



Municipal Services District

STAFF REPORT

Date: Dec 10, 2025

From: Brian Hartsell

RE: Update on 2022 MSD Bond

The purpose of this staff report is to provide an update on the status of the 2022 MSD Bond.

1. **Bond Summary.** The MSD closed on the \$20,000,000 Series 2022 Bond via private placement on Feb 15, 2022. The debt service concludes on Dec 1, 2031. All payments have been made on time. The next payment is due Jun 1, 2026. Attachment 1 shows the debt service schedule. Table 1 shows the projects funded by the bond, the amount of bond proceeds allocated to each project, the amount spent through Dec 31, 2024, amounts reimbursed from bond proceeds, and proceeds remaining per project.

Table 1

2022 Bond Summary

Area	Description	Total Issuance	Bond Allocation Spent through Dec 31, 2024	Reimbursed to MSD from Bond Proceeds	Proceeds Remaining
White City	Sego Lily Drive Road Improvement	\$ 2,332,000	\$ 2,332,000.00	\$ 2,332,000.00	\$ -
Magna	Cyprus Master Storm Drain Phase 2; 9040 West Storm Drain	\$ 2,223,000	\$ 2,223,000.00	\$ 2,223,000.00	\$ -
Kearns	4700 S Improvement Project	\$ 9,168,435	\$ 6,490,238.61	\$ 6,490,238.61	\$ 2,678,196.39
Emigration Canyon	Canyon Stabilization Project	\$ 2,201,000	\$ 2,201,000.00	\$ 2,201,000.00	\$ -
Unincorporated	Lower Millcreek Canyon Road Overlay	\$ 1,762,446	\$ 1,762,446.00	\$ 1,762,446.00	\$ -
Unincorporated	Upper Millcreek Canyon	\$ 949,554	\$ 949,554.00	\$ 949,554.00	\$ -
Copperton	Stormwater, Road & Maintenance Projects	\$ 700,000	\$ 664,281.44	\$ 664,281.44	\$ 35,718.56
Brighton	Infrastructure & Maintenance Projects	\$ 200,000	\$ 65,817.96	\$ 65,817.96	\$ 134,182.04
Unincorporated	Projects at Board Discretion (Upper Millcreek Canyon Road Overlay)	\$ 416,065	\$ 416,065.00	\$ 416,065.00	\$ -
	Issuance Costs	\$ 47,500	\$ 47,500.00	\$ 47,500.00	\$ -
Totals		\$ 20,000,000	\$ 17,151,903.01	\$ 17,151,903.01	\$ 2,848,096.99



G R E A T E R S A L T L A K E

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Since Dec 31, 2024, the remaining proceeds for the Copperton Stormwater project and Brighton project have been spent and will be reflected in a Dec 31, 2025, update to the table. The remaining allocation to Kearns is planned to be spent during the summer and fall of 2026 for road construction and maintenance projects elsewhere in Kearns since the full allocation was not required for the 4700S project.

2. **Arbitrage.** I briefed the board on this topic at the Feb 14, 2024, board meeting. Detail on this topic is included in my staff report from that meeting. Since that meeting, and based on guidance from the board at that meeting, a State and Local Government Security (SLGS) was put in place on Mar 8, 2024.

Projected arbitrage from interest earned since the Feb 2022 bond issuance is now estimated at about \$460,000. The arbitrage payment will be due in 2027.

Interest earned that is not part of the arbitrage payment to the IRS in 2027 will need to be expended on infrastructure maintenance and construction projects by Feb 2027. The board will need to determine and approve which projects the interest would be spent on as we get closer to the 2026 construction season. At present, we estimate about \$500,000 in interest available to spend towards projects.