Series 2012 G.O & Utility Bond Sale

April 2, 2012
City of Mesa, Bond Obligations
Prior to Series 2012 Sales

Outstanding Principal:
• General Obligation (G.O.) Bonds = $283,735,000
• Utility Systems Revenue Bonds = $909,178,330
• Street & Highway User Revenue (HURF) Bonds = $124,685,000
Results of 2012 Refunding Activity

• G.O. Bond Savings - Current FY
  $2,137,000

• HURF Bond Savings - Current FY
  $3,565,000
Results of 2012 Refunding Activity

• Utility Bond Savings - Tax Exempt Refunding
  Current FY $3,893,000

• Utility Bond Savings - Taxable Refunding:
  – Current FY $995,000
  – Reduced debt service payments for fiscal years 2013 through 2017 of $61,541,000
Utility Revenue Debt Service Schedules

- Utility Debt Service Prior to Refundings
- Utility Debt Service After Tax Exempt Refunding
- Utility Debt Service After Taxable Refunding
- Debt Service for Future Issuances
HURF Debt Service Schedules

- HURF Bond Debt Service Prior to 2012 Refunding
- HURF Bond Debt Service After 2012 Refunding
General Obligation (G.O.) Bond Sale
Series 2012

• G.O. Bonds Authorized in 2008
  – $27,290,000
    • Public Safety $ 5,170,000
    • Streets $22,120,000

  – Balance of 2008 Authorization (Public Safety $8.4M & Streets $35.7M) to be sold in 2013 & 2014
General Obligation (G.O.) Bond Projects

Public Safety Projects to include:
- Fire Station 203 – Land Acquisition
- Fiesta District Police Station
- Replacement Fire Apparatus
- Various Communication Projects

Streets Projects to include:
- Mesa Dr., Southern Ave. to U.S. 60
- Intelligent Traffic Signal Conversions
- Power Rd., San Tan Freeway to Pecos Rd.
- Dobson Rd. and University Dr.
Utility Bond Sale Series 2012

- Utility Bonds Authorized in 2006 & 2010
  - $67,300,000
    - Electric System $  5,650,000
    - Natural Gas System $13,565,000
    - Water System $38,725,000
    - Wastewater System $  9,360,000

- Balance of Authorization ($148.4M) to be sold in 2013 and 2014
Bond Issuance and Post-Issuance Compliance Procedures

• Background
  – Federal tax law encourages tax-exempt bond issuers to develop written issuance and post-issuance compliance procedures related to tax-exempt bonds.

  – Procedures ensure the preservation of the tax-exempt status of the City’s bonds throughout the life of the bonds.

  – Failure to comply may cause the City to be (a) liable to the bondholders, (b) subject to enforcement action by the IRS, (c) subject to a loss of all or part of the direct federal subsidy, and (d) subject to enforcement action by the SEC.
Bond Issuance and Post-Issuance Compliance Procedures

- Compliance Procedures Addresses Five Key Areas
  - Investment of bond proceeds until expended
  - Use of bond proceeds
  - Use of bond financed facilities
  - Arbitrage rebate; and
  - Record retention
Series 2012 Bond Sale Schedule

- April 2 – Receive Authorization to Sell Bonds
- May 2 – Receive bids
- May 3 – Council Special Meeting to Accept Bond Bids
- Transactions completed by June 30