



MUNICIPAL BUILDING AUTHORITY OF MURRAY CITY, UTAH BOARD OF TRUSTEES

The Board of Trustees of the Municipal Building Authority of Murray City, Utah, met on Tuesday, November 12, 2019 in the Council Chambers at the Murray City Center, 5025 South State Street, Murray, Utah.

Trustees in attendance were Dave Nicponski, President/Trustee; Jim Brass, Vice-President/Trustee; Dale Cox, Trustee; Diane Turner, Trustee; and Brett Hales, Secretary/Treasurer/Trustee.

Others in attendance were Blair Camp, Mayor; Janet M. Lopez, Council Director; G.L. Critchfield, City Attorney; Jennifer Kennedy, City Recorder; Doug Hill, Chief Administrative Officer; Jennifer Heaps, Communications and Public Relations Director, other city staff, city business owners, and citizens.

President Nicponski called the meeting to order at 6:30 p.m. and welcomed all in attendance.

Approval of the minutes: Mr. Nicponski asked for a motion on the Municipal Building Authority minutes from the October 15, 2019 meeting. Mr. Cox moved for approval as written and Ms. Turner seconded. Passed 5-0.

Public Hearing: Brenda Moore presenting.

President Nicponski read the following:

The Public hearing is to allow public input regarding (A) the issuance and sale of not more than \$37,000,000 aggregate principal amount of Lease Revenue, Series 2020 Bonds; and (B) any potential economic impact that the project described herein to be financed with the proceeds of the Series 2020 Bonds issue under the act may have on the private sector; and related matters.

Ms. Moore gave a presentation to explain why bonding was necessary for a new city hall, reviewed bonding options and discussed associated concerning matters. (See Attachment #1)

She said the need for a new building was considered and discussed for over 20 years, which included eight-years of her employment. Valid reasons the existing building should be demolished were noted. She highlighted concerning issues attained from the police department, maintenance department, and other city staff regarding dilapidated and unsafe conditions at the current building; a lengthy list of problems and photos to confirm were displayed. For example, on the main floor, servers in the IT department are covered with a tarp to prevent water damage from the failing roof located in the newer section of the building. Ms. Moore stressed the list and photos were not all inclusive.

The bonding process was explained and a review of three possible bonding options occurred.

- 1) GO (General Obligation Bonds). The city is not planning to utilize this kind of bond that would

increase property taxes for all Murray residents.

- 2) Sales Tax Revenue Bonds. This type of bond pledges the city's sales tax revenues and would tie up all future bonding capacity- deferring other necessary projects.
- 3) LRB (Lease Revenue Bonds). This option is most favored and one the city hopes to utilize.

Ms. Moore said it was not uncommon to use LRB and provided a list of cities in Utah that successfully utilized LRB to fund essential new government projects. In addition, a list was reviewed to reflect that in the past Murray utilized LRB for the following:

- 1991 - Murray Library
- 1997 - Various city facilities, including refinancing the 1991 Murray Library bond, and 1990 Murray Parkway bond.
- 2001 –Murray Park Center bond.
- 2014 – Murray City School District - new office building.

Ms. Moore addressed the notion that current building failures could be easily repaired, and the existing building remodeled. She confirmed spending millions of dollars to do that would still leave Murray with an old, unsafe public building, still lacking in needed space. A new facility allows for more space, would bring a majority of Murray City services under one roof, and guarantee an earthquake safe public safety building and city hall.

She explained the LRB was chosen mainly to provide flexibility in the future, and specifically to avoid utilizing property taxes as bond payments. Ms. Moore continued by comparing bonding options and discussed their associated bond payments. Her hope was to prove LRB are most beneficial, which would likely be refinanced at a later time to save money - if and when interest rates drop. She stressed refinancing was not possible with GO Bonds. Ms. Moore concluded by summarizing the LRB parameters in detail and noted citizens' concerns about the \$37 million bond. She explained this amount was only the maximum amount to be issued, and by applying the maximum 2% discount, the principal amount would be \$29 million.

