
M E M O R A N D U M

DATE: June 12, 2007
TO: City Council Members
FROM: Jennifer Bruno, Policy Analyst
RE: Sales Tax Revenue Bond Parameters Resolution for the Grant Tower and TRAX Extension Projects

POTENTIAL MOTIONS:

1. **["I move that the Council"]** Adopt a resolution authorizing the issuance and sale of up to \$8.8 million aggregate principal amount of sales tax revenue bonds, for the purpose of financing construction of the Grant Tower Railroad Realignment Project and improvements related to light rail expansion within the City.
 2. **["I move that the Council"]** Not adopt a resolution authorizing the issuance and sale of up to \$8.8 million aggregate principal amount of sales tax revenue bonds, for the purpose of financing construction of the Grant Tower Railroad Realignment Project and improvements related to light rail expansion within the City.
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The following information was provided previously for the Council Work Session on May 1, 2007. It is provided again for your reference.

The Administration has prepared a briefing for the Council regarding adoption of a parameters resolution for the bond issuance relating to the Grant Tower and TRAX Extension projects.

- A. The Parameters resolution contemplates the issuance of "up to" \$8.8 million principal amount of bonds bearing interest rate not more than 5.5%. The term of the bonds is contemplated to be 21 years.
- B. The *actual* total amount to be bonded for is \$8.53 million. This is consistent with previous Council briefings. The following is the breakdown of project costs:

Project	Amount
Grant Tower (City)	\$2,535,000
Grant Tower (RDA)	\$3,145,000
Total Grant Tower	\$5,680,000
TRAX Extension (bond-eligible portion)	\$2,850,000
Total Bond Amount	\$8,530,000

- C. Total cost of issuance and underwriter's costs are \$116,592.
- D. As detailed in the Administration's transmittal, debt service payments are contemplated to begin in October of 2007.
- E. Debt service totals approximately \$663,000 per year. This is a breakdown of debt service by projects:

Project	Debt Service
Grant Tower (City)	\$183,000
Grant Tower (RDA)	<u>\$274,000</u>
Total Grant Tower	\$457,000
TRAX Extension (bond-eligible portion)	<u>\$206,000</u>
Total Bond Amount	\$663,000

As shown in this chart, the total yearly debt service that the City's general fund is responsible for is **\$389,000** per year.

- F. The Resolution is scheduled for Council consideration and adoption on May 8, 2007.

RESOLUTION NO. __ OF 2007

A RESOLUTION AUTHORIZING THE ISSUANCE AND CONFIRMING THE SALE OF \$_____ SALT LAKE CITY, UTAH, SALES TAX REVENUE BONDS, SERIES 2007A, FOR THE PURPOSE OF FINANCING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING CERTAIN IMPROVEMENTS WITHIN THE CITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL TRUST INDENTURE TO SECURE SAID SERIES 2007A BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY FOR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

*** *** ***

WHEREAS, Salt Lake City, Salt Lake County, Utah (the "*City*") is a duly organized and existing city of the first class, operating under the general laws of the State of Utah;

WHEREAS, the City considers it necessary and desirable and for the benefit of the City to issue its sales tax revenue bonds as hereinafter provided for the purpose of (a) financing a portion of the cost of acquiring and constructing (i) certain improvements relating to its Westside Railroad Realignment Project (Grant Tower), (ii) certain infrastructure improvements in connection with the light rail expansion within the City and (iii) various other capital improvement program projects (collectively, the "*Project*"); (b) funding any necessary reserves and contingencies in connection with the Series 2007A Bonds (as defined below); and (c) paying all related costs authorized by law pursuant to authority contained in the Local Government Bonding Act, Chapter 14 of Title 11 (the "*Act*"), of the Utah Code Annotated 1953, as amended (the "*Utah Code*") and other applicable provisions of law;

WHEREAS, for the purposes set forth above, the City has determined (a) to issue its Sales Tax Revenue Bonds, Series 2007A, in the aggregate principal amount of \$_____ (the "*Series 2007A Bonds*") pursuant to the Master Trust Indenture, dated as of September 1, 2004, as amended and supplemented to the date hereof (the "*Master Indenture*"), and a Third Supplemental Trust Indenture, dated as of July 1, 2007 (the "*Third Supplemental Indenture*"), each between the City and Zions First National Bank, as trustee (the "*Trustee*") (the Master Indenture and Third Supplemental Indenture are sometimes collectively referred to hereinafter as the "*Indenture*"), and (b) to cause the proceeds of the sale of the Series 2007A Bonds to be applied in accordance with the Indenture;

