

2026 Financing Plan

April 2, 2026

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Financing Plan & Benefits

What is the financing plan?

- Plan to secure funding for capital projects through bonds/obligations

What are some benefits to financing?

1. Tax-exempt (Lower interest rates)
2. Accelerates project delivery
3. Spreads costs over useful life of projects
4. Assists in smooth rate adjustments



Financing Process

1. Capital Improvement Program (CIP)
 - Projects prioritized
 - Funding source identified (cash and/or financing)
2. Seek voter approval (General obligation bonds)
3. Access financial markets ← We are here

CIP
Process



Voter
Approval



Financial
Markets



Managing Long-Term Obligations

- Tax-exempt
- Structured for stable payments
- Up to 25-year final maturity
- 10-year refinance “call”



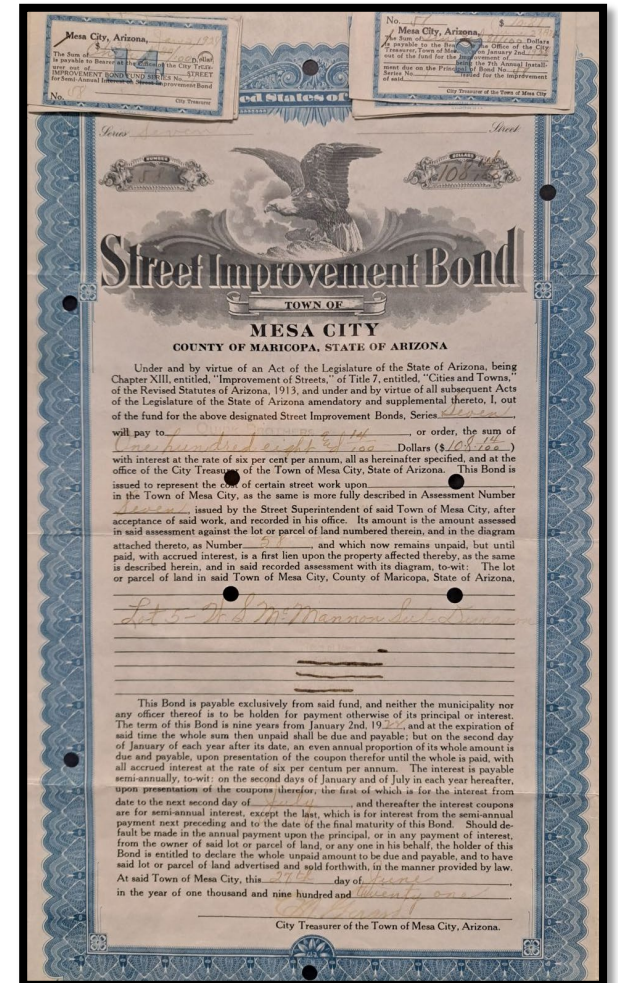
“Bonds” and “Obligations” = Loans

1. General Obligation (GO) Bonds

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

2. Utility Systems Revenue Obligations

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



Proposed 2026 Utility Refundings

“To ensure that bond refundings produce anticipated savings, **refunding bonds should have a net present value savings exceeding 3%** of the debt service amount of the bonds being refunded...” (*City of Mesa Financial Policies, section 5.6, 2017*)

Utility Systems Revenue Bonds/Obligations (Tax-exempt)

- Refinance: **\$225 million** (Bonds issued 2013 – 2016)
- Estimated Savings: **\$13.6 million** (NPV of **4.2%** of prior debt service)

