

## COUNCIL MINUTES

June 8, 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 8, 2006 at 7:30 a.m.

### COUNCIL PRESENT

Mayor Keno Hawker  
Rex Griswold  
Kyle Jones  
Tom Rawles  
Scott Somers  
Claudia Walters  
Mike Whalen

### COUNCIL ABSENT

None

### OFFICIALS PRESENT

Christopher Brady  
Debbie Spinner  
Barbara Jones

1. Hear a report concerning the bids received for the purchase of the City's Street and Highway User Revenue Bonds, Series 2006 (Bids have been received through an on-line bidding process).

Financial Services Manager Bryan Raines introduced the City's financial advisor, Larry Given of Peacock, Hislop, Staley & Given, Inc., and the City's bond attorney, Fred Rosenfeld of Gust Rosenfeld, P.L.C. He advised that the Council received copies of the bid packet and the rating summaries from Standard & Poor's and Moody's Investors Service (copies are available for review in the City Clerk's Office). Mr. Raines reported that Standard & Poor's confirmed the City's current bond rating for General Obligation (G.O.) bonds at AA- and the Utility Systems Revenue bonds at A+. He added that the Highway User Revenue Fund (HURF) bonds were upgraded to A from A-. He also reported that Moody's Investors Service removed the City of Mesa from their "negative outlook" list for the G.O., Utility and HURF bonds.

Mr. Given noted that the City was removed from Moody's "negative outlook" list as a result of the City's adjustment to its current financial situation and the implementation of a financial plan.

Mr. Raines reported the results of the on-line bidding process (see Attachment 1). He advised that seven bids were received for the Highway User Revenue Fund bonds, and that RBC Capital Markets submitted the lowest bid with a net interest cost of 4.609548 percent.

In response to a question from Councilmember Griswold, Mr. Given stated that the passage of the sales tax and the adjustments made to the City's budget were key factors relative to the City being removed from Moody's "negative outlook" list.



3. Hear a report concerning the bids received for the purchase of the City's Utility Systems Revenue Bonds, Series 2006 (Bids have been received through an on-line bidding process).

Mr. Raines said that 16 bids were received for the Utility Systems Revenue Bonds, and he advised that Citigroup Global Markets, Inc. submitted the winning bid with a net interest cost of 4.648922 percent.

4. Discuss, amend if desired, and act on a resolution:

- a. Supplementing the City's Resolution No. 6362, as amended, dated July 29, 1991, pertaining to the issuance of Utility Systems Revenue Bonds and authorizing the issuance and sale of \$105,400,000, Principal Amount of City of Mesa, Arizona Utility Systems Revenue Bonds, Series 2006; prescribing the form and other details of the Series 2006 Bonds – Resolution No. 8746.

It was moved by Vice Mayor Walters, seconded by Councilmember Griswold, that Resolution No. 8746 be adopted.

Responding to comments by Councilmember Griswold, Mr. Raines confirmed that utility revenues would be utilized to pay for these bonds. He added that the funds would address infrastructure repairs and expansion and the continued construction of the Greenfield Wastewater Treatment Plant.

Vice Mayor Walters explained that the Greenfield Wastewater Treatment Plant is a joint project with the Towns of Gilbert and Queen Creek, and that approximately \$42 million received by the City from the sale of Langley Ranch was also allocated to that project.

Mayor Hawker called for the vote.

Carried unanimously.

5. Hear a report concerning the bids received for the purchase of the City's General Obligation Bonds, Series 2006 (Bids have been received through an on-line bidding process).

Mr. Raines advised that eight bids were received and that RVC Capital Markets was the winning bidder for the G.O. bonds with a net interest cost of 4.493540 percent.

6. Discuss, amend if desired, and act on a resolution:

- a. Providing for the issuance and sale of \$9,710,000 Aggregate Principal amount of City of Mesa, Arizona, General Obligation Bonds, Series 2006: providing for the annual levy of a tax for the payment of the bonds; prescribing the form and other details of the Series 2006 Bonds – Resolution No. 8747.

It was moved by Vice Mayor Walters, seconded by Councilmember Whalen, that Resolution No. 8747 be adopted.

Mr. Rosenfeld responded to concerns expressed by Councilmember Rawles regarding the wording that references the annual levy of a tax for repayment of the bonds. He advised that the City is permitted to pay for the bonds from other sources, and that the Council has stated that a secondary property tax would not be levied for repayment of these bonds. He explained that the wording is required in the event that a secondary property tax was the only available means of repayment, and he added that the bonds could not be issued unless that wording is present.

