

REQUEST FOR COUNCIL ACTION

Subject: Parameters Resolution authorizing the issuance and sale of not more than \$7,200,000 aggregate principal amount of storm drain revenue bonds of the City of West Jordan.

Discussion: The parameters resolution, prepared by Farnsworth Johnson LLP, authorizing the issuance and sale of up to \$7,200,000 of storm drain revenue bonds needs to be passed so that we can begin the bond process. These bonds are being issued so that the City can finance the costs of replacing pipe from 3200 w to the Jordan River, lowering of the detention pond in Constitution Park, and rehabilitating pipe on sections of 7800 S. The City Council along with staff, discussed the possibility of issuing these bonds for over a year.

It is now time to pass the parameters resolution for the bonds. The parameters resolution needs to be passed so that we can begin the process to issue Storm Drain Revenue Bonds. Over the next several weeks, the City along with our Bond Counsel (Farnsworth Johnson LLP) and Financial Advisor (George K Baum & Company), will be working to get all of the required paperwork complete, notices sent to the paper, decide on the structure of the bonds, and finally City Council will hold a public hearing to receive input from the public with respect to the issuance of the Series 2016 Bonds and the potential economic impact that the improvement will have on the private sector. The public hearing is scheduled for January 13, 2016.

Fiscal And/Or

Asset Impact: The City will sell approximately \$7,200,000 worth of sales tax revenue bonds. The bonds will be paid back with proceeds from storm drain revenue over the next 10 years.

Attachments: Parameters Resolution

Recommendation: Approve the Resolution.

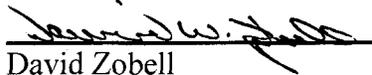
Motion Recommended:

“I move that we approve resolution #15-218 authorizing the issuance and sale of storm drain revenue bonds, directing the publication of a notice of bonds to be issued; expressing official intent regarding certain capital expenditures to be reimbursed from the proceeds of such revenue bonds; fixing the parameters for the bonds; providing for the holding of a public hearing; authorizing the execution and delivery of a master trust indenture and a supplemental indenture and other documents required in connection therewith; authorizing the taking of all other

actions necessary for the consummation of the transactions contemplated by this resolution.”

Roll Call Vote Required

Prepared by:



David Zobell
City Treasurer

Reviewed and Concurred by:



Ryan Bradshaw
Finance Director

Approved by:



Darien Alcorn
Deputy City Attorney

Recommended by:



Mark R. Palesh
City Manager

RESOLUTION NO. 15-218

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF STORM DRAIN REVENUE BONDS; DIRECTING THE PUBLICATION OF A NOTICE OF BONDS TO BE ISSUED; EXPRESSING OFFICIAL INTENT REGARDING CERTAIN CAPITAL EXPENDITURES TO BE REIMBURSED FROM THE PROCEEDS OF SUCH REVENUE BONDS; FIXING THE PARAMETERS FOR THE BONDS; PROVIDING FOR THE HOLDING OF A PUBLIC HEARING; AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER TRUST INDENTURE AND A SUPPLEMENTAL INDENTURE AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY FOR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION

*** *** ***

Whereas, the City of West Jordan, Utah (the "*City*") is a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah; and

Whereas, the City considers it necessary and desirable and for the benefit of the City and the users of the City's storm drain system (the "*System*") to issue storm drain revenue bonds as hereinafter provided for the purpose of financing the cost of acquisition, construction and completion of improvements to the System (the "*Project*").

