



CITY COUNCIL TRANSMITTAL

  
Lisa Shaffer (May 13, 2021 13:47 MDT)


Lisa Shaffer, Chief Administrative Officer

Date Received: 05/13/2021

Date sent to Council: 05/13/2021

**TO:** Salt Lake City Council  
Amy Fowler, Chair

**DATE:** May 11, 2021

**FROM:** Mary Beth Thompson, Chief Financial Officer 

**SUBJECT:** Local Building Authority of Salt Lake City, Lease Revenue Bonds, Series 2013A (Glendale Library) and 2014A (Marmalade Library)

**STAFF CONTACT:** Marina Scott, City Treasurer  
801-535-6565

**COUNCIL SPONSOR:** Exempt

**DOCUMENT TYPE:** Briefing

**RECOMMENDATION:** The Administration recommends that on June 15, 2021, the City Council holds a discussion in anticipation of the following action related to the refunding of above-mentioned lease revenue bonds:

- Board of Trustees of the Local Building Authority considers adoption of an Authority Resolution on July 13, 2021 authorizing the redemption of certain outstanding Lease Revenue Bonds; authorizing the execution and delivery of one or more escrow agreements; authorizing the taking of all other actions necessary for the consummation of the transactions contemplated by this resolution; and related matters.

**BUDGET IMPACT:** No impact to the General Fund. Salt Lake City Library pays debt service on the bonds.

## BACKGROUND/DISCUSSION:

The Administration proposes to refund the following **Local Building Authority Lease Revenue Bonds as Sales Tax Revenue Bonds**:

Local Building Authority of Salt Lake City issued **Lease Revenue Bonds, Series 2013A (Glendale Library Project)** to build the new Glendale Library. Local Building Authority Lease Revenue Bonds, Series 2013A (the “LBA Series 2013A Bonds”) could expect to receive on average \$23,886 (about 6.7% of refunded principal) in annual savings in reduced debt costs resulting from the refunding.

Local Building Authority of Salt Lake City issued **Lease Revenue Bonds, Series 2014A (Marmalade Library Project)** to build the new Marmalade Library. Local Building Authority Lease Revenue Bonds, Series 2014A (the “LBA Series 2014A Bonds”) could expect to receive on average \$29,340 (about 6.6% of refunded principal) in annual savings in reduced debt costs resulting from the refunding.

The library will continue to make debt service payments on the refunded bonds.

Draft copies of the Authority Resolution, Escrow Agreement, and debt service schedule are attached. Please keep in mind that these are preliminary drafts and are subject to change.

Attachments

cc: Jace Bunting, Boyd Ferguson, Steven Bagley, Debbie Ehrman, John Spears.

**Board of Directors of the Local Building Authority of Salt Lake City, Utah**  
Agenda Item for July 13, 2021

UNFINISHED BUSINESS:

**Suggested Agenda Language** relating to the resolution providing for the redemption of certain lease revenue bonds currently scheduled to be considered by the Board of Directors at its meeting on July 13, 2021:

Resolution: Authorizing the Redemption of Certain Lease Revenue Bonds

Consider adopting a resolution authorizing the redemption of certain outstanding lease revenue bonds; authorizing the execution and delivery of certain related documents and providing for related matters.

Staff Recommendation: Adopt the resolution.

**Suggested Motion Language** is as follows:

I move that the Board of Directors adopt the resolution authorizing the redemption of lease revenue bonds and providing for related matters.

Preliminary; subject to change.

**SALT LAKE CITY, UTAH**

**\$4,925,000 TAXABLE SALES AND EXCISE TAX REVENUE REFUNDING BONDS**

SERIES 2021 (September 16, 2021 )

(Advance Refund 2013A LBA)

**Debt Service Schedule**

| <b>Date</b>  | <b>Principal</b>      | <b>Coupon</b> | <b>Interest</b>     | <b>Total P+I</b>      |
|--------------|-----------------------|---------------|---------------------|-----------------------|
| 06/30/2022   | -                     | -             | 44,875.73           | 44,875.73             |
| 06/30/2023   | 65,000.00             | 0.260%        | 82,763.00           | 147,763.00            |
| 06/30/2024   | 65,000.00             | 0.310%        | 82,577.75           | 147,577.75            |
| 06/30/2025   | 405,000.00            | 0.560%        | 81,343.00           | 486,343.00            |
| 06/30/2026   | 410,000.00            | 0.950%        | 78,261.50           | 488,261.50            |
| 06/30/2027   | 415,000.00            | 1.200%        | 73,824.00           | 488,824.00            |
| 06/30/2028   | 420,000.00            | 1.500%        | 68,184.00           | 488,184.00            |
| 06/30/2029   | 425,000.00            | 1.700%        | 61,421.50           | 486,421.50            |
| 06/30/2030   | 435,000.00            | 1.870%        | 53,741.75           | 488,741.75            |
| 06/30/2031   | 440,000.00            | 1.970%        | 45,340.50           | 485,340.50            |
| 06/30/2032   | 445,000.00            | 2.070%        | 36,400.75           | 481,400.75            |
| 06/30/2033   | 460,000.00            | 2.170%        | 26,804.00           | 486,804.00            |
| 06/30/2034   | 465,000.00            | 2.270%        | 16,535.25           | 481,535.25            |
| 06/30/2035   | 475,000.00            | 2.370%        | 5,628.75            | 480,628.75            |
| <b>Total</b> | <b>\$4,925,000.00</b> | <b>-</b>      | <b>\$757,701.48</b> | <b>\$5,682,701.48</b> |

