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October 12, 2023

Mr. Bruce Adams, Chairman
SAN JUAN COUNTY LOCAL
BUILDING AUTHORITY
117 South Main Street
Monticello, Utah 84535

Re: NOTICE OF LOAN AUTHORIZATION AND TERMS

Dear Chairman Adams:

On October 5, 2023, the Permanent Community Impact Fund Board (the "Board") authorized a \$4,689,695 grant and a \$21,366,000 loan to the Local Building Authority of San Juan County (the "Issuer") for remodeling and expanding the public safety building in Monticello, Utah (the "Project"). The loan will be evidenced by a lease revenue bond (the "Bond") to be issued by the Issuer and purchased by the Board. The purpose of this letter is to set forth the terms of the loan and to specify the conditions that must be satisfied before the Bond is purchased by the Board.

Basic Loan Terms

The Bond must provide that it shall mature in 30 principal installments, payable on October 1 of each year commencing on October 1, 2025. Enclosed with this letter is a principal repayment schedule listing the amount of principal maturing in each year. In addition, the Issuer shall be required to make annual payments of interest on the unpaid principal balance of the Bond accruing from October 1, 2024 at the rate of two percent (2.00%) per annum. The Bond shall provide that delinquent installments of principal and/or interest shall bear interest at the rate of eighteen percent (18%) per annum from the due date thereof through the date of actual payment. All payments shall be applied first to accrued but unpaid interest and then to principal.

The Bond may be prepaid, in whole or in part, at any time in minimum amounts of \$1,000 or any integral multiple thereof, which prepayments shall be applied against Bond principal in inverse order of maturities. In addition, if any Bond proceeds remain after the Project has been completed, those remaining proceeds shall be repaid to the Board as excess grant proceeds.



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Total Project Funds

Based upon the information presented to the Board, the following sources of funding will be available for the construction of the Project:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Permanent Community Impact Fund Board – Loan	\$21,366,000	82%
Permanent Community Impact Fund Board – Grant	<u>4,689,695</u>	<u>18%</u>
	<u>\$26,055,695</u>	<u>100%</u>

As a condition to the purchase of the Bond by the Board, the Issuer must make arrangements for all loan and grant proceeds and all other Project funds to be deposited into the escrow account described below at the time the Board delivers funds. If any funds remain in the escrow account upon completion of the construction of the Project, those funds shall be considered to be excess grant funds from the Board and paid over to the Board.

Bond Format and Security

The Bond shall be in the form of a non-voted lease revenue bond to be issued by the Issuer. In addition to other provisions typically included in such documents, the Bond documents must contain the following provisions:

1. The Bond will be issued initially in the form of a single, fully-registered bond in the amount of \$21,366,000. However, provision should be made which would allow the Bond to be exchanged for separate serial bonds in minimum denominations of \$1,000.
2. The Bond must be secured by a pledge by the Issuer of the lease revenues produced by leasing the Project to the County, and the Issuer will be required to warrant and demonstrate that those revenues equal or exceed 125% of the total annual debt

service requirements on the Bond and any other obligations secured by a pledge of those revenues.

3. The Bond must also be secured by an assignment of the lease agreement between the Issuer and the County, together with a mortgage or deed of trust interest in the Project.

4. The Issuer will be required to establish and maintain a debt service reserve fund in an amount equal to the maximum annual debt service on the Bond. The amount required must be contributed to that fund in no more than 72 monthly deposits.

5. Interest on the Bond must be tax-exempt, and delivery of the Bond must be accompanied by an opinion of recognized bond counsel that the interest is not subject to state or federal income taxes.

Bond Documents and Closing Conditions

Certain conditions must be satisfied and completed before the Board will purchase the Bond. In this regard, the State of Utah has assigned William L. Prater the responsibility of reviewing and approving all proceedings and documents relating to the sale of bonds to the Board. His address is: 6925 Union Park Center, Suite 265, Midvale, Utah 84047; and his telephone number is: (801) 566-8882. The Board's Fund Manager, Ms. Candace Powers, will also monitor compliance by the Issuer with those loan conditions. Ms. Powers' telephone number is: (385) 341-0199.

