The Lindon City Council held a Special Meeting on **Tuesday, August 5, 2008** beginning at 5:30 p.m. in the Lindon City Center, City Council Chambers, 100 North State Street, Lindon, Utah.

Conducting: James A. Dain, Mayor
Pledge of Allegiance: Cody Cullimore
Invocation: Ott Dameron

**PRESENT**

James A. Dain, Mayor
Eric Anthony, Councilmember
H. Toby Bath, Councilmember
Lindsey Bayless, Councilmember
Bruce Carpenter, Councilmember
Jerald I. Hatch, Councilmember
Ott H. Dameron, City Administrator
Cody Cullimore, Chief of Police
Debra Cullimore, City Recorder

The meeting was called to order at 5:42 p.m.

**MINUTES** – No minutes were reviewed at this meeting.

**OPEN SESSION** –

Mayor Dain called for comments from any resident present who wished to address an issue not listed as an agenda item. There was no public comment.

**MAYOR’S COMMENTS/REPORT** –

Mayor Dain related an event which occurred the previous evening at the Lindon Days celebration in the City Center Park. Mayor Dain explained that he was contacted by a Lindon resident who has a daughter with disabilities. The daughter experienced some difficulties during the Lindon Days event held on Monday evening that the father was not able to resolve without assistance. He asked Officer Matt Barlow for assistance with the situation. Mayor Dain then read a note from the resident to Officer Barlow expressing appreciation for his kindness, compassion and help. Mayor Dain and the Council asked Chief Cullimore to pass along appreciation to the officers for the job they are doing in the community.

**CONSENT AGENDA** –

No items.

**CURRENT BUSINESS** –
1. **Review and Action – Final Bond Resolution – Aquatics Center (Resolution #2008-18)**. The City Council will consider for adoption a resolution of the City Council of Lindon City, Utah (The “Issuer”) finalizing the terms and conditions of the issuance and sale by the issuer of its sales tax revenue bonds, series 2008 in the aggregate principal amount of approximately $9,565,000 (The “Series 2008 Bonds”); awarding and confirming the sale of said series 2008 bonds; authorizing the execution by the issuer of a bond purchase agreement, a second supplemental indenture of trust, ratifying the use of the preliminary official statement; and authorizing and approving a final official statement; and other documents required in connection therewith; authorizing the taking of all other actions necessary to the consummation of the transaction contemplated by this resolution; providing a severability clause; repealing resolutions in conflict; providing an effective date; and related matters.

Jason Burningham, financial advisor to the City, was present to address the Council regarding sale of the aquatics center bond. He stated that congratulations were in order for the City, as the bonds were successfully marketed earlier in the day. Mr. Burningham noted that the bond market continues to be significantly difficult. He explained that the two AAA municipal bond insurance companies still operating in the marketplace have been questioned by federal authorities in the past two weeks, and the lack of available bond insurance has put some pressure on the market. He noted that many purchasers are historically interested in purchasing only AAA insured bonds, so while there was some value in obtaining insurance, the value was not as great as originally anticipated.

Mr. Burningham stated that he felt that without question Stifel Nicolaus was the appropriate choice to act as the bond underwriter. He stated that due to the current climate in the bond market, only a handful of underwriters are performing well, and Stifel Nicolaus is one of those companies.

Mr. Burningham reviewed information in the bond sale packet provided for the Council and summarized the marketing process. He reviewed the US Treasury Index to provide a sense of the volatility of the market. He stated that over the ten year period, the market has been at approximately 4.75%, and that the market closed today significantly lower than historical rates at 3.97% interest.

Mr. Burningham reviewed the historical average of interest rates in the 25 Revenue Bonds Index which shows a 25 year amortization of bond rates. He stated that historically, the Index shows an average interest rate of 5.24% over the past ten years. He explained that the true interest rate of the aquatics center bond will be discussed later in the presentation, but that it came in well below the historical average at approximately 4.64%.

Mr. Burningham provided a comparison of other A, AA, and AAA rated bonds issued today. The comparison showed current market conditions, and other municipal bonds in relation to the Lindon City bond, and the effect of the AA rating achieved by the City in relation to the interest rate on the bonds.

Mr. Burningham went on to review the ratings report for the City. He stated that Standard & Poor’s considered a variety of criteria in establishing the credit rating,
including the strong retail presence in the community supported by an affluent residential base; good economic fundamentals, such as a healthy job market; strong debt service coverage and a reliance on pledged revenues for non-debt purposes. He stated that there were several other bank rated transactions on the market today, but that the AA rating and the criteria used to establish the rating gave the City an advantage as the bonds were sold.