**Yield Statistics**

|                                   |             |
|-----------------------------------|-------------|
| Bond Year Dollars                 | \$39,530.21 |
| Average Life                      | 8.026 Years |
| Average Coupon                    | 1.9167657%  |
| Net Interest Cost (NIC)           | 1.9510275%  |
| True Interest Cost (TIC)          | 1.9419527%  |
| Bond Yield for Arbitrage Purposes | 2.2946086%  |
| All Inclusive Cost (AIC)          | 1.9828932%  |

**IRS Form 8038**

|                           |             |
|---------------------------|-------------|
| Net Interest Cost         | 1.9167657%  |
| Weighted Average Maturity | 8.026 Years |

Preliminary; subject to change.

## SALT LAKE CITY, UTAH

### \$5,345,000 TAXABLE SALES AND EXCISE TAX REVENUE REFUNDING BONDS

SERIES 2021 (September 16, 2021 )

(Advance Refund 2014A LBA)

## Debt Service Schedule

| Date         | Principal             | Coupon   | Interest            | Total P+I             |
|--------------|-----------------------|----------|---------------------|-----------------------|
| 06/30/2022   | -                     | -        | 46,079.31           | 46,079.31             |
| 06/30/2023   | 80,000.00             | 0.260%   | 84,965.50           | 164,965.50            |
| 06/30/2024   | 410,000.00            | 0.310%   | 84,226.00           | 494,226.00            |
| 06/30/2025   | 410,000.00            | 0.560%   | 82,442.50           | 492,442.50            |
| 06/30/2026   | 415,000.00            | 0.950%   | 79,323.25           | 494,323.25            |
| 06/30/2027   | 415,000.00            | 1.200%   | 74,862.00           | 489,862.00            |
| 06/30/2028   | 425,000.00            | 1.500%   | 69,184.50           | 494,184.50            |
| 06/30/2029   | 430,000.00            | 1.700%   | 62,342.00           | 492,342.00            |
| 06/30/2030   | 435,000.00            | 1.870%   | 54,619.75           | 489,619.75            |
| 06/30/2031   | 445,000.00            | 1.970%   | 46,169.25           | 491,169.25            |
| 06/30/2032   | 455,000.00            | 2.070%   | 37,076.75           | 492,076.75            |
| 06/30/2033   | 465,000.00            | 2.170%   | 27,322.25           | 492,322.25            |
| 06/30/2034   | 475,000.00            | 2.270%   | 16,885.75           | 491,885.75            |
| 06/30/2035   | 485,000.00            | 2.370%   | 5,747.25            | 490,747.25            |
| <b>Total</b> | <b>\$5,345,000.00</b> | <b>-</b> | <b>\$771,246.06</b> | <b>\$6,116,246.06</b> |

### Yield Statistics

|                                   |             |
|-----------------------------------|-------------|
| Bond Year Dollars                 | \$40,802.71 |
| Average Life                      | 7.634 Years |
| Average Coupon                    | 1.8901835%  |
| Net Interest Cost (NIC)           | 1.9262075%  |
| True Interest Cost (TIC)          | 1.9156441%  |
| Bond Yield for Arbitrage Purposes | 2.2946086%  |
| All Inclusive Cost (AIC)          | 1.9585558%  |

### IRS Form 8038

|                           |             |
|---------------------------|-------------|
| Net Interest Cost         | 1.8901835%  |
| Weighted Average Maturity | 7.634 Years |

**RESOLUTION NO. \_\_ OF 2021**

A Resolution authorizing the redemption of certain outstanding Lease Revenue Bonds; authorizing the execution and delivery of one or more escrow agreements; authorizing the taking of all other actions necessary for the consummation of the transactions contemplated by this resolution; and related matters.

\*\*\*            \*\*\*            \*\*\*

WHEREAS, the Local Building Authority of Salt Lake City, Utah (the “*Authority*”), has been duly organized as a Utah nonprofit corporation by Salt Lake City, Utah (the “*City*”), solely for the purpose of (a) accomplishing the public purposes for which the City exists by acquiring, constructing, improving or extending any improvements, facilities or properties (whether real or personal) and appurtenances to them which the City is authorized or permitted by law to acquire, including, but not limited to, public buildings or other structures of every nature or any joint or partial interest in the same, and (b) financing the costs of such projects on behalf of the City in accordance with the procedures and subject to the limitations of the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the “*Act*”), and other applicable Utah law;

WHEREAS, the Authority has previously issued its (i) Lease Revenue Bonds, Series 2013A (the “*2013A LBA Bonds*”) and (ii) Lease Revenue Bonds, Series 2014A (the “*2014A LBA Bonds*”) to finance the acquisition and construction of certain library facilities (the “*Leased Facilities*”) and has leased such facilities to the City pursuant to that certain Master Lease Agreement, dated as of June 1, 2013, as heretofore amended and supplemented (the “*Lease*”), between the Authority and the City;