WHEREAS, the City is authorized by the Utah Code to acquire and construct the Project, to enter into the Third Supplemental Indenture, and to issue the Series 2007A Bonds to finance a portion of the cost of construction of the Project, to fund any necessary reserves and to pay all related costs authorized by law;

WHEREAS, in satisfaction of the requirements to Section 11-14-307(6) of the Utah Code, the City, on Tuesday, May 8, 2007, held a public hearing with respect to the issuance of the Series 2007A Bonds;

WHEREAS, no written petition requesting an election with respect to the issuance of the Bonds was filed with the City within 30 days after April 30, 2007, as permitted by Section 11-14-307(7) of the Utah Code;

WHEREAS, the City Council of the City adopted a resolution on May 8, 2007 (the "*Parameters Resolution*"), approving the issuance of the Series 2007A Bonds, calling for the

publication of a "*Notice of Bonds to be Issued*" and setting certain parameters for the Series 2007A Bonds;

WHEREAS, the *Notice of Bonds to be Issued* was published pursuant to the Parameters Resolution on May 14, 2007, in *The Salt Lake Tribune* and the *Deseret Morning News*, newspapers having general circulation in the City;

WHEREAS, no action contesting the legality of the Series 2007A Bonds was filed within 30 days after May 14, 2007, as permitted by Section 11-14-316 of the Utah Code;

WHEREAS, a notice inviting electronic bids for the purchase of the Series 2007A Bonds has been advertised by electronic dissemination through the PARITY® electronic bid submission system and brought to the attention of potential purchasers, and the _____ (___) bids received pursuant to such notice have been tabulated as follows;

WHEREAS, it has been found that the bid of _____
(the "*Purchaser*"), conforms to the parameters, deadlines and procedures set forth in the notice of sale prepared in connection with the advertisement for sale of the Series 2007A Bonds and is the best bid received for the purchase of the Series 2007A Bonds, resulting in the sale of the Series 2007A Bonds at the lowest obtainable interest rate, said bid reading in full as follows:

[ATTACH COPIES OF WINNING BID AND LIST OF BIDS RECEIVED]

; and

WHEREAS, in the opinion of the City, it is to the best interests of the City that (a) the bid of the Purchaser be accepted and sale of the Series 2007A Bonds to the Purchaser be ratified and confirmed, and (b) the Mayor be authorized to execute the Final Official Statement with respect to the Series 2007A Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SALT LAKE CITY, SALT LAKE COUNTY, UTAH, AS FOLLOWS:

Section 1. Issuance of Bonds. (a) For the purposes set forth above, there is hereby authorized and directed the execution, issuance, sale and delivery of the Series 2007A Bonds in the aggregate principal amount of \$_____. The Series 2007A Bonds shall be dated as of the date of the initial delivery thereof, and shall mature on the dates and in the principal amounts and shall bear interest from the date of delivery thereof, payable on April 1 and October 1 in each year commencing October 1, 2007, at the interest rates per annum, as shown below:

<u>OCTOBER 1</u> <u>OF THE YEAR</u>	<u>AMOUNT</u> <u>MATURING</u>	<u>INTEREST</u> <u>RATE</u>
	\$	%

The Series 2007A Bonds shall be in authorized denominations, shall be payable, and shall be executed and delivered all as provided in the Indenture. The Series 2007A Bonds shall be subject to redemption prior to maturity as provided in the Third Supplemental Indenture.

(b) The form of the Series 2007A Bonds set forth in the Third Supplemental Indenture, subject to appropriate insertion and revision in order to comply with the provisions of the Indenture, is hereby approved.

(c) The Series 2007A Bonds shall be special obligations of the City, payable from and secured by a pledge and assignment of the Revenues (as defined in the Indenture) received by the City and of certain other moneys held under the Indenture on a parity with any other Bonds (as defined in the Indenture) issued from time to time under the Master Indenture, including, but not limited to the City's (i) Adjustable Rate Sales Tax Revenue Refunding Bonds, Series 2004, and (ii) Sales Tax Revenue Refunding Bonds, Series 2005A. The Series 2007A Bonds shall not be obligations of the State of Utah or any other political subdivision thereof, other than the City, and neither the faith and credit nor the ad valorem taxing or appropriation power of the State of Utah or any political subdivision thereof, including the City, is pledged to the payment of the Series 2007A Bonds. The Series 2007A Bonds shall not constitute general obligations of the City or any other entity or body, municipal, state or otherwise.

