

2 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.

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

8 **PRESENT**

ABSENT

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

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

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

24 **OPEN SESSION** –

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

30 **MAYOR'S COMMENTS/REPORT** –

32 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
34 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
36 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
38 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
40 are doing in the community.

42 **CONSENT AGENDA** –

44 No items.

46 **CURRENT BUSINESS** –

2 1. **Review and Action** – *Final Bond Resolution – Aquatics Center (Resolution*
4 *#2008-18)*. The City Council will consider for adoption a resolution of the City
6 Council of Lindon City, Utah (The “Issuer”) finalizing the terms and conditions
8 of the issuance and sale by the issuer of its sales tax revenue bonds, series 2008 in
10 the aggregate principal amount of approximately \$9,565,000 (The “Series 2008
12 Bonds”); awarding and confirming the sale of said series 2008 bonds; authorizing
14 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.

16 Jason Burningham, financial advisor to the City, was present to address the
18 Council regarding sale of the aquatics center bond. He stated that congratulations were in
20 order for the City, as the bonds were successfully marketed earlier in the day. Mr.
22 Burningham noted that the bond market continues to be significantly difficult. He
24 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.

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

32 Mr. Burningham reviewed information in the bond sale packet provided for the
34 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.

36 Mr. Burningham reviewed the historical average of interest rates in the 25
38 Revenue Bonds Index which shows a 25 year amortization of bond rates. He stated that
40 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%.

42 Mr. Burningham provided a comparison of other A, AA, and AAA rated bonds
44 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.

46 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,

2 including the strong retail presence in the community supported by an affluent residential
3 base; good economic fundamentals, such as a healthy job market; strong debt service
4 coverage and a reliance on pledged revenues for non-debt purposes. He stated that there
5 were several other bank rated transactions on the market today, but that the AA rating and
6 the criteria used to establish the rating gave the City an advantage as the bonds were sold.

7 Mr. Burningham gave an overview of comparable bond sales. He stated that
8 underwriters have had some difficulty selling bonds due to the market climate. He
9 reviewed specific elements of bonds, giving comparisons between the Lindon City bond
10 and other municipal bonds. He stated that he feels confident that Lindon City received
11 competitive terms as compared to other bonds sold during the same period. Mr.
12 Burningham noted that one purchaser of the Lindon bond bought a portion of the bond at
13 the AA rating without insurance, which generated a savings to the City of approximately
14 \$10,000. He reviewed coupons that were purchased, and coupons which will be
15 underwritten by Stifel Nicolaus. He stated that typically 10% of coupons are
16 underwritten, and that approximately 20% of this bond will be underwritten by Stifel
17 Nicolaus. He stated that Stifel Nicolaus feels comfortable with the level of underwriting
18 based on the current market climate, and that it is likely that other banks will be
19 interested in purchasing additional coupons in the future as the market stabilizes.

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

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

31 Councilmember Anthony inquired as to whether there was any disappointment
32 from Stifel Nicolaus that 20% of the bond was underwritten. Mr. Burningham stated that
33 it was indication that the underwriter feels that they are on target. He explained that the
34 \$2 million in bonds they are underwriting will be resold in the coming weeks. He noted
35 that the bonds would be discounted if necessary in order to make them more marketable,
36 but that there is no risk to the City. He stated that the underwriter feels confident that the
37 risk associated with the underwriting is acceptable.

38 Mr. Burningham then reviewed the financing summary and gave an overview of
39 the bond sale. He noted that the purpose of the bond is to fund the cost of constructing
40 and Aquatics Center, as well as to fund any necessary reserves or insurance instruments,
41 and to pay costs associated with issuance and sale of the bonds, such as purchasing the
42 surety. He reviewed the sources of funds, as well as use of funds. Figures presented by
43 Mr. Burningham indicate that including all costs and proceeds, the net amount to be
44 deposited into the project construction fund would be 9,386,995.46, with the total bond
45 amount being \$9,629,035.30. He reviewed the benefit to the City in obtaining a surety
46 bond in lieu of providing a debt service reserve fund. He explained that in the event the
47 City was unable to make an annual bond payment, the surety could be called upon to

2 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
4 \$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.

