



# COUNCIL MINUTES

May 14, 2015

The City Council of the City of Mesa met in a Special Council Meeting in the Council Chambers, 57 East 1st Street, on May 14, 2015 at 7:30 a.m.

## COUNCIL PRESENT

Alex Finter  
Dennis Kavanaugh  
David Luna  
Kevin Thompson

## COUNCIL ABSENT

John Giles  
Christopher Glover  
Dave Richins

## OFFICERS PRESENT

Kari Kent  
Debbie Spinner  
Agnes Goodwine

(Vice Mayor Kavanaugh excused Mayor Giles and Councilmembers Glover and Richins from the entire meeting.)

## 1. Take action on the following resolutions:

- 1-a. Adopting a resolution authorizing the issuance and sale of Utility Systems Revenue bonds of the City of Mesa, Maricopa County, Arizona – Resolution No. 10625.
- 1-b. Adopting a resolution authorizing the issuance and sale of General Obligation bonds of the City of Mesa, Maricopa County, Arizona – Resolution No. 10626.

Chief Financial Officer Mike Kennington introduced Larry Givens, the City's financial adviser from Wedbush Securities, who was prepared to address the Council.

Mr. Kennington reported that yesterday, the City went out to the market and received bids for the purchase of the above-listed bonds. He explained that with respect to the Utility Systems Revenue bonds, the City received seven bids, with the lowest and best bid at 3.59%. He stated that as it relates to the General Obligation (G.O.) bonds, the City received eight bids and noted that the lowest and best bid was 3.09%.

In response to a question from Councilmember Finter, Mr. Givens clarified that in recent weeks, the bond market has been "very tumultuous" as rates have fluctuated up and down. He explained that the City uses the ten-year Treasury notes as a benchmark. He stated that this time last year, the interest rate was 2.6% when the City received bids and currently it is 2.2%.

Mr. Givens further remarked that the longer-term bonds are weakening quite a bit due to the unraveling of certain positions that large hedge funds have taken. He also commented that it seems as though the European bond market is driving U.S. bond rates higher and "really has nothing to do with the Feds anymore." He added that perhaps this is the normalization of rates.

Mr. Givens assured the Council that the bids the City received were very favorable. He stated that the same firm won both bids and was very aggressive during the bidding process. He pointed out that the firm was unable to resell the bonds right away, with large unsold balances remaining. He added that it was difficult for him to predict what will happen next in the bond market.

Responding to a question from Vice Mayor Kavanaugh, Mr. Kennington stated that the City will issue \$13.7 million aggregate principal amount of its G.O. bonds and \$30.2 million aggregate principal amount of its Utility Systems Revenue bonds.

In response to a question from Vice Mayor Kavanaugh, City Attorney Debbie Spinner confirmed that the Council could vote on both agenda items with one motion.

It was moved by Councilmember Finter, seconded by Councilmember Thompson, that Resolution Nos. 10625 and 10626 be adopted.

Vice Mayor Kavanaugh declared the motion carried unanimously by those present.

2. Adjournment.

Without objection, the Special Council Meeting adjourned at 7:34 a.m.

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DENNIS KAVANAUGH, VICE MAYOR

ATTEST:

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DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona held on the 14<sup>th</sup> day of May, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

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