



City Council Report

Date: March 17, 2025
To: City Council
Through: Chris Brady, City Manager
Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Mark Hute, Treasurer
Subject: Sale of 2025 General Obligation Bonds

Purpose and Recommendation

Authorize the sale of the following general obligation (“G.O.”) bonds to finance capital projects.

- Series 2025 General Obligation Bonds (the “Series 2025 Bonds”)
Principal: not-to-exceed \$168,325,000

Background

In Citywide elections, Mesa residents have authorized the City to issue G.O. bonds to finance capital projects. Financing long-term infrastructure allows the City to meet its capital needs while allowing for residents and businesses who benefit from the infrastructure to pay for it as it is being used.

Discussion

The table below shows City G.O. voter-approved bonds currently in use (some older approval remains but is not being utilized). The table includes the purpose and amounts of the proposed Series 2025 Bonds as well as the approved amounts that would remain after the sale.

General Obligation Bonds – Voter-Approved Bonds Currently in Use

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

The City plans to use the proceeds from the proposed bond sale to pay for the purchase, design, and/or construction of capital projects through calendar year 2025 although, depending on the timing of project spending, some proceeds may be spent later.

Attachment A – Project List lists the projects that are planned to be financed by the proceeds of the Series 2025 Bonds.

Attachment B – Debt Service Table shows the structure of existing general obligation debt service and estimated new debt service resulting from the Series 2025 Bonds.

Timeframe

The City is scheduled to price the proposed general obligation bonds the week of April 21 and close the transaction (receive the proceeds) on May 15.

Alternatives

The Council may choose not to proceed with the sale of general obligation bonds at this time. The City could:

- cancel new bond-funded projects still in the planning stage, and/or
- utilize reserves to pay for a portion of projects already in progress.

These alternatives are not recommended as they would reduce City reserves or prevent completion of capital projects that are in various stages of planning and construction.

Fiscal Impact

Debt service for the Series 2025 Bonds is funded by secondary property tax revenue and has no direct impact on other City funds. However, there may be operational costs/savings associated with the bond-funded capital projects that may affect other City funds, including the General Fund.

Coordination

The legal documents for the debt issuance are prepared by Zach Sakas at Greenberg Traurig, the City's bond counsel.

The City's financial advisors, Janelle Gold and Zac Lara at Hilltop Securities, prepared many of the schedules and other financial information included in the issuance documents.

The following City departments coordinated on the proposed bond issuance:

- City Attorney
- City Manager
- Engineering
- Fire and Medical
- Finance
- Library
- Management and Budget
- Parks, Recreation, and Community Facilities
- Police
- Transportation