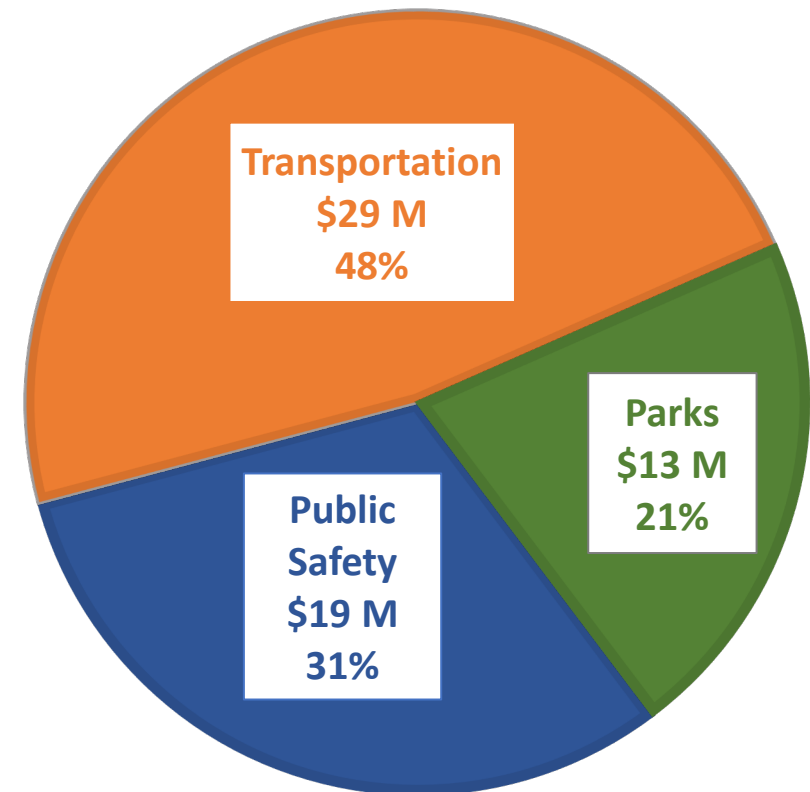
Proposed 2026 GO Bonds Issuances

GO Bonds (Tax-exempt)