In response to a comment by Councilmember Somers, Mr. Rosenfeld confirmed that the City intends to repay the bonds with funds from Utility revenues, the General Fund and special purpose funds. He added that this intention is also clearly stated in the prospectus.

Mr. Raines advised that projects to be addressed by these bonds include the initial planning and design of the new Court facility, a Police Technical Services Building, the design and possible land acquisition for a new fire station, and storm sewer improvements.

Councilmember Griswold noted that these bonds were previously approved by the voters with the understanding that a secondary property tax would not be levied. He added that future General Obligation bond ballot issues would include a secondary property tax as the method of repayment.

Mr. Raines clarified that the wording on prior ballot issues for G.O. bonds was as follows:

“...and levy a secondary property tax if necessary.”

He advised that future bond election wording would state:

“...and levy a secondary property tax.”

Mr. Raines added that the Publicity Pamphlet for future G.O. bond elections would clearly outline the impact of the secondary property tax.

Mayor Hawker called for the vote.

Carried unanimously.

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Special Council Meeting adjourned at 7:52 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 8th day of June 2006. 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 (1)

**ITEM NO. 1, 3 & 5**

COMMUNICATION

From: Bryan Raines, Financial Services Manager  
To: Mayor and Council of the City of Mesa  
Re: Report on receipt of bids through an on-line bidding service

Honorable Mayor and Council:

On June 7, 2006, the City of Mesa received bids for the sale of the following bonds:

1. City of Mesa General Obligation Bonds, Series 2006
2. City of Mesa Street & Highway User Revenue Bonds, Series 2006; and
3. City of Mesa Utility Systems Revenue Bonds, Series 2006 A summary of the bids received for each series of bonds is attached to this report.

**RECOMMENDATIONS**

As Financial Services Manager, I hereby recommend that:

1. The Mayor and Council award the General Obligation Bonds, Series 2006, to RBC Capital Markets, who submitted the lowest and best bid with a net interest cost of 4.493540%.
2. The Mayor and Council award the Street and Highway User Revenue Bonds, Series 2006, to RBC Capital Markets, who submitted the lowest and best bid with a net interest cost of 4.609548%.
3. The Mayor and Council award the Utility Systems Revenue Bonds, Series 2006, to Citigroup Global Markets, Inc., who submitted the lowest and best bid with a net interest cost of 4.648922%.

I further recommend that the Mayor and Council adopt each of the respective resolutions pertaining to each series of bonds as heretofore submitted by bond counsel.

Respectively submitted this 8<sup>th</sup> day of June 2006.

Bryan Raines, Financial Services Manager

cc: Peacock, Hislop, Staley & Given  
Gust Rosenfeld P.L.C.

File: Wd Bond Comm to Council

CITY OF MESA, ARIZONA  
 SUMMARY OF BOND BIDDING RESULTS  
 (June 7, 2006)

General Obligation Bonds, Series 2006

Bidder	Net Interest Cost
RBC Capital Markets	4.493540
Morgan Stanley	4.523867
LaSalle Financial Services, Inc.	4.533495
Piper Jaffray & Co.	4.547141
Wachovia Securities, LLC	4.553046
Stone & Youngberg LLC	4.565811
UBS Securities LLC	4.644136
Merrill Lynch & Co.	4.656582

Street and Highway User Revenue Bonds, Series 2006

Bidder	Net Interest Cost
RBC Capital Markets	4.609548
LaSalle Financial Services, Inc.	4.627496
Merrill Lynch & Co.	4.637818
Stone & Youngberg LLC	4.658343
Wachovia Bank, National Association	4.670004
Banc of America Securities LLC	4.758659
Citigroup Global Markets Inc.	4.762323

Utility Systems Revenue Bonds, Series 2006

Bidder	Net Interest Cost
Citigroup Global Markets Inc.	4.648922
LaSalle Financial Services, Inc.	4.678473
Banc of America Securities LLC	4.679232
Merill Lynch & Co.	4.679255
Goldman, Sachs & Co.	4.680496
J.P. Morgan Securities Inc.	4.682605
Prager, Sealy & Co., LLC	4.686240
Morgan Stanley & Co Inc.	4.686699
Wachovia Bank, National Association	4.687187
Piper Jaffray & Co.	4.689773
UBS Securities LLC	4.693387
Lehman Brothers	4.697280
First Albany Capital Inc.	4.697337
Raymond James & Associates, Inc.	4.701859
Stone & Youngberg LLC	4.702436
RBC Capital Markets	4.767560