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## MEMORANDUM

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**DATE:** September 6, 2002

**TO:** Council Members

**FROM:** Jan Aramaki, Constituent Liaison & Policy Analyst

**SUBJECT:** Sale of \$124,000 Special Assessment Bonds, for District, 101011, East Liberty Park Concrete Replacement

**CC:** Cindy Gust-Jenson, David Nimkin, Rocky Fluhart, Rick Graham, Dan Mulé, Larry Spendlove, Garth Limburg, Max Peterson, Karen Carruthers, and Gary Mumford

**FILE LOCATIONS:** Public Services/East Liberty Park Concrete Replacement/SID 101011

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### **Requested Action:**

Administration requests that the City Council take the final step of action by adopting a resolution authorizing the issuance and providing for the sale of \$124,000 special assessment bonds, Series 2002, for Special Improvement District No. 101011. The district falls within the boundaries of 700 East, 900 South, 1300 South and 900 East.

According to Council staff's memo dated June 28, 2002, the Office of the City Engineer determined that the total costs for SID 101011 improvements amounted to \$944,670. The City's portion of \$722,232 included the overhead costs for which an assessment could not be levied and the cost of making the improvements for the benefit of property against which an assessment may not be levied, leaving an assessment of \$222,437 upon the 434 properties. Any portions of the assessment that was not paid within the fifteen day period could be paid in annual installments over a five-year period. By bonding, the City recoups money advanced for construction costs. The annual assessments are used to pay off the bond debt. According to the Administration, cash payments and non-assessables totaled \$97,834 leaving an unpaid balance of \$124,603.

Therefore, a bond will be secured for \$124,000 (rounding down from \$124,603). The City will be required to maintain a guaranty fund at 10 percent of the outstanding balance for the purpose of guaranteeing the payment of debt service on these bonds. The City's guaranty account has a sufficient balance to provide this guaranty.

The City has a five-year contract with an investment banking firm in place to act as the underwriter for all SID bonds issued for a five year period commencing

2002. Because the dollar amount to be bonded is so small, the Administration decided to issue these bonds as a “private placement” bond meaning that a bond issued by a state or local government are sold directly to a bank and not re-offered to the public. As such, the financial institution, serving as the bond holders, will purchase these bonds and place them in their own portfolio. Zions Bank, as underwriter, has been awarded the purchase of the bonds.

### **Chronology:**

- April 18, 2000 – Council adopted a resolution announcing its intention to construct improvements in the identified SID area.
- June 6, 2000 – Protest hearing for SID 101011; the Administration reported a protest rate of 1.3%. Prior to and at the 2000 Hearing, individuals having an interest in the District were allowed to protest the creation and the amendment of the District.
- After protests against the creation of the District were heard and considered and modifications recommended by the City Engineer were made, the District was created in the summer of 2000 (opportunity for community to provide their input).
- March 19, 2002 – Council adopted resolution to set the dates for the Board of Equalization and Review meeting where property owners in the district had the opportunity to review the final product and the cost of the improvements.
- July 2, 2002 – Council adopted an ordinance to approve levying an assessment upon each of the 434 properties identified in the assessment list for the purpose of paying the costs of replacement of all, or portions of deteriorated driveway approaches, curb, gutter and sidewalks; the installation of sod, topsoil, sidewalk ramps; the removal of illegal driveways; and the installation of new curb, gutter and sidewalk street improvements where none now exist; and other miscellaneous work which is necessary to complete the above improvements.”