Section 2. Approval and Execution of the Third Supplemental Indenture. The Third Supplemental Indenture, in substantially the form attached hereto as *Exhibit A*, is hereby authorized and approved, and the Mayor or the Deputy Mayor is hereby authorized, empowered and directed to execute and deliver the Third Supplemental Indenture on behalf of the City, and

the City Recorder or any Deputy City Recorder is hereby authorized, empowered and directed to affix to the Third Supplemental Indenture the seal of the City and to attest and countersign the Third Supplemental Indenture, with such changes to the Third Supplemental Indenture from the form attached hereto as are approved by the Mayor or the Deputy Mayor, his execution thereof to constitute conclusive evidence of such approval. The provisions of the Third Supplemental Indenture, as executed and delivered, are hereby incorporated in and made a part of this resolution. The Master Indenture and the Third Supplemental Indenture shall constitute a "system of registration" for all purposes of the Registered Public Obligations Act of Utah.

Section 3. Acceptance of Bid; Issuance, Sale and Delivery of the Series 2007A Bonds. (a) The bid of the Purchaser for the purchase of the Series 2007A Bonds, which is set out in full in the preambles hereto, shall be and the same is hereby accepted, it being hereby found, determined and declared after public advertisement for bids for the purchase of the Series 2007A Bonds, that the Series 2007A Bonds bear interest at the lowest obtainable interest rate.

(b) The sale of the Series 2007A Bonds to the Purchaser at the price of \$_____ is hereby confirmed.

(c) The Series 2007A Bonds shall be delivered to the Purchaser and the proceeds of sale thereof applied as provided in the Indenture.

Section 4. Approval of Official Statement. The final Official Statement of the City for the sale of the Series 2007A Bonds, in substantially the form attached hereto as *Exhibit B*, with such changes, omissions, insertions and revisions as the Mayor or the Deputy Mayor shall approve is hereby authorized, and the Mayor or the Deputy Mayor shall sign and deliver such

final Official Statement to the Purchaser for distribution to the purchasers of the Series 2007A Bonds and other interested persons, his execution thereof to constitute conclusive evidence of such approval. The use of the Preliminary Official Statement, dated June 5, 2007, in connection with the offering of the Series 2007A Bonds is hereby acknowledged, approved and ratified.

Section 5. Other Certificates and Documents Required to Evidence Compliance with Federal Tax and Securities Laws. Each of the Mayor, the Deputy Mayor, the City Recorder or any Deputy City Recorder and the City Treasurer is hereby authorized and directed to execute (a) such certificates and documents as are required to evidence compliance with the federal laws relating to the tax-exempt status of interest on the Series 2007A Bonds and (b) a Continuing Disclosure Agreement, in substantially the form attached hereto as *Exhibit C*, and such other certificates and documents as shall be necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission and other applicable federal securities laws.

Section 6. Other Actions With Respect to the Series 2007A Bonds. The officers and employees of the City shall take all action necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary in conformity with the Act to carry out the issuance of the Series 2007A Bonds, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the sale and delivery of the Series 2007A Bonds. If (a) the Mayor or (b) the City Recorder shall be unavailable or unable to execute or attest and countersign, respectively, the Series 2007A Bonds or the other documents that they are hereby authorized to execute, attest and countersign, the same may be executed, or attested and

countersigned, respectively, (i) by the Deputy Mayor or (ii) by any Deputy City Recorder. Without limiting the generality of the foregoing, the officers and employees of the City are authorized and directed to take such action as shall be necessary and appropriate to issue the Series 2007A Bonds.

Section 7. Prior Acts Ratified, Approved and Confirmed. All acts of the officers and employees of the City in connection with the issuance of the Series 2007A Bonds are hereby ratified, approved and confirmed.

Section 8. Resolution Irrepealable. Following the execution and delivery of the Third Supplemental Indenture, this resolution shall be and remain irrepealable until the Series 2007A Bonds and the interest thereon shall have been fully paid, cancelled, and discharged.

Section 9. Severability. If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

Section 10. Effective Date. This resolution shall be effective immediately upon its approval and adoption.

(Signature page follows.)

ADOPTED AND APPROVED by the City Council of Salt Lake City, Salt Lake County,
Utah, this 12th day of June, 2007.

SALT LAKE CITY, SALT LAKE COUNTY,
STATE OF UTAH

Chair
Salt Lake City Council

ATTEST:

[Chief] Deputy City Recorder

[SEAL]

APPROVED:

By _____
Mayor

APPROVED:

By _____
Senior City Attorney

EXHIBIT A

[ATTACH FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE]

EXHIBIT B

[ATTACH FORM OF FINAL OFFICIAL STATEMENT]

EXHIBIT C

[ATTACH FORM OF CONTINUING DISCLOSURE AGREEMENT]