Target Proceeds: \$61 million

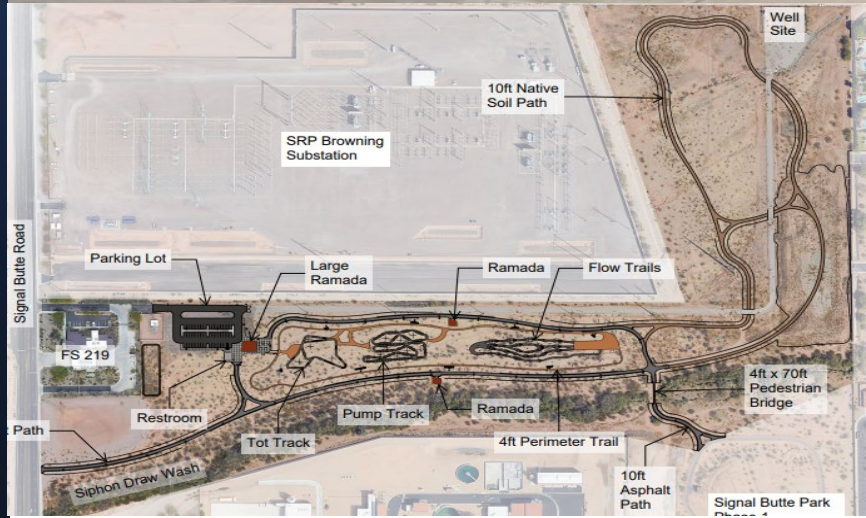
Parks, Public Safety, Transportation

- Bond elections: 2020, 2022, & 2024



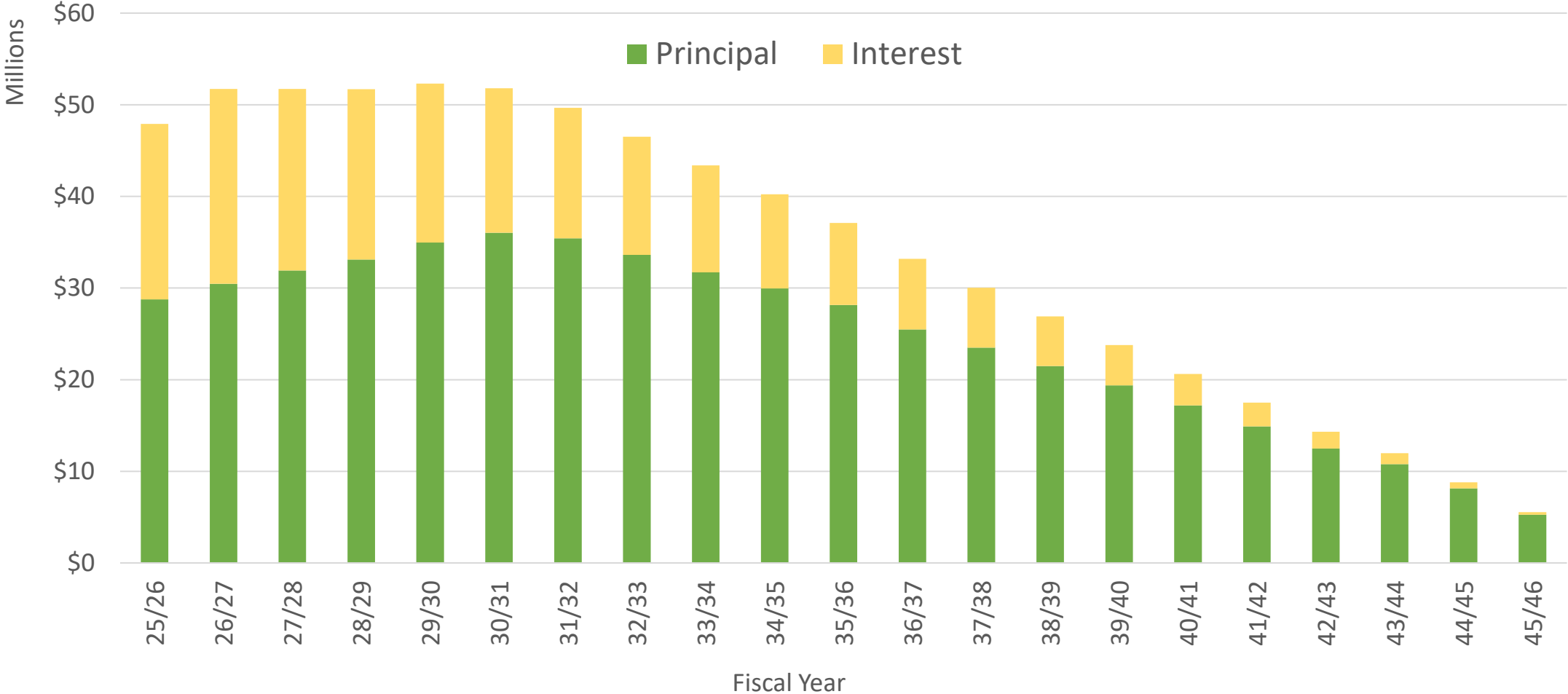
GO Bonds Project Examples

- Fire Station 205 Rebuild
- Fire Station 224
- idea Museum Renovations
- Police Headquarters
- Signal Butte Park Phase 2
- Transportation Projects



Total GO Bonds Financing Payments

(Outstanding + 2026 Proposed)

