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M E M O R A N D U M

DATE: July 11, 2002

TO: City Council Members

FROM: Russell Weeks

RE: Library General Obligation Building & Refunding Bonds, Series 2002

CC: Cindy Gust-Jenson, Rocky Fluhart, Dan Mulé, Nancy Tessman, Gordon Hoskins, Steve Fawcett, Gary Mumford, Michael Sears

This memorandum pertains to the proposed refunding of some of the $81 million in general obligation bonds issued to develop the new main library, the public plaza south of the new building, a roughly 600-stall underground parking garage and a new heating and cooling plant to serve the library and the City & County Building.

The Administration is proposing to refinance some of the $81 million in bonds that were issued in November 1999. Salt Lake City voters in 1998 approved issuing up $84 million in general obligation bonds to build a new main library and other projects. The Administration also is proposing to issue the remaining $3 million of the $84 million in general obligation bonds.

It should be noted that during a City Council briefing in May on the Salt Lake City Library System budget and on Page 6 of the Library System's proposed budget for the current fiscal year Library System administrators indicated that the remaining $3 million of the $84 million would be issued in summer 2002.

According to the Administration's transmittal, "the current interest rate environment provides a favorable opportunity to combine the refunding" of portions of the $81 million bond issue with issuing the remaining $3 million in bonds. Long-term, refunding portions of the $81 million in bonds would result in a savings of about $1.9 million over 17 years. Issuing the remaining $3 million in bonds would result in an additional debt service increase of about $4.3 million over 17 years.

According to the transmittal, refunding portions of the $81 million in bonds would result in a savings of about $110,000 in the current fiscal year, and savings of about $112,000 a year in debt service costs until the bonds are paid off. The Administration estimates that additional debt service costs from issuing the remaining $3 million would be $104,000 in the current fiscal year and about $263,000 a year until the bonds are paid off.

Currently, projected property tax on the $81 million in bonds for a house valued at $150,000 ranges from $37.37 in the year 2003 to $33.81 in the year 2019. For a house valued at $200,000 the projected property tax ranges from $49.83 in 2003 to $45.08 in 2019. For a house valued at $250,000 the projected property tax ranges from $62.29 in 2003 to $56.35 in 2019.

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With the proposed refunding of portions of the $81 million in bonds plus the issuance of the remaining $3 million in bonds, the projected property tax for a house valued at $150,000 ranges from $37.34 in the year 2003 to $34.59 in the year 2019. For a house valued at $200,000 the projected property tax ranges from $49.79 in 2003 to $46.12 in 2019. For a house valued at $250,000 the projected property tax ranges from $62.23 in 2003 to $57.65 in 2019. (Please see attachment.)