



CITY OF OREM
CITY COUNCIL MEETING
56 North State Street, Orem, Utah
August 26, 2014

*This meeting may be held electronically
to allow a Councilmember to participate.*

3:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

1. **UPDATE – Master Plans (60 min)**
2. **DISCUSSION – CARE Ordinance (30 min)**
3. **UPDATE – Bus Rapid Transit (BRT) – Utah Transit Authority (UTA), Mountainland Association of Governments (MAG), and LYRB (Lewis Young) (45 min)**

5:00 P.M. STUDY SESSION – PUBLIC SAFETY TRAINING ROOM

4. **REVIEW – Upcoming agenda items - Staff**

AGENDA REVIEW

5. **The City Council will review the items on the agenda.**

CITY COUNCIL - NEW BUSINESS

6. **This is an opportunity for members of the City Council to raise issues of information or concern.**

6:00 P.M. REGULAR SESSION - COUNCIL CHAMBERS

CALL TO ORDER

INVOCATION/INSPIRATIONAL THOUGHT: By Invitation

PLEDGE OF ALLEGIANCE: By Invitation

APPROVAL OF MINUTES

7. **MINUTES of Special City Council Meeting – June 19, 2014**
8. **MINUTES of Special City Council Meeting – June 24, 2014**
9. **MINUTES of Special City Council Meeting – June 26, 2014**

**THE PUBLIC IS INVITED TO PARTICIPATE IN ALL CITY COUNCIL MEETINGS.
If you need a special accommodation to participate in the City Council Meetings and Study Sessions,
please call the City Recorder's Office at least 3 working days prior to the meeting.
(Voice 229-7074)**

This agenda is also available on the City's Internet webpage at orem.org

- 10. **MINUTES of City Council Meeting – July 8, 2014**
- 11. **MINUTES of City Council Meeting – July 22, 2014**

MAYOR’S REPORT/ITEMS REFERRED BY COUNCIL

- 12. **UPCOMING EVENTS**
- 13. **APPOINTMENTS TO BOARDS AND COMMISSIONS**
 - Beautification Advisory Commission.....1 reappointment
 - CDBG Advisory Commission1 vacancy
 - Library Advisory Commission1 vacancy
 - Summerfest Advisory Commission.....1 vacancy
 - Recreation Allocation Advisory Commission7 vacancies
 - CARE Advisory Commission.....
- 14. **RECOGNITION – NEW NEIGHBORHOODS IN ACTION OFFICERS**
- 15. **PROCLAMATION – Orem Senior Friendship Center Month**

CITY MANAGER’S APPOINTMENTS

- 16. **APPOINTMENTS TO BOARDS AND COMMISSIONS**
 - Police Department Director – Gary Giles
 - Fire Department Director – Scott Gurney

The oath of office will be administered following approval by the Council

PERSONAL APPEARANCES – 15 MINUTES

- 17. **Time has been set aside for the public to express their ideas, concerns, and comments on items not on the Agenda. Those wishing to speak should have signed in before the beginning of the meeting. *(Please limit your comments to 3 minutes or less.)***

CONSENT ITEMS

- 18. **RESOLUTION – Accept Annexation Petition for Further Consideration – Trail Head Addition – 1250 East Cascade Drive**

REQUEST: The Recreation Director of the City of Orem requests that the City Council, by resolution, accept his annexation petition for further consideration with regard to 16.477 acres at 1250 East Cascade Drive.

BACKGROUND: On August 14, 2014, the City of Orem filed an application for the annexation of 16.477 acres into Orem.

Should the Council accept this petition for further consideration, the 30-day certification time period will begin. After the application is certified, the City Council must begin a 30-day noticing and protest period.

The certification process involves the City Recorder, City Attorney, County Clerk and surveyor to determine if the petition meets the requirements of Utah Code Subsections 10-2-403(2), (3), and (4). The County Clerk has 30 days to respond. The certification would tentatively be presented to the City Council as a consent item at the April 15th City Council meeting.