WHEREAS, pursuant to Section 14.01 of the Lease, the City has the option to purchase the Leased Facilities on each Optional Purchase Date (as defined in the Master Lease);

WHEREAS, on the date hereof the City Council of the City adopted a resolution authorizing the issuance and sale of one or more series of its sales and excise tax revenue bonds (the “*City STR Bonds*”), a purpose of the proceeds of which is to pay the Option Price (as defined in the Master Lease) for the Leased Facilities on the applicable Optional Purchase Date by entering into an Escrow Agreement (the “*Escrow Agreement*”) with the Authority and an escrow agent, to hold such proceeds in escrow to pay the Option Price on the applicable Optional Purchase Date;

WHEREAS, the form of the Escrow Agreement has been prepared and distributed to the Authority, and the Authority has examined the provisions of the Escrow Agreement and desires at this time to approve the terms and provisions of the Escrow Agreement and to authorize the execution and delivery thereof by the Authority’s President, Vice President or the President’s designee (the “*President*”) and by the countersignature and attestation thereof by the Secretary/Clerk, or any assistant or deputy Secretary/Clerk (the “*Secretary/Clerk*”); and

WHEREAS, on the applicable Optional Purchase Date, the Authority desires to redeem the then outstanding 2013A LBA Bonds and 2014A LBA Bonds (collectively, the “*Redeemed Bonds*”);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Local Building Authority of Salt Lake City, Utah, as follows:

*Section 1. Authorization of Escrow Agreement.* One or more Escrow Agreements, in substantially the form set forth as *Exhibit A* hereto, with such insertions, changes and additions as shall be made with the approval of the President, execution by the President thereof to constitute conclusive evidence of such approval, is hereby in all respects authorized and approved. The Authority, through the President and the Secretary/Clerk, shall enter into the Escrow Agreement with an escrow agent establishing one or more escrow accounts from which the redemption price of, and interest on, the Redeemed Bonds shall be paid when due. After all the Redeemed Bonds shall have become due and payable pursuant to call for redemption, any investments remaining in an escrow account shall be liquidated, and any proceeds of liquidation over and above the amount necessary to be retained for the payment of any Redeemed Bonds not yet presented for payment, including interest due and payable, shall be paid in accordance with the Escrow Agreement. The President is hereby authorized and directed to execute and deliver, and the Secretary/Clerk to seal, countersign and attest, the Escrow Agreement.

*Section 2. Notice of Intent to Purchase.* The execution by the City of the Escrow Agreement and the funding of the escrow account created thereunder shall constitute the City’s written notice of the City’s intent to purchase the applicable Leased Facilities under Section 14.01 of the Lease.

*Section 3. Provision for Redemption the Redeemed Bonds.* It is hereby found and determined that, pursuant to the Escrow Agreement and this resolution, moneys and governmental obligations permitted under the Act, the principal of and the interest on which, when due, will provide moneys that will be sufficient to pay, when due, pursuant to call for redemption, the redemption price of and interest due and to become due on, the Redeemed Bonds, will be deposited with the escrow agent and provision thereby made for the redemption of the Redeemed Bonds.

*Section 4. Authorization of Redemption Prior to Maturity of Redeemed Bonds.* Upon the issuance of the City STR Bonds and the funding of the escrow account under the Escrow Agreement, the Redeemed Bonds are irrevocably called for redemption on October 15, 2023, each at the redemption price of one hundred percent (100%) of the principal amount of each such Redeemed Bond so called for redemption plus accrued interest thereon to the date fixed for redemption. Notice of such redemption shall be given as provided in that certain Indenture of Trust, Assignment of Lease Agreements and Security Agreement, dated as of June 1, 2013, as heretofore amended and supplemented, between the Authority and U.S. Bank National Association, as trustee.

*Section 5. Other Certificates and Documents Required to Transfer Title to the City.* Upon satisfaction of any of the conditions listed in Section 14.02(b) of the Lease, each of the

President and the Secretary/Clerk is hereby authorized and directed to execute such certificates and documents as are required to transfer title to the Leased Facilities to the City.

*Section 6. Other Actions With Respect to the Redemption of the Redeemed Bonds.* The officers and employees of the Authority shall take all action necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary to carry out the redemption of the Redeemed Bonds, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the issuance and sale of the City STR Bonds and the redemption of the Redeemed Bonds. If (a) the President or (b) the Secretary/Clerk shall be unavailable or unable to execute or attest and countersign, respectively, the documents that they are hereby authorized to execute, attest and countersign, the same may be executed, or attested and countersigned, respectively, (i) by the Authority's Vice President or (iii) by any assistant or deputy Secretary/Clerk. Without limiting the generality of the foregoing, the officers and employees of the Authority are authorized and directed to take such action as shall be necessary and appropriate to redeem the Redeemed Bonds.

*Section 7. Prior Acts Ratified, Approved and Confirmed.* All acts of the officers and employees of the Authority in connection with the redemption of the Redeemed Bonds are hereby ratified, approved and confirmed.

*Section 8. Resolution Irrepealable.* Following the execution and delivery of an Escrow Agreement, this resolution shall be and remain irrepealable until all of the Redeemed Bonds and the interest thereon shall have been fully paid, cancelled, and discharged.