Mr. Brass confirmed during his 16 years of service as a Murray City Councilmember, the City traditionally paid bonds off early, as revenue increases; refinancing at a better rate. So, he would be surprised if the maximum interest rate was applied. Ms. Moore confirmed and noted much depended on whether interest rates remain low or become higher. Mr. Brass agreed.

Ms. Turner confirmed plans for a new city hall were always discussed openly during her 6 years of public service, but earlier plans fell through. She expressed gratitude and excitement because Murray would finally get a new city hall building. She shared concerns about city employee's safety should an earthquake occur. She agreed not only would important city business be lost, due to a catastrophic event and crumbled building, the loss of injured police officers would be devastating to the city. She confirmed city staff, the administration, and the council worked hard and responsibly to ensure the construction of the new city hall was in the best interest of the city. She appreciated Ms. Moore's valuable presentation and was grateful to be part such an important city project.

Mr. Cox said city employees and Murray police officers are of great value not only to the city, but to their families. He stressed whether it be a lack of heat, or an earthquake, everyday city employees are housed in a dangerous building. Therefore, the council has a charge to provide employees with a safe working environment.

The public hearing was open for public comments.

Kathleen Stanford – Murray City, Utah

Ms. Stanford said her dream was to save the historic school (current city hall), but agreed a new building was needed. However, she thought for \$37 million the existing building could be upgraded, and seismically remodeled for \$20 million; and, the old Murray School District building could be renovated as a new police station with the remaining \$10 million dollars.

Carol Nicholls – Murray City, Utah

Ms. Nicholls thought citizens should have been allowed to vote on the decision to spend \$37 million. She questioned whether city bonds were ever paid off and wondered if more debt was accumulating. She thought the cost for a new building was too high, most elderly people would not live long enough to see bonds paid off, and all debt would fall on their dependents. She said it was the people's money to spend, and not the city's money.

Brent Barnett – Murray City, Utah

Mr. Barnett thanked Mayor Camp, the Council, and Ms. Moore for the comprehensive presentation. He confessed to gaining a more clear understanding about funding the project. He appreciated hard work by city staff, and specifically thanked Mayor Camp for understanding his concerns, during past months. He agreed citizens want to be involved, have a say, provide input, and was hopeful citizen involvement would continue. He thought the bonding choice was satisfactory and said he would ensure residents understood the details also. He noted the informative flyer he recently dispersed around the city - was not accurate. He expressed great support for a new city hall building and would advocate that citizens be proud of a new city hall.

Kim Anderson – Murray City, Utah

Mr. Anderson asked what the increase would be for a typical household, per year, for property taxes. Mr. Brass clarified the point of having the presentation by Ms. Moore was to confirm the LRB would not increase property taxes. He stressed that would be the case if a GO Bond was utilized. Mr. Anderson thought the proposed location for the new city hall was wrong and said it should remain on State Street as a main focal point. He suggested temporarily placing city staff in the empty Shopko building during demolition of the existing building, and new construction. He said locating city hall in the downtown area would not attribute to anything and noted most cities do not place their city hall facilities on back roads.

There were no further public comments. Mr. Nicponski closed the public hearing, asked for council comments, and called for a motion.

Mr. Brass explained great thought went into placing city hall in the downtown area, and discussed at length the reason to sell the current property, which was to benefit the city; the land has far more value going back on tax rolls to be utilized for new property tax revenue in the future.

Mr. Hales appreciated citizen input and understanding. Mr. Nicponski agreed citizen attendance was wonderful.

Mr. Brass moved to adopt a resolution acknowledging the holding of a public hearing to receive public input with respect to (A) the issuance of the Series 2020 Bonds and (B) any potential economic impact that the project described herein to be financed with the proceeds of the Series 2020 bonds may have on the private sector.

Mr. Cox seconded the motion.

Council roll call vote:

Mr. Cox	Aye
Mr. Brass	Aye
Ms. Turner	Aye
Mr. Hales	Aye
Mr. Nicponski	Aye

Motion passed 5-0

New Business

Election of Municipal Building Authority Trustees and Officers for Calendar Year 2020.

