

2025 Financing Plan

March 13, 2025

Mark Hute, Treasurer



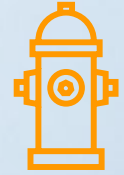
Financing Plan

What?

- Plan to finance major capital projects

Why?

- Strengthen community:
 - Libraries, parks, streets, & utilities
 - Supporting public safety
 - Securing water resources
- Infrastructure paid for while in use



Financing Process

1. Capital improvement program
 - Funding source – cash and/or financing
2. Seek voter approval (General Obligation Bonds)
3. Access financial markets ←———— We are here

**Evaluate
Projects**



**Voter
Approval**



**Financial
Markets**

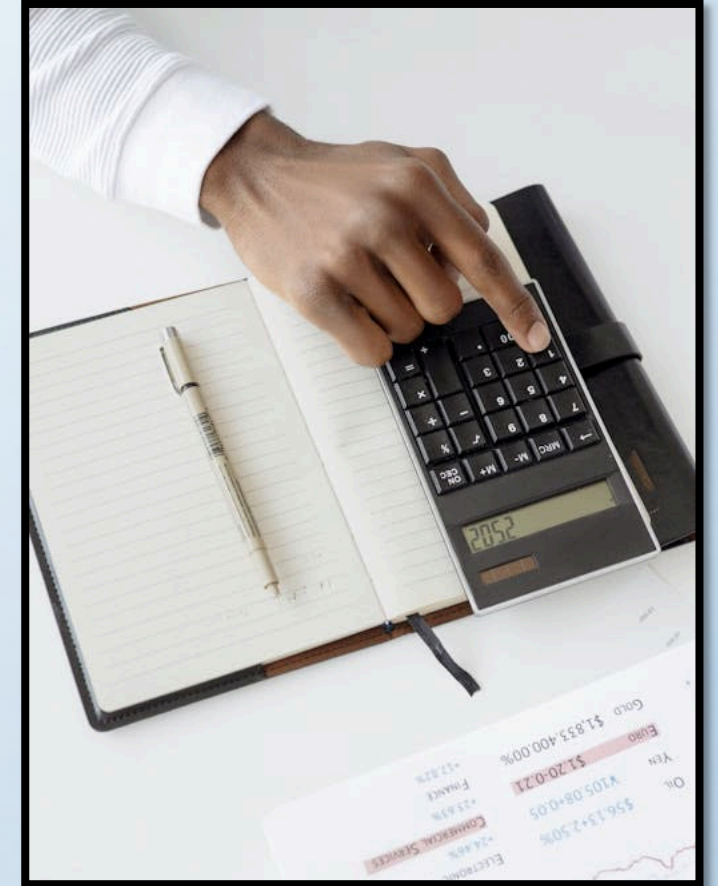


Financing Evaluation

City Finance Team:

Financial Services, OMB and external parties (financial advisor & bond counsel)

1. Coordinate with City departments to:
 - Identify ongoing/upcoming capital projects
 - Forecast project outflows
2. Identify project funding source (cash and/or financing)



Managing Long-Term Obligations

- Stable payment structure
- Up to 25-year final maturity
 - **At least 25%** of principal repaid in first 10 years for shorter-life projects (fire apparatus, Advanced Metering Infrastructure (AMI))
- 10-year period – “non-callable”