Once the certification is accepted, an additional 30-day noticing and protest period begins. If no protest is received, the public hearing would tentatively be scheduled for the November 11th City Council meeting. At this time, the City Council will decide whether or not to annex the property and what the zoning designation of the property will be.

RECOMMENDATION: Staff recommends the City Council accept the annexation petition for further consideration.

SCHEDULED ITEMS

6:20 P.M. PUBLIC HEARING – Agricultural Overlay Zone

19. ORDINANCE - Amending Section 22-12-6(D) pertaining to the location of barns, pens, and corrals in the Agriculture Overlay zone

BACKGROUND: Animals such as horses, cattle, and sheep are currently allowed in residential zones on lots of one acre or larger. Section 22-6-1(C) outlines the distances that barns, pens and corrals in a residential zone must be set back from a dwelling or a public street.

Section 22-12-6(D) also provides that animals are allowed in the Agriculture Overlay (AG) zone in accordance with the standards of Section 22-6-1(C). However, the AG zone has setback requirements for barns, pens and corrals that are different from those required under 22-6-1(C) for residential zones. For example, in the AG zone, a barn must be set back 200 feet from the nearest dwelling and 140 feet from any public street while a barn in a residential zone only has to be set back 100 feet from a dwelling or public street.

The proposed amendment would modify Section 22-12-6(D) to make the setback requirements for barns, pens and corrals in the AG zone the same as in residential zones.

The total area of the AG overlay zone in the City is 12.08 acres. The proposed change is as follows:

22-12-6. Agriculture Overlay Zone.

D. **Animals.** Animals shall only be allowed in the agriculture overlay zone in accordance with the standards set forth in Section 22-6-10(C). Accessory structures for the keeping of animals and fowl such as barns, pens, and corrals shall be located at least one hundred feet (100') from the nearest dwelling and from any public street. The raising and sheltering of farm animals shall be limited to the buildable area of the lot and shall be permitted only where the use thereof and the products therefrom are primarily for the use or home consumption of the landowners or occupant of the lot. Appropriate fencing shall be provided to ensure that all animals are kept within the buildable area of the lot.

Advantages

- Harmonizes the setback requirements for barns, pens and corrals in the AG zone and residential zones.

Disadvantages

- None identified

RECOMMENDATION: The Planning Commission and Staff recommend the City Council amend, by ordinance, Section 22-12-6(D) pertaining to the location of barns, pens, and corrals in the Agriculture Overlay zone.

6:30 P.M. PUBLIC HEARING – Surplus Property – Midtown

20. **RESOLUTION - Declaring Unit P1 and Unit P2 of the Midtown Village First Supplemental Condominium Plat (the “City Parking Units”) surplus, approving the Conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of a development agreement, and authorizing the City Manager to execute a development agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units**

REQUEST: City staff request that the City Council declare Unit P1 and Unit P2 of the Midtown Village First Supplemental Condominium Plat (the “City Parking Units”) surplus, approve the conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of a development agreement and authorize the City Manager to execute a development agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units.

BACKGROUND: The Midtown Village project was originally conceived as a mixed-use condominium project at 320 South State Street. In order to facilitate development of the project, the City created a special improvement district (SID) pursuant to which the City helped finance construction of the first level of underground parking. The first level of underground parking was divided into three separate condominium units—Unit P1 (under the south tower), Unit P2 (under the north tower) and Unit P3 (intended to go under the west tower)(hereinafter collectively referred to as the “City Parking Units”). The City was to own the City Parking Units although Unit P3 was never constructed.

The City issued bonds to finance the City’s portion of the cost of the City Parking Units. The City then levied assessments against all of the residential and commercial condominium units in the project which required the owners of the units to make annual assessment payments which are used to pay off the City-issued bonds. Annual assessment payments have been made to the City beginning in 2008 and the last annual assessment payment is due in 2028.