The following conditions must be met before the Board will purchase the Bond:

1. The Issuer should retain the services of a nationally recognized bond attorney to assist the Issuer in the preparation of the bond documents and to render legal opinions related thereto. The Issuer's bond attorney should submit the following items to the Board's attorney at the times listed below:

(a) No later than one week prior to the meeting at which the Issuer intends to adopt its Resolution for the issuance of the Bond, a complete copy of the proposed Resolution shall be submitted for review.

(b) No later than two weeks after the adoption of the Resolution, the following items shall be submitted:

(i) A true and complete photocopy of the Resolution as adopted, showing signatures of the appropriate officials of the Issuer on the Resolution and on the Notice of Meeting, Acknowledgment of Notice and Consent, Certificate of Publication, Open Meeting Certificate, and other similar documents relating to the Resolution.

(ii) A complete copy of the proposed documents to be signed at Closing, including (but not necessarily limited to) General Certificate, Signature Identification and Non-Litigation Certificate, Receipt, Arbitrage Certificate (if required), Issuer Attorney's Non-Litigation Certificate, Certificate of Clerk (or Recorder) as to contents of Bond Transcript File, Net Revenue Certificate, Escrow Agreement, Deed of Trust, and the Bond Attorney's Opinion.

The procedures for bond approval will be substantially the same as required by the Utah Local Government Bonding Act as it applies to cities and towns. The opinion of the bond attorney must accompany delivery of the Bond to the Board before proceeds of the loan will be released.

At or after the Closing, the Issuer will be billed by the Board's attorney, and those legal fees must be paid by the Issuer. (This is an eligible Project expenditure.) If the Issuer fails to close the loan after this authorization, it will nonetheless be billed for the actions taken by the Board's attorney prior to loan cancellation.

2. Consistent with requirements of the law and the covenants of applicable bond resolutions, the actual payment of funds by the Board to the Issuer will not take place until the Board has that the funds will be used for Project costs and the Project will actually be completed. To assure this, all monies to be expended on the Project will be placed in an escrow account supervised by the Issuer and the Board. A copy of the proposed escrow agreement shall be submitted to the Board and the Board's attorney for review.

3. At or before the closing with respect to the Bond, the Issuer shall enter into a lease agreement with the County, which lease agreement must be in a form acceptable to the Board. That lease agreement shall provide that the County will make lease payments in amounts sufficient to cover all payments and reserve fund installments required under the Bond Resolution. A copy of the proposed lease agreement shall be submitted to the Board's attorney for review prior to being signed.

4. The Issuer must obtain marketable fee title to the Project site, subject only to the lien of the deed of trust which secures the Bond. Evidence of this ownership must be supplied to the Board and the Board's attorney at or prior to the closing with respect to the Bond.

5. The Issuer's attorney shall certify the following items in writing to the Board:

(a) The Issuer is a legal entity.

(b) The lease agreement between the Issuer and the County is legal and binding and enforceable against the parties in accordance with its terms.

(c) The Issuer has obtained marketable fee simple title in and to the Project site, subject only to the lien of the mortgage or deed of trust securing the Bond. (This condition may be substituted by a title policy.)

A draft of this letter shall be submitted to the Board and the Board's attorney not later than two weeks after the adoption of the bond resolution.

6. As a condition to the acceptance by the Board of a non-voted revenue bond, the Issuer must publish notice and conduct a public hearing consistent with the requirements of the Utah Local Government Bonding Act. A copy of all written responses and a certified record of a public hearing shall be forwarded to the Board. If the Board feels that there is significant opposition to the acquisition of the Project, or if required by the Utah Local Government Bonding Act, it may be necessary for the Issuer to hold a bond election before the Board's funds will be made available.

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In order to facilitate the timely completion of the financial assistance requirements outlined in this letter, the Issuer and its attorney and engineer should submit all of the items listed in the numbered paragraphs above no later than 30 days before the bond closing.

Pursuant to Board policy, the loan authorization described in this letter shall remain valid for a period of six (6) months after the date of this letter. If the Bond closing does not occur within that 6-month period, the Board may require the Issuer to reappear before the Board to explain why that closing has not occurred. The Board may thereafter cancel this loan authorization if the Board determines that additional delays are not justified.