*Section 9. Severability.* If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

*Section 10. Effective Date.* This resolution shall be effective immediately upon its approval and adoption.

*(Signature page follows.)*



ADOPTED AND APPROVED by the Board of Directors of the Local Building Authority of Salt Lake City, Utah, this 13th day of July, 2021.

LOCAL BUILDING AUTHORITY OF SALT LAKE CITY,  
UTAH

By \_\_\_\_\_  
President

[SEAL]

ATTEST:

\_\_\_\_\_  
Secretary/Clerk

APPROVED AS TO FORM:

By Boyd Ferguson  
Senior City Attorney

**EXHIBIT A**

**[ATTACH FORM OF ESCROW AGREEMENT]**

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**ESCROW AGREEMENT**

**[Between][By and Among]**

**SALT LAKE CITY, UTAH**

**[LOCAL BUILDING AUTHORITY OF SALT LAKE CITY, UTAH]**

**AND**

\_\_\_\_\_, as Escrow Agent

**\$ \_\_\_\_\_**

**SALT LAKE CITY, UTAH**

**FEDERALLY TAXABLE SALES AND EXCISE TAX REVENUE REFUNDING BONDS  
SERIES 2021B**

**providing for the refunding of all of the \_\_\_\_\_'s**

\_\_\_\_\_ **Revenue Bonds**  
**Series 201\_\_**

**And**

\_\_\_\_\_ **Revenue Bonds**  
**Series 201\_\_**

**DATED AS OF \_\_\_\_\_, 2021**

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## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of \_\_\_\_\_, 2021, by and [between][among] SALT LAKE CITY, UTAH, a body corporate and a political subdivision of the State of Utah, organized and existing under the laws of the State of Utah (the “City”), [the Local Building Authority of Salt Lake City, Utah, a Utah nonprofit corporation (the “Authority”)] and \_\_\_\_\_, a national banking association duly organized and existing under the laws of the United States of America (the “Escrow Agent”), for and in consideration of the mutual covenants herein contained and in consideration of Five Dollars (\$5.00) duly paid by the City to the Escrow Agent, the receipt whereof is hereby acknowledged,

### WITNESSETH:

#### ARTICLE I

#### DEFINITIONS

*Section 1.01.* The following words and terms used in this Escrow Agreement shall have the following meanings unless the context or use clearly indicates another or different meaning:

“*Act*” means, collectively, the Utah Refunding Bond Act, Chapter 27 of Title 11 of the Utah Code, the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code, and other applicable provisions of law.

“*Agreement*” means this Escrow Agreement between the City[, the Authority] and the Escrow Agent.

[“*Authority Resolution*” means that certain resolution adopted by the Board of Directors on July 13, 2021, authorizing (a) the refunding the Refunded Bonds and (b) this Agreement.]

[“*Board of Directors*” means the Board of Directors of the Authority.]

“*Bond Resolution*” means that certain resolution adopted by the City Council on July 13, 2021, including as apart of such resolution that certain Certificate of Determination, dated \_\_\_\_\_, 2021, authorizing (a) the issuance of the Series 2021B Bonds for the purpose of, among other things, refunding the Refunded Bonds and (b) this Agreement.

“*City*” means Salt Lake City, Utah.

“*City Council*” means the City Council of the City.

“*City Recorder*” means the City Recorder of the City, or in the case of the absence or disability of the City Recorder, any Deputy City Recorder.

“*City Treasurer*” means the City Treasurer of the City or, in the case of the absence or disability of the City Treasurer, the Deputy Treasurer of the City.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Escrow Account*” means the irrevocable trust account established under this Agreement by the deposit of the Escrow Investments.

“*Escrow Agent*” means \_\_\_\_\_, in its capacity as Escrow Agent hereunder or its successor.

“*Escrow Investments*” means the Government Securities, purchased with proceeds of the Series 2021B Bonds in connection with the refunding of the Refunded Bonds and deposited hereunder, as more particularly described in *Exhibit A* attached hereto.

“*Government Securities*” means direct obligations of the United States of America, or other securities the principal of and interest on which are unconditionally guaranteed by the United States of America.

“*Indenture*” means that certain Master Trust Indenture, dated as of September 1, 2004, as heretofore amended and supplemented, and as further amended and supplemented by that certain Thirteenth Supplemental Trust Indenture, dated as of July 1, 2021, relating to the Series 2021B Bonds, each between the City and Zions Bancorporation, National Association, as trustee.

[“*LBA Indenture*” means that certain Indenture of Trust, Mortgage, Assignment of Lease Agreements and Security Agreement, dated as of June 1, 2012, between the Authority and U.S. Bank National Association, as trustee.]

“*Mayor*” means the Mayor of the City, or in the event of absence or disability of the Mayor, the Chief of Staff or other person duly authorized to perform the duties of the Mayor.

[“*President*” means the President of the Board of Directors, or in the event of absence or disability of the President, the Vice President of the Board of Directors.]

“*Refunded Bonds*” means \_\_\_\_\_.

“*Report*” means the opinion and report of \_\_\_\_\_, independent Certified Public Accountants, delivered simultaneously herewith.

