

COTTONWOOD HEIGHTS

RESOLUTION No. 2024-41

A RESOLUTION APPROVING AN AGREEMENT WITH
LRB PUBLIC FINANCE ADVISORS, INC. FOR
ARBITRAGE ANALYSIS AND COMPLIANCE REPORTING

WHEREAS, the city council (the "Council") of the city of Cottonwood Heights (the "City") met in regular session on 18 June 2024 to consider, among other things, approving an agreement (the "Agreement") with **LRB Public Finance Advisors, Inc.** ("Provider") whereunder Provider would provide arbitrage analysis and compliance reporting to the Internal Revenue Service concerning the City's tax-exempt bonds, as described in the Agreement; and

WHEREAS, the Council has reviewed the form of the Agreement, a photocopy of which is annexed hereto; and

WHEREAS, after careful consideration, the Council has determined that it is in the best interests of the health, safety and welfare of the City and its residents to approve the City's entry into the Agreement as proposed;

NOW, THEREFORE, BE IT RESOLVED by the Cottonwood Heights city council that the attached Agreement is hereby approved, and that the City's mayor and recorder are authorized and directed to execute and deliver the Agreement on behalf of the City.

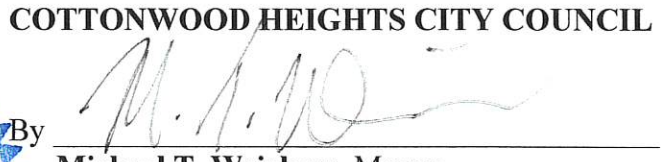
This Resolution, assigned no. 2024-41, shall take effect immediately upon passage.

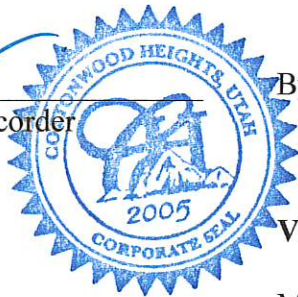
PASSED AND APPROVED effective 18 June 2024.

ATTEST:

COTTONWOOD HEIGHTS CITY COUNCIL

By: 
Paula Melgar, Recorder

By: 
Michael T. Weichers, Mayor



VOTING:

Michael T. Weichers	Yea <input checked="" type="checkbox"/>	Nay <input type="checkbox"/>
Matt Holton	Yea <input checked="" type="checkbox"/>	Nay <input type="checkbox"/>
Suzanne Hyland	Yea <input checked="" type="checkbox"/>	Nay <input type="checkbox"/>
Shawn E. Newell	Yea <input checked="" type="checkbox"/>	Nay <input type="checkbox"/>
Ellen Birrell	Yea <input checked="" type="checkbox"/>	Nay <input type="checkbox"/>

DEPOSITED in the office of the City Recorder this 18th day of June 2024.

RECORDED this 19 day of June 2024.

MEMORANDUM

To: Scott Jurges

From: Jason Burningham, Shanon Handley

Date: May 16, 2024

Re: Arbitrage Analysis and Compliance Reporting Proposal
Cottonwood Heights, Utah




LRB's Scope of Services and Fee Proposal: ARBITRAGE ANALYSIS AND COMPLIANCE








The Internal Revenue Service ("IRS") dictates how much interest is allowed to be earned on all funds related to the issuance of tax-exempt bonds. Bond issuers are required to monitor the interest earnings, periodically rebating any excess earnings to the IRS. LRB Public Finance Advisors, Inc. ("LRB") is experienced in fulfilling the requirements of ongoing arbitrage analysis for a variety of bond transactions, ensuring that clients abide by certain rebate requirements and yield restrictions. We currently perform the necessary calculations, and prepare and submit arbitrage analysis reports, for various municipal clients and can provide references upon request.

Our services include reviewing the governing documents pertaining to each tax-exempt bond transaction, gathering and updating the relevant transaction data, performing the necessary calculations, compiling the required information into a report, and submitting the report, together with all supporting documents, to the required entities for the benefit of Cottonwood Heights City (the "City") and the Trustee for reporting and proper action. LRB will ensure that the arbitrage analyses for the City are completed and submitted in a timely manner for the appropriate time period as required.