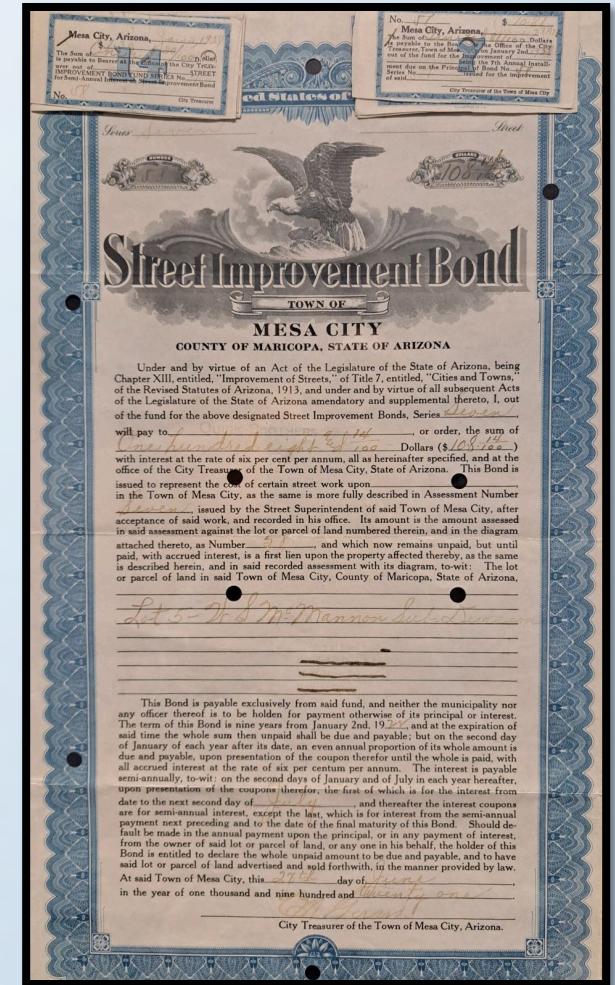
“Bonds” and “Obligations” = Loans

1. General Obligation (GO) Bonds

- Voter-approved for specific purpose (parks, etc.)
- Backed by “full faith and credit” (property tax)
- Paid for with secondary property tax

2. Utility Systems Revenue Obligations

- Contractual obligation
- Backed by utility revenue pledge
- Paid for with utility revenue



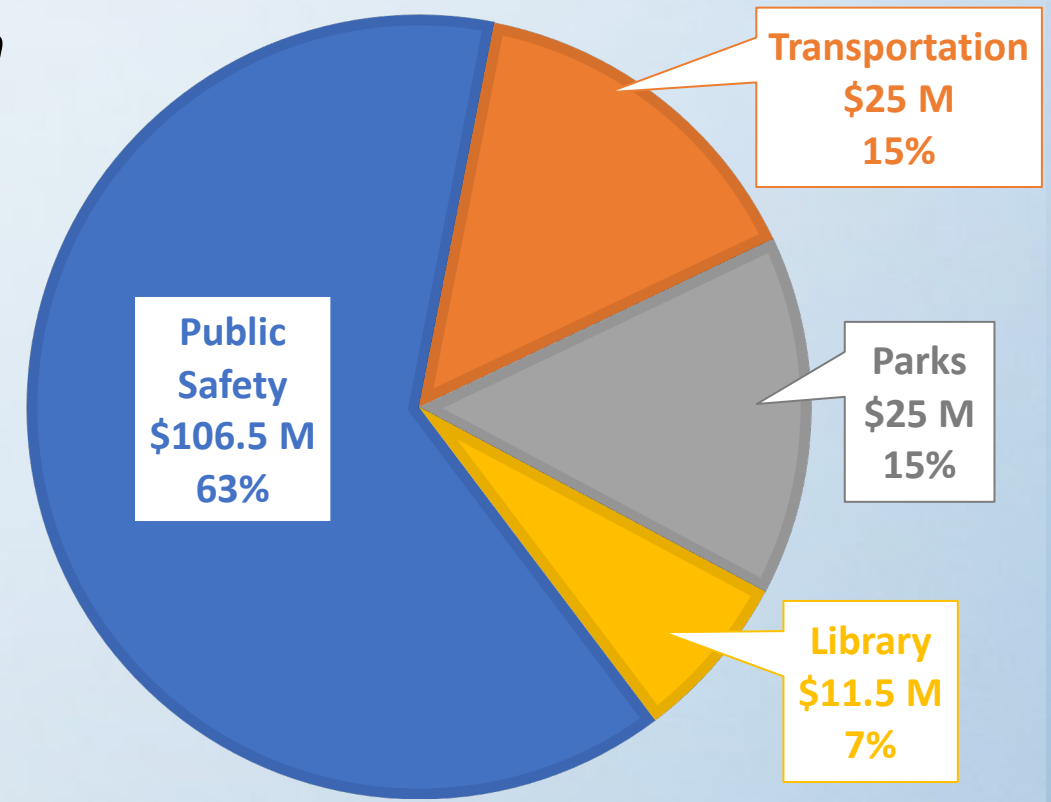
Proposed 2025 Financings

General Obligation (GO) Bonds

Library, Parks, Public Safety, Transportation

Target Proceeds: \$168 million

- Large investment in public safety
- Multiple GO bond packages 2018, 2020, 2022, 2024
- Cost of issuance
- Tax-exempt



