

EDMONDS CITY COUNCIL APPROVED MINUTES

November 7, 2002

The Edmonds City Council meeting was called to order at 4:13 p.m. by Mayor Pro Tem Dave Earling in the Council Chambers, 250 5th Avenue North , Edmonds , followed by the flag salute.

ELECTED OFFICIALS PRESENT

Dave Earling, Mayor Pro Tem

Dave Orvis, Council President Pro Tem

Michael Plunkett, Councilmember

Jeff Wilson, Councilmember

Richard Marin, Councilmember

Deanna Dawson, Councilmember

Lora Petso, Councilmember

STAFF PRESENT

Peggy Hetzler, Administrative Services Director

Stephen Clifton, Community Services Director

Cindi Cruz, Community Services Exec. Asst.

Sandy Chase, City Clerk

Linda Hynd, Recorder

1. APPROVAL OF AGENDA

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER ORVIS, FOR APPROVAL OF THE AGENDA. MOTION CARRIED UNANIMOUSLY.

2. CONSENT AGENDA ITEMS

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, FOR APPROVAL OF THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda item approved is as follows:

(A) ROLL CALL

3. PROPOSED ORDINANCE AUTHORIZING THE SALE OF APPROXIMATELY \$6.9 MILLION IN BONDS FOR THE EDMONDS PUBLIC FACILITIES DISTRICT

Administrative Services Director Peggy Hetzler addressed the City Council on the progress of the sale of the Edmonds Public Facilities District bond issue. She noted that Dick Ehlers, an underwriter with Seattle-Northwest Securities, would provide details on the pricing, interest rates and par value of the bonds; Bob

Yeasting, an independent financial advisor, would provide information about the bond sale; and Bill Tonkin of Foster, Pepper, Shefelman would present the bond ordinance for Council's approval.

Richard Ehlers congratulated the City of Edmonds on its timing for entering the bond market. He reminded Council that the issue was sized to be paid from a combination of Public Facilities District (PFD) revenues from the Edmonds and Snohomish County PFD's, plus one million dollars to be funded by the City. He explained that \$7,015,000 in bonds had been marketed, with \$6,015,000 being paid from the combined PFD revenues, and the other million dollars being funded by the city. Net proceeds, after costs, will be approximately \$6.9 million, with a proposed closing date of November 19.

Mr. Ehlers discussed the rating process for selling the bonds and confirmed Moody's rating of A1 for the City on its limited tax general obligation bond, a non-voted bond, and a rating of Aa3 on the voted bonds. A cost benefit analysis was done that led to purchasing bond insurance and resulted in a AAA rating that led to a lower interest rate, and the savings from that paid for the cost of the insurance. A provision was included to call the bonds at any time after ten years. The true interest cost on the issue will be 4.67 percent for a 24-year issue.

Mr. Ehlers talked about the price of the issue and pointed out that all but about \$20,000 worth of the bond issue was marketed and was purchased by institutional buyers, primarily bank portfolios, from other parts of the country. He pointed out that the AAA rating, combined with the A1 underlying rating on the City's credit, plus being able to designate the bonds as what are called bank-qualified, provided an added tax incentive for banks to purchase the bonds for their portfolio.

Responding to questions, Mr. Ehlers explained that it is standard procedure that bond orders are taken and confirmations are not written until Council takes action on the issue.

Robert Yeasting discussed the recent interest rates. He talked about the effects certain events have had on the market. He thought that Seattle-Northwest Securities did an excellent job in moving the rates to where they needed to be, and recommended that Council award the bonds on the basis of the offer that has been presented.

Bill Tonkin explained that the form of the bond ordinance before the council incorporates the pricing information that was developed in the pricing of the bonds earlier, with various interest rates and maturity amounts. He stated that the passage of the ordinance would authorize the issuance and sale of the bonds through Seattle-Northwest Securities, would approve the execution of the bond and purchase contract with Seattle-Northwest Securities, and would authorize the use of the bond insurance.

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, FOR APPROVAL OF ORDINANCE NO. 3425. MOTION CARRIED UNANIMOUSLY (7-0). The ordinance approved is as follows:

AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, RELATING TO CONTRACTING INDEBTEDNESS; PROVIDING FOR THE ISSUANCE OF \$7,015,000 PAR VALUE OF LIMITED TAX GENERAL OBLIGATION BONDS, 2002, OF THE CITY FOR GENERAL CITY PURPOSES TO PROVIDE FUNDS WITH WHICH TO PAY COSTS OF ACQUIRING AND RENOVATING FACILITIES FOR A PERFORMING ARTS THEATRE, CREATING ON-SITE PARKING, AND CONSTRUCTING A MEETING ROOM FOR THE THEATRE; 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 SEATTLE-NORTHWEST SECURITIES CORPORATION OF SEATTLE, WASHINGTON.

4. MAYOR'S COMMENTS

Mayor Pro Tem Earling thanked the participants for their efforts.

5. COUNCIL COMMENTS

None.

Mayor Pro Tem Earling adjourned the meeting at 4:28 p.m.