- Mr. Hales nominated Dale Cox as President. All in favor.
- Ms. Turner nominated Brett Hales as Vice President. All in favor.
- Mr. Brass nominated Ms. Turner as Secretary/Treasurer. All in favor.
- Mr. Hales nominated all City Council Members to serve as Trustees. All in favor.

Consider adoption of the 2020 Municipal Building Authority Meeting Schedule.

- Mr. Brass moved to adopt the 2020 meeting schedule. Mr. Hales seconded. All in favor.

Adjournment: 6:58 p.m.

Pattie Johnson
Council Administrative Assistant

ATTACHMENT #1



MURRAY

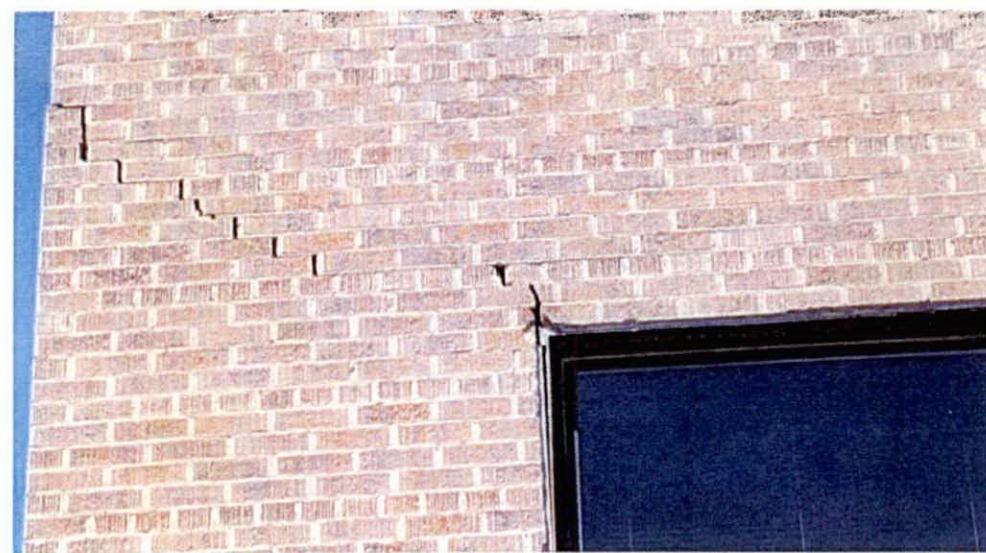
Murray City Hall & Public Safety Building

WHY A NEW CITY HALL & PUBLIC SAFETY BUILDING

- Comments from Police Department
 - Current set up of the Police department affects/limits and at times hinders efficiency on how they public is served.
 - Staff sharing desks and cubicles
 - Outgrown evidence storage areas (retention dictated by state law)
 - Crime lab too small to obtain updated equipment to run up to date evidence procedures
 - Limited areas to speak with citizens in private
 - Building roof leaks and has damaged equipment and offices on a regular basis
- Comments from Building Maintenance
 - Steam pipes for the boiler are starting to fail and leak.
 - Water lines starting to fail/rupture causing flooding damage.
 - Roof needs to be replaced – causing damage to equipment. IT has a tarp over the servers and they are in the "new" section of the building.
 - Cracks in the exterior and interior due to building settling and age.
 - Windows leak, even after they were "fixed".
 - **BUILDING DOES NOT MEET SEISMIC CODE** and will most likely collapse in an earthquake.
- Other
 - City services regularly accessed by citizens are in two different locations miles apart.
 - Council chambers and conference room need more seating capacity.









