

2019 Bonds *Sales, Refundings, and Defeasance*

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Municipal Bonds

Mesa voters:

- authorize the City to sell bonds to finance infrastructure
 - the City's capital improvement program (CIP) funded primarily with bonds

The City:

- evaluates (annually) the need to sell new bonds
- **issues**, or sells, new bonds to finance capital projects for the calendar year
- looks for opportunities to **refund**, or refinance, existing bonds at a lower cost over the same timeframe
- uses available funding to **defease**, or pre-fund, existing debt service

Debt Service

- The City pays principal and interest (debt service) for the life of the bonds (typically 20-25 years)
- The structure of new debt service is coordinated with existing debt to maintain stable payments from year to year
- The City's financial forecast includes debt service for both existing and anticipated bond issuances

General Obligation Bonds

- To finance general governmental infrastructure
- Secured by the full faith and credit of City (i.e., property tax)
- Paid for primarily from the City's secondary property tax levy

2018 Bond Ratings

Moody's: Aa2 *"of high quality and subject to very low credit risk"*

S&P: AA- *"capacity to meet financial commitments is very strong"*

Utility Systems Revenue Bonds

- To finance utility systems infrastructure
- Secured by utility systems revenue
- Paid for primarily from utility systems revenue

2018 Bond Ratings

Moody's: Aa2 *"of high quality and subject to very low credit risk"*

S&P: AA- *"capacity to meet financial commitments is very strong"*

Anticipated 2019 New Bond Issues

General Obligation Bonds \$33M

Parks and Culture

Public Safety

Streets

Utility Systems Revenue Bonds \$112M

Electric

Natural Gas

Solid Waste

Wastewater

Water

2019 General Obligation Bond

Issuance: \$33,065,000

Purpose	Authorization Year(s)	Available Authorization	Proposed Sale Series 2019	Remaining Authorization
Parks	2012	\$ 4,915,000	\$ 4,915,000	\$ 0
Parks and Culture	2018	\$ 111,000,000	\$ 8,060,000	\$ 102,940,000
Streets	2013	\$ 30,310,000	\$ 10,045,000	\$ 20,265,000
Public Safety	2018	\$ 85,000,000	\$ 10,045,000	\$ 74,955,000
G.O. Bond Total		\$ 231,225,000	\$ 33,065,000	\$ 198,160,000

