

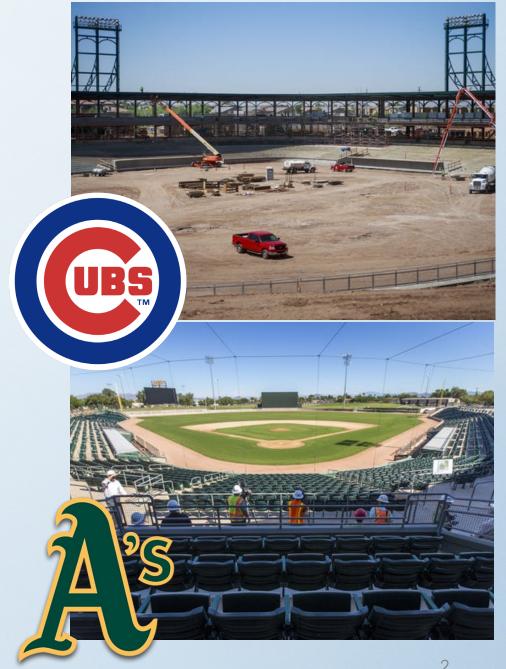


# Defeasance of Series 2013 Excise Tax Revenue Bonds

August 15, 2019

### Background

- In 2013, the City of Mesa issued \$94 million of excise tax revenue bonds for the construction and renovation of Mesa's two spring training baseball stadium facilities.
- Before construction began, Mesa had identified revenue from the sale of City-owned Pinal County land as the funding source.



## Background (cont.)

 The purchase agreement for the sale of the City-owned farm lands in Pinal County was set up in three phases with initial closing in December of 2013.



• 2013 Excise tax revenue bond was structured to have debt service payments covered by lease revenue with approximately half of the principal (\$45 M) callable in June 2017 (which were redeemed shortly thereafter).

### Completion of Sale

 The purchase of the remaining acreage of Cityowned land in Pinal County was finalized at the end of June providing the funding required to defease the remaining \$49 M outstanding of the 2013 excise tax bond.



#### Defeasance

- The excise tax bond would be defeased by purchasing interest-bearing securities and placing them in an irrevocable trust.
- These securities would be structured to mature at exactly the dates and amounts needed to pay interest payments and to redeem the bonds when they become callable in 2022.
- The defeasance of the 2013 excise tax revenue bond would allow the City to save \$22 M of interest cost from the original debt structure that runs through July 2032.

#### Results

 The purchase agreement and master lease approved in 2012 resulted in the receipt of the following proceeds:

Sale Proceeds \$109 M

• Lease Revenue \$25 M

 If defeasance approved by Council, the total payments associated with the 2013 excise tax revenue bond would be as follows:

Principal \$94 M

Interest Cost \$30 M

#### Estimated Timeline for Defeasance Transaction

August 19 Council considers authorization of defeasance

August 21 Competitive bids for securities are received and

final numbers for verification are submitted

September 5 City closes defeasance transaction