Coronado Village, LLC/The Ritchie Group (“Coronado Village”) has a contract to purchase the project and has proposed to modify the original concept plan to make completion of the project financially viable. The City Council approved amendments to the PD-23 zone on July 8, 2014, that would allow Coronado Village to proceed with its proposed plan.

Coronado Village has also proposed to pay off the SID assessments in their entirety at the time of closing on the purchase of the property. This would be a significant benefit to the City as it would allow the City to retire the SID bonds and would relieve the City of the burden of administering the SID, managing the collection of assessments, and dealing with issues related to the bonds.

Once the SID bonds are paid off and retired, City staff and Coronado Village believe that it would be in both parties' interest for the City to convey its interest in the City Parking Units to Coronado Village. From the City's perspective, conveyance of the City Parking Units to Coronado Village would relieve the City of the burden of operating and maintaining the City Parking Units. Although maintenance costs to date have been minimal, there is always the risk of incurring substantial structural maintenance costs as the project ages. Divesting itself of the City Parking Units would also relieve the City from future liability for injuries that might be made based on a claim of inadequate security, lighting maintenance, etc. In short, for the City, ownership of the City Parking Units could be seen as more of a liability than an asset.

For Coronado Village, receiving ownership of the City Parking Units would allow them to consolidate their ownership of the entire project and would give them greater control and flexibility in managing the project.

City staff has prepared a proposed development agreement (the "Development Agreement") that sets forth the terms under which staff proposes to convey the City Parking Units to Coronado Village. A copy of the proposed Development Agreement has been included with this agenda summary. The principal terms of the agreement are as follows:

1. Coronado Village agrees to place into escrow at the time of closing, an amount sufficient to retire the SID bonds including all interest and fees. This amount shall be immediately released to the City and used to pay off the SID bonds. The amount required to retire the SID bonds is \$2,987,135.10. Coronado Village will be given a credit toward this amount for the amount held in the reserve fund (approximately \$296,315.60) and will also receive a credit for the sum held by the City in the operations and maintenance (O&M) fund (approximately \$177,255.54).
2. After the SID bonds have been retired, the City would convey the City Parking Units to Coronado Village by quit claim deed. The deed would contain a restriction that requires the City Parking Units to be available for parking by the public free of charge between the hours of 6:00 a.m. and 8:00 p.m. This helps preserve the original intent of the SID that the City Parking Units be open to the public.
3. The agreement is made subject to the condition that Coronado Village close on the purchase of the Midtown property by October 10, 2014. If they do not close on the property by that date, the agreement becomes null and void.
4. Coronado Village agrees to assume all operation, maintenance and security for the City Parking Units and agrees to indemnify the City from any claims that arise after the conveyance.
5. Coronado Village and the City are relieved from any obligation under the 2006 development agreement with the original developer. This development agreement dealt with issues related to construction, operation, security, and maintenance of the City Parking Units and will be unnecessary if the City Parking Units are conveyed to Coronado Village.

City staff believe the City will receive fair value for the conveyance through Coronado's agreement to (1) pay off the entire remaining balance of the SID assessments and thereby allow the City to retire the SID bonds approximately 14 years ahead of schedule, (2) accept a deed restriction requiring the City Parking Units to be open to free public parking between 6:00 a.m. and 8:00 p.m., (3) assume all obligations related to operation, maintenance and security for the City Parking Units and (4) indemnify the City against any future claims that may arise after the conveyance.

Before disposing of any significant parcel of real property, the City is required to follow the procedures outlined in Orem City Code section 2-7-10(D). This section requires the City Council to declare the parcel surplus and to consider the proposed disposition of the property at a City Council meeting at which public comment is allowed. The City may dispose of real property by sale, trade, lease or other means deemed to be in the best interest of the City.

RECOMMENDATION: City staff recommend that the City Council, by resolution, declare the City Parking Units at Midtown Village surplus, approve the conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of the Development Agreement and authorize the City Manager to execute the Development Agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units.

21. ORDINANCE – Amending Article 2-7 of the Orem City Code – Audit & Procurement

REQUEST: The Administrative Services Director recommends that the City Council, by ordinance, amend Article 2-7 the Orem City Code.