Project Examples

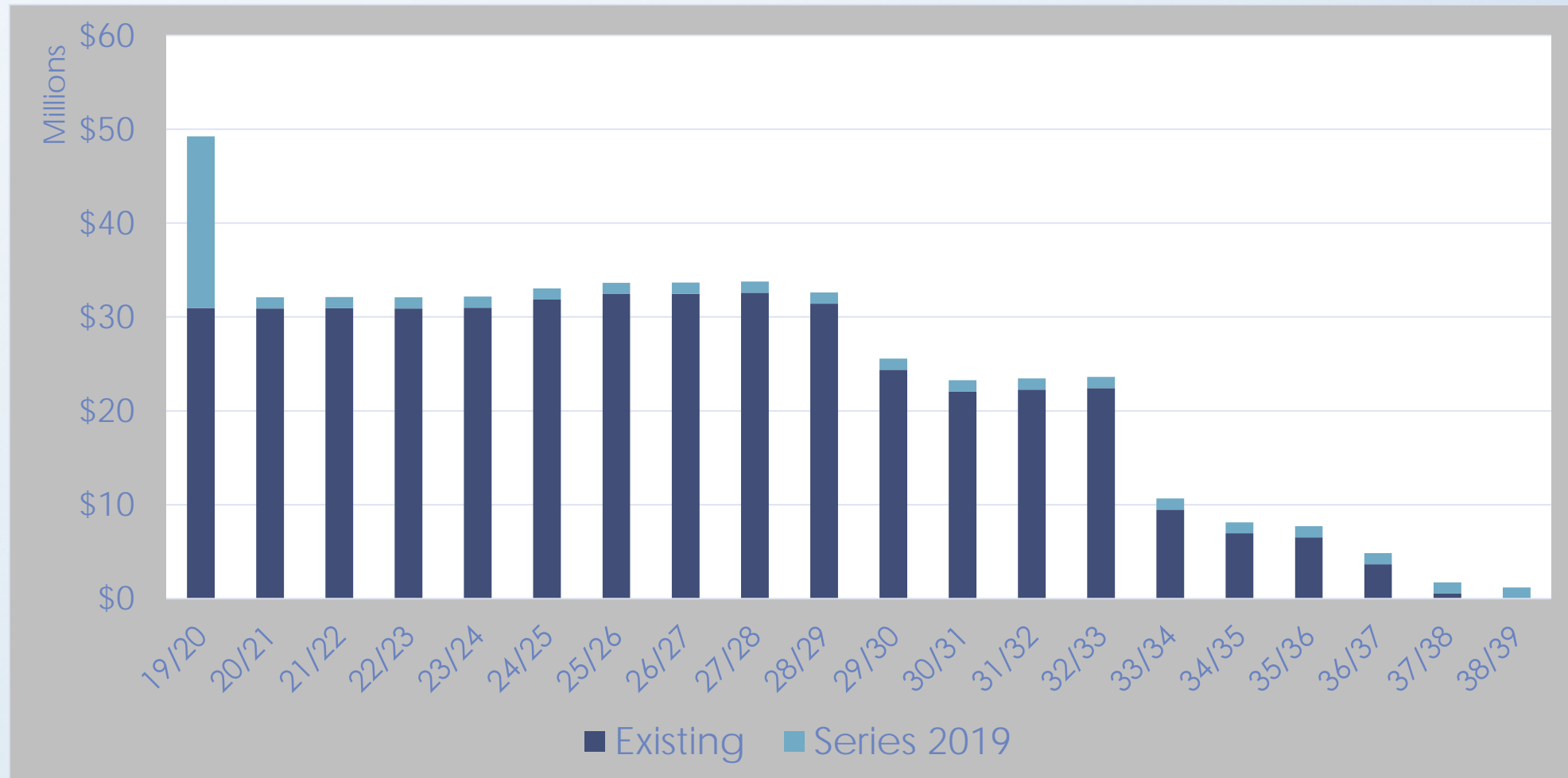
Elliot Road Technology Corridor

Fire Apparatus

Library Improvements

Signal Butte Park

General Obligation Bond Debt Service



2019 Utility Systems Revenue Bond

Issuance: \$111,835,000

Purpose	Authorization Year(s)	Available Authorization	Proposed Sale Series 2019	Remaining Authorization
Electric	2014	\$ 21,490,000	\$ 5,015,000	\$ 16,475,000
Natural Gas	2014	\$ 56,470,000	\$ 8,025,000	\$ 48,445,000
Solid Waste	1994	\$ 2,220,000	\$ 1,520,000	\$ 700,000
Wastewater	2014	\$ 135,247,788	\$ 65,185,000	\$ 70,062,788
Water	2014	\$ 80,070,402	\$ 32,090,000	\$ 47,980,402
Utility Bond Total		\$ 295,498,190	\$ 111,835,000	\$ 183,663,190

