

06/11/15 RES



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

**Department of
Workforce Services**

JON S. PIERPONT
Executive Director

CASEY R. CAMERON
Deputy Director

GREG PARAS
Deputy Director

June 18, 2015

The Honorable Vaun Ryan
MAYOR OF ROOSEVELT CITY
256 South State Street
Roosevelt, Utah 84066

Re: NOTICE OF LOAN AUTHORIZATION AND CONDITIONS

Dear Mayor Ryan:

On June 11, 2015, the Permanent Community Impact Fund Board (the "Board") authorized a \$2,764,000 grant and a \$307,000 loan to Roosevelt City (the "Issuer") for the construction of water, sewer and storm drainage system improvements, including installation of water lines, storm drainage lines and sewer lines, and the construction and installation of street improvements including roto-milling, compacting and placement of road surfaces, installation of approaches, pedestrian ramps, curbs, gutters and sidewalks and construction of a bridge culvert (the "Project"). The loan will be evidenced by a water revenue bond (the "Bond") to be issued by the Issuer and purchased by the Board. The purpose of this letter is to set forth the terms of the loan and to specify the conditions that must be satisfied before the Bond is purchased by the Board.

Basic Loan Terms

The Bond must provide that it shall mature in 30 principal installments, payable on June 1 of each year commencing on June 1, 2017. Enclosed with this letter is a principal repayment schedule listing the amount of principal maturing in each year. As long as principal installments are paid on a timely basis, no interest will accrue on the unpaid principal balance of the Bond. However, the Bond shall provide that delinquent installments of principal shall bear interest at the rate of eighteen percent (18%) per annum from the due date thereof through the date of actual payment. All payments shall be applied first to accrued but unpaid interest and then to principal.

The Bond may be prepaid, in whole or in part, at any time in minimum amounts of \$1,000 or any integral multiple thereof, which prepayments shall be applied against Bond principal in inverse order of maturities. In addition, if any Bond proceeds remain after the Project is completed, those remaining proceeds shall be used to redeem Bond principal in inverse order of maturities.

Total Project Funds

Based upon the information presented to the Board, the following sources of funding will be available for the construction of the Project:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Permanent Community Impact Fund Board -- Loan	\$ 307,000	9%
Permanent Community Impact Fund Board -- Grant	2,764,000	83%
Issuer -- Cash Contribution	<u>240,000</u>	<u>8%</u>
TOTAL	<u>\$ 3,311,000</u>	<u>100%</u>

As a condition to the purchase of the Bond by the Board, the Issuer must make arrangement for all loan and grant proceeds and all Issuer contributions to be deposited into the escrow account described below at the time the Board delivers funds; and assurances must be given that all grant funds (other than direct grants from the Board) will be available for the Project when needed. If any funds remain in the escrow account upon completion of the Project, those funds shall be deemed to be grant funds up to the entire amount of all grants (from agencies other than the Issuer) and shall be returned to the granting agency on a pro rata basis.

Bond Format and Security

The Bond shall be in the form of a non-voted water revenue bond to be issued by the Issuer. In addition to other provisions typically included in such documents, the Bond documents must contain the following provisions:

1. The Bond will be issued initially in the form of a single, fully-registered bond in the amount of \$307,000. However, provision should be made which would allow the Bond to be exchanged for separate serial bonds in minimum denominations of \$1,000.
2. The Bond must be secured by a pledge by the Issuer of 100% of the net revenue produced by the Issuer's water system, and the Issuer will be required to warrant and demonstrate that those net revenues equal or exceed 125% of the total annual debt service requirements on the Bond and any other obligations secured by a pledge of those revenues.
3. The Issuer will be required to establish and maintain a debt service reserve fund in an amount equal to the maximum annual debt service on the Bond. The amount required must be contributed to that fund in no more than 72 monthly deposits.
4. If the Issuer has previously issued bonds or other obligations secured by a pledge of water system revenues, the Bond to be purchased by the Board should be issued on a parity with those prior bonds or obligations with respect to the revenue pledge. If it is not possible for the Bond to be issued on a parity basis, the Issuer should contact Mr. Keith Heaton or Ms. Candace Powers immediately. (Mr. Heaton's telephone number is (801) 468-0133, and Ms. Powers' telephone number is (801) 468-0131.

Bond Documents and Closing Conditions

Certain conditions must be satisfied and completed before the Board will purchase the Bond. In this regard, the Board has assigned William L. Prater the responsibility of reviewing and approving all proceedings and documents relating to the sale of bonds to the Board. His address is: 6925 Union Park Center, Suite 265, Midvale, Utah 84047; and his telephone number is: (801) 566-8882. The Board's Director of Community Development, Mr. Keith Heaton, and the Board's Fund Manager, Ms. Candace Powers, will also monitor compliance by the Issuer with those loan conditions. Mr. Heaton's telephone number is: (801) 468-0133; and Ms. Powers' telephone number is: (801) 468-0131.