Whereas, pursuant to and in accordance with the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "*Utah Code*") (the "*Act*"), the Master Trust Indenture (the "*Master Indenture*"), between the City and U.S. Bank National Association, as trustee (the "*Trustee*") (the form of which is attached hereto as *Exhibit A*), and a Supplemental Indenture (the "*Supplemental Indenture*" and, together with the Master Indenture, the "*Indenture*"), between the City and the Trustee (the form of which is attached hereto as *Exhibit B*), the City has determined that it is in the best interest of the City to (a) issue not more than \$7,200,000 Storm Drain Revenue Bonds, Series 2016 (the "*Bonds*") pursuant to this Resolution and the Indenture to provide funds for the purpose of (i) paying a portion of the costs of the Project, (ii) funding a debt service reserve fund and (iii) paying costs of issuance relating to the issuance, sale and delivery of the Bonds and (b) to cause the proceeds of the sale of the Bonds to be applied in accordance with the Indenture; and

Whereas, the City is authorized by the Act to enter into the Indenture and to issue the Bonds; and

WHEREAS, in the opinion of the City, it is in the best interest of the City to negotiate for the sale of the Bonds to a purchaser (the "*Purchaser*") and to enter into a Purchase Contract (the "*Purchase Contract*"), a form of which is attached hereto as *Exhibit D*; and

WHEREAS, in the opinion of the City, it is in the best interest of the City that (a) the City Manager (or, in the event of the absence or incapacity of the City Manager, the City Finance Director, or in the event of the absence or incapacity of both the City Manager and the City Finance Director, the City Treasurer (collectively, the “*Designated Officer*”)) be authorized to (i) negotiate with and accept the offer of the Purchaser pursuant to terms that conform to the parameters, requirements and procedures set forth herein and (ii) approve the final principal amount, maturity amounts, interest rates, dates of maturity and other terms and provisions relating to the bonds hereunder and to execute the Certificate of Determination and Purchase Contract containing such terms and provisions *provided* that such terms and provisions shall not exceed the limitations set forth in Section 1 herein; and

Whereas, Sections 11-14-316 of the Utah Code provides for the publication of a Notice of Bonds to be Issued and the City Council of the City (the “City Council”) desires to publish such a Notice of Bonds to be Issued with respect to said Bonds;

WHEREAS, Section 11-14-318 of the Utah Code requires that a public hearing be held to receive input from the public with respect to the issuance of the Bonds and the potential economic impact that the Project will have on the private sector after giving notice of such public hearing as provided by law, and the City desires to cause the publication of such a notice; and

Whereas the expenditures relating to the Project (the “*Expenditures*”) (i) have been paid from the City’s Storm Drain Fund (the “*Fund*”) within sixty days prior to the passage of this Resolution or (ii) will be paid from the Fund on or after the passage of this Resolution;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of West Jordan, Utah, as follows:

Section 1. Issuance of Bonds. (a) In accordance with and subject to the terms, conditions and limitations established by the Act and in the Indenture and for the purposes set forth herein, a series of storm drain revenue bonds of the City is hereby authorized to be issued in the aggregate principal amount of Seven Million Two Hundred Thousand Dollars (\$7,200,000). Such series of bonds shall be designated “*Storm Drain Revenue Bonds, Series 2016.*” If the Designated Officer determines that the principal amount to be issued shall be less than \$7,200,000, then the principal amount of such series of bonds shall be limited to the amount so determined by the Designated Officer.

The Bonds shall be dated as of their date of original issuance and delivery (the “*Dated Date*”), shall mature on the dates and in the principal amounts, and shall bear interest from the Dated Date, payable at the interest rates provided in the Certificate of Determination, a form of which is attached hereto as *Exhibit C* (the “*Certificate of Determination*”). The Bonds shall be issued in authorized denominations and shall be executed and payable as provided in the Indenture.