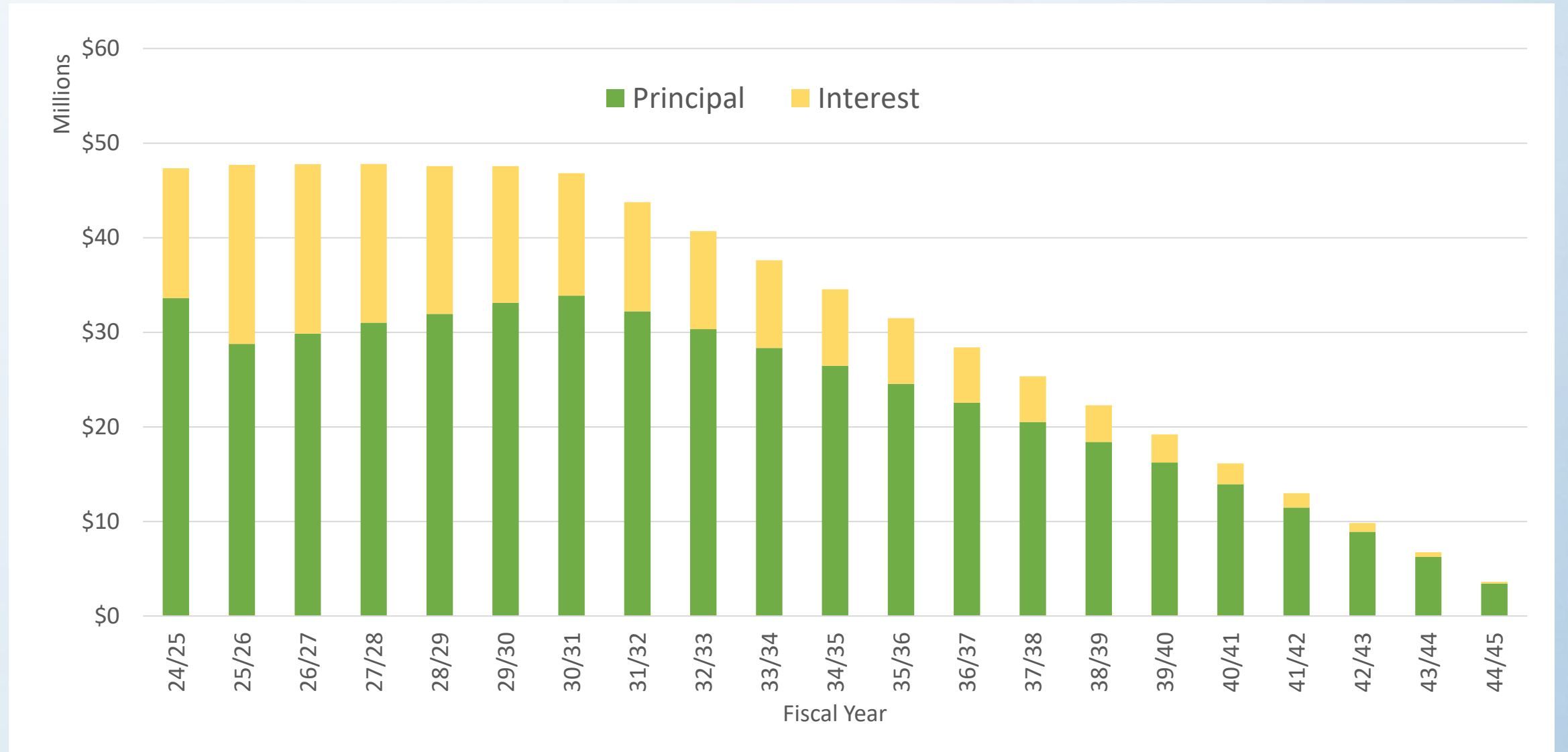
Dollar amounts rounded to the nearest hundred thousand

GENERAL OBLIGATION PROJECT EXAMPLES

- Fire Stations
- Gateway Library
- i.d.e.a. Museum
- Northeast Public Safety Facility
- Police Headquarters Renovations
- Street Improvements



Total GO Financing Payments (Existing + 2025 Proposed)