These requirements will probably not cover all the matters pertaining to the Project. We anticipate that specific questions on matters relating to your Project will arise, and we are confident that a joint cooperative effort can resolve the issues.

If you have any questions concerning these requirements, please contact me.

Sincerely,



Candace Powers, Fund Manager
Permanent Community Impact Fund Board

SAN JUAN COUNTY LOCAL BUILDING AUTHORITY

PUBLIC SAFETY BUILDING RENOVATION

Amortization Schedule

Principal	\$ 21,366,000.00
Interest	2.00%
Term (Years)	30
Periods Per Year	1
Payment	\$953,990.24
Interest Starts Accruing	10/1/2024

PREPARED: 10/12/23 10:55 AM

Payment Number	Date	Beginning Balance	Payment	Interest	Principal	Ending Balance
1	10/1/2025	\$ 21,366,000.00	954,320.00	427,320.00	527,000.00	\$ 20,839,000.00
2	10/1/2026	20,839,000.00	953,780.00	416,780.00	537,000.00	20,302,000.00
3	10/1/2027	20,302,000.00	954,040.00	406,040.00	548,000.00	19,754,000.00
4	10/1/2028	19,754,000.00	954,080.00	395,080.00	559,000.00	19,195,000.00
5	10/1/2029	19,195,000.00	953,900.00	383,900.00	570,000.00	18,625,000.00
6	10/1/2030	18,625,000.00	954,500.00	372,500.00	582,000.00	18,043,000.00
7	10/1/2031	18,043,000.00	953,860.00	360,860.00	593,000.00	17,450,000.00
8	10/1/2032	17,450,000.00	954,000.00	349,000.00	605,000.00	16,845,000.00
9	10/1/2033	16,845,000.00	953,900.00	336,900.00	617,000.00	16,228,000.00
10	10/1/2034	16,228,000.00	953,560.00	324,560.00	629,000.00	15,599,000.00
11	10/1/2035	15,599,000.00	953,980.00	311,980.00	642,000.00	14,957,000.00
12	10/1/2036	14,957,000.00	954,140.00	299,140.00	655,000.00	14,302,000.00
13	10/1/2037	14,302,000.00	954,040.00	286,040.00	668,000.00	13,634,000.00
14	10/1/2038	13,634,000.00	954,680.00	272,680.00	682,000.00	12,952,000.00
15	10/1/2039	12,952,000.00	954,040.00	259,040.00	695,000.00	12,257,000.00
16	10/1/2040	12,257,000.00	954,140.00	245,140.00	709,000.00	11,548,000.00
17	10/1/2041	11,548,000.00	953,960.00	230,960.00	723,000.00	10,825,000.00
18	10/1/2042	10,825,000.00	953,500.00	216,500.00	737,000.00	10,088,000.00
19	10/1/2043	10,088,000.00	953,760.00	201,760.00	752,000.00	9,336,000.00
20	10/1/2044	9,336,000.00	953,720.00	186,720.00	767,000.00	8,569,000.00
21	10/1/2045	8,569,000.00	954,380.00	171,380.00	783,000.00	7,786,000.00
22	10/1/2046	7,786,000.00	953,720.00	155,720.00	798,000.00	6,988,000.00
23	10/1/2047	6,988,000.00	953,760.00	139,760.00	814,000.00	6,174,000.00
24	10/1/2048	6,174,000.00	954,480.00	123,480.00	831,000.00	5,343,000.00
25	10/1/2049	5,343,000.00	953,860.00	106,860.00	847,000.00	4,496,000.00
26	10/1/2050	4,496,000.00	953,920.00	89,920.00	864,000.00	3,632,000.00
27	10/1/2051	3,632,000.00	953,640.00	72,640.00	881,000.00	2,751,000.00
28	10/1/2052	2,751,000.00	954,020.00	55,020.00	899,000.00	1,852,000.00
29	10/1/2053	1,852,000.00	954,040.00	37,040.00	917,000.00	935,000.00
30	10/1/2054	935,000.00	953,700.00	18,700.00	935,000.00	-
			28,619,420.00	7,253,420.00	21,366,000.00	

This is an estimate, actual balances may change based on payment dates.