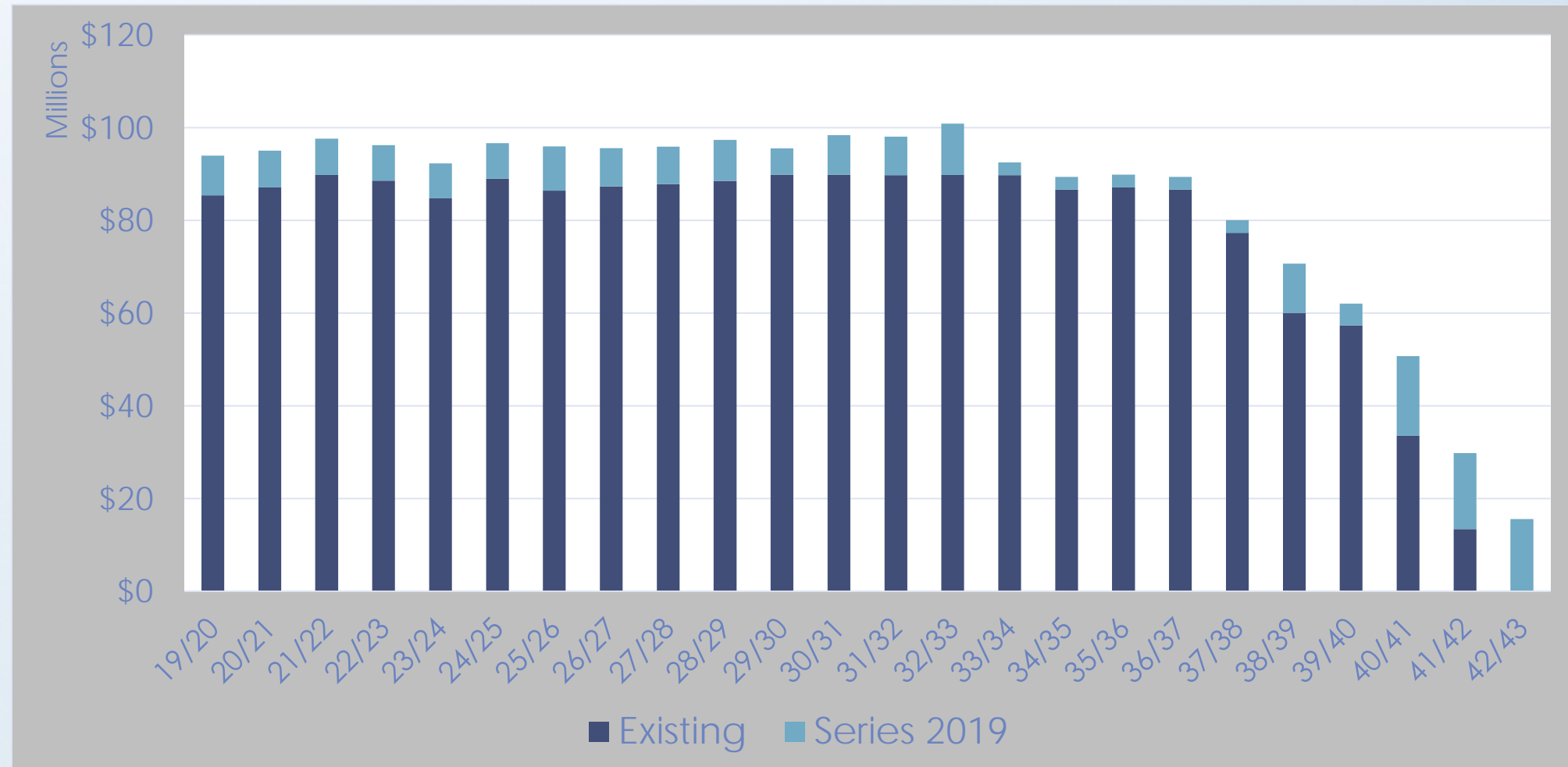
Project Examples

Greenfield Wastewater Reclamation Plant Expansion

Horne Avenue - Utility Improvements

Mesa Drive Phase II - Utility Improvements

Utility Systems Revenue Bond Debt Service



Anticipated 2019 Bond Defeasance and Refundings

Utility Systems Revenue Bonds

1. Defeasance – 2009 Build America Bonds (BABs)

Defease: \$10.0 million

- Funded by development fee revenue
- Removed from City financial statements

2. Refunding – 2009 Build America Bonds (BABs)

Estimated Savings: \$4.7 million

3. Refunding – 2012 Utility Revenue bonds

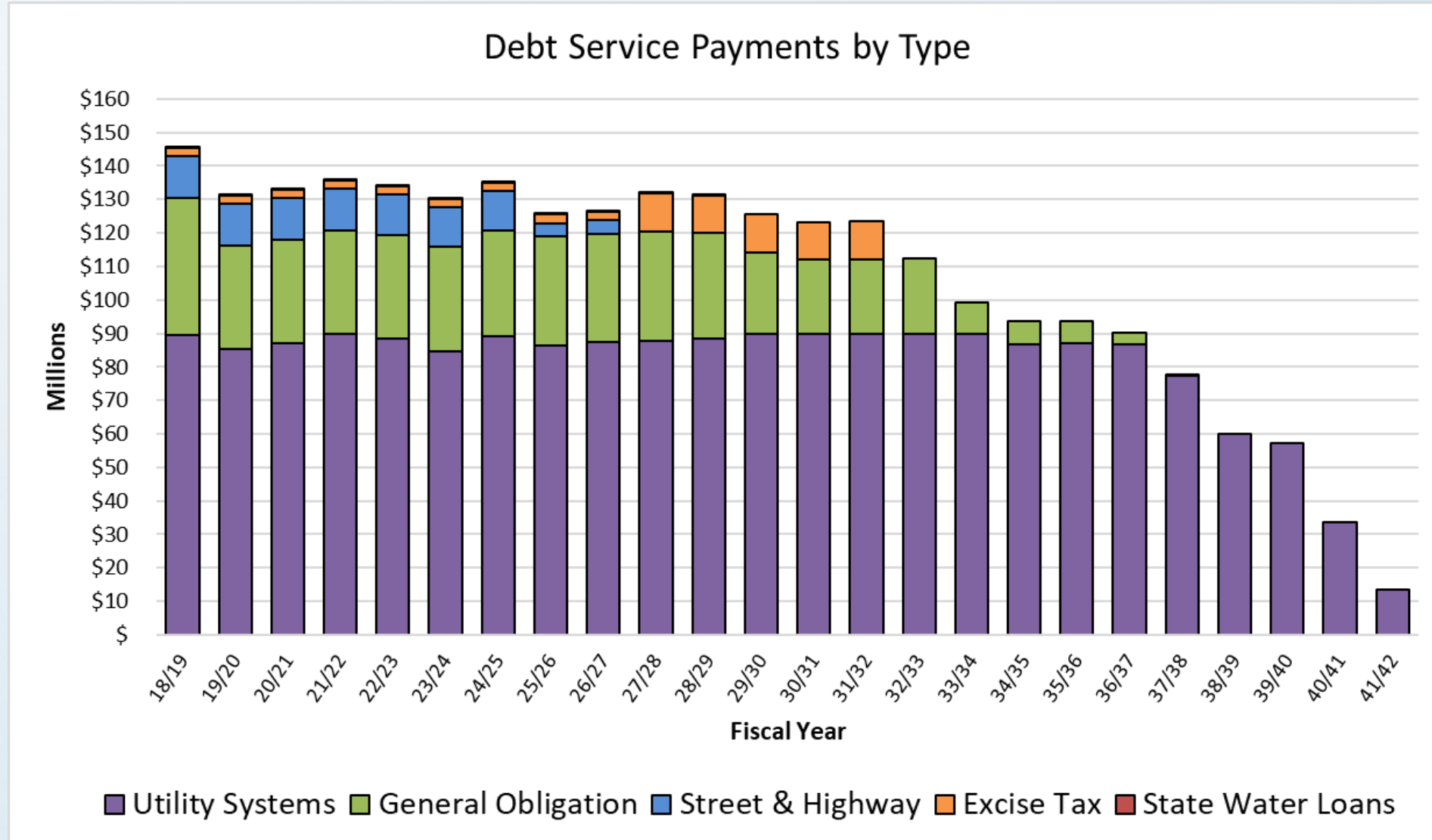
Estimated Savings: \$7.3 million

Estimated Timeline for 2019 Bond Transactions

April 1	Council considers authorization of issuances
April 16	City closes on utility bond defeasance
April 29	Bond offerings are priced
May 23	City closes on bond offerings



City of Mesa Debt Service



City Debt

Debt Type	Principal (\$M)
Utility Systems Revenue Bonds	\$1,227
General Obligation Bonds	366
HURF (Street & Highway) Bonds	77
Excise Tax Revenue Obligations	49
State Water Loans	2

General Obligation Bond Debt Limit

The Arizona Constitution states that outstanding general obligation debt may not exceed the following percentages of a city's net assessed (taxable) property value:

Purpose	Limit
Water, wastewater, artificial light, parks and recreational facilities, public safety, and transportation	20%
General municipal purposes	6%
Total	26%

General Obligation Debt Limit (FY 2018-19)			
	20%	6%	Total
Limit	\$871,678,466	\$261,503,540	\$1,133,182,006
Bonds Outstanding	365,107,171	647,830	365,755,000
Debt Capacity Used	32%		
Borrowing Capacity Remaining	\$506,571,296	\$260,855,711	\$767,427,007