BACKGROUND: Article 2-7 of the Orem City Code outlines the process for procuring property and services for the benefit of the City of Orem. It is usually in the public's best interest to have a wide range of competitive bidders participate in the procurement process. In an attempt to facilitate a competitive bid process and in order to comply with state law, the following amendments are proposed:

1. Currently, the City publishes notices inviting competitive sealed bids: (1) in a newspaper of general circulation; (2) on the City's bulletin board; and (3) to all suppliers on the bidders' list. See Orem City Code Section 2-7-4(A)(3)(1-3). Newspaper circulation is down nationwide so to ensure that an adequate number of potential bidders receive notice of City projects, the Administrative Services Director proposes that competitive sealed bid notices be given either in a newspaper of general circulation or published with an outside sources entity whose purpose is to facilitate the advertisement and recruitment of competitive bidders. These outside sources entities collect relevant data from municipalities as well as potential bidders and attempt to match bidders with municipalities and projects. It is anticipated that using these outside source entities to help provide notice will result in more potential bidders receiving notice of City projects. In addition, Orem City Code Section 2-7-4(A)(3)(b)(iii) will be amended to require the notice to be posted on the City's website. Finally, subsection J will be added to Orem City Code Section 2-7-3 and grants the City Manager the authority to establish relationships with and select appropriate outside source entities to assist in advertising competitive sealed bids.
2. In addition to providing more prolific notice to potential competitive sealed bidders, Article 2-7 will be amended to provide additional structure to bidders responding to requests for proposals. Orem City Code Section 2-7-4(B)(3) will be amended to require the City to post requests for proposals for no less than 10 days.

3. State law requires that the City have a certified public accountant (CPA) perform an annual fiscal year financial audit. Historically, the City has entered into contracts with a CPA or accounting firm to provide this service to the City for a 3-5 year period. The Administrative Services Director would like to enlarge the potential service contract length to 5-7 years and give contract renewal authority to the City's Audit Committee instead of the City Council. As provided for in the City of Orem Audit Policy, the City's Audit Committee will include the following three individuals: (1) the City Manager or Assistant City Manager; (2) the Mayor; and (3) a member of the City Council.
4. Under state law, the City is required to follow certain bid procedures when seeking bids for building improvements and public works projects that exceed a certain bid limit. State law now requires that the bid notice for building improvement and public works projects be published on the public notice website at least 5 days before opening bids pursuant to Utah Code Section 45-1-101. The Administrative Services Director proposes that Orem City Code 2-7-9(A)(4) be amended to reflect this noticing requirement.

22. RESOLUTION – Authorizing the Amendments to the City of Orem Audit Policy

REQUEST: The Administrative Services Director recommends that the City Council, by resolution, approve the amendments to the City of Orem Audit Policy.

BACKGROUND: State law requires the City to have a certified public accountant (CPA) perform an annual fiscal year financial audit. Orem City Code Section 2-7-6(A)(2) establishes the requirements for entering into an agreement with an auditor to perform the audit. In order to comply with State law and to provide better oversight of the audit process, the Administrative Services Director proposes that the City Council pass a resolution approving the following amendments to the City of Orem Audit Policy:

1. Historically, the City has entered into contracts with a CPA or accounting firm to perform the fiscal year financial audit for a 3-year period with the option of renewing the contract for an additional 2 years. The Administrative Services Director would like to enlarge the potential service contract length to 5 years with the option of renewing the contract for 2 additional one-year periods. At the end of the 7-year period (or a lesser period if the contract is not renewed), it will be the City's policy to hire (through the bid process) a different auditor.
2. The authority to renew the auditing contract will be given to the City's Audit Committee. The City's Audit Committee will include the following three individuals: (1) the City Manager or Assistant City Manager; (2) the Mayor; and (3) a member of the City Council.
3. The Administrative Services Director proposes a number of other nonsubstantive changes to the policy to maintain consistency throughout the document.

