
MEMORANDUM

DATE: October 12, 2010
TO: City Council Members
FROM: Jennifer Bruno, Deputy Director
RE: Resolution authorizing the issuance and confirming the sale of \$100,000,000 in GO Bonds for the Public Safety Facility and \$15,300,000 for the Regional Athletic Complex

KEY ELEMENTS

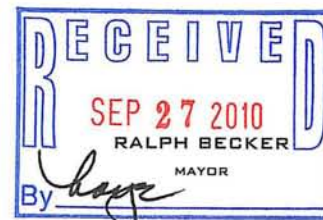
- A. The Administration is requesting the Council release \$100,000,000 in GO Bonds for the Public Safety Facility and \$15,300,000 for the Regional Athletic Complex.
- B. The Council approved the issuance and sale of \$25 million in GO Bonds for the Public Safety Facility in April of 2010.
- C. The Council approved the Riparian Restoration Plan and amended the revenue and expenditure budget for the construction of the Regional Athletic Complex in September of 2010. The Council required approval of the Riparian Restoration Plan prior to issuing bonds for the project. The Administration is now requesting that the Council issue the bonds that the budget has been amended to include.
- D. Public hearings have already been held for both bond issuances in relation to the Parameters Resolutions for both projects (establishing the maximum amount of \$125 million for the Public Safety Facilities and \$15.3 million for the Regional Athletic Complex). The GO Bond process does not legally require an additional public hearings on the bond sale/issuance.
- E. The City's financial advisor will be available at the Council's work session to discuss details of the proposed bond issuances.
 - 1. Initially the City was considering issuing part of the bonds as taxable, Build America Bonds. The advantage of Build America Bonds is that even though they are taxable, frequently the net interest rate is lower than a tax exempt bond because of the availability of a federal rebate. This program was created as a part of the American Recovery and Reinvestment Act (ARRA).
 - 2. However, recently the City has been made aware of an opportunity to issue the bonds as tax-exempt direct placement bonds for between 2.78% to 2.97% (which would likely be a lower net rate than available through the Build America Bond process). The City's Financial Advisor and Administration are still working on final details of the terms of this opportunity, and will be available to answer further questions during the Council briefing.
 - 3. Details could determine whether these bonds are issued in a single night (which would likely occur on November 9th) or as two separate issuances (calendar would likely be November 9th for the Sports Complex Bonds and December 7th for the Public Safety Bonds).
- F. The Council may wish to note that these issuances will trigger both of these projects (\$125 million and \$15.3 million) of the voter-approved property tax increase to appear on tax notices for the coming year.

- G. The Council will receive a detailed briefing on the progress of the Public Safety Facilities project on November 9th from David Hart, FAIA, the City's contract project manager.
- H. The Council approved an initial expenditure budget for the Public Safety Facilities in April of 2010 (\$25 million). The Administration is requesting the Council approve the remaining expenditure budget for this amount in conjunction with the second budget amendment of FY 2011 (public hearing on November 9th). This will facilitate demolition and construction beginning in the winter of 2010/2011 and full construction beginning in the spring of 2011.
- I. Voters approved the Public Safety Facilities project in 2009 and the Regional Athletic Complex in 2003.

DANIEL A. MULE
CITY TREASURER

SALT LAKE CITY CORPORATION

DEPARTMENT OF MANAGEMENT SERVICES
TREASURER'S DIVISION



David Everitt, Chief of Staff

CITY COUNCIL TRANSMITTAL

Date Received: _____

Date sent to Council: _____

SCANNED TO: *Mayor*
SCANNED BY: *hage*
DATE: 9/27/2010 8:53 AM

TO: Salt Lake City Council
JT Martin, Chair

DATE: September 26, 2010

FROM: Daniel A. Mulé, City Treasurer

SUBJECT: \$115,300,000 General Obligation Bonds, Series 2010B (Public Safety Facilities and Regional Sports Complex Projects)

STAFF CONTACT: Daniel A. Mulé, City Treasurer 801-535-6411

DOCUMENT TYPE: Briefing/Discussion

RECOMMENDATION: That the City Council hold a discussion on October 12, 2010 in anticipation of the adoption of a resolution in early November, 2010, authorizing the issuance and confirming the sale of \$115,300,000 of Salt Lake City, Utah, General Obligation Bonds, Series 2010B (Public Safety Facilities and Regional Sports Complex Projects).

BUDGET IMPACT: None. Increased tax collections resulting from the issuance of voter-authorized general obligation bonds for the Public Safety Facilities Project and the Regional Sports Complex Project will be sufficient to cover debt service costs for the period in which the bonds are outstanding.

BACKGROUND/DISCUSSION: A Special Bond Election was held on November 4, 2003. Voters within Salt Lake City passed Proposition 5 authorizing the City to issue and sell general obligation bonds in an amount not to exceed \$15.3 million for the purpose of paying the costs of acquiring, constructing, furnishing and equipping a multi-purpose regional sports, recreation and education complex and related roads, parking and improvements (Regional Sports Complex Project). The City covenanted in a Special Bond Election Resolution adopted by the City Council on September 9, 2003 that "bonds authorized pursuant to City Proposition Number 5 (Regional Sports and Recreation Complex) shall only be issued if money or pledges satisfactory to the City have been received for the facilities described in City Proposition Number 5 in an aggregate amount at least equal to Seven Million Five Hundred Thousand Dollars (\$7,500,000)." In 2009, the City received an Irrevocable Letter of Credit for \$7.5 million from Peoples National Bank, N.A. which satisfied the pledge requirement.

On November 3, 2009, voters within Salt Lake City authorized the City to issue and sell general obligation bonds in an amount not to exceed \$125 million for the purpose of financing the cost of providing a public safety administration and operations building, an emergency operations center,

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and related facilities. An initial \$25 million par amount of general obligation bonds was issued on April 29, 2010. The remaining \$100 million par amount will be included in this upcoming bond issue.

Separate Parameters Resolutions for the Public Safety Facilities Project and Regional Sports Complex Project were adopted on February 9, 2010. Separate public hearings for both projects were held on March 2, 2010.

At the time this Transmittal was submitted, the financing structure for issuing the bonds had not been finalized. The possibilities range from 100% tax-exempt private placement, to a combination of tax-exempt private placement/tax-exempt public offering/taxable public offering. Consequently, there are no debt service schedules or schedules showing the impact to property owners included in this Transmittal. The structure will be determined prior to the October 12, 2010 briefing and the appropriate schedules will be provided.

Attachments: to follow.

cc: Gina Chamness, Boyd Ferguson, David Hart, Gordon Hoskins, Rick Graham, Marina Scott