(b) There is hereby delegated to the Designated Officer, subject to the limitations contained in this Resolution, the power to determine and effectuate the following with respect to

the Bonds and the Designated Officer is hereby authorized to make such determinations and effectuations:

- (i) the aggregate principal amount of the Bonds; *provided* that the aggregate principal amount of the Bonds shall not exceed \$7,200,000;
- (ii) the maturity date or dates and principal amount of each maturity of the Bonds to be issued; *provided, however*, that the final maturity of all Bonds shall not be later than fifteen years from their date or dates;
- (iii) the interest rate or rates of the Bonds, *provided, however*, that the interest rate or rates to be borne by any Bond shall not exceed six percent (6.00%) per annum;
- (iv) the sale of the Bonds to the Purchaser of the Bonds and the purchase price to be paid by the Purchaser for the Bonds; *provided, however*, that the discount from par of the Bonds shall not exceed two percent (2.00%) (expressed as a percentage of the principal amount);
- (v) the Bonds, if any, to be retired from mandatory sinking fund redemption payments and the dates and the amounts thereof;
- (vi) the optional redemption date of the Bonds, if any;
- (vii) the use and deposit of the proceeds of the Bonds; and
- (viii) any other provisions deemed advisable by the Designated Officer not materially in conflict with the provisions of this Resolution.

The Authorized Officer shall make such determinations as provided above and shall execute the Certificate of Determination containing such terms and provisions of the Bonds, which execution shall be conclusive evidence of the actions or determinations of the Authorized Officer as to the matters stated therein. The provisions of the Certificate of Determination shall be deemed to be incorporated in Article II hereof and shall be deemed to be a part of this Resolution.

(c) The Bonds shall be subject to redemption prior to maturity as provided in the Indenture.

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

(e) The Bonds shall be special obligations of the City, payable from and secured by a pledge and assignment of the Net Revenues (as defined in the Indenture) derived by the City from the operation of the System, and certain funds established under the Indenture, subject to the application of the Net Revenues upon the terms and conditions set forth in the Indenture. The

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 taxing or appropriation power of the State of Utah or any political subdivision thereof, including the City, is pledged to the payment of the Bonds. The 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 Master Indenture and Supplemental Indenture. The Master Indenture and the Supplemental Indenture, in substantially the forms attached hereto as *Exhibits A* and *B*, respectively, are hereby authorized and approved, and the Mayor is hereby authorized, empowered and directed to execute and deliver the Master Indenture and the Supplemental Indenture on behalf of the City, and the City Recorder is hereby authorized, empowered and directed to attest such execution and to countersign, and to affix the seal of the City to the Master Indenture and the Supplemental Indenture, with such changes to the Master Indenture and the Supplemental Indenture from the forms attached hereto as are approved by the Mayor, his execution thereof to constitute conclusive evidence of such approval. The provisions of the Master Indenture and the Supplemental Indenture, as executed and delivered, are hereby incorporated in and made a part of this resolution. The Master Indenture and the Supplemental Indenture shall constitute a “system of registration” for all purposes of the Registered Public Obligations Act of Utah.

Section 3. Approval of Purchase Contract and Sale of the Bonds. (a) The Bonds are hereby authorized to be sold to the Purchaser, on the terms and conditions set forth in the Certificate of Determination and the Purchase Contract and upon the basis of the representations therein set forth; *provided* that such terms shall not exceed the limitations set forth in Section 1 herein. The Purchase Contract, in substantially the form attached hereto as *Exhibit D*, is hereby authorized and approved. To evidence the acceptance of the Purchase Contract, the Mayor is hereby authorized to execute and deliver, in substantially the form attached hereto as *Exhibit D*, with such insertions, deletions, changes, omissions and variations as the Mayor may deem appropriate (such approval of the Mayor of any such changes shall be conclusively established by the execution of the Purchase Contract).

(b) The Bonds shall be delivered to the Purchaser and the proceeds of sale thereof applied as provided in the Certificate of Determination.

(c) The Mayor is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale and delivery of the Bonds, and the City Recorder is hereby authorized, empowered and directed to attest such execution and to countersign, and to affix the seal of the City.

Section 4. Other Certificates and Documents Required to Evidence Compliance with Federal Tax Laws. The Mayor is hereby authorized and directed to execute such other certificates and documents as are required to evidence compliance with the federal laws relating to the tax-exempt status of interest on the Bonds, and the City Recorder is hereby authorized, empowered and directed to attest such execution and to countersign, and to affix the seal of the City.