COMMUNICATION ITEMS

23. **Monthly Financial Summary – June 2014**
24. **Monthly Financial Summary – July 2014**

CITY MANAGER INFORMATION ITEMS

25. **This is an opportunity for the City Manager to provide information to the City Council. These items are for information and do not require action by the City Council.**

ADJOURNMENT

DRAFT

CITY OF OREM
SPECIAL MEETING
Senior Friendship Center
93 North 400 East, Orem, UT 84058
June 19, 2014
6:00 p.m.

This meeting was for discussion purposes only. No action was taken.

MODERATOR Lorie Fowlke

OREM ELECTED OFFICIALS Mayor Richard F. Brunst, Jr. and Councilmembers Hans Andersen, Margaret Black, Mark E. Seastrand, David Spencer, and Brent Sumner

EXCUSED Tom Macdonald

OREM STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Steven Downs, Assistant to the City Manager; Scott Gurney, Interim Public Safety Director; Karl Hirst, Recreation Director; Richard Manning, Administrative Services Director; Jason Bench, Planning Division Manager; and Taraleigh Gray, Deputy City Recorder

Invocation Karen McCandless

Pledge Mel Burr

Welcome and Introductions

Lori Fowlke, moderator, welcomed those in attendance at the meeting, and introduced the Council Members. She said they were supposed to go until 8:00 p.m. She noted that Councilmember Black had not arrived yet, and Councilmember Macdonald was excused.

Mrs. Fowlke reviewed the evening's program before turning the time over to Duncan Ramage and Mike Lee from Macquarie Capital.

Mr. Ramage's comments touched on the following:

- He was not talking about UTOPIA, but rather something new.
- He agreed that UTOPIA had not gone well, but Macquarie was there to help find a solution.
- He gave background on Macquarie Capital and its partners and explained they are the biggest infrastructure investor in the world, with partners such as Fujitsu, Black & Veatch, Corning, and Alcatel-Lucent.
- The proposal was for a public asset, executed privately. Their proposal would build out the fiber network to all residents and all businesses throughout all the cities.

DRAFT

- 1 • Four UTOPIA cities had already agreed to move forward, two had declined, and five had
2 not yet voted.
- 3 • The network would remain open access.
- 4 • There were currently eighteen internet service providers (ISPs) that used the network to
5 deliver services, with 11,000 people currently on the network.
- 6 • ISPs could use the network with no upfront costs.
- 7 • Everyone connected would have the right to a basic service, and residents would have a
8 choice of ISP.
- 9 • Basic service would be 3 Mbps upload, 3 Mbps download, with a data cap of 20 GB per
10 month. It was at a level which made sense for the utility fee but where some people might
11 want to buy upgraded service from the ISPs, including TV, voice service, or faster
12 internet service.
- 13 • They expected more ISPs to join the network.
- 14 • All the risks of the project would be transferred to Macquarie, including delays or over-
15 budget costs. Should Macquarie not keep the network up to standards, there would be
16 deductions.
- 17 • During the full thirty-year agreement, the cities would maintain ownership of the assets.
- 18 • From day one, there would be no more operating costs for the cities and at least
19 50 percent of the revenues generated from upgrades would go to the cities to use as they
20 liked
- 21 • There would be an \$18-\$20 utility fee per house—half that for apartments and double for
22 businesses. That fee was guaranteed not to rise except with inflation.
- 23 • The four parties involved would be the (1) cities, (2) PPP (Macquarie), (3) ISPs, and
24 (4) citizens.
 - 25 ○ Citizens would pay the utility fees to the cities
 - 26 ○ Cities would pool all the utility fees together and pay that to the PPP
 - 27 ○ PPP would take those availability payments and use it for the design/build,
28 operating costs, refreshing equipment, payments to lenders, and a small return.
 - 29 ○ PPP would provide services to the ISPs
 - 30 ○ ISPs would then provide services to the citizens.
- 31 • The cities could choose how to make the availability payment, including providing some
32 relief to poorer citizens.
- 33 • There would be a wholesaler who would be in charge of the ISPs, including collecting
34 premium revenues to be distributed to the cities at 50 percent.
- 35 • People did not like the utility fee but, when seen in context, it was necessary because of
36 the (1) amount of UTOPIA debt, and (2) need to build new infrastructure.
- 37 • There were not a lot of options, and the best way to keep the price low and to deliver the
38 infrastructure efficiently for everyone would be by taking care of everything at once.
- 39 • The mailers that were being sent by Utah Taxpayers Association (UTA) were paid for by
40 CenturyLink.
- 41 • How would UTA and CenturyLink suggest fixing the system that was in dire need of a
42 refresh and would cost up to \$40 million without coming back to cities for more money?
- 43 • If the cities were to allow UTOPIA to go dark, there would be 11,000 subscribers without
44 service, several hundred millions of dollars of valuable asset would be wasted, and the
45 cities would probably face several lawsuits.

