial Services Director Larry Given and Fred Rosenfeld, the City's bond attorney, addressed the Council concerning this agenda item. Mr. Given said that the purpose of this agenda item is to seek Council approval of the issuance of Utility Systems Revenue Refunding Bonds. He stated that RBC Dain Rauscher, Inc. and UBS Painewebber, Inc. successfully marketed the bonds the previous day and the present value savings of the refunded bonds is in excess of 4%, which exceeded staff's 3% goal.

Mr. Given referred to a Savings Summary provided to the Councilmembers and reported that the proposed issuance and sale of refunding bonds in the sum of \$48,850,000 will result in an overall savings of \$2,034,069 (\$1,925,762 present value savings). He noted that the City will realize the majority of savings during this fiscal year.

Mr. Given also referred to a summary of bond refinancings conducted since February 2002 that was also provided to Councilmembers and reported that five refunding issues (including this proposed issue) conducted by the City have resulted in an overall savings of \$8,977,139 (\$8,286,720 present value savings).

Mr. Rosenfeld commented that these recent bond refinancings have been conducted on an unprecedented, short time frame basis.

In response to questions from Mayor Hawker, Mr. Given reported that the total amount of outstanding City bonds is approximately \$750 - \$800 million; and the total amount refinanced within the last seven months (including this proposed issue) is \$274,780,000. He noted that the majority of the City's Utility Systems Bonds have been refinanced.

In response to a question from Mayor Hawker concerning the possibility of conducting additional bond refinancings, Mr. Given indicated that it is unlikely that market conditions will support additional refinancings in the near future and he reported that the City has been fortunate that investment steps were initiated in July 2002 that have supported the recent successful bond refinancings. Mr. Given further explained that favorable rates of State and Local Government Securities were "locked-in" on a no-risk basis that have enabled the City to successfully conduct the recent refinancings and achieve significant interest savings.

Discussion ensued regarding the fact that other factors, including the amount of cash reserves and negative arbitrage involved in the recent bond refinancings, also contributed to the favorable results achieved.

It was moved by Councilmember Walters, seconded by Councilmember Whalen, that Resolution No. 7906 be adopted.

Carried unanimously.

2. Adjournment.

Without objection, the Special Council Meeting adjourned at 8:15 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 13th day of September 2002. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK