BOARD OF ISLAND COUNTY COMMISSIONERS MINUTES OF MEETING
MARCH 29, 2005 SPECIAL SESSION

The Board of Island County Commissioners met in Special Session on Tuesday, March 29, 2005, at 3:30 p.m. in the Commissioners' Hearing Room, Island County Annex Building, 1 NE 6th Street, Coupeville, Wa. Mike Shelton, Chairman, and William J. Byrd, Member, were present; Wm. L. McDowell, Commissioner, absent.

Others attending the special session included:

Linda Riffe, Island County Treasurer
Bill Oakes, Island County Public Works Director
Elaine Marlow, Island County Budget Director
Alice Ostdiek, Foster Pepper Shefelman PLLC, Bond Counsel
Jane Towery, Banc of America Securities LLC, Underwriter [via telephone]
Peter Tomlin, Reporter, Coupeville Examiner

The purpose of the special session was to consider adoption of a resolution authorizing the issuance and sale of limited tax improvement and refunding bonds. The issue is to refund the callable portion of the 1997 issue and issue two million new money for the Juvenile Detention Center.

Documents presented for the Board's review and consideration to approve:

Resolution #C-34-05 Providing for the issuance of $7,510,000 Par Value of Limited Tax General Obligation Improvement and Refunding Bonds 2005. Approval of the Resolution also includes approval of the following documents:

- MBIA Commitment to Issue a Financial Guaranty Insurance Policy
- Purchase Agreement with Banc of America LLC to purchase the bonds
- Refunding Trust Agreement [to be approved and authorized for Chairman's signature at a later date].

Additional hand-out provided: 20-Bond GO Index. *[copy placed on file with the Clerk of the Board]*

Ms. Towery reviewed the action to be taken. The purchase offer is a commitment Banc of America is offering to Island County to purchase the issue which has a par value of $7,505,000. Banc of America went in the market early this morning and met with very good success marketing the bonds, receiving better interest rates than anticipated. The saving achieved to the County is $243,714 net present value (actual nominal dollars it is $302,761) through the year 2017. This is an advanced refund offering. Given the interest rate environment the institutional market was targeted. Island County's great rating report, the Commissioners conservative strong management of the County and its finances helped to achieve better results than actually anticipated.

Ms. Ostdiek reviewed the bond resolution and documents contained therein. Bond resolution lays out the terms of the bond and authorizes certain other things that will need to happen before the transaction is actually closed. The resolution contains the general authorization and description. It is a mixed new money and refunding issue. The new money portion [Exhibit "A"] about two million dollars out of this could be eligible potentially to refund earlier. The refunding portion is the portion that cannot be advanced refunded again. The pledges involved with the bonds includes not only the County's general full faith and credit, but also the voted sales tax for the juvenile detention center as well as REET

revenues, which helped strengthen things and protects the County more, as well as the investors. Other interesting features of the bond resolution:

-pledge that the County will take all actions necessary to make sure the bonds remain tax exempt
-designation these are qualified tax exempt obligations banks can purchase [under ten million thereby designated as bank qualified]
-describes the process for how refunding will take place
-authorizes the refunding trust agreement be signed by the Chairman at a later time before closing and appoints the Bank of New York as the escrow agent
-recites the fact that the County is receiving a savings and formally calls the bonds that are being refunded
-approves bond purchase agreement – to be signed today as part of the resolution.
- deems final the preliminary official statement [offering circular]
-commitment letter from MBIA, the insurer who presented the bid to insure the bonds and the resolution authorizes the commitment to be signed after completion of this meeting

Commissioner Byrd moved that the Board approve Resolution #C-34-05 Providing for the issuance of $7,510,000 Par Value of Limited Tax General Obligation Improvement and Refunding Bonds 2005. Motion, seconded by Commissioner Shelton, carried unanimously.

[Resolution #C-34-05 placed on file with the Clerk of the Board]

The Special Session adjourned at 3:47 p.m.

BOARD OF COUNTY COMMISSIONERS
ISLAND COUNTY, WASHINGTON

_____
Mike Shelton, Chairman

_____
William J. Byrd, Member

[Wm. L. McDowell, Member - absent]

ATTEST: _____
Elaine Marlow, Clerk of the Board