Included below is a list of key services and tasks that will be completed in connection with this engagement.

Key elements of this effort will include:

-  Gather and review governing documents to determine specific requirements related to applicable tax-exempt bond funds, dates, and deadlines for each bond issuance, and tax covenants agreed upon by the issuer.
-  Collect and review the applicable annual information and account statements related to each of the Series 2014 and Series 2016 Bond issues.
-  Enter the appropriate transactions from account statements into our arbitrage model and perform the necessary calculations to determine the earning of arbitrage in each of the applicable tax-exempt bond funds associated with each of the Series 2014 and Series 2016 Bonds.

-  Assess expenditures and timelines for applicable tax-exempt bond funds to determine potential exceptions from rebate requirements and exemptions from yield restrictions.
-  Determine, and notify the City of amounts and deadlines for yield reduction payments and/or arbitrage rebate payments, if any.
-  Consult with outside tax and bond counsel, as appropriate.
-  For the Series 2014 Bonds, compile the required information and calculations into a 5-year cumulative arbitrage analysis report. As the calculation date for the required 5-year report (7/1/24) will coincide with the full defeasance of the Series 2014 Bonds, this report will also fulfill the requirement for a final arbitrage analysis report due upon the cancellation of the Series 2014 Bonds.
-  For the Series 2016 Bonds, compile the required information and calculations into a 3-year cumulative arbitrage analysis report. As the Series 2016 Bonds will be fully defeased on 7/1/24, two years prior to the calculation date for the next scheduled 5-year report (7/1/26), the required final arbitrage analysis report that is due upon cancellation of the Series 2014 Bonds will represent a 3-year cumulative arbitrage analysis report.
-  Assist the City with rebating arbitrage earnings to the IRS, if applicable.
-  Submit the reports and related documents to the required entities.

Fee Schedule

Project	Arbitrage Calculations, Analysis, and Report
Cottonwood Heights, Utah	
Series 2014 Sales Tax Revenue Bonds	
5-Year Arbitrage Calculations, Analysis, and Rebate Report/Final Arbitrage Analysis Report ¹	\$2,500
Cottonwood Heights, Utah	
Series 2016 Sales Tax Revenue Bonds	
3-Year Arbitrage Calculations, Analysis, and Rebate Report/Final Arbitrage Analysis Report ²	\$2,000

¹ At the request of the City, LRB will prepare one report that represents both a 5-Year Arbitrage Rebate Report and the Final Arbitrage Analysis Report in connection with the full payoff of the Series 2014 Bonds using proceeds from the Series 2021 Sales Tax Revenue Refunding Bonds on July 1, 2024. This date will serve as the rebate calculation date for this report. The previous 5-Year Arbitrage Rebate Report for the Series 2014 Bonds was prepared in 2019.

² At the request of the City, LRB will prepare one report that represents both a 3-Year Arbitrage Rebate Report and the Final Arbitrage Analysis Report in connection with the full payoff of the Series 2016 Bonds using proceeds from the Series 2021 Sales Tax Revenue Refunding Bonds on July 1, 2024. This date will serve as the rebate calculation date for this report. The previous 5-Year Arbitrage Rebate Report for the Series 2016 Bonds was prepared in 2021.


Third Party Consultation

To the extent the report and arbitrage calculations demonstrate positive arbitrage earnings on any of the applicable tax-exempt bond funds related to the Series 2014 and Series 2016 Bonds, LRB anticipates that they may need to consult with a nationally recognized bond and tax counsel (Gilmore & Bell has served the City in this capacity in the past) to ensure compliance with all arbitrage rebate and filing requirements. In the event further consultation is necessary, LRB will contact the City before engaging any third-party consultation.

The parties have caused this Agreement to be executed by their respective officers duly authorized on this 18th day of June 2024. This Agreement may be terminated by either party upon a 30-day notice.

COTTONWOOD HEIGHTS, UTAH

(the "City")



MICHAEL T. MACDONALD

Title: Mayor

Attest: 

Paula Macdonald, Recorder



LRB PUBLIC FINANCE ADVISORS, INC.

LEWIS | ROBERTSON | BURNINGHAM ("LRB" or the "Consultant")



Title: Principal and Owner