



Legislation Details (With Text)

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Title: Administrative Services Department reporting on a request from the Waterford School for Conduit Debt Issuance

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Attachments: 1. Term Sheet and Conduit Process.pdf

Date	Ver.	Action By	Action	Result
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Agenda Item Title:

Administrative Services Department reporting on a request from the Waterford School for Conduit Debt Issuance

Presenter:

Brian Kelley, Administrative Services Director
Johnathan Ward, Zions Bank Public Finance

Description/Background:

Overview

The City may, from time to time, issue bonds on behalf of other public or private entities. These issues are referred to as “Conduit” issues because the City acts as a conduit for the borrower to either: i) receive a debt structure that results in a tax-exempt interest rate, or ii) provides greater access to potential investors, thus, decreasing the interest cost associated with the project. While the City may make efforts to facilitate the desires of these entities, the Finance Director will ensure the highest quality structure and issuance is contemplated and that the City is insulated from potential risks. The City may sponsor conduit financing for those activities (i.e. economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the City's overall service and policy objectives as determined by the City Council. Any self-supporting debt such as this must first be approved by the Finance Director before being submitted to City Council for authorization. All conduit financings must insulate the City completely from any credit risk or exposure.

Due Diligence

The Finance Director shall review all requests from public or private entities, which may include qualified 501c-3 non-profits, and work with the City's Financial Advisor to review all associated terms

related to the proposed financing, including but not limited to: bond structure, covenants and requirements, obligations of borrower and issuer, and other related terms. The Finance Director shall (with the input and direction of the City's Financial Advisor) be able to make recommendations, changes and modifications to the terms and conditions of the conduit issue in order to protect the interests of the City.

Fees

The City will charge an administrative fee to reimburse its administrative and professional service costs incurred in debt issuance related to conduit issuance.

Further action to be taken:

Should both the Waterford School decide to formally request conduit debt issuance and the City Council declare its interest in participating, then the process outlined in the attached preliminary term sheet would need to be followed.

Tonight the Administrative Services Department is seeking advice from the City Council on how to proceed.