

**Municipal Building Authority
Business Meeting Minutes**

Date: Wednesday, September 5, 2018

Time: 7:30 p.m.

Place: Tooele City Hall, Council Chambers
90 North Main Street, Tooele, Utah

City Council Members Present:

Brad Pratt
Dave McCall
Melodi Gochis
Steve Pruden
Scott Wardle

City Employees Present:

Mayor Debra E. Winn
Captain Adrian Day, Police Department
Roger Baker, City Attorney
Glenn Caldwell, Finance Director
Michelle Pitt, City Recorder
Paul Hansen, City Engineer
Jim Bolser, Community Development and Public Works Director
Jami Carter, Library Director
Lisa Carpenter, Deputy City Recorder
Stacy Smart, Communities That Care Director

Minutes prepared by Amanda Graf

Chairman Pruden called the meeting to order at 7:30 p.m.

1. Open Meeting

2. Roll Call

Melodi Gochis, Present
Brad Pratt, Present
Scott Wardle, Present
Dave McCall, Present
Steve Pruden, Present

3. Resolution 2018-01 A Resolution of the Municipal Building Authority of Tooele City, Utah (The "Authority") Authorizing the Issuance and Sale of Not More Than \$9,000,000 Aggregate Principal Amount of Lease Revenue Bonds, Series 2018 (The "Bonds"); Delegating to Certain Officers of the Authority the Power to Approve the Final Terms and Provisions of the Bonds Within the Parameters Set Forth Herein; Fixing the Maximum Aggregate Principal Amount of

the Bonds, the Maximum Number of Years Over Which the Bonds May Mature, the Maximum Interest Rate Which the Bonds May Bear, and the Maximum Discount from Par at Which the Bonds May be Sold; Providing for the Publication of Notice of Public Hearing and Bonds to be Issued; Providing for the Running of a Contest Period; Authorizing the Execution by the Authority of a General Indenture, a First Supplemental Indenture, an Annually Renewable Master Lease Agreement, A Preliminary Official Statement (As Needed), an Official Statement (As Needed), a Bond Purchase Agreement, Security Documents, and Other Documents Necessary for the Issuance of the Bonds; Authorizing the Taking of All Other Actions Necessary for the Consummation of the Transactions Contemplated by this Resolution; and Related Matters

Presented by Jason Burningham

Jason Burningham, with Lewis, Young, Robertson, & Burningham, came forward. They are the financial advisor to Tooele City and to the Municipal Building Authority. The Municipal Building Authority is a means by which the City is able to finance municipal buildings. This entity was used a number of years ago to finance the Tooele City Hall, library, as well as other projects.

This resolution is an initial resolution that provides a notice of intent to proceed with looking at financing a new police facility. This resolution also outlines certain parameters by which the City can consider this project. The aggregate principal amount, the maximum, is \$9,000,000. That's estimated to include some flexibility relative to construction contingencies, costs related to debt-service reserve funds, or capitalize interest funds that are all potentially part in parcel to this transaction. Although they don't anticipate needing the maximum full parameters, they generally set those maximum parameters a little higher to allow for contingencies.

The other elements of the maximum parameters include the number of maximum number years over which the bonds can mature. They are looking at a 32 year period that includes 18 months to two years of construction time frame, and 30 years of amortization. The full 32 years might not be used, but it's a maximum parameter.

The last two parameters are relative to coupon rate, which is what one single potential maturity might actually bear in terms of an investor's perspective. That is set at 5%. They are seeing many coupons in the market place that are set at 5% but the yield on them is much lower. The statute requires setting the maximum coupon rate, not the maximum interest rate.

The last parameter is the discount from par. This resolution assumes that there are various ways in which the Municipal Building Authority can offer its bonds to investors. One of the ways of doing that is through an underwriter who would purchase it from the Municipal Building Authority and then sell it to a marketplace; that's what is referred to as a discount. The maximum is no less than 97%. They can pay a discount rate of no less than 97 % and still be within the parameters.

They are contemplating applying to a state agency on a private placement basis with the Community Impact Board. They are not anticipating that they will need the discount.

Those are the parameters that are required under the statute that are established by the Municipal Building Authority. The City Council will need to ratify what they determine and consider.

There are a few things that are a part of the process which include a public hearing which is part of the Community Impact Board process. The Resolution calls for that public hearing to be held on the 26th of September. If this resolution is adopted notice will be put in the paper and published on the Utah Public Notice website. That will provide two publications to let residents know about pursuing this financing and the impact that it would have.

The preliminary official statement, official statement, and other documentation are part and parcel to the MBA transaction. It's a lease revenue bond. There's a lease between the City and the Municipal Building Authority. The preliminary official statement and official statement, if needed, are how it's offered to the market place if it goes to the market, which might be unnecessary if it's related to the Community Impact Board.

There is a provision that designates officers of the building authority, provided that the final terms and conditions are within the maximum parameters. The designated officers have the ability to finalize the terms, conditions, and the purchase of the bonds. Those designated officers as contemplated in the resolution are the Chairman of the Municipal Building Authority, the Mayor, and the City Finance Director.

It's an intent resolution that will allow the process to move forward. They will be in the process of submitting the application to the Community Impact Board. There are very favorable terms in regards to a low interest rate and cost than what the public market is even though it takes a little bit more time.

Board member Pruden expressed his appreciation to Mr. Burningham for the explanation of this resolution. Hopefully the public can understand that they are doing what they can to save money and achieve the building that the Police Force and public deserve.

Mr. Baker stated that the special meeting for this resolution is scheduled for the same day and time as the Planning Commission meeting; so they might need to hold this meeting in a different room from the Planning Commission or move the Planning Commission meeting to a different room.

Chairman Pruden asked the Board if they had any questions or comments; there weren't any.

Board Member Pratt moved to approve Resolution 2018-01. Board Member Gochis seconded the motion. The vote was as follows: Board Member McCall, "Aye," Board Member Wardle, "Aye," Board Member Pratt, "Aye," Board Member Gochis, "Aye," Chairman Pruden, "Aye." The motion passed.

4. Adjourn to City Council Meeting

Board Member Gochis moved to adjourn back to the City Council meeting. Board Member Pratt seconded the motion. The vote was as follows: Board Member McCall, "Aye," Board Member Wardle, "Aye," Board Member Pratt, "Aye," Board Member Gochis, "Aye," Chairman Pruden, "Aye." The motion passed.

The meeting adjourned at 7:44 p.m.

The content of the minutes is not intended, nor are they submitted, as a verbatim transcription of the meeting. These minutes are a brief overview of what occurred at the meeting.

Approved this ____ day of _____, 2018

Steve Pruden, Tooele City Council Chair