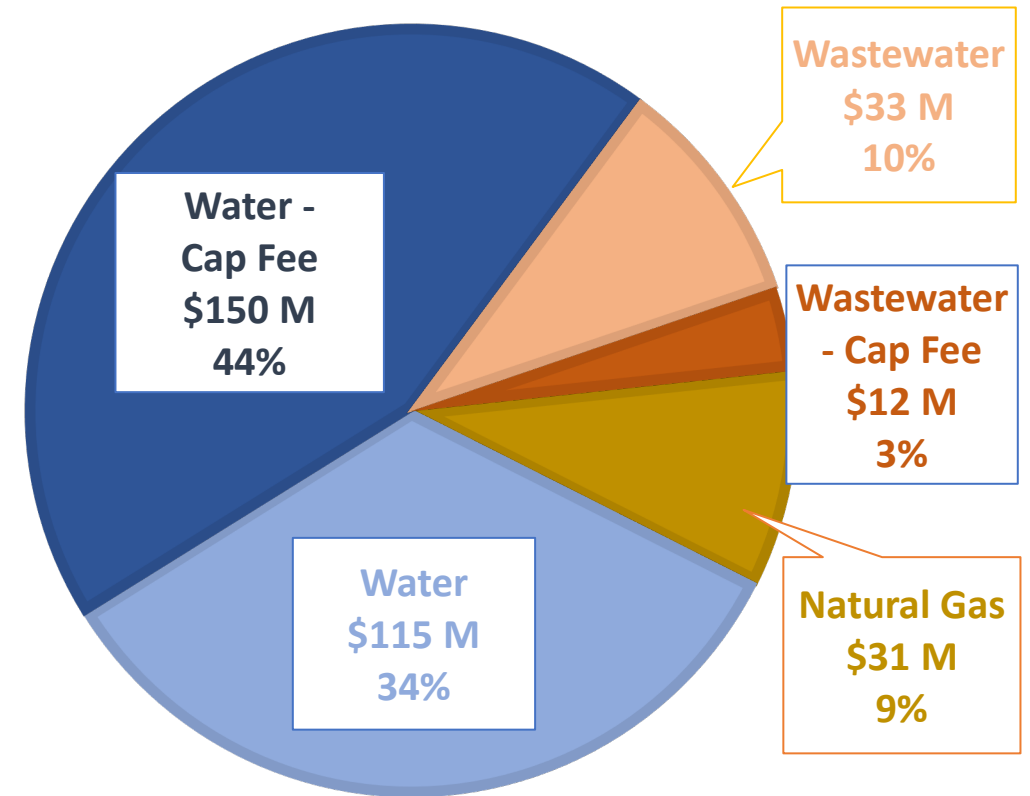


Proposed 2026 Utility Obligations Issuances

Utility Systems Revenue Obligations (Tax-exempt)

Target Proceeds: \$341 million

- **\$179 million** for non-capacity fee projects
 - *Water, Wastewater, and Natural Gas*
- **\$162 million** for capacity fee projects
 - *Water and Wastewater*



