

REQUEST FOR COUNCIL ACTION

Subject: Revolving line of Credit for the City of West Jordan

Discussion: Over the past few months we have been working with Wells Fargo Bank on a revolving line of credit for the City of West Jordan. This line of credit is for emergency preparedness only. We would only use this line of credit to get the City working on fixing the problems created and then put in a permanent financing solution, bonds, etc. The City would be obligated to pay for the legal work to prepare the line of credit, estimated at \$4,000.00, and then only if used. We have discussed this issue with a couple of banks and a credit union and Wells Fargo was the only one interested in putting this in place.

Fiscal Impact: \$4,000.00

Attachments: Line of Credit

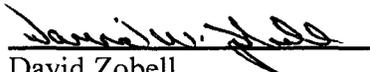
Recommendation: Approve the Resolution.

Motion Recommended:

“I move that we approve resolution #14-100 authorizing the City Manager to sign the Line of Credit document with Wells Fargo Bank.”

Roll Call Vote Required

Prepared by:



David Zobell
City Treasurer

Reviewed and Concurred by:



Ryan Bradshaw
Finance Manager CFO

Approved by:



Jeffrey Robinson
City Attorney

Recommended by:



Richard Davis
City Manager



April 14, 2014

City of West Jordan
c/o David Zobell, City Treasurer
8000 South Redwood Road
West Jordan, Utah 84088

Mr. Zobell:

We are pleased to express our interest in considering the credit accommodation described below. This letter is not intended to constitute a commitment or offer to lend on the part of Wells Fargo Bank, National Association ("Wells Fargo" or "Bank"), but only to summarize, for discussion purposes, the credit accommodation we are interested in considering at this time.

BORROWER: City of West Jordan (the "Borrower")

CREDIT TYPE: Revolving Line of Credit

PURPOSE: Financing for possible emergency funding needs related to projects and improvements throughout the City of West Jordan.

MATURITY: 12 month (renewable)

SECURITY: General Obligation of the City of West Jordan

INTEREST RATE: Prime + 0%. The rate is variable based on Wall Street Prime, currently 3.25% + 0% = 3.25% as of March 31st, 2014.
Rates subject to change according to current market conditions.

LOAN AMOUNT: \$5,000,000 Line of Credit.

ORIGINATION FEE: Waived for the 12 month period.

OTHER FEES:: Borrower to pay all out of pocket expenses associated with the Line of Credit, including but not limited to attorney's fees, document fees, recording fees and amendment fees.

CONDITIONS PRECEDENT TO CONSIDERING CREDIT ACCOMODATION: The Facility may be governed by a Continuing Covenants Agreement for the benefit of the Bank, which agreement will contain conditions and covenants and other provisions which are usual and customary for this type of financing.

Financial Condition:
City of West Jordan shall have provided and Wells Far shall have approved current financial statements of the City of West Jordan. There shall have been no material adverse change, as determined by Wells Fargo, in the financial condition or business of Borrower, nor any material decline, as determined by Wells Fargo.

Due Diligence:
Wells Fargo shall have conducted and be satisfied with its due diligence concerning the City of West Jordan.

Loan Covenants:

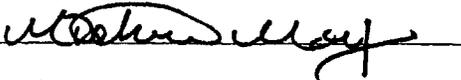
The loan agreements required by Wells Fargo shall include such covenants as Wells Fargo may require, which may include, without limitation, covenants obligating the City of West Jordan to: provide financial statements; preserve, and maintain its facilities; maintain insurance; pay other indebtedness when due; notify Wells Fargo of material litigation; and maintain the City of West Jordan financial condition at levels and in accordance with standards acceptable to Wells Fargo.

CONFIDENTIALITY: This document is confidential and proprietary and shall not be disclosed.

Again, this preliminary credit proposal is for discussion and negotiation purposes only. It does not represent an expression of the definitive terms and conditions of any proposed financing, and it does not constitute a binding agreement, promise, offer, or commitment from the Bank to lend or extend any financing to Borrower or any party. We expect to engage in further discussions with you and to obtain additional information. If such discussions lead to final credit approval by the Bank, the final approved terms will be represented by final loan documentation which may include additional and different terms, conditions, covenants, representations and warranties. The Bank shall not be bound to any financing arrangements unless and until the definitive terms are expressed in signed loan documentation acceptable in all respects to the Bank. All terms and provisions described in this letter, including, without limitation, any interest rate, are subject to change.

Sincerely,

Wells Fargo Bank, National Association

By: 

Michael. W. May, Senior Relationship Manager

The undersigned hereby confirms its interest in pursuing further discussion of the above preliminary credit proposal, and agrees to pay the Bank's related costs and expenses as stated above:

Borrower or Borrower's Representative:

By: _____

Name: _____

Title: _____

Date: _____

THE CITY OF WEST JORDAN, UTAH

A Municipal Corporation

RESOLUTION NO. 14-100

**A RESOLUTION AUTHORIZING THE CITY MANAGER
TO SIGN THE REVOLVING LINE OF CREDIT LETTER FROM WELLS FARGO BANK**

WHEREAS, the City Council of the City of West Jordan held a council meeting May 28, 2014, to consider a revolving line of credit from Wells Fargo Bank for emergency preparedness; and

WHEREAS, the City Council desires that the aforementioned line of credit be put in place, and be approved; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST JORDAN, UTAH, THAT:

Section 1. The Mayor and City Council hereby approve the terms of the Revolving Line of Credit from Wells Fargo Bank, legal fees estimated to be around \$4,000.00

Section 2. This Resolution shall take effect immediately upon passage.

Adopted by the City Council of West Jordan, Utah, this 28th day of May 2014

KIM V. ROLFE
Mayor

ATTEST:

MELANIE S. BRIGGS, MMC
City Clerk

Voting by the City Council	"AYE"	"NAY"
Council Member Jeff Haaga	_____	_____
Council Member Judy Hansen	_____	_____
Council Member Chris McConnehey	_____	_____
Council Member Chad Nichols	_____	_____
Council Member Ben Southworth	_____	_____
Council Member Justin D. Stoker	_____	_____
Mayor Kim V. Rolfe	_____	_____