The following conditions must be met before the Board will purchase the Bond:

1. The Issuer should retain the services of a nationally recognized bond attorney to assist the Issuer in the preparation of the bond documents and to render legal opinions related thereto. The Issuer's bond attorney should submit the following items to the Board's attorney at the times listed below:

(a) No later than one week prior to the meeting at which the Issuer intends to adopt its Resolution for the issuance of the Bond, a complete copy of the proposed Resolution shall be submitted for review.

(b) No later than two weeks after the adoption of the Resolution, the following items shall be submitted:

(i) A true and complete photocopy of the Resolution as adopted, showing signatures of the appropriate officials of the Issuer on the Resolution and on the Notice of Meeting, Acknowledgment of Notice and Consent, Certificate of Publication, Open Meeting Certificate, and other similar documents relating to the Resolution.

(ii) A complete copy of the proposed documents to be signed at Closing, including (but not necessarily limited to) General Certificate, Signature Identification and Non-Litigation Certificate, Receipt, Arbitrage Certificate (if required), Issuer Attorney's Non-Litigation Certificate, Certificate of Clerk (or Recorder) as to contents of Bond Transcript File, Net Revenue Certificate, Escrow Agreement, and the Bond Attorney's Opinion.

The procedures for bond approval will be substantially the same as required by the Utah Local Government Bonding Act as it applies to cities and towns. The opinion of the bond attorney must accompany delivery of the Bond to the Board before proceeds of the loan will be released.

At or after the Closing, the Issuer will be billed by the Board's attorney, and those legal fees must be paid by the Issuer. (This is an eligible Project expenditure.) If the Issuer fails to

close the loan after this authorization, it will nonetheless be billed for the actions taken by the Board's attorney prior to loan cancellation.

2. Consistent with requirements of the law and the covenants of applicable bond resolutions, the actual payment of funds by the Board to the Issuer will not take place until the Board has assurance the funds will be used for Project costs and the Project will actually be completed. To assure this, all monies to be expended on the Project shall be placed in an escrow account supervised by the Issuer and the Board. A copy of the proposed escrow agreement shall be submitted to the Board and the Board's attorney for review.

3. At the time of the adoption of the bond resolution, the Issuer shall have passed an ordinance or resolution establishing reasonable water use rates and collection enforcement remedies, taking into account many factors including the need to have sufficient revenue income for all outstanding water system debts, operation and maintenance costs, and any reserve funds. It will then be necessary to implement effective collection procedures. A copy of the rate ordinance and collection enforcement procedures shall be submitted to the Board and the Board's attorney for review.

4. The Issuer's contract with its engineer should include the cost of developing the plans and specifications and the construction inspection of the Project. The contract should be submitted to the Department of Environmental Quality, Division of Drinking Water (with respect to the water system portions of the Project) and to the Department of Environmental Quality, Division of Water Quality (with respect to the sewer system portions of the Project) for review. (This requirement is to assure the Board that adequate and appropriate arrangements are made for completing and inspecting the project within the guidelines set by the Board.)

5. The project engineer shall submit plans and specifications, bidding documents, and general conditions to the Division of Drinking Water and the Division of Water Quality for review prior to soliciting bids on the Project. The engineer should contact the Division of Water Quality and the Division of Drinking Water, to arrange for the expeditious review of the plans and specifications. This loan cannot be closed until after the bid opening, to assure that sufficient funds are available to complete the Project.

6. Rights-of-way and easements for construction, and operation and maintenance of the Project shall be acquired. The Issuer, through its engineer, shall furnish its attorney a right-of-way map showing the location of all sources, buildings, structures, pipelines, and other pertinent facilities in the Project. This map will be signed by the engineer and presiding officer of the Issuer.

7. The Issuer's attorney shall certify the following items in writing to the Board:

- (a) The Issuer is a legal entity.

(b) The Issuer has valid legal title to the rights-of-way designated and shown on the right-of-way map, including rights-of-way both for the Project to be constructed and the remainder of the existing water, sewer and storm drainage system.

(c) The Issuer has established the ownership of water rights to any water used in the system, and the quantity of the water so owned.

(d) The Issuer complied with all applicable statutes, ordinances, rules and regulations relating to the bidding of the Project, and the contract documents for the construction of the Project have the proper and legal format and are in compliance with the Utah Code Annotated 1953 (Title 34, Chapter 30).

(e) After the completed and executed construction contract, along with the performance and payment bonds and evidence of necessary insurance, has been reviewed by the Issuer's attorney, the Issuer's attorney shall furnish to the Board his legal opinion that all of such items are legal and binding and in compliance with the Utah Code.

A draft of this letter shall be submitted to the Board and the Board's attorney not later than two weeks after the adoption of the bond resolution.