[“*Secretary/Clerk*” means the Secretary/Clerk of the Authority, or in the event of absence or disability of the Secretary/Clerk, any other person duly authorized to perform the duties of the Secretary/Clerk.]

“*Series 201\_\_ Bonds*” means the \$\_\_\_\_\_ aggregate principal amount of \_\_\_\_\_ Revenue Bonds, Series 201\_\_, dated \_\_\_\_\_, 201\_.

“Series 201\_\_ Bonds” means the \$ \_\_\_\_\_ aggregate principal amount of \_\_\_\_\_ Revenue Bonds, Series 201\_\_, dated \_\_\_\_\_, 201\_.

“Series 2021B Bonds” means the \$ \_\_\_\_\_ Federally Taxable Sales and Excise Tax Revenue Refunding Bonds, Series 2021B, authorized to be issued by the Bond Resolution and the Indenture.

## ARTICLE II

### RECITALS

*Section 2.01.* This Agreement is entered into pursuant to authority contained in the Act, [the Authority Resolution,] the Bond Resolution and the Indenture, and is executed by [(a)] the Mayor, the City Treasurer and the City Recorder pursuant to authority contained in the Bond Resolution [and (b) the President and the Secretary/Clerk pursuant to authority contained in the Authority Resolution]. This Agreement is irrevocable and is not subject to amendment except as otherwise expressly provided in Article VII hereof.

*Section 2.02.* The City Council adopted the Bond Resolution authorizing the issuance of the Series 2021B Bonds for the purpose, among other things, of refunding the Refunded Bonds. A certified copy of the Bond Resolution has been heretofore delivered to the Escrow Agent by the City. The Series 2021B Bonds have been sold, and it is contemplated that they will be delivered to the purchasers thereof on or about \_\_\_\_\_, 2021. The Bond Resolution and the Indenture provide that a portion of the proceeds from the sale of the Series 2021B Bonds shall, simultaneously with the delivery of the Series 2021B Bonds, be deposited with the Escrow Agent in trust in accordance with the provisions of this Agreement.

*Section 2.03.* The Refunded Bonds are payable at the principal corporate trust office of the paying agent for the Refunded Bonds.

*Section 2.04.* The Refunded Bonds were issued pursuant to the [Indenture][LBA Indenture]. The Refunded Bonds are outstanding in the aggregate principal amount, bear interest and mature as set forth in the definition of such term. The Refunded Bonds are subject to redemption on any date on or after \_\_\_\_\_, 202\_, at a redemption price equal to 100% (expressed as a percentage of the principal amount of the Refunded Bonds so called for redemption) plus accrued interest thereon to the redemption date. The Refunded Bonds will be called for redemption on \_\_\_\_\_, 202\_, pursuant to [the Authority Resolution,] the Bond Resolution[, the LBA Indenture] and the Indenture.

## ARTICLE III

### CREATION OF ESCROW

*Section 3.01.* The City by the Bond Resolution and the Indenture has authorized the issuance and delivery of the Series 2021B Bonds, \$ \_\_\_\_\_ of the proceeds of which are to be

used to refund the Refunded Bonds by the deposit with the Escrow Agent of moneys that are sufficient to provide a beginning deposit on demand and to purchase the Escrow Investments on behalf of the [Authority][City]. As provided in the Report, such beginning deposit and the Escrow Investments will provide all moneys necessary to pay the principal or redemption price of and interest on the Refunded Bonds when due pursuant to regularly scheduled interest payments and calls for redemption.

*Section 3.02.* The City will deposit \$ \_\_\_\_\_ from the proceeds of sale of the Series 2021B Bonds, together with \$ \_\_\_\_\_ of funds on deposit in the \_\_\_\_\_, \$ \_\_\_\_\_ of which shall be used for the purchase of the Escrow Investments and \$ \_\_\_\_\_ of which shall be used for the funding of the beginning cash deposit on demand with the Escrow Agent. The beginning deposit and the Escrow Investments are to be held in the Escrow Account for the [Authority][City] for the benefit of the owners and holders of the Refunded Bonds to pay the principal and redemption price of and interest on the Refunded Bonds as the same fall due on each interest payment date, at maturity or on the redemption date, as set forth in the cash flow schedules to the Report, and the same are hereby irrevocably pledged to the payment of the principal or redemption price of and interest on the Refunded Bonds in accordance herewith.

#### ARTICLE IV

##### COVENANTS OF ESCROW AGENT

*Section 4.01.* The Escrow Agent covenants and agrees with [the Authority] and the City as follows:

(1) The Escrow Agent will hold the Escrow Investments and all interest income or profit derived therefrom and all uninvested deposits in an irrevocable segregated and separate trust fund account solely and exclusively for the purposes for which escrowed.

(2) The Escrow Agent at the written direction of the City Treasurer [(on behalf of the Authority)] shall invest any uninvested cash in the Escrow Account in Government Securities to mature when needed as set forth in the cash flow schedules to the Report; *provided, however,* that Government Securities shall be purchased only if there is an established market for such securities and the market price is paid therefor. In the event moneys cannot be invested as described in the preceding sentence due to the denomination, price or availability of such investments, such amounts shall be held uninvested, but only to the minimum extent necessary. The Escrow Agent shall hold balances not so invested in the Escrow Account on demand and in trust for the purposes hereof and such demand deposits shall be secured as required by OCC regulations.

