

Santaquin City Resolution 10-03-2011

A RESOLUTION ADOPTING SUMMARY LANGUAGE FOR THE 2011 VOTER INFORMATION PACKET

WHEREAS, the City of Santaquin has two petitions on the November 8th 2011 ballot for a referendum vote of the citizens of Santaquin regarding two resolutions authorizing the closure of \$9,000,000 and \$900,000 in sewer revenue bonds; and

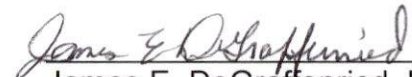
WHEREAS, the aforementioned resolutions exceed 30 pages of content each regarding said bonds; and

WHEREAS, Utah State Statute allows the elected body of the City the ability to approve summary language to explain the content of the aforementioned resolutions for the benefit of the voters; and

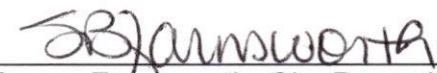
WHEREAS, in the interest of neutrality, said summaries were drafted by Zions Bank Public Finance;

NOW, THEREFORE, BE IT RESOLVED, that Santaquin City shall adopt the attached (A) summary language for the 2011 Voter Information Packet which shall be effective immediately.

Approved and adopted by the Santaquin City Council this 12th day of October, 2011.



James E. DeGraffenried, Mayor, Santaquin City

Attest: 

Susan Farnsworth, City Recorder



On November 8th, voters will have the opportunity to vote on two propositions regarding resolutions which authorize sewer revenue bonds to finance a membrane - bioreactor wastewater treatment facility in the City of Santaquin. The following summarizes the content of each resolution. To review the full content of each resolution, please go to <http://sewer.santaquin.org>.

Proposition Number 1 - Resolution Summary \$9,000,000

The purpose of the resolution is to confirm the sale of up to \$9,000,000 sewer revenue bonds previously authorized on May 19, 2010 by the Santaquin City Council and authorize the execution of bond documents and the taking of other actions necessary to close the transaction.

In order to confirm the sale of the bonds, the resolution prescribes the form of the bonds or details the terms, conditions, security and covenants associated with the bonds.

The key terms include the following.

- Amount: \$6,034,000 of tax exempt sewer revenue bonds
- Term: 20 years
- Interest Rate: 1%
- Payment frequency: Annually
- Prepayment provisions: Any time with at least 30 days notice

- Amount: \$2,912,000 taxable sewer revenue bonds
- Term: 40 years
- Interest Rate: 3.25%
- Payment frequency: Monthly
- Prepayment provisions: Any time with at least 30 days notice in inverse order of maturity

The key conditions required for the issuance of the bonds include:

- Adopting City resolutions approving such action
- Holding a public hearing
- Funding reserve funds over a period of 10 years in the amount of \$711,246
- Funding a short lived assets account in the amount of \$28,890 annually through the life of the bonds
- Setting aside each month 1/12th the amount required to make the next annual payment, as applicable
- Defining the process required were the City to default on these bonds

The security described for repayment of the bonds is the sewer revenue available after sewer operation and maintenance expenses have been paid.

The key covenants include the following.

- Ensuring sewer rates are sufficient to cover all operating expenses and debt payments, plus an additional 25%, as applicable
- Maintenance of the sewer system in good condition
- Financial and operating reports must be sent to bondholders annually
- The City will not issue additional sewer revenue bonds unless the revenue after operation and maintenance expenses are paid exceeds the average combined debt payments by 25%, as applicable

According to the resolution, the bonds are being sold to procure funds for the construction of a mechanical sewer treatment facility and related system improvements.

Proposition Number 2 - Resolution Summary \$900,000

The purpose of the resolution is to confirm the sale of up to \$900,000 sewer revenue bonds previously authorized on December 10, 2010 by the Santaquin City Council and authorize the execution of bond documents and the taking of other actions necessary to close the transaction.

In order to confirm the sale of the bonds, the resolution prescribes the form of the bonds or details the terms, conditions, security and covenants associated with the bonds.

The key terms include the following.

- Amount: up to \$900,000
- Term: 22 years
- Interest Rate: 1%
- Payment frequency: Annually
- Prepayment provisions: Any time with at least 30 days notice

The key conditions required for the issuance of the bonds include:

- Adopting City resolutions approving such action
- Holding a public hearing
- Funding a reserve fund for this bond is covered by the reserve fund established under proposition number 1
- Setting aside each month 1/12th the amount required to make the next payment
- Defining the process required were the City to default on these bonds

The security described for repayment of the bonds is the sewer revenue available after sewer operation and maintenance expenses have been paid.

The key covenants include the following.

- Ensuring sewer rates are sufficient to cover all operating expenses and debt payments, plus an additional 25%
- Maintenance of the sewer system in good condition
- Financial and operating reports must be sent to bondholders annually
- The City will not issue additional bonds unless the revenue after operation and maintenance expenses are paid exceeds the average combined debt payments by 25%

According to the resolution, the bonds are being sold to procure funds for the construction of a mechanical sewer treatment facility and related system improvements.