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# Material Event Notice

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## Municipal Building Authority of Salt Lake County, Utah

**\$17,840,000**

### **Lease Revenue Bonds, Series 2019 (dated 4/11/2019)**

CUSIP® 795681<sup>1</sup>: GN9, GP4, GQ2, GR0, GS8, GT6, GU3, GV1, GW9, GX7, GY5, GZ2, HA6, HB4, HC2, HD0, HE8, HF5, GH3 and HH1

#### **Incurrence of a Financial Obligation**

On July 16, 2019, Salt Lake County, Utah (the “County”) finalized funding for the demolition, acquisition and construction of a new 35,000 square foot, library building located on 3.75 acres at 4270 West 5415 South in the township of Kearns, Utah (the “Kearns Library Project”). The Kearns Library Project is a one–story, open design building constructed of brick and steel and will provide meeting space, classrooms, business center, kitchen and café space for library programs. The project is expected to achieve Gold LEED certification and includes a solar array sufficient to generate approximately half of the energy consumed in the building. The total development budget is \$16,867,500. Construction commenced in March 2019 and is anticipated to be completed in June 2020.

The Kearns Library Project is in a New Market Tax Credit (“NMTC”) qualified census tract that also meets the NMTC distressed area criteria and as a result, is being financed as a NMTC transaction. Consistent with NMTC financing structure:

- A private investor has made a \$4,274,600 NMTC equity investment.
- The County contributed existing land valued at \$530,000 for purposes of the Kearns Library Project.
- Qualified Low–Income Community Investment (“QLICI”) loans in the amount of \$14,137,500 (consisting of QLICI Loan A for \$9,862,900 and QLICI Loan B for \$4,274,600 (sized to match the private equity investment) at 2.79% interest); and an additional \$2,200,000 direct loan at 4% interest (the “Direct Loan”); were made to Kearns Library LLC<sup>2</sup> (a Qualified Active Low–Income Community Business (“QALICB”)) that will own the Kearns Library Project. (See attached “Kearns Library, LLC” supplemental schedule.)
- During the seven–year NMTC compliance period (the “Compliance Period”), the County’s current existing Library Fund will make base lease payments to Kearns Library LLC sufficient to cover Kearns Library LLC’s operating expenses and interest only payments on the loans. Additional lease payments in years 2022 through 2025 will be used to retire the Direct Loan within the Compliance Period and build a sinking fund to assist in paying off a portion of QLICI Loan A.
- The County will either set aside additional moneys in the Library Fund or re–finance (through the issuance of lease revenue bonds issued by the Municipal Building Authority of Salt Lake County, Utah) at the end of the Compliance Period, to retire the remaining portion of QLICI Loan A.

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<sup>1</sup> The CUSIP® identification numbers are provided solely for the convenience of bondholders only. The County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the bonds as a result of various subsequent actions.

<sup>2</sup> Kearns Library LLC is a single asset entity the sole member and manager of which is Salt Lake County NMTC, Inc., a 501(c)3 Utah nonprofit entity. Salt Lake County NMTC, Inc. is a blended component of the County, managed by a three–member Board of Directors consisting of the persons who are duly elected or appointed to the following offices: Salt Lake County Mayor, Salt Lake County Council Chair and Salt Lake County Treasurer. The officers of the Corporation are a President, Secretary and Treasurer, appointed by the Board of Directors. The President is the Chief Executive Officer of the corporation and has general and active supervision of the corporation. The County’s current Chief Financial Officer is the President.

- An accelerated repayment option on QLICI Loan B allows for a more favorable retirement after seven years.

The most likely resultant County cash flow scenario for the entire financial transaction is shown on the attached “Kearns Library Financial Summary”.