(3) The Escrow Agent will promptly collect all principal, interest or profit from the Escrow Investments and promptly apply the same as necessary to the payment of the redemption price of and interest on the Refunded Bonds as the same become due on each interest payment date, maturity date and redemption date, and as will meet the requirements for the retirement of the Refunded Bonds as set forth in the Cash Flow Schedules to the



Report, and such payments shall fully release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

(4) The Escrow Agent will remit to the paying agent for the Refunded Bonds, in good funds on or before each interest payment date or redemption date of the Refunded Bonds, moneys sufficient to pay such interest and redemption price as will meet the requirements for the retirement of the Refunded Bonds and such remittances shall fully release and discharge the Escrow Agent from any further duty or obligation thereto under this Agreement.

(5) No fees of the Escrow Agent, any paying agent on the Refunded Bonds or the paying agent on the Series 2021B Bonds, or any other charges, may be paid from the money or Escrow Investments in the Escrow Account prior to retirement of the Refunded Bonds, and the City agrees that it will pay all such fees as such payments become due. Neither the Escrow Agent, any paying agent on the Refunded Bonds nor the paying agent on the Series 2021B Bonds will have any lien on or with respect to the money or Escrow Investments in the Escrow Account.

(6) The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own negligence or willful breach of trust, and shall be under no obligation to institute any suit, action or other proceeding under this Agreement or to enter any appearance in any suit, action or proceeding in which it may be defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall be deemed to have failed to take any such action, unless and until it shall have been indemnified by the City to the Escrow Agent's satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery.

(7) The Escrow Agent will submit to the City Treasurer [(on behalf of the Authority)] a statement within ten (10) days after June 30 of each year, commencing June 30, 2022, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding 12-month period (or shorter period from the date of execution hereof to June 30, 2022), and also listing the Escrow Investments on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the collection of the Escrow Investments.

(8) If at any time it shall appear to the Escrow Agent that the available proceeds of the Escrow Investments and deposits on demand in the Escrow Account will not be sufficient to make any payment due to the owners or holders of any of the Refunded Bonds, the Escrow Agent shall, to the extent possible, notify [the Authority,] the City Treasurer and the City not less than five (5) days prior to the date such payment is due to the owners or holders of any of the Refunded Bonds and the City agrees that it will from any funds legally available for such purpose make up the anticipated deficit so that no default in the making of any such payment will occur.

## ARTICLE V

### COVENANTS OF CITY [AND THE AUTHORITY]

*Section 5.01.* The City covenants and agrees with the Escrow Agent as follows:

(a) The Escrow Agent shall have no responsibility or liability whatsoever for (i) any of the recitals of the City herein, (ii) the performance of or compliance with any covenant, condition, term or provision of the Bond Resolution and (iii) any undertaking or statement of the City hereunder or under the Bond Resolution and the Indenture.

(b) Except as herein otherwise expressly provided, all payments to be made by, and all acts and things required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the City.

[*Section 5.02.* The Authority covenants and agrees with the Escrow Agent as follows:

(a) The Escrow Agent shall have no responsibility or liability whatsoever for (i) any of the recitals of the Authority herein, (ii) the performance of or compliance with any covenant, condition, term or provision of the Authority Resolution and (iii) any undertaking or statement of the Authority hereunder or under the Authority Resolution and the LBA Indenture.

(b) Except as herein otherwise expressly provided, all payments to be made by, and all acts and things required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the Authority.]

## ARTICLE VI

### NOTICE OF REDEMPTION

*Section 6.01.* The Escrow Agent, as agent for the [Authority][City] and as trustee for the Refunded Bonds, shall cause notice of the call for redemption of the Refunded Bonds to be given by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the registered owner, as of the record date, of each Refunded Bond which is subject to redemption, at the address of such registered owner as it appears in the registration books of the [Authority][City] kept by the trustee, or at such other address as is furnished to the trustee in writing by such registered owner on or prior to the record date. Such notice of redemption shall specify the date for the redemption of the Refunded Bonds, which shall be \_\_\_\_\_, 202\_. The Escrow Agent acknowledges receipt of a copy of the form of such notice of redemption. Such notice shall be in substantially the form set forth in *Schedule 1* attached hereto.

*Section 6.02.* The Escrow Agent shall further give such notice of redemption at least two (2) business days in advance of the mailed notice to the holders described in Section 6.01 above as required under DTC's then-current operating procedures and as required by Section \_\_\_ of the

\_\_\_\_\_ and Section \_\_\_ of the \_\_\_\_\_, relating to the Refunded Bonds, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Refunded Bonds.

*Section 6.03.* The City acknowledges that pursuant to the Continuing Disclosure Agreements, dated \_\_\_\_\_, 201\_, and \_\_\_\_\_, 201\_ relating to the Refunded Bonds it is required to provide a notice of defeasance. The City hereby authorizes and directs the Escrow Agent, and the Escrow Agent agrees, to give such notice in substantially the form attached hereto as *Schedule 2*.