6 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
8 issue of the Bonds is 4.7020%, and the true interest cost for issue of the bonds is
4.6499%.

10 Councilmember Anthony inquired as to whether bond proceeds would be
adequate to complete the project. Mr. Dameron explained that it is possible that some
12 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.

14 Councilmember Anthony inquired as to why bond proceeds were approximately
\$400,000 less than anticipated costs. Mr. Dameron explained that the municipal lease
16 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.
18 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
20 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
22 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
24 proceeds.

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

28 "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
30 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
32 documents required in connection therewith; authorizing the taking of all other actions
necessary to the consummation of the transaction contemplated by this resolution;
34 providing a severability clause; repealing resolutions in conflict; providing an effective
date; and related matters."

36 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
38 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
40 day into the PTIF fund designated by the City.

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

44 COUNCILMEMBER CARPENTER MOVED TO APPROVE RESOLUTION
#2008-18 FINALIZING THE TERMS AND CONDITIONS OF THE ISSUANCE AND
46 SALE BY THE ISSUER OF ITS SALES TAX REVENUE BONDS, SERIES 2008 IN

2 THE AGGREGATE PRINCIPAL AMOUNT OF \$9,565,000 (THE "SERIES 2008"
3 BONDS"); AWARDING AND CONFIRMING THE SALE OF SAID SERIES 2008
4 BONDS; AUTHORIZING THE EXECUTION BY THE ISSUER OF A BOND
5 PURCHASE AGREEMENT, A SECOND SUPPLEMENTAL INDENTURE OF
6 TRUST, RATIFYING THE USE OF THE PRELIMINARY OFFICAL STATEMENT;
7 AND AUTHORIZING AND APPROVING A FINAL OFFICIAL STATEMENT; AND
8 OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH;
9 AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE
10 CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS
11 RESOLUTION; PROVIDING A SEVERABILITY CLAUSE; REPEALING
12 RESOLUTIONS IN CONFLICT; PROVIDING AN EFFECTIVE DATE; AND
13 RELATED MATTERS, AND AUTHORIZE THE MAYOR AND CITY RECORDER
14 TO SIGN THE ASSOCIATED DOCUMENTS. COUNCILMEMBER HATCH
15 SECONDED THE MOTION. THE VOTE WAS RECORDED AS FOLLOWS:
16 COUNCILMEMBER ANTHONY AYE
17 COUNCILMEMBER BATH AYE
18 COUNCILMEMBER BAYLESS AYE
19 COUNCILMEMBER CARPENTER AYE
20 COUNCILMEMBER HATCH AYE
21 THE MOTION CARRIED UNANIMOUSLY.

22 COUNCILMEMBER CARPENTER MOVED TO APPROVE THE BOND
23 PURCHASE AGREEMENT BETWEEN LINDON CITY AND STIFEL NICOLAUS.
24 COUNCILMEMBER BAYLESS SECONDED THE MOTION. THE VOTE WAS
25 RECORDED AS FOLLOWS:
26 COUNCILMEMBER ANTHONY AYE
27 COUNCILEMMBER BATH AYE
28 COUNCILEMMBER BAYLESS AYE
29 COUNCILEMMBER CARPENTER AYE
30 COUNCILMEMBER HATCH AYE
31 THE MOTION CARRIED UNANIMOUSLY.

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

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

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

44 Chief Cullimore reported on the Night Out Against Crime event planned for
45 September 8, 2008. He presented maps of the City broken into areas, with a
46 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.

8 **COUNCIL REPORTS** –

10 The Council gave no reports at this meeting.

12 **ADMINISTRATOR’S REPORT** –

14 Mr. Dameron gave no report at this meeting.

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

- 20 COUNCILMEMBER ANTHONY AYE
- 20 COUNCILMEMBER BATH AYE
- 22 COUNCILMEMBER BAYLESS AYE
- 22 COUNCILMEMBER CARPENTER AYE
- 24 COUNCILMEMBER HATCH AYE

24 THE MOTION CARRIED UNANIMOUSLY.

26 **ADJOURN** –

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

32 Approved – August 19, 2008

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Debra Cullimore, City Recorder

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James A. Dain, Mayor