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# M E M O R A N D U M

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**DATE:** March 9, 2007  
**TO:** City Council Members  
**FROM:** Russell Weeks  
**RE:** Resolution: TRAX Extension Project – Expressing Official Intent to Reimburse Certain Capital Expenditures from Proceeds of Sales Tax Revenue Bonds  
**CC:** Cindy Gust-Jenson, Lyn Creswell, Dan Mulé, DJ Baxter, Steve Fawcett, Gordon Hoskins, Louis Zunguze, Gary Mumford, Jennifer Bruno

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This memorandum pertains to a proposed resolution expressing Salt Lake City’s official intent to reimburse itself for certain capital expenditures with proceeds of sales tax revenue bonds to be issued to help fund the TRAX extension project from the Arena Station on South Temple Street to the Intermodal Hub at (Salt Lake City Central Station) at 600 West 200 South.

## **OPTIONS**

- Adopt the resolution.
- Do not adopt the resolution.

## **POTENTIAL MOTIONS**

- I move that the City Council adopt the resolution expressing official intent regarding certain capital expenditures to be reimbursed from proceeds of an obligation to be issued by the City.
- I move that the City Council consider the next item on the agenda.

## **KEY POINTS**

The proposed resolution does three things in relation to Salt Lake City’s share of the TRAX extension project from the Arena Station on South Temple Street to the Intermodal Hub at (Salt Lake City Central Station) at 600 West 200 South.

- It indicates that the City “reasonably expects” to reimburse itself with sales tax bond proceeds for expenses it incurs before the City issues sales tax bonds.
- It identifies where those expenses will come from before the bond issue. In this case, the resolution identifies the Capital Improvement Program Fund.
- It limits the maximum principal amount of bonds issued for the project at \$3 million.

## **BACKGROUND/DISCUSSION**

The proposed resolution would allow the City to reimburse itself for capital expenses it has agreed to do as part of the project to extend the light rail line from the Arena Station to the Intermodal Hub (Salt Lake City Central Station).

In November 2006 the City Council authorized Mayor Ross C. Anderson to sign an amended interlocal agreement with the Utah Transit Authority that would increase the City's share of the \$41.7 million extension from \$8.45 million to \$11.01 million.

The City determined that \$3.41 million in "new cash" was necessary. The sum broke down into two categories:


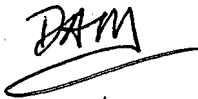
- \$600,000 for a TRAX station at 525 West 200 South Street to come from fund balance because it would not be eligible to be paid through bonds.
- \$2.81 million in bonds. The City Council later agreed with the Administration that the bonds would be sales tax revenue bonds.

The Administration indicated that it would not need bond proceeds to fund project costs until July 1, 2007.

The proposed resolution would allow the City to spend money from the Capital Improvement Program Fund on the TRAX extension, but reimburse itself from bond proceeds after the bonds are issued.

According to the Administration transmittal letter, the City "is in no way obligating itself to issue any bonds ... It merely allows the City the flexibility to reimburse itself up to the stated amount should we want to do so at some time in the future. Moreover, the principal amount of bonds actually issued can be for any amount less than \$3 million."

**COUNCIL TRANSMITTAL**

**TO:** Lyn Creswell, Chief Administrative Officer   
**FROM:** Daniel A. Mule, City Treasurer   
**DATE:** March 6, 2007  
**SUBJECT:** Resolution Expressing Official Intent to Reimburse Certain Capital Expenditures from Proceeds of Sales Tax Revenue Bonds to be Issued for the Purpose of Funding the TRAX Extension Project

**STAFF CONTACT:** Daniel A. Mule, City Treasurer

**TELEPHONE NUMBER:** 535-6411

**RECOMMENDATION:** That the City Council adopt the above-referenced resolution.

**DOCUMENT TYPE:** Resolution

**BUDGET IMPACT:** None.

**DISCUSSION:** A reimbursement resolution needs to either describe the related project or identify the source of funds from which payment will come (such as Capital Improvement Program (CIP) funds) and it also needs to state the maximum principal amount of bonds to be issued. In addition to allowing all eligible expenditures to be paid from the named account on or after the passage of the resolution, a reimbursement resolution allows the City to recoup eligible "hard cost" expenditures (such as land purchases, building construction) from future bond proceeds provided that these expenditures were made no longer than 60 days prior to the adoption of the reimbursement resolution. Preliminary expenditures or "soft costs" (such as design work, engineering fees) are reimbursable without a reimbursement resolution as long as these costs do not exceed 20% of the bond proceeds. Soft costs are not subject to the 60-day time limit referenced above.

The attached reimbursement resolution is being submitted with a "not-to-exceed" principal amount of bonds, including costs of issuance of \$3 million. This amount represents \$2,810,000 for project costs. Project costs will be used for street improvements, curb and gutter work, and utility relocations on 200 South and 600 West.

Lyn Creswell  
March 6, 2007  
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By adopting this resolution, the City is in no way obligating itself to issue any bonds for this purpose. It merely allows the City the flexibility to reimburse itself up to the stated amount should we want to do so at some time in the future. Moreover, the principal amount of bonds actually issued can be for any amount less than the \$3 million.

Attachment

cc: Steve Fawcett  
Randy Hillier  
Gordon Hoskins  
Marina Scott

RESOLUTION NO. \_\_\_ OF 2007

A RESOLUTION Expressing Official Intent Regarding Certain Capital Expenditures to be Reimbursed From Proceeds of an Obligation to be Issued by the City.

WHEREAS, Salt Lake City, Utah (the "City"), is planning to acquire and construct certain infrastructure improvements in connection with the light rail expansion within the City (the "Project");

WHEREAS, the City Council of the City (the "City Council") deems it necessary and advisable that it take such action as may be required under applicable provisions of law to authorize and issue sales tax revenue bonds (the "Bonds") to finance the costs of the Project; and

WHEREAS, all or a portion of the expenditures relating to the Project (the "Expenditures") (i) have been paid from the City's Capital Improvement Program Fund (the "Fund") within the 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 and prior to the issuance of the Bonds;

NOW THEREFORE BE IT AND IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF SALT LAKE CITY, SALT LAKE COUNTY, UTAH, AS FOLLOWS:

Section 1. The City reasonably expects to reimburse the Expenditures with proceeds of the Bonds.

Section 2. The maximum principal amount of the Bonds expected to be issued for the Project is \$3,000,000.

Section 3. All actions of the officers, agents and employees of the City that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

----- Section 4. -All resolutions in conflict with this Resolution or-any part hereof are hereby-----  
repealed.

Section 5. This Resolution shall be in full force and effect immediately upon its adoption.

ADOPTED AND APPROVED by the City Council and the Mayor of Salt Lake City, Salt Lake County, Utah, this 13th day of March, 2007.

SALT LAKE CITY, UTAH

By \_\_\_\_\_  
Chair

[SEAL]

ATTEST:

By \_\_\_\_\_  
Deputy City Recorder

APPROVED:

By \_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

By \_\_\_\_\_  
Senior City Attorney