RESOLUTION NO. 01-09

This Resolution was replaced by Resolution 02-02 Since the issuance amount of $16,000 was exceeded.

Ballard & Spahr, Ingersol
801 531-3000

CC 8-21-01

Resolution 01-09: A Resolution of Notice of Intent to Issue Water Revenue Bonds (Pressurized Irrigation)

Finance Director Kent Clark stated last week the City Council talked about seeking funding to continue with the pressurized irrigation construction. The Council determined to proceed with revenue bonding which does not require vote of citizenry. The bonds are backed by fees and not paid by the property taxes of citizens. Resolution 01-09 will set the parameters of what the bonding cannot exceed as well as setting the guidelines to proceed.

The principle amount of the bond will be $16,000,000. Previously it was talked about being $12,500,000. The additional amount gives the City a ceiling to work with interest rates or increasing costs. The interest rate cannot exceed 6.5 percent, yet if issued today it would be 4.59 percent. The maximum term will be 20 years although the City anticipates a 15 year term. If anything exceeds the maximum parameters, the City cannot proceed without further authorization from the City Council.

Mayor Barney asked why the bond limit was being set so high. Mr. Clark answered the additional amount acts as a cushion so if the principle amount changes or interest rates go up or down the process doesn't have to be redone. Amortized costs are more than the actual amount needed. The additional amount will also pay other costs such as bond issuance and insurance. Mayor Barney stated he wants to assure citizens this project will be done at a minimum cost.

Mr. Clark stated the bond counsel will be Ballard, Spahr, and the financial advisor is Zions Bank. These are the same people the City used when bonding for SFCN.

Councilmember Huff made a **motion** to adopt Resolution 01-09: A Resolution of Notice of Intent to Issue Water Revenue Bonds for Pressurized Irrigation with a principle amount not to exceed 16,000,000 with a maximum interest rate of 6.5 percent and a term not to exceed 20 years. Councilmember James **seconded**, and the motion **passed** with a unanimous vote.

Mr. Heap stated surface irrigation is very inefficient and causes other damage besides the waste of water. It is his recommendation that surface irrigation be discontinued beginning next year.

Councilmember Shepherd asked if it was feasible to have the pressurized irrigation system installed for surface irrigation users by next year. Mr. Heap anticipates bids to be received by January 2002 with construction beginning in February, depending on the weather. The older part of town where surface irrigation is used would be concentrated on as one of the first areas to begin.