8. As a condition to the acceptance by the Board of a non-voted revenue bond, the Issuer must (a) publish notice and conduct a public hearing consistent with the requirements of the Utah Local Government Bonding Act, and (b) mail notices to System users in the Issuer's service area informing them of that public hearing. In addition to the time and location of the public hearing, the notices which are mailed to System users shall inform System users of the Issuer's intent to issue a non-voted revenue bond to the Board, shall describe the face amount of the Bond, the rate of interest, the repayment schedule and shall describe the impact of the Project. User charge rates and connection fees should be noted in that notice. That notice shall state that System users may respond to the Issuer in writing or in the public hearing. A copy of all written responses and a certified record of a public hearing shall be forwarded to the Board. If the Board feels that there is significant opposition to the proposed Project, or if required by the Utah Local Government Bonding Act, it may be necessary for the Issuer to hold a bond election before the Board's funds will be made available.

In order to facilitate the timely completion of the financial assistance requirements outlined in this letter, the Issuer and its attorney and engineer should submit all of the items listed in the numbered paragraphs above no later than 30 days before the bond closing.

Pursuant to Board policy, the loan authorization described in this letter shall remain valid for a period of six (6) months after the date of this letter. If the Bond closing does not occur within that 6-month period, the Board may require the Issuer to appear before the Board to explain why that closing has not occurred. The Board may thereafter cancel this loan authorization if the Board determines that additional delays are not justified.

The Honorable Vaun Ryan
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These requirements will probably not cover all the matters pertaining to the Project. We anticipate that specific questions on matters relating to your Project will arise, and we are confident that a joint cooperative effort can resolve the issues.

If you have any questions concerning these requirements, please contact me.

Sincerely,



Candace Powers, Fund Manager
Permanent Community Impact Fund Board

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ROOSEVELT CITY

WATER, SEWER, STORM DRAINAGE

Amortization Schedule

Principal \$ 307,000.00
 Interest 0.00%
 Term (Years) 30
 Periods Per Year 1
 Payment \$10,300.00

PREPARED: 6/23/15 2:35 PM

Interest Starts Accruing N/A

Payment Number	Date	Beginning Balance	Payment	Interest	Principal	Ending Balance
1	6/1/2017	\$ 307,000.00	10,300.00	-	10,300.00	\$ 296,700.00
2	6/1/2018	296,700.00	10,300.00	-	10,300.00	286,400.00
3	6/1/2019	286,400.00	10,300.00	-	10,300.00	276,100.00
4	6/1/2020	276,100.00	10,300.00	-	10,300.00	265,800.00
5	6/1/2021	265,800.00	10,300.00	-	10,300.00	255,500.00
6	6/1/2022	255,500.00	10,300.00	-	10,300.00	245,200.00
7	6/1/2023	245,200.00	10,300.00	-	10,300.00	234,900.00
8	6/1/2024	234,900.00	10,300.00	-	10,300.00	224,600.00
9	6/1/2025	224,600.00	10,300.00	-	10,300.00	214,300.00
10	6/1/2026	214,300.00	10,300.00	-	10,300.00	204,000.00
11	6/1/2027	204,000.00	10,200.00	-	10,200.00	193,800.00
12	6/1/2028	193,800.00	10,200.00	-	10,200.00	183,600.00
13	6/1/2029	183,600.00	10,200.00	-	10,200.00	173,400.00
14	6/1/2030	173,400.00	10,200.00	-	10,200.00	163,200.00
15	6/1/2031	163,200.00	10,200.00	-	10,200.00	153,000.00
16	6/1/2032	153,000.00	10,200.00	-	10,200.00	142,800.00
17	6/1/2033	142,800.00	10,200.00	-	10,200.00	132,600.00
18	6/1/2034	132,600.00	10,200.00	-	10,200.00	122,400.00
19	6/1/2035	122,400.00	10,200.00	-	10,200.00	112,200.00
20	6/1/2036	112,200.00	10,200.00	-	10,200.00	102,000.00
21	6/1/2037	102,000.00	10,200.00	-	10,200.00	91,800.00
22	6/1/2038	91,800.00	10,200.00	-	10,200.00	81,600.00
23	6/1/2039	81,600.00	10,200.00	-	10,200.00	71,400.00
24	6/1/2040	71,400.00	10,200.00	-	10,200.00	61,200.00
25	6/1/2041	61,200.00	10,200.00	-	10,200.00	51,000.00
26	6/1/2042	51,000.00	10,200.00	-	10,200.00	40,800.00
27	6/1/2043	40,800.00	10,200.00	-	10,200.00	30,600.00
28	6/1/2044	30,600.00	10,200.00	-	10,200.00	20,400.00
29	6/1/2045	20,400.00	10,200.00	-	10,200.00	10,200.00
30	6/1/2046	10,200.00	10,200.00	-	10,200.00	-
			307,000.00	-	307,000.00	

This is an estimate, actual balances may change based on payment dates.