

Marysville City Council Special Meeting
November 17, 1998 **2:00 p.m.**

City Hall

Present: Mayor Dave Weiser
Councilmembers: Donna Wright, Mayor Pro Tem
Shirley Bartholomew
NormaJean Dierck - Excused
Otto Herman - Excused
Mike Leighan
Donna Pedersen
Brett Roark

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CORRECTED: SEE 12/7/98
MINUTES

Others: Dave Zabell, City Administrator
Mary Swenson, City Clerk
Grant Weed, City Attorney
Ed Erickson, Finance Director
Steve Gaidos – McDonald Investments, Inc.
Lee Vorhees – Foster, Pepper & Shefelman
Lillie Lein, Recording Secretary

Mayor Weiser called the November 17, 1998 Special Meeting of the Marysville City Council to order at 2:15 p.m. noting the excused absence of Councilmembers Dierck and Herman, and introducing Mr. Steve Gaidos.

Mr. Gaidos gave an update of the market situation and how it relates to selling the different types of bonds. He noted that the City had two types of bonds they were trying to sell: 1) limited general obligation bonds and 2) revenue bonds.

Mr. Gaidos explained that the Federal Reserve was expected to make a statement today that would have enhanced the sale of the bonds, but that did not happen. He said there had been a lot of bond activity this week, and that they came out very aggressively this morning. He noted that they were above to maintain a savings of \$130,000 on the GO Bonds; however, they would not be able to do as well as expected with the Revenue Bonds, and therefore did not recommend selling them at this time.

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Mr. Gaidos explained that the agreement is structured so the City will receive most of the savings over the next three years.

Mr. Gaidos explained the difficulty of selling revenue bonds vs. limited G.O. bonds, and recommended continuing this special meeting to Thursday, November 19, to see if the market improves. He did recommend the Council accept the purchase order for the limited G.O. Bonds. Mr. Gaidos noted that there is an 1.1% underwriting fee, but that is included leaving no out-of-pocket expenses.

City Attorney Weed stated that he had not had an opportunity to review the agreement. Mr. Gaidos explained that it is the exact same document as used previously with just the name change of his company and an updated Appendix A.

Lee Vorhees of Foster, Pepper & Shefelman and Bond Counsel for the City noted that the bonds would be insured through MBIA Insurance Company with Chase Manhattan as the trustee to hold the documents. He noted that the document is typical of Washington agency bond issues.

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Mr. Vorhees explained that these are Councilmatic Bonds, and reviewed the Table of Contents of the proposed ordinance, noting that this ordinance is the gateway for the whole transaction. He said that he had prepared the document earlier today, and was recommending approval.

Councilmember Roark inquired about Section 15. Bonds Negotiable. Mr. Vorhees explained that these are the sections of the R.C.Ws. that pertain to bonds being negotiable. He added that the bank is the registrar of the bonds.

City Administrator Zabell asked if there were any restrictions to the refinance? Mr. Gaidos replied that the only opportunity to refinance these bonds would be to call the bonds in 2008.

Councilmember Bartholomew moved and Councilmember Wright seconded the motion to approve Ordinance No. 2212 of the City of Marysville relating to contracting indebtedness; providing for the issuance of \$3,450,000 par value of Limited Tax General Obligation Refunding Bonds, 1998, of the City for general city purposes to provide funds with which to pay the cost of advance refunding the callable portion of City's outstanding Limited Tax General Obligation Bonds, 1993, and paying the administrative costs of such refunding and the cost of issuance and sale of such bonds; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with Chase Manhattan Trust Company, National Association of Seattle, Washington as refunding trustee; providing for the call, payment and redemption of the bonds to be refunded; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to McDonald Investments, Inc., a KeyCorp Company of Seattle, Washington. Motion carried unanimously.

There was a short discussion of the revenue bonds still pending. Councilmember Bartholomew moved and Councilmember Pedersen seconded the motion that the special meeting of the Marysville City Council be continued and put over to reconvene here in City Hall at 4:00 p.m., November 19, 1998, for the purpose of considering and acting upon an ordinance authorizing the issuance and sale of approximately \$4,925,000 of water and sewer revenue refunding bonds of the City. Motion carried unanimously.

It was noted that, if the market did not improve, Council would be called and the meeting rescheduled.

Mayor Weiser adjourned the November 17, 1998 Special Meeting of the Marysville City Council at 2:36 p.m.

Accepted this 7th day of December, 1998.

David Weiser
MAYOR

Mary Pedersen
CITY CLERK

Lillie Lein
RECORDING SECRETARY