Mr. Burningham gave an overview of comparable bond sales. He stated that underwriters have had some difficulty selling bonds due to the market climate. He reviewed specific elements of bonds, giving comparisons between the Lindon City bond and other municipal bonds. He stated that he feels confident that Lindon City received competitive terms as compared to other bonds sold during the same period. Mr. Burningham noted that one purchaser of the Lindon bond bought a portion of the bond at the AA rating without insurance, which generated a savings to the City of approximately $10,000. He reviewed coupons that were purchased, and coupons which will be underwritten by Stifel Nicolaus. He stated that typically 10% of coupons are underwritten, and that approximately 20% of this bond will be underwritten by Stifel Nicolaus. He stated that Stifel Nicolaus feels comfortable with the level of underwriting based on the current market climate, and that it is likely that other banks will be interested in purchasing additional coupons in the future as the market stabilizes.

Mr. Burningham explained that there was some benefit to the City in obtaining bond insurance even though all purchasers did not require the insurance. He also noted that bond insurance qualified the bond for a surety to fund the debt service reserve fund, which freed up approximately $600,000 in bond proceeds to go toward construction funding. He stated that a total of $9.4 million is available in construction proceeds.

Mayor Dain explained that he had discussed whether there would be any merit to delaying sale of the bonds for a week or two to see if the market was less volatile. Mr. Burningham stated that if the City had the ability to delay the sale for a period of months, there may have been some benefit. He explained that the market will not react in a significant manner in a matter of days or weeks, and that there would be little if any benefit to delaying the sale for a short period of time.

Councilmember Anthony inquired as to whether there was any disappointment from Stifel Nicolaus that 20% of the bond was underwritten. Mr. Burningham stated that it was indication that the underwriter feels that they are on target. He explained that the $2 million in bonds they are underwriting will be resold in the coming weeks. He noted that the bonds would be discounted if necessary in order to make them more marketable, but that there is no risk to the City. He stated that the underwriter feels confident that the risk associated with the underwriting is acceptable.

Mr. Burningham then reviewed the financing summary and gave an overview of the bond sale. He noted that the purpose of the bond is to fund the cost of constructing and Aquatics Center, as well as to fund any necessary reserves or insurance instruments, and to pay costs associated with issuance and sale of the bonds, such as purchasing the surety. He reviewed the sources of funds, as well as use of funds. Figures presented by Mr. Burningham indicate that including all costs and proceeds, the net amount to be deposited into the project construction fund would be 9,386,995.46, with the total bond amount being $9,629,035.30. He reviewed the benefit to the City in obtaining a surety bond in lieu of providing a debt service reserve fund. He explained that in the event the City was unable to make an annual bond payment, the surety could be called upon to
make the payment. He clarified that the City would not want to use the surety, but that the benefit to the City is in not being required to maintain a debt service reserve. The $19,878.75 paid for the surety bond allows an additional amount of approximately $600,000 in bond proceeds to be deposited into the construction fund.

Mr. Burningham reviewed the interest costs of the bond. He stated that the average coupon interest for issue of the Bonds is 4.7097%, the net interest cost for the issue of the Bonds is 4.7020%, and the true interest cost for issue of the bonds is 4.6499%.

Councilmember Anthony inquired as to whether bond proceeds would be adequate to complete the project. Mr. Dameron explained that it is possible that some additional funding will be necessary if the Flow Rider is included in the project. Mayor Dain clarified that final costs are not known until bids are submitted by sub-contractors for the project in the coming weeks.

Councilmember Anthony inquired as to why bond proceeds were approximately $400,000 less than anticipated costs. Mr. Dameron explained that the municipal lease program for the Police Department vehicles was included in the annual bond cap of $10,000,000 for the City which allowed the bond to be “bank eligible.” Mr. Burningham also noted that an affordable payment amount of approximately $660,000 was established for debt service for this bond, and that the proceeds which were acquired are within the ability of the City to provide debt service. He also noted that bond proceeds held in the construction account will earn some interest which will offset the lower proceed amount. He explained that the savings generated by obtaining bank eligibility for the bond generated savings which exceed the lower amount of bond proceeds.

Mr. Burningham presented the Final Bond Resolution including final figures for the bond. He read the Resolution title as follows:

“A resolution of the City Council of Lindon City, Utah (The “Issuer”), finalizing the terms and conditions of revenue bonds, series 2008 in the aggregate principle amount of $9,565,000, awarding and confirming the sale of said series 2008 bonds; authorizing the execution by the issuer of a bond purchase agreement, a second supplemental indenture of trust, ratifying the use of the preliminary official statement; and other documents required in connection therewith; authorizing the taking of all other actions necessary to the consummation of the transaction contemplated by this resolution; providing a severability clause; repealing resolutions in conflict; providing an effective date; and related matters.”

