

**Midway City Council
15 January 2019
Work Meeting**

Bonding Process



Memo

Date: 9 January 2019
To: Mayor, City Council and Staff
Cc: File
From: Brad Wilson, City Recorder/Financial Officer
RE: Bonding Process

Mayor Johnson and I met with the City's financial advisors (Zions Public Finance) regarding the process for issuing bonds. Zions prepared an outline of the process (Attached) and estimated that the process would take at least 60 days.

I contacted the Utah State Tax Commission and they would need to know of any property tax increase on or before June 15th. This would mean that the process would have to begin no later than April 15th to issue the bonds, notify the Tax Commission and receive the increased property tax revenue to make the first bond payment. I would recommend starting the process no later than March to allow time for any unforeseen complications.

As an alternative, the City could issue bonds later in the year knowing that it would have to make the first bond payment without the increased property tax revenue.

Please contact me if you have any questions.

Midway City, Utah
Bond Issuance Process (~60 Day Process)
Assumes an Underwritten Market Deal

- 1) Midway City determines the amount of the bonds to be issued and when the bond proceeds are needed.
- 2) Zions prepares a Calendar of Events (COE) and Distribution List of involved parties.
- 3) Gilmore & Bell prepares a draft Parameters Resolution for review by the working group. The Parameters Resolution contains the following:
 - a. Notice of Intent to Issue Bonds
 - b. Description of the Project
 - c. Maximum Interest Rate of the Bonds
 - d. Maximum Borrowing Amount of the Bonds
 - e. Maximum Term of Bonds
 - f. Maximum Discount the Bonds will be Offered at
 - g. Authorization to prepare a Preliminary Official Statement (POS)
- 4) Midway City Council Adopts the Parameters Resolution per the proposed calendar.
- 5) Gilmore & Bell prepares and publishes the “Notice of Bonds to Be Issued” in the Wasatch Wave. This begins the 30-day contest period.
- 6) Midway City and Zions determine which method of sale will obtain the best financial results for the City. (The process outlined below reflects a competitive bond sale in the market)
- 7) Preliminary Official Statement is distributed to working group for comments.
- 8) Due diligence meeting is held to ensure accuracy of the POS.
- 9) Rating package is sent to rating agency. (Approximately 2 weeks before proposed issuance)
- 10) Rating presentation in San Francisco.
- 11) Bond ratings are received.
- 12) Zions Bank distributes the draft Preliminary Official Statement to the investment community.
- 13) The thirty (30) day contest period ends.
- 14) Competitive Bond Sale is held.
- 15) Final bond documents are prepared by Gilmore & Bell and reviewed by Midway City and Zions.

- 16) Bond documents are signed by Midway City.
- 17) Zions prepares the Closing Memorandum which states how the bond certificates are to be delivered and directs the responsible parties to transfer funds to appropriate accounts.
- 18) Zions conducts the Closing Call to make sure all parties have fulfilled their respective responsibilities and any outstanding questions have been answered. The issuance of the bonds is complete.
- 19) Wasatch County is notified by Midway City of Midway City's debt service obligation by June 15 for property tax rates to be set.

While the above process outlines the process for the sale of the bonds in the market using a competitive sale, the Municipal Advisor (Zions) will be making recommendations on the method of bond sale to obtain the best available interest rates based on the size of the borrowing and the existing market conditions. (The amount of the loan will most likely dictate which process we follow.) This could include the preparation of an Official Statement, bond rating trip to San Francisco, selection of an underwriter through a negotiated or competitive basis and market sale of the bonds. Or, could include the solicitation of bids from financial institutions that would purchase the bonds to be held in their investment portfolio.

The working group will likely consist of the Midway City Mayor, City Recorder and Attorney, Gilmore & Bell, Zions Bank Public Finance and a representative of the underwriter if/when they are selected.