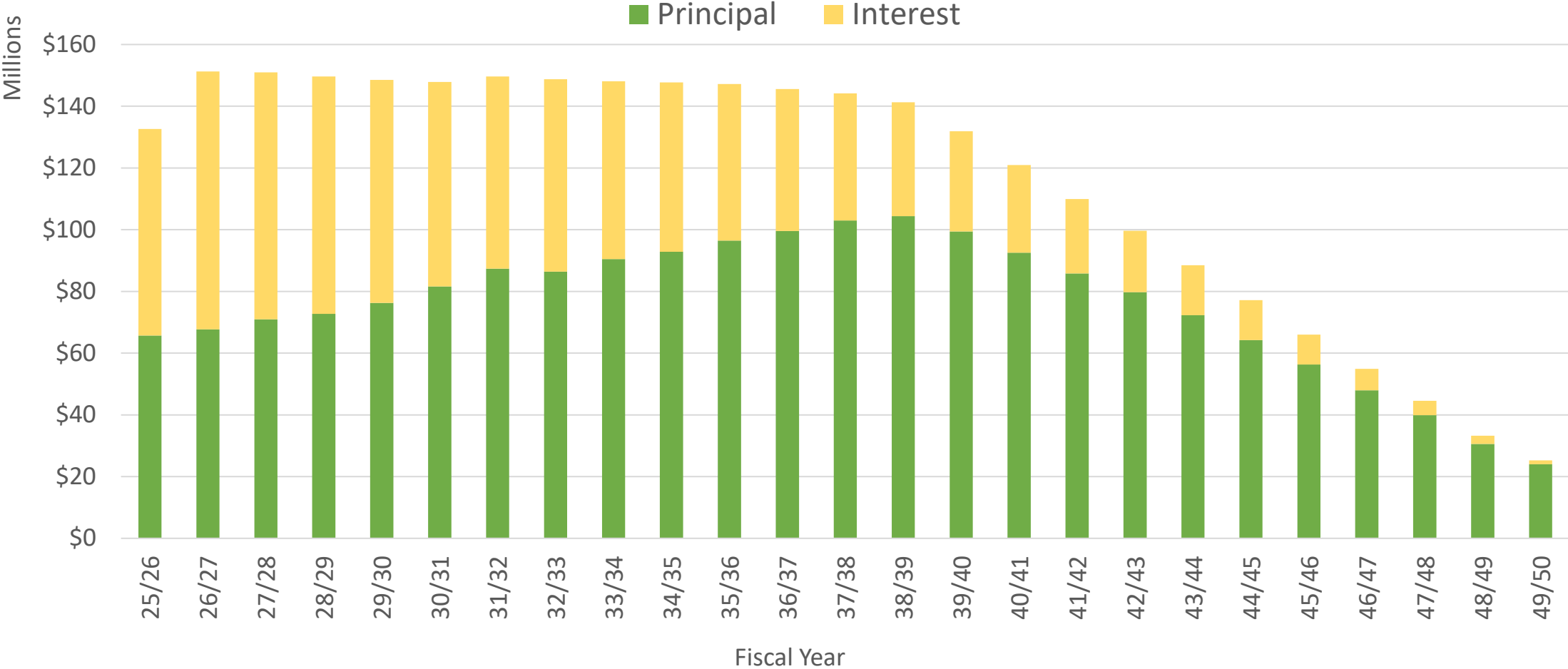
Utility Obligations Project Examples

- Smart Metering (Advanced Metering Infrastructure)
- Central Mesa Reuse Pipeline
- Natural Gas System Improvements
- Signal Butte Water Treatment Plant Expansion



Total Utility Financing Payments

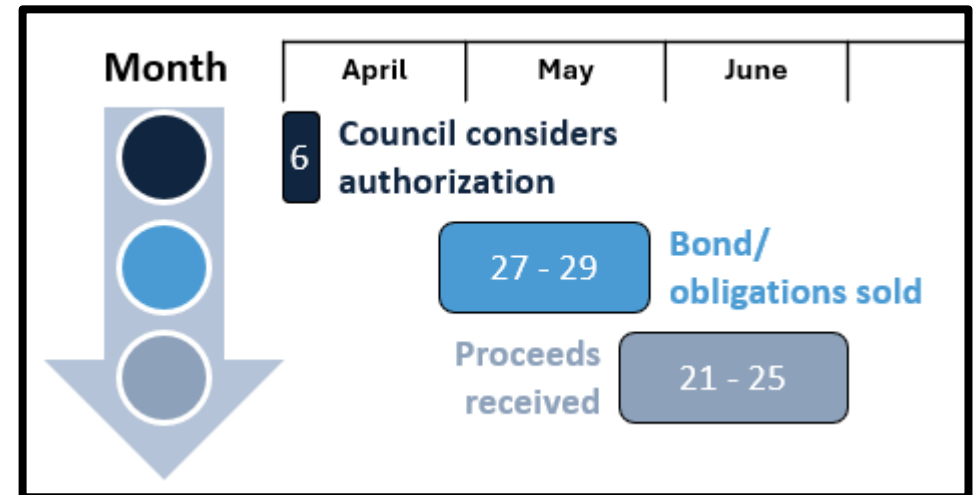
(Outstanding + 2026 Proposed)



Timeline for 2026 Financings

(Subject to market conditions)

- April 6 Council considers authorization
- April 27 – May 29 Bonds/obligations sold
- May 21 – June 25 Proceeds received





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