

THE CITY COUNCIL
GRAND FORKS, NORTH DAKOTA
February 11, 1997

PROCEEDINGS OF
OF THE CITY OF
Tuesday,

The city council of the city of Grand Forks, North Dakota met in special session in the council chambers in the City Hall on Tuesday, February 11, 1997 at the hour of 12:00 noon with Mayor Owens presiding, pursuant to call by Mayor Owens, which was served on all members on February 4, 1997: Document No. 7200 - Notice.

Present at roll call were Council Members Beach, Polovitz, Ellingson, Hamerlik, Carpenter, Klave, Babinchak Bakken, Hagness - 9; absent: Council Members Hanson, Glassheim, Sande, Hafner - 4.

COUNCIL MEMBER BEYER REPORTED PRESENT

ADOPT RESOLUTION AUTHORIZING THE ISSUANCE AND
AWARDING SALE OF SALES TAX REVENUE BONDS (THE
AURORA PROJECT), SERIES 1997A, TO FINANCE
ACQUISITION AND CONSTRUCTION OF AN EVENTS CENTER

Al Erickson, Springsted, Inc., financial advisor, and Barry Fick, Springsted, Inc. were present, as was Don Wyszynski, Dain Bosworth Incorporated. Mr. Erickson stated that today is conclusion of financing process which began more than a year ago, the bonds were priced yesterday and Dain Bosworth was selected as the senior managing underwriter for this issue and that took place under open underwriters search last fall. He reported that the total amount of the bonds was \$70,990,000, with an interest rate of 5.73%, which is very favorable. He reported that call provisions were included to give City flexibility in an effort to pre-pay or restructure over the course of this issue, and also that separate bids were taken for the re-investment of the bond proceeds during the construction period and the winner of that bid was Merrill Lynch. He expressed his appreciation to the council for being allowed to be involved in this bond sale.

Don Wyszynski, Dain Bosworth Incorporation, Minneapolis, underwriter on the transaction, stated that the bond issue was priced yesterday and investor demand was very strong, that largest investors are institutional type investors, i.e., insurance companies, large bond funds, bank trust departments, and good strong retail demand from individual investors, and that over \$4 Million of the bonds are basically available in Grand Forks with local broker- age firms so individuals in Grand Forks will have an opportunity to buy those bonds. He expressed his appreciation for being a part of this transaction.

Council Member Hagness asked how much City is reinvesting and interest rate. Mr. Wyszynski stated that reinvestment of bond proceeds is at 5.81%, however, due to arbitrage rebate concerns, the City would only be able to keep the bond interest of 5.73%, and anything earned over that will have to be rebated to the federal government, but now that City has money in hand and before spending it, the money is earning same rate as

paying on the bonds, and will be able to keep investment earnings up to 5.73% He also noted that the City purchased bond insurance from MBIA in New York and bonds were rated AAA by both Moody's and Standard & Poor's on the basis of bond insurance. He also stated that they took proposals from the major bond insurers and to show confidence level of insurance companies, the insurance rate they charged was the lowest he has seen on a comparable facility and the presence of the insurance allowed the City to save well over a million dollars over the life of the bonds.

Council Member Polovitz introduced the following resolution: Document No. 7201 - Resolution.

14798

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It was moved by Council Member Polovitz and seconded by Council Member Carpenter to adopt the resolution authorizing the issuance and awarding the sale of sales tax revenue bonds (The Aurora Project), Series 1997A to finance the acquisition and construction of an events center, and to authorize proper City officials to sign the bond purchase agreement.

Council Member Hagness asked if there was a possibility that the City wouldn't spend all of that money, and if they don't, what happens to excess. Council Member Carpenter reported that it was fully intended that all of the proceeds of the bond issue will be spent on the project and related infrastructure; and if it wasn't to be spent, it would be used to make pre-payments on the bonds.

Upon call for the question and upon roll call vote the following voted "aye": Council Members Beach, Polovitz, Ellingson, Hamerlik, Carpenter, Klave, Beyer, Babinchak, Bakken, Hagness - 10; voting "nay": none. Mayor Owens declared the motion carried.

RECEIVE REPORT ON AFFORDABLE HOUSING STUDY

Ken Vein, city engineer and director of public works, reported that copies of the Affordable Housing Study had been distributed to the council members, and that the main purpose was to present to council today for their review. Mr. Vein briefly reviewed contents of the report which included introduction, summary of committee's recommendations, report overview and discussion of analysis and appendices (report from each of the committee members). He reported that he was chair of the committee and other members of the committee included Bob Bushfield, city planner; Al Grasser, asst. city engineer; Bev Collings, building and zoning administrator; John O'Leary, executive director of urban development; John Schmisek, director of finance and administration; and Mel Carsen, city assessor. He stated that after looking at problem and process determined they would want to have more involvement from the community and the expanded membership included Pete Fullerton, Norwest Bank (Mr. Fullerton no longer there); Dan Mikkelson, Fritz Building; Tim Rosencrans, Forx Builder's Association; John Snustad, First Bank; Jerry Tuchscherer, Grand Forks Board of Realtors; and Mark Lambrecht, CPS, Ltd.

Mr. Vein read summary of the committee's recommendations, and that basically what they came up with was an affordable site built housing district that would be created through the PUD process, that each district would meet criteria established by the city council and council would consider the number, size and location of the district as well as

financial exposure to the city, and specific recommendations were listed. He reported that part two of the recommendations are things they can do through existing programs, ie., CDBG funds for rehab of low income housing in the city.

There was some discussion by the council. Mayor Owens suggested that after the council has had a chance to review the information in the report a meeting would be scheduled.

It was moved by Council Member Hamerlik and seconded by Council Member Ellingson to receive the report. Carried 9 votes affirmative.

ADJOURN

It was moved by Council Member Polovitz and seconded by Council Member Beach that we do now adjourn. Carried 9 votes affirmative.

Respectfully submitted,

John M. Schmisek,

City Auditor

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Approved:

Patricia A. Owens, Mayor