Overview of Lease Revenue Financing

STIFEL

BASIC GOVERNMENTAL BONDS

GENERAL GOVERNMENT PROJECT FINANCING			
TYPE	USES	SECURITY	CONSIDERATIONS
General Obligation Bonds	Any capital improvement/project (G.O. pledge) Approved by voters	Full faith and credit (binding power) of the City	<ul style="list-style-type: none"> - Requires a majority vote - Subject to statutory limits - Lowest interest rates - No reserve fund required
Revenue Bonds			
Sales Tax (Excise Tax)	Any general governmental project (new construction or upgrades); Very limited project restrictions	Sales tax revenues, excise tax revenues, franchise tax revenues	<ul style="list-style-type: none"> - No vote required - Can require a reserve fund - Coverage considerations
Lease Revenue	Essential purpose governmental projects (new construction or upgrades)	Annual appropriations from the general fund budget to make lease payments	<ul style="list-style-type: none"> - No vote required - Lien on financial property/project - Higher interest rates - May require capital set aside
Enterprise Revenue (Revolving/term/leverage)	Revenue generating enterprise projects (new construction or upgrades). Typical enterprise fund projects (water, sewer, electric, storm drain, etc.)	Revenues generated from enterprise systems	<ul style="list-style-type: none"> - No vote required - Typically require a reserve fund - Coverage considerations
DEVELOPMENT FINANCING			
Assessment Financing	Specific improvements within a designated improvement area (parks, gutta, streets, etc.)	Assessments levied on properties within the improvement area	<ul style="list-style-type: none"> - Requires property owner approval - Requires assessment ordinance and notices - Can require a reserve fund - Coverage considerations (property value)
Incremental Financing	Economic development projects (new construction or upgrades)	Incremental tax revenues	<ul style="list-style-type: none"> - Requires creation of RDA - Requires assessment ordinance and notices - Can require a reserve fund - Coverage considerations



MURRAY CITY
CITY HALL FINANCING OPTIONS
As of November 8, 2015

KEY ASSUMPTIONS

- Closing: January 2020 for MBA / January 2021 for GO
- Current market interest rates
- Capitalized interest through May 2022 (Lease Revenue only)
- 30 Year Term
- \$32,000,000 Project Amount

Option	Bond Type	Estimated Interest Rate	Term	Maximum Allowable Premium	Capitalized Interest	Average Annual		
						Debt Service	Construction Deposit	Amortization
1	General Obligation	2.65%	30 Years	\$580,000	N	\$1,575,084	\$32,000,000	See Attached

Par amount issued \$31,805,000 Total P&I \$47,252,529 Funding Source – 100% new property tax Likelihood of refinancing - Very Low

2	Lease Revenue	3.50%	30 Years	No Maximum (Market Driven)	Y	\$1,915,095	\$32,000,000	See Attached
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Par amount issued \$29,000,000 Total P&I \$58,200,711 Funding Source – All existing revenue sources Likelihood of refinancing – Very High

Figures are Estimates

WHO HAS USED LEASE REVENUE BONDS

1. Murray City in 1991 to finance the Murray Library.
2. Murray City in 1997 to finance various city facilities (court, police training center, etc) and refinance the Library 1991 bonds and Murray Parkway 1990 bonds.
3. Murray City in 2001 to finance the Park Center. (Refinanced in 2009)
4. Springville City in 2008 to finance their new city hall.
5. Bluffdale City in 2016 to finance their city hall.
6. Murray School District in 2014 to finance their new district offices.
7. West Valley City in 2018 to finance their new public safety building.
8. Alpine School District in 2018 to finance rebuild of Scera Park elementary.

BOND PARAMETERS

- Maximum Par Amount: \$37,000,000

This is the maximum par amount of bonds that can be issued. If construction costs rise, the City can accept market premium (additional proceeds) in addition to the par amount.

- Maximum Interest Rate: 5.50%

This is the maximum interest rate that the City would pay. The actual rate will be lower. The parameters resolution sets the maximum rate high in case there is major market movement.

- Maximum Term: 31 Years

This is the maximum term (years) over which the bonds would be amortized. Depending on the timing of the closing on the bonds, the term of the bonds may be slightly over 30 years (i.e. 30 years + 2 months).

- Maximum Discount: 2%

This City will not accept purchase offers that are less than 98% of the par amount.

- Designated Officers:

MBA:
Chairman
Secretary-Treasurer
Finance Director

These individuals will be authorized to approve the final bond sale results and ensure that the results fit within the parameters the Council has approved.