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## **Super Bowl Host Glendale Digs Out From Debt Load for Pro Sports.**

(Bloomberg) — Glendale, Arizona, which hosted the Super Bowl this month, is trying to reel in debt-service costs after selling almost \$600 million of bonds to build facilities for professional sports teams.

The Phoenix suburb of 235,000 refinanced four bond deals this year, shaving \$47 million off debt expenses and reducing long-term obligations by 5 percent to \$915.6 million, said Tom Duensing, the city's finance and technology director.

The former farming community has attempted to define itself as a sports hub, borrowing more than \$580 million to finance projects, including a spring training facility for Major League Baseball's Los Angeles Dodgers and Chicago White Sox. Savings from the bond deals will bolster the municipality's finances as it deals with deficits triggered in part by the burden of keeping up with debt payments.

"It only bought us time; we're not going to be able to add a bunch of new services or anything like that," Duensing said in an interview. "It took the pressure off for the next few years when a majority of the savings are realized."

Glendale is home to the University of Phoenix Stadium, the venue for the Feb. 1 Super Bowl. The National Football League's Arizona Cardinals have played at the site since 2006.

The city sold tax-exempt debt in 2007 for a parking facility for the Cardinals; in 2008 for the shared spring training facility; and in 2013 for an arena for the National Hockey League's Arizona Coyotes, according to financial statements. The securities were backed by revenue such as excise taxes.

### **Refunding Moves**

With interest rates close to five-decade lows in January and this month, Glendale refinanced the deals from 2007 and 2008, as well as water-system debt and general-obligation borrowings, and is considering more refunding, according to Duensing.

Glendale has struggled to balance its budget and service its debt, depleting reserves, according to data compiled by Bloomberg.

City leaders are considering a plan to sell one of Glendale's three library branches, including some books and DVDs, for an estimated \$4.7 million, the Arizona Republic reported this month. City Council members have discussed putting proceeds toward reserves, Duensing said.

### **'Big If'**

"If that happens, and it's a big if, it will be up to the City Council's discretion as to where it's allocated," Duensing said. "There aren't any restrictions on it."

City council members didn't respond to requests for comment through Joe Hengemuehler, a

Glendale spokesman.

Moody's Investors Service and Standard & Poor's have recognized Glendale's attempts to trim debt. Since September, both removed negative outlooks on the general-obligation rating. Moody's has Glendale at A3, four steps above speculative grade, while S&P rates it BBB+, one step lower.

Moody's cited "improved financial management despite ongoing challenges stemming from high fixed costs driven largely by a high debt burden and net operating costs associated with professional sports facilities" as reason for the improved outlook.

"That was a big step for us and we can come back to them with these new policies and have more positive improvement," Duensing said.

by Kate Smith

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