

CITY COUNCIL WORK SESSION
Tuesday, September 2, 2014 6:00 p.m.
Community Recreation Center
10640 N Clubhouse Drive, Cedar Hills, Utah

Present: Mayor Gary Gygi, Presiding
Council Members: Trent Augustus, Rob Crawley, Jenney Rees, David Zappala,
Mike Geddes (6:25 p.m.)
David Bunker, City Manager
Chandler Goodwin, Assistant City Manager
Charl Louw, Finance Director
Jeff Maag, Public Works Director
Greg Gordon, Recreation Director
Others: Mark Edminster, Jonathan Ward

This work session of the City Council of the City of Cedar Hills, Utah, having been properly noticed, was called to order at 6:04 p.m. by Mayor Gygi.

Refinancing Options

Charl Louw stated that it is not unusual to have two financial advising companies present when refinancing bonds.

Mark Edminster of Lewis Young Robertson and Burningham (LYRB)

Mr. Edminster stated that there is a proposed refunding of the city's utility bonds issued in 2006. The bond isn't callable until 2016, but the money can be invested in the escrow so that it can pay off the bond. Refunding the bonds would save the city considerable money. The interest rates are continuing to drop. It is time to set the wheels in motion. Setting a parameters resolution doesn't obligate the city to issue bonds, but will poise it to take advantage of these savings, if it so chooses. The city saves money by getting a lower interest rate. The city can also save money on the cost of issuance of the bonds. A negotiated public sale or a direct purchase would likely be the best options for this particular bond. A negotiated sale would likely have a lower interest rate, but the cost of issuance would be higher. He would recommend a dual track approach and also looking into state funds available. LYRB has worked with the city on many types of bonds over the years since 2005 on the golf course refinance. Recently he arranged a refinance with Wells Fargo Bank on a bond that was uncallable; while the bank was under no obligation to work with the city; he was able to not only reduce the interest rate but also the uncallable clause. LYRB is strictly a financial advisory firm, while many others are banks, underwriters, etc. Their proposal is \$3 per bond, or per \$1,000, for a total of around \$14,000.

Jonathan Ward of Zions Bank Public Finance

Mr. Ward has been the lead on over 170 transactions totaling \$1.237 billion. Bonds can be sold on a negotiated basis where the underwriter is contracted up front for a fee or competitively where the underwriter bids on a specific rate. His preference is the competitive basis. He would recommend buying bond insurance and putting the bonds out to competitive bids. The timeline is fairly aggressive, with the bond closing on October 22nd. The interest rate is locked in on October 9th.

This meeting was adjourned at 7:00 p.m. by Mayor Gygi.

/s/ Colleen A. Mulvey, CMC
City Recorder