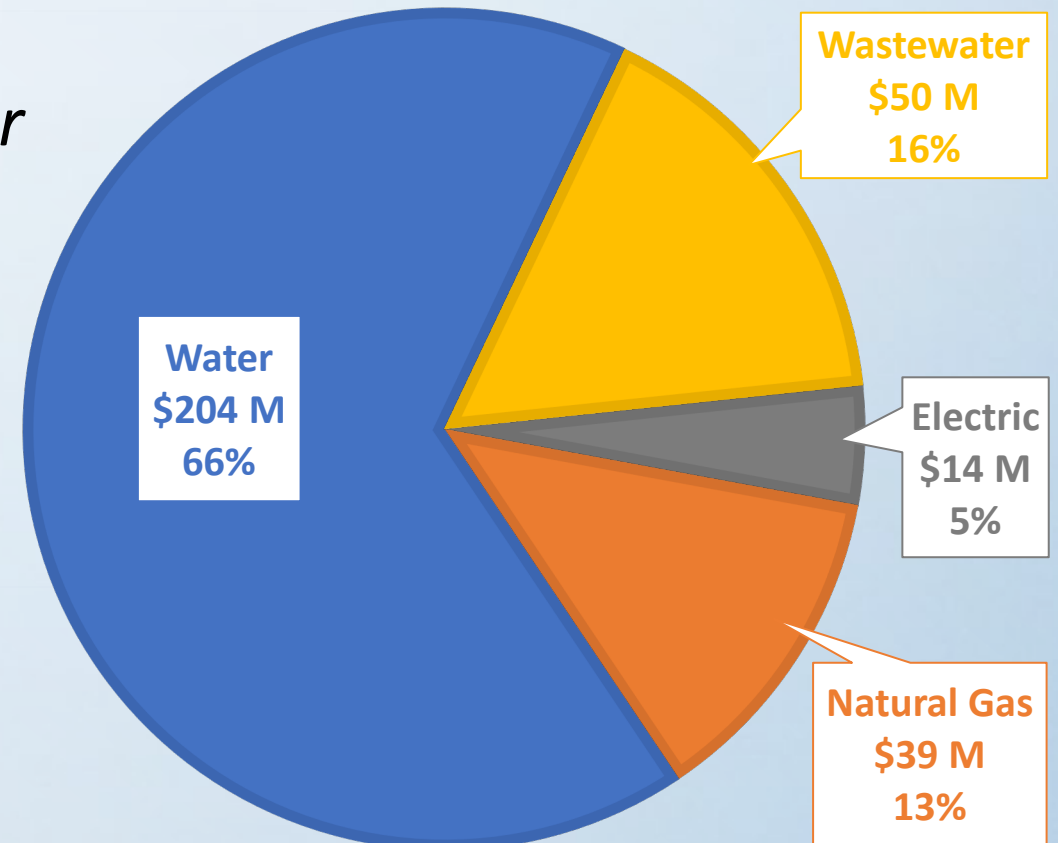
Proposed 2025 Financings

Utility Systems Revenue Obligations

Electric, Natural Gas, Wastewater, Water

Target Proceeds: \$307 million

- Large investment in water projects
- Cost of issuance
- Tax-exempt

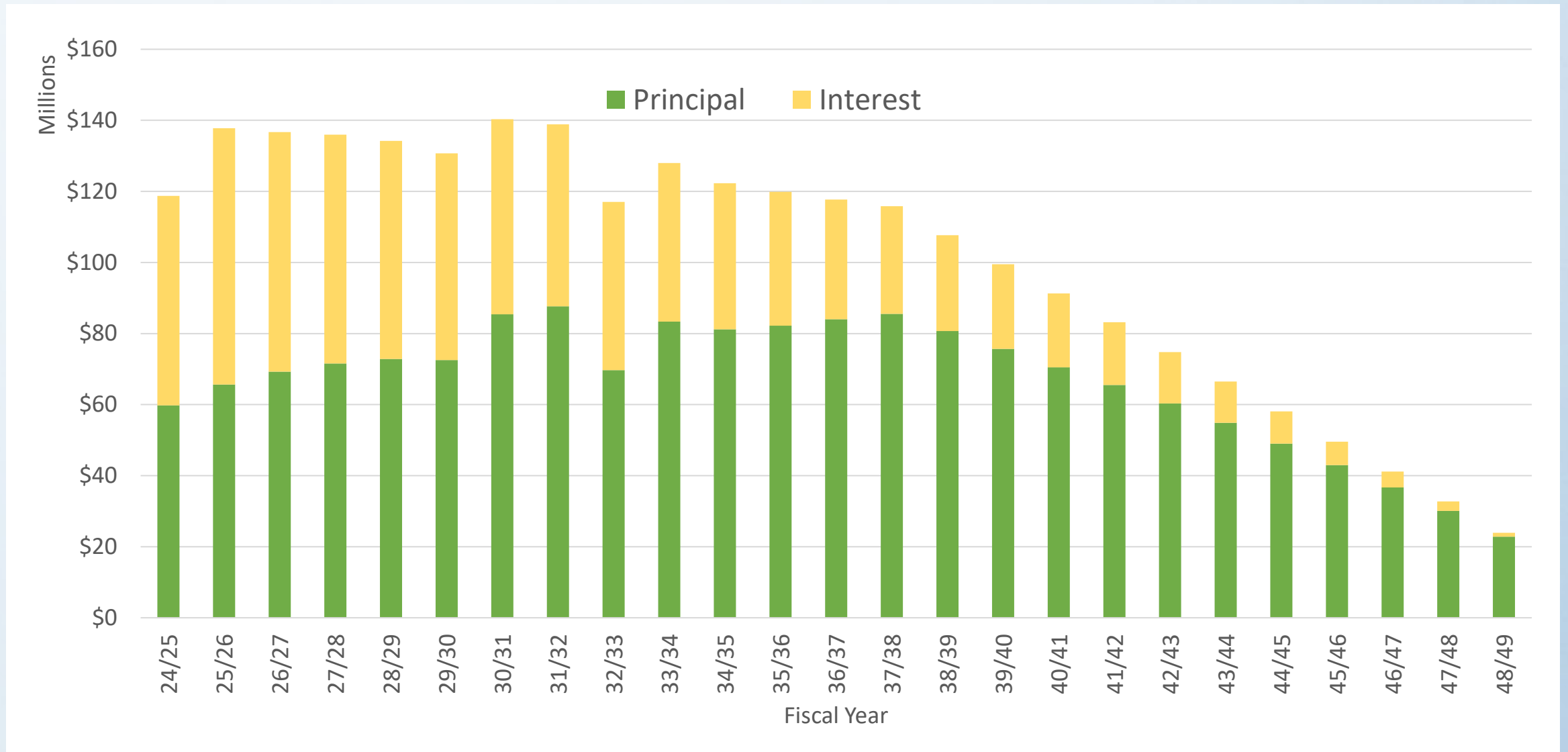


UTILITY SYSTEMS PROJECT EXAMPLES

- Advanced Metering Infrastructure
- Central Mesa Reuse Pipeline
- Natural Gas Systems Improvements
- Signal Butte Water Treatment Plant Expansion



Total Utilities Financing Payments (Existing + 2025 Proposed)



Timeline for 2025 Financings

(Subject to market conditions)

March 17 Council considers authorization

Week of April 21 Bonds/obligations sold

May 15 Proceeds received





mesa·az

General Obligation Debt - Constitutional Limit

FY2024 Report of Outstanding Indebtedness:

- Pending review by AZ DOA

City's Internal Calculation (Current - February 2025):

- Includes proposed 2025 sale

	Legal Capacity Limit (a)	Debt (b)	% of Capacity Used
Mesa	\$ 2,536,234,277	\$ 517,630,000	20.4%

(a) Estimated for FY 2025/26 using the Feb. 2025 Full Cash Net Assessed Value.

