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**ORIGINAL**

**Marysville City Council Special Meeting**

**May 17, 2007**

**5:00 p.m.**

**City Hall**

**Present:** Mayor Dennis Kendall

**Councilmembers:** Jeff Vaughan, Jeff Seibert, John Soriano, Lee Phillips

**Staff:** Sandy Langdon, Finance Director; Mary Swenson, Chief Administrative Officer; Grant Weed, City Attorney; Tracy Jeffries, Assistant Administrative Services Director

**Others:** Steve Gaidos, Steve Gaidos Consulting, LLC; Scott Canton, Piper Jaffray & Company; Hugh Spitzer, Piper Jaffray & Company; and Darin Bell, Piper Jaffray & Company.

Mayor Kendall called the meeting to order at 5:00 p.m. and led the assemblage in the Pledge of Allegiance.

Chief Administrative Officer Mary Swenson called the roll and noted that Councilmembers Nehring, Wright and Rasmussen were not available. Councilmember Phillips moved and Councilmember Soriano seconded to excuse Councilmembers Nehring, Wright, and Rasmussen. Motion carried unanimously (4-0).

Finance Director Sandy Langdon stated that the City was in the process of a bond sale for transportation improvements and refunding of the golf course, and turned the meeting over to Steve Gaidos, Steve Gaidos Consulting LLC.

Mr. Gaidos reviewed a letter he presented to Council in regard to accepting the offer from Piper Jaffray and summarized what interest rates have been doing and why this is a good time to be in the market. He thanked Council for meeting on Thursday and explained the issues with trying to sell bonds and pricing on a Monday. He then introduced representatives from Piper Jaffray.

Mr. Scott Canton referred to the Pricing Summary provided by Piper Jaffray. Tab 1 is the Issue Summary and noted that there are two issue summaries (a tax exempt portion and a taxable portion). He referred to the AIC which is similar to the APR for a bond issue including all upfront costs and annual interest resulting in a 4.42% rate. The market moved a little off the basis mark from the previous evening before (about .05% at the end of the day but they ended up only \$2,000 off from where they started).

Referring to the taxable bonds, he noted that they are a tough sale, and stated that they underwrote these bonds with about \$1.2 million unsold bonds (both taxable and exempt), and Piper Jaffray taking these unsold bonds into inventory. The taxable bonds have an AIC of 5.71%. He reviewed redemption features and noted that these are non-callable bonds because that will give the City the lowest debt service.

He reviewed the Comparables which are used the day before pricing to figure out where to enter the market. There wasn't a large supply but he did review what was available as a comparable. There was even less of a supply of taxable comparables. He explained the pricing process.

Mr. Canton noted the Advertising and Marketing Sales Sheet that will be used for these bonds. And, finally, Mr. Canton explained the numbers under tabs 4 and 5 on the final numbers for the bonds.

Councilmember Soriano referred to the City's bond rating. Mr. Canton said the City's rating is very strong, and does really affect the pricing for the bond insurance. Chief Administrative Officer Swenson added that the growth in both commercial and residential indicates the City is strong, and we have a good reserve which plays well in all of that.

Mr. Gaidos noted that Moody's typically rates unlimited tax g.o.'s one grade higher than limited tax g.o.'s but has rated the City's equally. This is unusual for them which indicates the City's processes are quite good.

Ms. Swenson commented on the golf issue and referred to Tab 5, page 5 at the present value loss of \$81,964.46 and noted that is the cost of moving these bonds from non-taxable to taxable which gives flexibility to the Council to do whatever they want to do with the golf course. So in the scheme of things, this is a very good deal. This is the time to get the flexibility Council has wanted. Councilmember Seibert asked if it would give the City the flexibility to sell the course if deemed in the best interest of the City. Ms. Swenson explained that selling the course would be a more complex issue due to IAC funding but leasing the course out would be an option for future Councils.

**An Ordinance of the City of Marysville, Washington, relating to contracting indebtedness; providing for the issuance of \$8,045,000 par value of Limited Tax General Obligation Bonds, Series 2007A, of the City for general City purposes to provide funds with which to pay the cost of transportation projects for the City, including reconstruction of primary corridors and construction of "missing links" within the City's current infrastructure; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund and a construction fund; providing for bond insurance, and approving the sale and providing for the delivery of the bonds to Piper Jaffray & Co. of Seattle, Washington.**

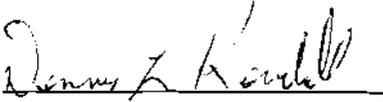
**Motion by Councilmember Seibert and second by Councilmember Soriano to approve Ordinance No. 2700. Motion carried unanimously (4-0).**

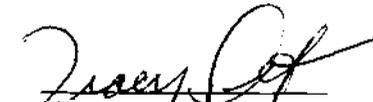
**An Ordinance of the City of Marysville, Washington, relating to contracting indebtedness; providing for the issuance of \$2,120,000 par value of Limited Tax General Obligation Refunding Bonds, Series 2007T (Taxable), of the City to provide the funds with which to pay the cost of advance refunding certain of the City's outstanding Limited Tax General Obligation Bonds, 1997 and paying the costs of issuance 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 US Bank National Association of Seattle, Washington, as refunding trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; providing for the purchase of bond insurance; and approving the sale and providing for the delivery of the bonds to Piper Jaffray & Co., of Seattle, Washington.**

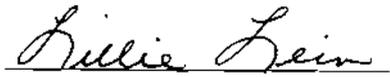
**Motion by** Councilmember Soriano and second by Councilmember Vaughan to approve Ordinance No. 2701. Motion carried unanimously (4-0).

Mayor Kendall thanked everyone for their hard work, and seeing no other business adjourned the meeting at 5:21 p.m.

Approved this 29 day of May, 2007.

  
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Mayor  
Dennis Kendall

  
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City Clerk  
Tracy Jeffries

  
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Recording Secretary  
Lillie Lein