DRAFT

- 1 • The cities had already tried to sell the system, and the only other offer on the table was
- 2 from First Digital, who would not let anyone see that offer, while Macquarie's offer has
- 3 been totally open book.
- 4 • The PPP would actually save money for nearly every type of customer, whether they
- 5 joined the network or not.
- 6 • The PPP proposal would allow choice because the system would be open access for any
- 7 ISPs. If a customer did not like the service they were getting, they could change that day
- 8 to a new provider.
- 9 • The proposal would allow the cities to pay down the debt, reduce utility fees, and still
- 10 own the asset.
- 11 • The proposal would bring businesses to the cities.
- 12 • More businesses needed connectivity, better than DSL or cable.
- 13 • The proposal would also make internet connections more accessible for disadvantaged
- 14 children to do their homework, closing what was known as the "digital divide."
- 15 • Not all internet traffic was created equal, so ISPs would prioritize their own content and
- 16 deprioritize other content that they didn't like with closed systems.
- 17 • Comcast and CenturyLink have been free to charge what they wanted, to provide poor
- 18 levels of service, to be the most hated companies in America.
- 19 • Comcast has raised its prices by 9 percent in certain UTOPIA cities. People do not have
- 20 real choice, and they pay too much for too little.
- 21 • The suggestion that Macquarie was proposing a monopoly was ludicrous, as the PPP was
- 22 an open platform for anyone to compete on. Comcast was pushing a mega-merger which
- 23 would give them 45 million subscribers and deny choice even more. Comcast is the
- 24 second biggest lobbyist in Washington.
- 25 • The proposal was not a foreign takeover because Macquarie had a lot of assets in the U.S.
- 26 and many of their investors were American.
- 27 • They would use local contractors, so a lot of the money used to build the system would
- 28 stay in the United States. New jobs would be created. Many of the ISPs were local.
- 29 • Many shareholders in Comcast and CenturyLink were also not in the United States
- 30 • With Comcast, nothing would go back to the cities.
- 31 • When Google bought out iProvo for a dollar, they left Provo with the debt, and none of
- 32 the money to Google went back to the city.
- 33 • An open access network would give greater choice of providers, better products, price
- 34 reductions, network development, and product development.
- 35 • In Utah, 92 percent of homes had access to the Internet at the time of the presentation, so
- 36 with 27,500 homes in Orem, that 92 percent would mean that 25,300 of them had at least
- 37 internet access; 26,000 had internet or home phone, with 2.5 percent having phone
- 38 service only; and 1,500 had neither service.
- 39 • For the proposed \$20 utility fee, a customer would get the Internet. For another \$0 to \$10,
- 40 they would get a phone on the service. Therefore, for \$20 - \$30 a customer could get a
- 41 phone and the Internet.
- 42 • If all the 27,500 households in Orem received the Internet and phone service on the
- 43 Macquarie proposal, it would cost \$8 million. But if everyone used CenturyLink instead,
- 44 CenturyLink would be getting \$20 million, which was more than twice as much. That
- 45 would equal a savings of \$12 million for the taxpayers in Orem.
- 46 • If a customer were determined only to use the land line and not the Internet, it would cost
- 47 them \$30. The same service with CenturyLink would be \$40.

