

**MURRAY CITY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE**

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, February 3, 2009, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jeff Dredge	Council Chairman
Robert D. Robertson	Council Member
Patricia W. Griffiths	Council Member
Krista Dunn	Council Member

Members Excused:

Jim Brass

Others in Attendance:

Daniel Snarr	Mayor
Frank Nakamura	City Attorney
Michael D. Wagstaff	Council Executive Director
Janet M. Lopez	Council Administrative Secretary
Jan Wells	Mayor's Chief of Staff
Erin McShay	Valley Journals
Rebecca Palmer	Deseret News
Doug Hill	Public Services Director
Dustin Matsumori	G.K. Baum
Pat Wilson	Finance Director
Tim Tingey	Community & Econ. Dev. Director
Randy Larsen	BSAI, LLP

Chairman Dredge called the meeting to order at 6:06 p.m. and welcomed those in attendance. Mr. Dredge excused Mr. Brass due to business travel.

Approval of Minutes

Ms. Griffiths moved approval of the minutes from the Committee of the Whole meeting held on January 20, 2009. Ms. Dunn seconded the motion. The motion carried 4-0.

Business Item #1 Discussion of Sales Tax Bond Parameters

Frank Nakamura explained that this resolution would be on the Council Meeting agenda that evening. The issue concerns the parameters resolution that was passed in January, however,

the parameters have changed to offer the City additional flexibility and an opportunity to save some interest by combining the new bond with the refinance of an existing bond in the amount of \$1.8 million. Mr. Nakamura introduced our bond consultant Dustin Matsumori to give further details of the transaction.

Mr. Matsumori distributed a graph and transaction overview for the Council Members. By way of review the document to be adopted is the parameters resolution which sets the *not to exceed* limits for issuing bonds. It states the City's intention to issue, however, if circumstances warrant a decision not to move forward there is no obligation to do so.

The numbers listed are not to exceed limits, for example, the bond is not to exceed \$7 million. The interest rate will not exceed 5.9% over a 20-year period of time.

March 3, 2009 the City plans to issue approximately \$6.155 million of the sales tax revenue bonds for three purposes:

- Refunding (refinancing) its outstanding Series 2002 Bonds
- Provide funds for the acquisition of land to be used for City purposes
- Finance a portion of the new fire station and reimburse the City for certain prior expenditures

The increase in bond amount, from the original \$5 million, is just a buffer for the refinancing. There are no additional costs or projects. The wording allows for the City to utilize the proceeds of the bonds for other purposes, should it decide to do so. This provides for some additional flexibility.

Mr. Matsumori pointed out, on the left side of the first page, the yellow bars on the graph. There are actually two outstanding sales tax revenue bonds. One issued in 2007 refinanced the 1997 and 2001 lease revenue bonds. Those financed the Park Center, golf course, the Library, and another public service building. The 2002 bonds, in the blue, are outstanding to 2015.

By issuing the new bonds, shown on the right side graph, the yellow 2007 bond will remain outstanding and the new bonds will be issued concurrently with two parts. The one refunding portion will be slightly smaller because the debt service is less. Then on top of that is the new debt service for the new purposes. Those bonds will extend out 14 years to 2023. The interest rate projected is about 3.45%. Great interest rate.

Regarding the refunding, in 2002 the City issued \$1.865 million in sales tax revenue bonds to make improvements to the Willow Pond Park. In December the federal government lowered the short term interest rates to a range of zero to one quarter percent. Because of that, certain interest rates on bonds of short maturity are even lower. In the case of this refinance, the bond goes out 14 years, however, the refunding is only out seven years. The original interest rate

on the 2002 bond was 4.88%. The new interest rate, associated with the refinancing, will be 2.7%. That is a fairly significant difference. Since there is only a small portion outstanding the savings will be about \$15,000 per year for a total net present value savings of about \$81,000. It may not be a huge amount, nevertheless, Mr. Matsumori stated that as the City's financial advisor, his firm is interested in saving the City and its citizens money at every opportunity. If it were being refinanced separately, the costs of issuance would not create a savings, however, combined with the new bond issue, that makes it a savings.

If the City decides not to proceed with the refinancing, it is not obligated to do so. The parameter's resolution gives the City that opportunity.

Mr. Nakamura stated that he felt the \$81,000 savings made it something that the City should pursue.

Mr. Matsumori commented that he went to San Francisco to present to the rating agencies. When the City applies for a loan, it needs a credit rating, just like an individual. Along with Ms. Wilson, he presented to Fitch Ratings and Standard & Poor's. Murray has a current rating with Standard & Poor's, and they went to Fitch because in the current marketplace its rating is sometimes higher than others.

When the analysis is received if it is lower, then the City does not have to take it, however, if it is better, then the City has the benefit of that analysis. The results should arrive in about two weeks.

If the parameter's resolution is adopted, they will move forward to structure the bond and on March 3, 2009, the bonds will be priced in the morning and in the evening the Council will have the opportunity to adopt the final rates. The closing and settlement will occur on March 19, 2009. The City will actually receive the funds on that date.

Mr. Dredge thanked Mr. Matsumori for his presentation and asked Mr. Wagstaff if he had anything to report. He responded that the current calendar went out in the mail.

Mr. Dredge asked the Council Members to think about additional reports to the Committee of the Whole. He feels the committee and board reports that are now being made to the Council are very valuable. Chairman Dredge added that he would like to consider taking five to ten minutes for reports on any other meetings that Council Members attend. He noted attending about three meetings over the last week, and, oftentimes, after meetings are held some of the issues discussed are not communicated back to the other elected officials due to timing or lack of opportunity. He would like everyone to think about adding that.

Mr. Wagstaff indicated that if it is the desire of the Council, he will organize and add reports to the agenda, as necessary.

Ms. Griffiths commented that she thought it was a good idea so that everyone is informed.

Mr. Dredge asked how that would be worded on the agenda.

Mr. Nakamura stated that it would be preferable to get information to Mr. Wagstaff so that the meetings being reported upon could be detailed on the agenda. He feels that it is important to be as specific as possible.

Mr. Dredge remarked that it will be helpful, as he and Mr. Hill attend transit meetings, and he has been in UTOPIA meetings, as well. It would be of value to share that information.

There being no further business the meeting was adjourned at 6:18 p.m.

Janet M. Lopez
Administrative Secretary