## ARTICLE VII

### AMENDMENTS, REINVESTMENT OF FUNDS, IRREVOCABILITY OF AGREEMENT

*Section 7.01.* This Agreement may be amended or supplemented for any one or more of the following purposes: (a) to make provision for the curing of any ambiguity, or of curing or correcting any defective provision contained in this Agreement, or of severing any provision of this Agreement that has been determined to be illegal by a court of competent jurisdiction, and (b) to add to the covenants and agreements of [the Authority,] the City or the Escrow Agent contained in this Agreement, other covenants and agreements thereafter to be observed by [the Authority,] the City or the Escrow Agent or to make any other provision for the purpose of protecting the rights of the owners and holders of the Refunded Bonds or the Series 2021B Bonds (any such amendment or supplement to be referred to as a “*Subsequent Action*”), upon submission to the Escrow Agent of each of the following:

(i) Certified copy of proceedings of the City Council authorizing the Subsequent Action and a copy of the document effecting the Subsequent Action signed by duly designated officers of the City.

(ii) An opinion of nationally recognized bond counsel nationally recognized as having an expertise in the area of municipal bonds to the effect that the Subsequent Action is a permitted Subsequent Action under the terms of Section 7.01 hereof and does not adversely affect the legal rights of the owners or holders of the Series 2021B Bonds or the Refunded Bonds.

(iii) An opinion of a firm of nationally recognized independent certified public accountants to the effect that the amounts (which will consist of cash or deposits on demand held in trust or receipts from direct full faith and credit obligations of the United States of America, not subject to call and redemption prior to maturity, all of which shall be held hereunder) available or to be available for payment of the Refunded Bonds will remain sufficient to pay when due the redemption price of and interest on the Refunded Bonds after the taking of the Subsequent Action; *provided, however*, that in no event shall such direct full faith and credit obligations of the United States of America so on deposit include money market funds consisting of investments in such obligations.

[(iv) Certified copy of proceedings of the Board of Directors authorizing the Subsequent Action and a copy of the document effecting the Subsequent Action signed by duly designated officers of the Authority.]

*Section 7.02.* Except as provided in Section 7.01 hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

*Section 7.03.* Except as provided in Section 7.01 hereof, all of the rights, powers, duties and obligations of the City hereunder shall be irrevocable and shall not be subject to amendment by the City and shall be binding on any successor to the officials now comprising the City Council or the officials of the City during the term of this Agreement.

[*Section 7.04.* Except as provided in Section 7.01 hereof, all of the rights, powers, duties and obligations of the Authority hereunder shall be irrevocable and shall not be subject to amendment by the Authority and shall be binding on any successor to the officials now comprising the Board of Directors or the officials of the Authority during the term of this Agreement.]

## ARTICLE VIII

### NOTICES TO [THE AUTHORITY,] THE CITY, THE CITY TREASURER AND THE ESCROW AGENT

*Section 8.01.* All notices and communications to the City shall be addressed in writing to: Salt Lake City, Attention: City Recorder, 451 South State Street, Salt Lake City, Utah 84111, or such other address as may be directed by the City from time to time by written instruction.

*Section 8.02.* All notices and communications to the City Treasurer shall be addressed in writing to: City Treasurer, Salt Lake City, 451 South State Street, Room 228, Salt Lake City, Utah 84111, or such other address as may be directed by the City Treasurer from time to time by written instruction.

*Section 8.03.* All notices and communications to the Escrow Agent shall be addressed in writing to: Zions Bancorporation, National Association, One South Temple, Twelfth Floor, Salt Lake City, Utah, 84133, Attention: Corporate Trust Department, or such other address as may be directed by the Escrow Agent from time to time by written instruction.

[*Section 8.04.* All notices and communications to the Authority shall be addressed in writing to: Local Building Authority of Salt Lake City, Attention: Secretary/Clerk, 451 South State Street, Room 415, Salt Lake City, Utah 84111, or such other address as may be directed by the Authority from time to time by written instruction.]

## **ARTICLE IX**

### **TERMINATION OF AGREEMENT**

*Section 9.01.* Upon final disbursement of funds sufficient to pay the redemption price of and interest on the Refunded Bonds as hereinabove provided for, the Escrow Agent will transfer, with due notice thereof mailed to [the Authority,] the City Treasurer and the City, any balance remaining in the Escrow Account to the trustee for the Series 2021B Bonds for deposit into the Principal and Interest Fund established under the Indenture and used to pay interest on the Series 2021B Bonds. Thereupon, this Agreement shall terminate.

## **ARTICLE X**

### **COUNTERPARTS**

*Section 10.01.* This Agreement may be executed in counterparts, each of which shall constitute an original.

## **ARTICLE XI**

### **REPRESENTATION REGARDING ETHICAL STANDARDS FOR CITY OFFICERS AND EMPLOYEES AND FORMER CITY OFFICERS AND EMPLOYEES**

*Section 11.01.* The Escrow Agent represents that it has not: (a) provided an illegal gift or payoff to a City officer or employee or former City officer or employee, or his or her relative or business entity; (b) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, or brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (c) knowingly breached any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (d) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code.