Section 5. Other Actions With Respect to the 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 Bonds including, without limitation, the execution and delivery of any documents required to be delivered in connection with the sale and delivery of the Bonds. If (a) the Mayor or (b) the City Recorder shall be unavailable to execute or attest and countersign, respectively, the 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 Mayor pro tempore or (ii) by any Deputy City Recorder.

Section 6. Notice of Bonds to be Issued. In accordance with the provisions of Section 11-14-316 of the Act, the City Recorder shall cause the "Notice of Bonds to be Issued," in substantially the form attached hereto as *Exhibit D*, to be published one time in *The Salt Lake Tribune*, a newspaper of general circulation in the City, and shall cause a copy of this Resolution (together with all exhibits hereto) to be kept on file in her office for public examination during the regular business hours of the City until at least thirty (30) days from and after the date of publication thereof.

For a period of thirty (30) days from and after publication of the Notice of Bonds to be Issued, any person in interest shall have the right to contest the legality of this Resolution or the Bonds hereby authorized or any provisions made for the security and payment of the Bonds. After such time, no one shall have any cause of action to contest the regularity, formality or legality of this Resolution or the Bonds or any provisions made for the security and payment of the Bonds for any cause.

Section 7. Public Hearing. (a) In satisfaction of the requirements of Section 11-14-318 of the Act, a public hearing shall be held by the City to receive input from the public with respect to the issuance by the City of the Bonds for the purposes set forth in Section 1 hereof and the potential economic impact of the Project on the private sector.

(b) The City Recorder shall cause the "Notice of Public Hearing," in substantially the form attached hereto as *Exhibit E*, to be published (a) once each week for two consecutive weeks in *The Salt Lake Tribune*, a newspaper of general circulation in the City, with the first publication being at least 14 days prior to the date set for the public hearing and (b) on the Utah Public Notice Website no less than 14 days before the public hearing described in this Section.

Section 8. Reimbursement. For the purpose of satisfying certain requirements under the Internal Revenue Code of 1986, the City reasonably expects to reimburse the Expenditures with the proceeds of the Bonds to be issued in the maximum principal amount of \$7,200,000.

Section 9. Actions Taken. All proceedings, resolutions and actions of the City and its officers taken in connection with the sale and issuance of the Bonds are hereby ratified, confirmed and approved.

Section 10. Resolution Irrepealable. Following the execution and delivery of the Indenture, this resolution shall be and remain irrepealable until the Bonds and the interest thereon shall have been fully paid, cancelled, and discharged.

Section 11. Conflicting Provisions. All resolutions, orders and regulations or parts thereof heretofore adopted or passed that are in conflict with any of the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 12. Severability. It is hereby declared that all parts of this Resolution are severable, and 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 any such section, paragraph, clause or provision shall not affect the remaining provisions, paragraphs, clauses or provisions of this Resolution.

Section 13. Effective Date. This resolution shall be effective immediately upon its approval and adoption.

ADOPTED AND APPROVED by the City Council of the City of West Jordan, Utah,
December 2, 2015.

CITY OF WEST JORDAN, UTAH

By _____
Mayor

[SEAL]

ATTEST AND COUNTERSIGN:

By _____
City Recorder

EXHIBIT A

[ATTACH MASTER TRUST INDENTURE]

EXHIBIT B

[ATTACH FORM OF SUPPLEMENTAL INDENTURE OF TRUST]

EXHIBIT C

[ATTACH FORM OF CERTIFICATE OF DETERMINATION]

EXHIBIT D

NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of Sections 11-14-316 of the Utah Code Annotated 1953, as amended, that on December 2, 2015, the City Council of West Jordan City (the "*City*"), adopted a resolution (the "*Resolution*") in which it authorized and approved the issuance of the City's storm drain revenue bonds in one or more series (the "*Bonds*") in an aggregate principal amount of not to exceed Seven Million Two Hundred Thousand Dollars, to mature in not more than fifteen years from their date or dates, to bear interest at a rate or rates not to exceed six percent per annum, and to be sold at a discount from par of not to exceed two percent.