**Pursuant to amended Securities and Exchange Commission Rule 15c2-12 and the respective continuing disclosure certificates/undertakings this filing is being sent to Electronic Municipal Market Access.**

July 30, 2019

KEARNS LIBRARY, LLC

SUPPLEMENTAL SCHEDULE OF FORECASTED OPERATING DEBT SERVICE PAYMENTS - 35 YEARS

FOR THE PERIOD 2019 THROUGH 2054

Year	CDFA QLICI Loan A - Interest Payments	CDFA QLICI Loan A - Principal Payments	CDFA QLICI Loan B - Interest Payments	CDFA QLICI Loan B - Principal Payments	ALLY Bank Direct Loan Interest Payments	ALLY Bank Direct Loan Principal Payments	Refinance Loan - Interest Payments	Refinance Loan - Principal Payments	Total Operating Debt Service	Debt Service Paid during Construction	Total Operating Debt Service
2019	\$ (127,673)	\$ -	\$ (55,334)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (183,006)	\$ 183,006	\$ -
2020	(275,607)	-	(119,449)	-	(37,576)	-	-	-	(432,631)	-	(432,631)
2021	(275,607)	-	(119,449)	-	(88,000)	-	-	-	(483,056)	-	(483,056)
2022	(275,607)	-	(119,449)	-	(88,000)	(550,000)	-	-	(1,033,056)	-	(1,033,056)
2023	(275,607)	-	(119,449)	-	(66,000)	(550,000)	-	-	(1,011,056)	-	(1,011,056)
2024	(275,607)	-	(119,449)	-	(44,000)	(550,000)	-	-	(989,056)	-	(989,056)
2025	(275,607)	-	(119,449)	-	(22,000)	(550,000)	-	-	(967,056)	-	(967,056)
2026	(147,934)	(9,862,900)	(129,302)	-	-	-	(256,364)	(43,331)	(10,439,831)	-	(10,439,831)
2027	-	-	(141,370)	-	-	-	(610,371)	(108,896)	(860,636)	-	(860,636)
2028	-	-	(141,370)	-	-	-	(603,078)	(116,188)	(860,636)	-	(860,636)
2029	-	-	(141,370)	(10,000)	-	-	(595,296)	(123,970)	(870,636)	-	(870,636)
2030	-	-	(141,039)	(15,000)	-	-	(586,994)	(132,272)	(875,305)	-	(875,305)
2031	-	-	(140,543)	(20,000)	-	-	(578,135)	(141,131)	(879,809)	-	(879,809)
2032	-	-	(139,881)	(32,500)	-	-	(568,684)	(150,583)	(891,648)	-	(891,648)
2033	-	-	(138,807)	(45,000)	-	-	(558,599)	(160,667)	(903,073)	-	(903,073)
2034	-	-	(137,318)	(60,000)	-	-	(547,839)	(171,428)	(916,585)	-	(916,585)
2035	-	-	(135,334)	(75,000)	-	-	(536,358)	(182,908)	(929,600)	-	(929,600)
2036	-	-	(132,854)	(90,000)	-	-	(524,108)	(195,158)	(942,120)	-	(942,120)
2037	-	-	(129,877)	(105,000)	-	-	(511,038)	(208,228)	(954,143)	-	(954,143)
2038	-	-	(126,405)	(120,000)	-	-	(497,093)	(222,174)	(965,671)	-	(965,671)
2039	-	-	(122,436)	(135,000)	-	-	(482,213)	(237,053)	(976,702)	-	(976,702)
2040	-	-	(117,971)	(150,000)	-	-	(466,337)	(252,929)	(987,237)	-	(987,237)
2041	-	-	(113,010)	(165,000)	-	-	(449,398)	(269,868)	(997,277)	-	(997,277)
2042	-	-	(107,553)	(180,000)	-	-	(431,325)	(287,942)	(1,006,820)	-	(1,006,820)
2043	-	-	(101,601)	(195,000)	-	-	(412,041)	(307,226)	(1,015,867)	-	(1,015,867)
2044	-	-	(95,151)	(210,000)	-	-	(391,465)	(327,801)	(1,024,418)	-	(1,024,418)
2045	-	-	(88,206)	(225,000)	-	-	(369,512)	(349,755)	(1,032,473)	-	(1,032,473)
2046	-	-	(80,765)	(240,000)	-	-	(346,088)	(373,178)	(1,040,031)	-	(1,040,031)
2047	-	-	(72,828)	(255,000)	-	-	(321,095)	(398,171)	(1,047,094)	-	(1,047,094)
2048	-	-	(64,395)	(270,000)	-	-	(294,429)	(424,837)	(1,053,661)	-	(1,053,661)
2049	-	-	(55,465)	(285,000)	-	-	(265,977)	(453,289)	(1,059,731)	-	(1,059,731)
2050	-	-	(46,040)	(300,000)	-	-	(235,619)	(483,647)	(1,065,306)	-	(1,065,306)
2051	-	-	(36,118)	(300,000)	-	-	(203,229)	(516,038)	(1,055,384)	-	(1,055,384)
2052	-	-	(26,196)	(315,000)	-	-	(168,669)	(550,598)	(1,060,463)	-	(1,060,463)
2053	-	-	(15,779)	(315,000)	-	-	(131,794)	(587,472)	(1,050,045)	-	(1,050,045)
2054	-	-	(5,361)	(162,100)	-	-	(92,450)	(626,816)	(886,727)	-	(886,727)
	\$ (1,929,248)	\$ (9,862,900)	\$ (3,696,368)	\$ (4,274,600)	\$ (345,576)	\$ (2,200,000)	\$ (12,035,597)	\$ (8,403,553)	\$ (42,747,842)	\$ 183,006	\$ (42,564,836)

