



Michael Grange <mgrange@utah.gov>

Meadow Town Water Revenue Bond, Series 2006 - technical default of bond covenants

1 message

Michael Grange <mgrange@utah.gov>

Thu, Jul 25, 2024 at 4:05 PM

To: "meadowtowncorp@gmail.com" <meadowtowncorp@gmail.com>

Cc: "Lunstad, Nathan" <nlunstad@utah.gov>, Russell Seeley <rseeley@utah.gov>, Jeremy Andrews <jeremyandrews@utah.gov>

Good Afternoon Mayor Bishop,

The Division of Drinking Water has reviewed Meadow Town's financial statements and identified issues with respect to reserve funds required by Bond Covenant as outlined in the 2006 water revenue bond.

Please see the attached letter for additional information. This letter is being sent via electronic means only. A printed copy will not be mailed unless specifically requested.

Regards,
Michael



DRINKING WATER

Michael J. Grange, P.E.

Assistant Executive Secretary, Drinking Water Board
Infrastructure Funding Section Manager

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drinkingwater.utah.gov

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2024-07-25 Meadow Town DWSRF loan default letter.pdf

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Governor

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Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
Nathan Lunstad, P.E.
Director

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Nathan Lunstad
Executive Secretary

July 25, 2024

Gary Bishop, Mayor meadowtowncorp@gmail.com
Meadow Town
60 S 100 E
PO Box 88
Meadow, Utah

RE: Technical Default, Meadow Town Parity Water Revenue Bond, Series 2006,
 Drinking Water Board Loan #3S1560-3S087

Dear Mayor Bishop,

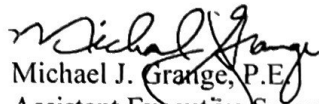
Based on a review of publicly available financial statements for Meadow Town, the Division of Drinking Water, acting as staff to the Drinking Water Board, has identified that Meadow Town does not have budget line items referring to, nor is it depositing the required funds into, either a Debt Service Reserve Fund or a Capital Facilities Replacement Fund. These two funds are specifically stipulated and required by bond covenants entered into by Meadow Town when it agreed to the terms and conditions of the referenced 2006 revenue bond. Please refer to bond **Article IV Flow of Funds** for information related to these reserve funds.

Meadow Town has 90 days from the date of this letter to resolve these issues by reinstating budget line items for the required Debt Service Reserve Fund and Capital Facilities Replacement Fund and adequately capitalizing these funds according to the 2006 bond covenants. **Furthermore, Meadow Town must provide the Drinking Water Board, through the Division of Drinking Water, with sufficient documentation of these actions.** Should the Town fail to resolve the issues within the allotted time, the Drinking Water Board will declare the Town in technical default of the bond covenants and will seek all possible legal recourse to remedy the situation.

Mayor Gary Bishop
Meadow Town
July 25, 2024
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If you have any questions regarding the content of this letter, or the required reserve funds, please contact me at (801) 674-2563 or mgrange@utah.gov.

Regards,



Michael J. Grange, P.E.
Assistant Executive Secretary, Utah Drinking Water Board
Infrastructure Funding Section Manager

cc: Nathan Lunstad, P.E., Division Director, Division of Drinking Water
Russell Seeley, P.E., Assistant Director, Division of Drinking Water
Jeremy Andrews, Administrative Services Section Manager, Division of Drinking Water
Meadow Town DWSRF Project File, #3S1560-3S087