Mr. Burningham stated that all figures as discussed at this meeting are reflected in the Resolution and the Bond Purchase Agreement. He stated that an executed copy of the Bond Purchase Agreement will be required to confirm the order tomorrow. The Bond is scheduled for closing on Tuesday, August 12, 2008, with proceeds being transferred that day into the PTIF fund designated by the City.

Mayor Dain called for further comments or discussion from the Council. Hearing none, he called for a motion.

COUNCILMEMBER CARPENTER MOVED TO APPROVE RESOLUTION #2008-18 FINALIZING THE TERMS AND CONDITIONS OF THE ISSUANCE AND SALE BY THE ISSUER OF ITS SALES TAX REVENUE BONDS, SERIES 2008 IN
THE AGGREGATE PRINCIPAL AMOUNT OF $9,565,000 (THE “SERIES 2008” BONDS”); AWARDING AND CONFIRMING THE SALE OF SAID SERIES 2008 BONDS; AUTHORIZING THE EXECUTION BY THE ISSUER OF A BOND PURCHASE AGREEMENT, A SECOND SUPPLEMENTAL INDENTURE OF TRUST, RATIFYING THE USE OF THE PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING AND APPROVING A FINAL OFFICIAL STATEMENT; AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS RESOLUTION; PROVIDING A SEVERABILITY CLAUSE; REPEALING RESOLUTIONS IN CONFLICT; PROVIDING AN EFFECTIVE DATE; AND RELATED MATTERS, AND AUTHORIZE THE MAYOR AND CITY RECORDER TO SIGN THE ASSOCIATED DOCUMENTS. COUNCILMEMBER HATCH SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:

COUNCILMEMBER ANTHONY  AYE
COUNCILMEMBER BATH  AYE
COUNCILMEMBER BAYLESS  AYE
COUNCILMEMBER CARPENTER  AYE
COUNCILMEMBER HATCH  AYE

THE MOTION CARRIED UNANIMOUSLY.

COUNCILMEMBER CARPENTER MOVED TO APPROVE THE BOND PURCHASE AGREEMENT BETWEEN LINDON CITY AND STIFEL NICOLAUS. COUNCILMEMBER BAYLESS SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:

COUNCILMEMBER ANTHONY  AYE
COUNCILMEMBER BATH  AYE
COUNCILMEMBER BAYLESS  AYE
COUNCILMEMBER CARPENTER  AYE
COUNCILMEMBER HATCH  AYE

THE MOTION CARRIED UNANIMOUSLY.

Mayor Dain and the City Recorder then signed and executed a copy of the Bond Purchase agreement in order to confirm the order the following day.

The Council discussed the possibility of fund raising and sponsorships for pool amenities. Mayor Dain noted that the opinion of an advertising professional would be helpful in establishing the value of a sponsorship. The Council discussed names of residents who may be willing to help with fundraising efforts.

Mayor Dain commented on the Mayor’s Open House which is scheduled for August 14th at 6:30 p.m. at the Creekside Meadows Park. He noted that grant funding obtained from Utah County will be used to install playground equipment in the neighborhood park, and that other amenities, such as restrooms and pavilions will be phased in as revenues are available.

Chief Cullimore reported on the Night Out Against Crime event planned for September 8, 2008. He presented maps of the City broken into areas, with a neighborhood meeting place identified in each area to start the event. Following the
neighborhood meetings, residents will be invited to join police department and public
works personnel on flashlight walks through the neighborhood to identify possible public
safety issues residents are concerned about. Chief Cullimore asked the Council for
suggestions for neighborhood chairperson to help coordinate the event. The Council
discussed names of residents who may be willing to participate. Chief Cullimore will
follow up on the suggested names.

**COUNCIL REPORTS**

The Council gave no reports at this meeting.

**ADMINISTRATOR’S REPORT**

Mr. Dameron gave no report at this meeting.

COUNCILMEMBER BATH MOVED TO APPROVE THE PAY VOUCHERS. COUNCILMEMBER BAYLESS SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:

- COUNCILMEMBER ANTHONY  AYE
- COUNCILMEMBER BATH   AYE
- COUNCILMEMBER BAYLESS  AYE
- COUNCILMEMBER CARPENTER  AYE
- COUNCILMEMBER HATCH    AYE

THE MOTION CARRIED UNANIMOUSLY.

**ADJOURN**

COUNCILMEMBER BATH MOVED TO ADJOURN THE MEETING AT 7:00 P.M. COUNCILMEMBER HATCH SECONDED THE MOTION. ALL PRESENT VOTED IN FAVOR. THE MOTION CARRIED.

Approved – August 19, 2008

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Debra Cullimore, City Recorder

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James A. Dain, Mayor