\*Schedule does not reflect payments in the amounts listed below paid during construction:

CDFA QLICI Loan A	\$ 127,673
CDFA QLICI Loan B	55,334
	<u>\$ 183,006</u>

**Kearns Library Financial Summary**

**NMTC with interest only loans for 7 years, then re-financed by Lease Revenue bond**

Building Lease payments* from Salt Lake County to QALICB (to cover debt payments** and QALICB operating cost)	Net Cashflow	PV of Cashflow (Discount rate 3.13%)	Year	* County also pays \$295K of project expenses directly in 2020 (\$276K operating FF&E and \$19K other)	** at 2.79% on QLICB loans (interest only) and 4% on Direct loan (interest only until 2022)
\$ -	\$ -	\$ -	2019		
\$ (582,710)	\$ (582,710)	\$ (547,876)	2020		
\$ (656,146)	\$ (656,146)	\$ (598,199)	2021		
\$ (1,065,276)	\$ (1,065,276)	\$ (941,721)	2022		
\$ (1,065,276)	\$ (1,065,276)	\$ (913,139)	2023		
\$ (1,146,302)	\$ (1,146,302)	\$ (952,772)	2024		
\$ (1,065,276)	\$ (1,065,276)	\$ (858,553)	2025		
\$ (382,752)	\$ (382,752)	\$ (299,114)	2026		
<b>Re-finance: \$9.3 M***</b>					
with a Lease Revenue bond	Net Cashflow	PV of Cashflow		*** Will also use \$570K Sinking Fund accumulated from the lease payments	
\$ (671,000)	\$ (671,000)	\$ (508,461)	2027		
\$ (671,000)	\$ (671,000)	\$ (493,029)	2028		
\$ (671,000)	\$ (671,000)	\$ (478,065)	2029		
\$ (671,000)	\$ (671,000)	\$ (463,556)	2030		
\$ (671,000)	\$ (671,000)	\$ (449,487)	2031		
\$ (671,000)	\$ (671,000)	\$ (435,845)	2032		
\$ (671,000)	\$ (671,000)	\$ (422,617)	2033		
\$ (671,000)	\$ (671,000)	\$ (409,791)	2034		
\$ (671,000)	\$ (671,000)	\$ (397,354)	2035		
\$ (671,000)	\$ (671,000)	\$ (385,294)	2036		
\$ (671,000)	\$ (671,000)	\$ (373,600)	2037		
\$ (671,000)	\$ (671,000)	\$ (362,261)	2038		
\$ (671,000)	\$ (671,000)	\$ (351,267)	2039		
\$ (671,000)	\$ (671,000)	\$ (340,606)	2040		
\$ (671,000)	\$ (671,000)	\$ (330,268)	2041		
\$ (671,000)	\$ (671,000)	\$ (320,245)	2042		
\$ (671,000)	\$ (671,000)	\$ (310,525)	2043		
\$ (671,000)	\$ (671,000)	\$ (301,101)	2044		
\$ (671,000)	\$ (671,000)	\$ (291,962)	2045		
\$ (18,712,738)	\$ (18,712,738)	\$ (12,536,710)	Total		