



City Council Report

Date: October 16, 2023
To: City Council
Through: Chris Brady, City Manager
 Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Ryan Wimmer, Treasurer
Subject: Sale of 2023 General Obligation Bonds

Purpose and Recommendation

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

- Series 2023 General Obligation Bonds (the “Series 2023 Bonds”)
 Principal: not-to-exceed \$90,000,000

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 2023 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	Approved but Unissued Bond Sale Amounts	Proposed Sale Series 2023	Estimated Remaining Bond Sale Approval
Library	2018	\$ 16,660,000	\$ 5,010,000	\$ 11,650,000
Parks and Culture	2018	66,115,000	46,090,000	20,025,000
Public Safety	2018	51,690,000	20,040,000	31,650,000
Transportation	2020	96,945,000	18,035,000	78,910,000
Public Safety	2022	157,000,000	0	157,000,000
<i>Total</i>		\$ 388,410,000	\$ 89,175,000	\$ 299,235,000

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 2024 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 2023 Bonds.

Attachment B – Debt Service Table shows the structure of existing general obligation debt service and estimated new debt service resulting from the Series 2023 Bonds.

Timeframe

The City is scheduled to price the proposed general obligation bonds the week of November 6 and close the transaction (receive the proceeds) on Dec 7.

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 2023 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 were drafted and reviewed 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