The Bonds are to be issued and sold by the City pursuant to (1) the Resolution, (2) a Master Trust Indenture (the "*Master Indenture*") between the City and U.S. Bank National Association (the "*Trustee*"), and (3) a Supplemental Indenture (the "*Supplemental Indenture*") between the City and the Trustee, supplementing the Master Indenture.

The Bonds are to be issued for the purpose of (a) financing the costs of the acquisition, construction and completion of improvements to the storm drain system of the City, (b) funding reserves and (c) paying certain costs relating to the issuance of the Bonds, all as set forth in the Resolution, the Master Indenture and the Supplemental Indenture.

The Bonds will be payable from and secured by the revenues of the City's storm drain system and certain other funds, as more particularly described in the Master Indenture. The City does not have any bonds currently outstanding that are secured by the revenues of the City's storm drain system. The estimated total cost to the City for the proposed Bonds, if the Bonds are held until maturity and based on estimated interest rates currently in effect, is \$9,072,000.

A copy of the Resolution (including drafts of the Master Indenture and Supplemental Indenture) is on file in the office of the City Recorder, located at 8000 South Redwood Road, in West Jordan, Utah, where it may be examined during regular business hours of the City Recorder from 8:00 A.M. to 5:00 P.M. Said Resolution (including drafts of the Master Indenture and Supplemental Indenture) will be so available for inspection for a period of at least thirty (30) days from and after the date of the publication of this notice.

NOTICE IS FURTHER GIVEN that pursuant to law for a period of thirty days from and after the date of the publication of this notice, any person in interest shall have the right to contest the legality of the above-described Resolution (including the Master Indenture and the Supplemental Indenture) of the City Council of the City of West Jordan, Utah, or the Bonds or any provisions made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause.

DATED December 2, 2015.

CITY OF WEST JORDAN, UTAH

EXHIBIT E

NOTICE OF PUBLIC HEARING — CITY OF WEST JORDAN, UTAH

PUBLIC NOTICE IS HEREBY GIVEN that on _____, the City Council (the “City Council”) of the City of West Jordan, Utah (the “City”) will hold and conduct a public hearing to receive input from the public with respect to the issuance of storm drain revenue bonds (the “Bonds”) and the potential economic impact that the improvement, facility, or property for which the bonds pay all or part of the cost will have on the private sector, pursuant to Section 11-14-318 of the Utah Code Annotated 1953, as amended.

PURPOSE FOR THE ISSUANCE OF THE BONDS

The City intends to issue the Bonds for the purpose of (1) financing the costs of the acquisition, construction and completion of improvements to the storm drain system (the “System”) of the City, (the “Project”), (2) funding reserves and (3) paying the costs incurred in connection with the issuance and sale of the Bonds.

MAXIMUM PRINCIPAL AMOUNT OF THE BONDS

The City intends to issue the Bonds in an amount not to exceed \$7,200,000.

THE TAXES, IF ANY, PROPOSED TO BE PLEDGED

The City will not pledge any taxes of the City for the payment of the Bonds. Instead, the City will pledge, pursuant to a Master Trust Indenture, the revenues attributable to the System for the payment of the Bonds.

TIME, PLACE AND LOCATION OF PUBLIC HEARING

The City will hold and conduct a public hearing during a public meeting that is to begin at 6:00 p.m. on _____. The public hearing will be held at 8000 South Redwood Road, in West Jordan, Utah. All members of the public are invited to attend and participate in the public hearing. Prior to the public hearing, written comments may be submitted to the City, to the attention of the City Recorder, 8000 South Redwood Road, West Jordan, Utah 84088.

DATED December 2, 2015.

CITY OF WEST JORDAN, UTAH