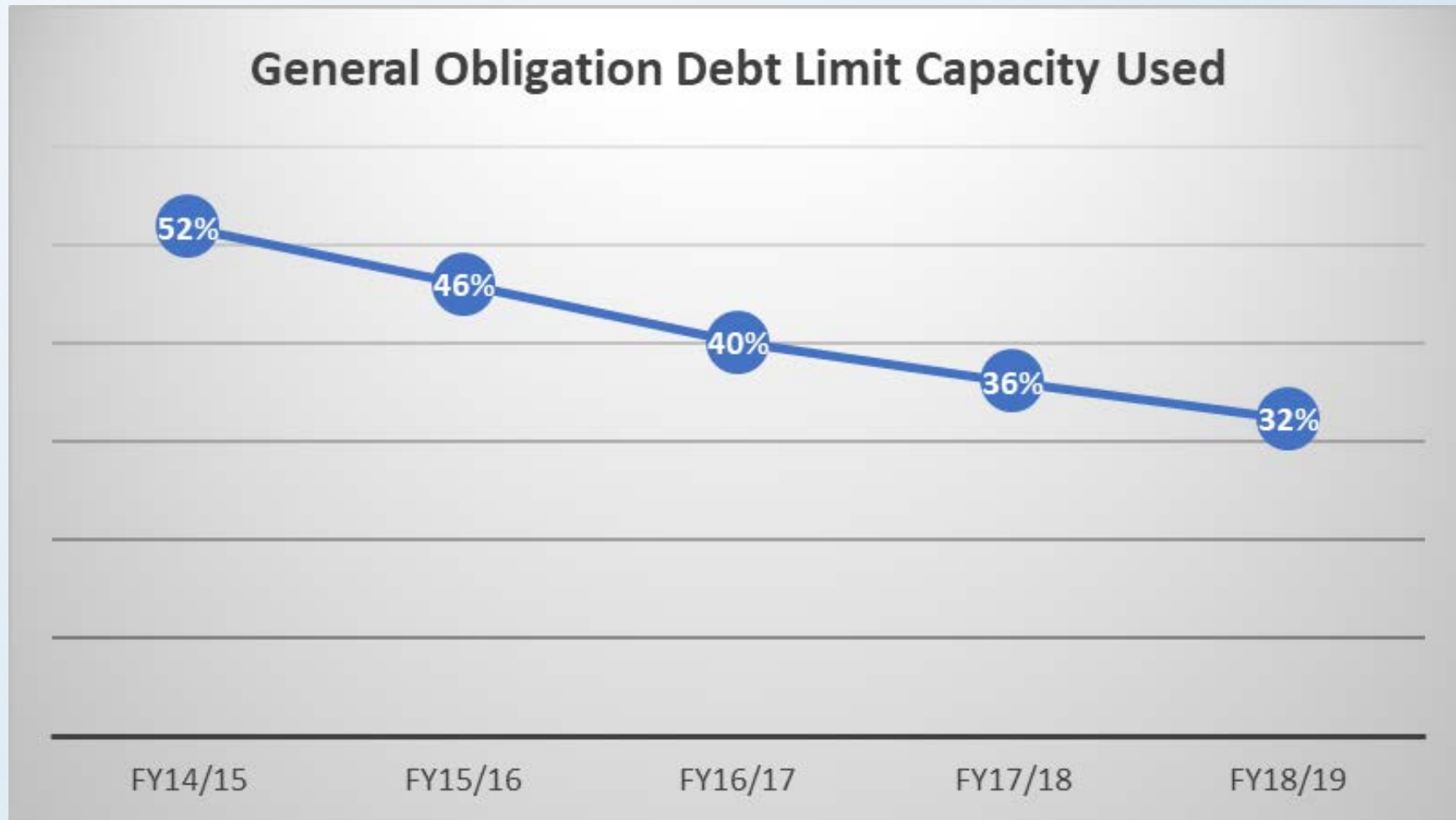
Comparing G.O. Bond Debt

	Population*	Outstanding G.O. Bond Debt**	G.O. Bond Debt per Resident	Percent of G.O. Debt Limit**
Gilbert	250,900	\$ 128,090,000	\$ 511	23%
Glendale	244,500	\$ 146,985,000	\$ 601	40%
Phoenix	1,614,800	\$ 1,149,785,000	\$ 712	27%
Mesa	487,100	\$ 365,755,000	\$ 751	32%
Chandler	266,800	\$ 301,665,000	\$ 1,131	33%
Tempe	181,700	\$ 372,070,000	\$ 2,048	58%
Scottsdale	246,600	\$ 525,465,000	\$ 2,131	28%

*Source: Maricopa Association of Governments estimate as of July 1, 2018

**Source: Openbooks.az.gov Report of Long Term Debt as of June 30, 2018

General Obligation Legal Debt Capacity



General Obligation Debt Per Capita