*(Signature page follows.)*

IN WITNESS WHEREOF, the City has caused this Agreement to be signed in its official name by its Mayor and City Treasurer and attested and countersigned by the City Recorder and its official seal to be hereunto affixed[, the Authority has caused this Agreement to be signed in its official name by the President and attested and countersigned by the Secretary/Clerk and its official seal to be hereunto affixed] and \_\_\_\_\_ has caused this Agreement to be signed in its corporate name by one of its \_\_\_\_\_, all as of the day and year first above written.

SALT LAKE CITY, UTAH

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
City Treasurer

[SEAL]

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
City Recorder

APPROVED AS TO FORM:

By \_\_\_\_\_  
Senior City Attorney

[LOCAL BUILDING AUTHORITY OF SALT LAKE  
CITY, UTAH

By \_\_\_\_\_  
President

[SEAL]

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
Secretary/Clerk]

\_\_\_\_\_, as Escrow Agent

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT A**

[GOVERNMENT SECURITIES]

See attached.



**SCHEDULE 1**

**[FORM OF NOTICE OF REDEMPTION]**

**NOTICE OF REDEMPTION**

**[LOCAL BUILDING AUTHORITY OF] SALT LAKE CITY, UTAH  
\_\_\_\_\_ REVENUE BONDS  
SERIES 201\_\_**

NOTICE IS HEREBY GIVEN that [the Local Building Authority of] Salt Lake City, Utah (the “*Issuer*”), has called and does hereby call for redemption, on \_\_\_\_\_, 202\_\_ (the “*Date Fixed for Redemption*”), all of the Issuer’s currently outstanding \_\_\_\_\_ Revenue Bonds, Series 201\_\_, dated \_\_\_\_\_, 201\_\_ (the “*Bonds*”), of the Issuer, identified under the caption “PRINCIPAL AMOUNT REFUNDED” below and numbered, maturing on \_\_\_\_\_ of the years, in the principal amount, bearing interest at the rate per annum and with the CUSIP number, all as follows:

| NUMBERED | SCHEDULED<br>MATURITY<br>(_____) | PRINCIPAL<br>AMOUNT<br>REFUNDED | INTEREST<br>RATE | CUSIP<br>NUMBER*<br>(_____) |
|----------|----------------------------------|---------------------------------|------------------|-----------------------------|
|----------|----------------------------------|---------------------------------|------------------|-----------------------------|

at \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_ (the “*Bond Registrar*” or “*Paying Agent*”), at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the Redemption Date.

The redemption price of each Bond hereby called for redemption shall be paid on and after the Date Fixed for Redemption upon surrender of such Bond at either of the following addresses:

BY HAND:

\_\_\_\_\_

BY MAIL:

\_\_\_\_\_

\* No representation is made as to the correctness of the CUSIP Number either as printed on the Bonds or as contained in this Notice of Redemption. Reliance may be placed only on the identification numbers contained in this notice or printed on the Bonds.

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Interest due on the Date Fixed for Redemption on each Bond so called for redemption shall be paid by check or draft of the Trustee for the Bonds mailed to the registered owner of the Bond at the address appearing on the bond register of the Issuer maintained by the Trustee on the Record Date.

NOTICE IS FURTHER GIVEN that funds necessary to pay the redemption price for each such Bond will be available at the place of payment on the Date Fixed for Redemption and interest on each such Bond shall cease to accrue from and after such Date Fixed for Redemption and on the Date Fixed for Redemption there will become due and payable on each of said Bonds the principal thereof and interest accrued thereon to the Date Fixed for Redemption.

Federal law requires the Paying Agent to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit [www.irs.gov](http://www.irs.gov) for additional information on the tax forms and instructions.

GIVEN BY ORDER of [the Local Building Authority of] Salt Lake City, Utah, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Escrow Agent

By \_\_\_\_\_  
Its \_\_\_\_\_

**SCHEDULE 2**

**[FORM OF NOTICE OF REFUNDING AND DEFEASANCE]**

NOTICE OF REFUNDING AND DEFEASANCE  
OF  
[LOCAL BUILDING AUTHORITY OF] SALT LAKE CITY, UTAH

\$ \_\_\_\_\_  
\_\_\_\_\_ REVENUE BONDS  
SERIES 201\_\_

| SCHEDULED<br>MATURITY<br>(_____) | PRINCIPAL<br>AMOUNT | INTEREST<br>RATE | CUSIP<br>NUMBER<br>(_____) |
|----------------------------------|---------------------|------------------|----------------------------|
|----------------------------------|---------------------|------------------|----------------------------|

**Signature:** *Garrett A. Danielson*

**Email:** Garrett.Danielson@slcgov.com

TOTAL \$ \_\_\_\_\_

NOTICE IS HEREBY GIVEN that for the payment of the interest on and principal of the bonds described above (the “*Bonds*”), there have been deposited in escrow with \_\_\_\_\_, Salt Lake City, Utah (the “*Escrow Agent*”), moneys which have been invested in direct obligations of the United States of America, or other securities the principal of and interest on which are unconditionally guaranteed by the United States of America or held in cash. The projected principal payments to be received from such securities and the projected interest income therefrom have been calculated to be sufficient, with such cash, to pay the principal and interest requirements on such Bonds when due through and including the redemption prior to maturity of the Bonds on \_\_\_\_\_, 202\_\_.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_, as Escrow Agent