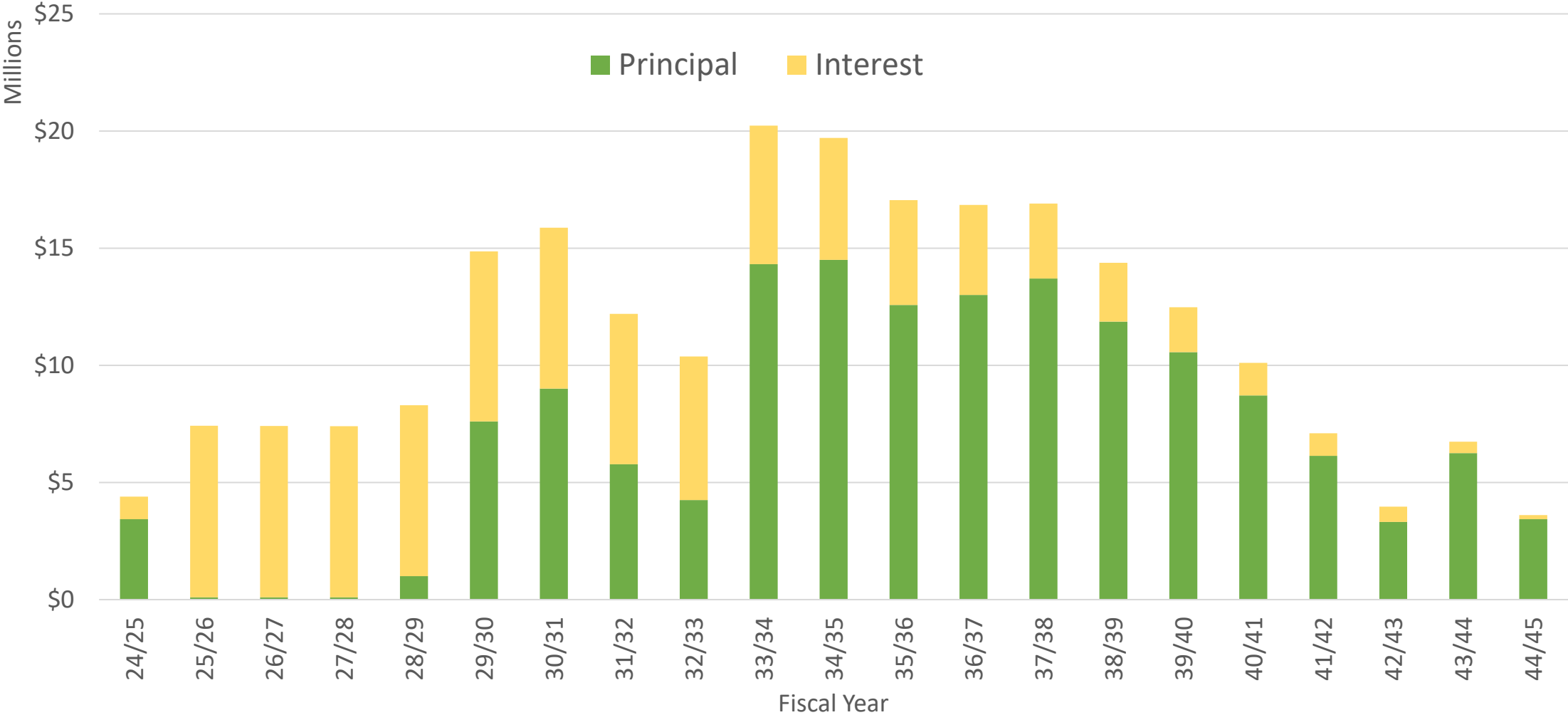
(b) Debt that reduce the borrowing capacity includes principal and applicable premium amounts of outstanding and to be outstanding GO bonds, including the planned Series 2025.

2025 General Obligation (GO) Bonds

Proposed 2025 Sale: \$168 million

Purpose	Election Year	Authorized But Not Issued	Proposed 2025 Sale	Estimated Remaining Authorization
Library	2018	\$ 11,650,000	\$ 11,650,000	\$ 0
Parks and Culture	2018	20,025,000	20,025,000	0
Public Safety	2018	31,650,000	31,650,000	0
Transportation	2020	78,910,000	25,000,000	53,910,000
Public Safety	2022	157,000,000	75,000,000	82,000,000
Parks and Culture	2024	170,000,000	5,000,000	165,000,000
Public Safety	2024	90,000,000	0	90,000,000
Total		\$ 559,235,000	\$ 168,325,000	\$ 390,910,000

2025 General Obligation Bonds – Financing Payments



2025 Utility Systems Revenue Obligations

Proposed 2025 Sale: \$307 million

Utility System	Proposed 2025 Sale
Electric	\$ 14,000,000
Natural Gas	39,000,000
Wastewater	50,000,000
Water	204,000,000
Total	\$ 307,000,000

2025 Utility Obligations – Financing Payments