1 Resident question: Would the \$20 fee go to the ISP?

2
3 Mr. Ramage said it did not. The \$20 went to pay for the network and the ISPs would provide the
4 service for free. The \$20 would include the installation, basic service of 3 Mbps up and 3 Mbps
5 down with a 20 GB data cap per month. Upgrades would go to the ISPs, which were the actual
6 service providers even on the basic service. They would do it for free because they would get to
7 market the premium services to the customers. A customer, who was a serious gamer, might pay
8 for unlimited calling and premium TV service. With the other cable providers, he might pay an
9 introductory price of \$200 per month which would rise to \$250 per month after one year.
10 However, that customer could get the same kind of service but with 10 times the download and
11 50 times the upload speeds from the UTOPIA network for a total of \$209 per month.

12
13 Resident question: How did service compare with Google?

14
15 Mr. Ramage said Google's plan did not include phone service as part of the fee. He did not have
16 exact figures but it would be \$70 for the basic service. They did not have a good television
17 package. Google was not coming to Orem. Mr. Ramage addressed the question of whether or not
18 20 GB would be enough, saying that after the 20 GB cap was used up, the basic services would
19 not stop, the speed would just slow. If customers were using more than the 20 GB they would
20 want to upgrade. Amazon, Volkswagen, and Claris networks had all chosen to set up businesses
21 in Chattanooga, Tennessee. He quoted Claris as saying they chose Chattanooga just because the
22 fiber network would promote growth, jobs, and businesses. Mr. Ramage said the United Nations
23 had called broadband a basic right.

24
25 Mrs. Fowlke introduced Laura Lewis to explain the money end of things. She told the audience
26 that the figures Ms. Lewis had were very important to understanding the options available.

27
28 Ms. Lewis said she would cut to the bottom line rather than give too many details. Since the
29 Macquarie proposal of \$20 was based on the number of addresses they would build out to, she
30 decided to use that same number of addresses, so about 30,000 in every one of the alternatives
31 available, to come up with a dollar-per-address. That figure was based upon the system being
32 built out.

33
34 Ms. Lewis reviewed the following options:

- 35
- 36 • "Keep Muddling Along" or "keep doing what you are doing now." Ms. Lewis compared
37 the costs in FY2015 to projected costs in FY2040. The UTOPIA debt would increase a
38 fraction below 2 percent per year. The cost to residents for that would \$12 a month in
39 FY2015 and \$1,969 for FY 2040.
 - 40 • Sell the entire System. If the cities were to sell the entire system the debt would go down,
41 but the cities would have to keep a significant amount of debt. From an accounting
42 perspective, the City was in a better position not to sell.
 - 43 • "Go Dark." It would leave the debt pieces in place, but the cities would no longer have
44 any UIA revenues to pay for it. The cost to residents would be a shade under \$10 of debt
45 in FY2015 and just a shade under \$15 in FY2040. It would be less than the "Keep
46 Muddling Along" scenario because there would be no operating costs and no refresh
47 costs. However, there would be a fairly large possibility of litigation, or the need to pay
people to avoid litigation.

DRAFT

- 1 • Macquarie Public Private Proposition. The scenario would include the existing debt and
2 the \$20 per household proposed fee. The sales revenues from a projected 30 percent
3 premium take rate—not uncommon in areas that already had such systems--would come
4 back to UTOPIA to help pay off the debt or to offset the utility fee.
5

6 Resident question: What was a transport fee?
7

8 Ms. Lewis explained that the transport fee was a portion of the bill that was the cost of the
9 electronics needed to shove that data through faster and to give the wanted bandwidth.
10

11 Mr. Lee added that the transport fee was the wholesale fee.
12

13 An unidentified person said that the transport fee was what was paid when the ISPs upgraded
14 their service. Macquarie would receive a transport fee, but the City would get over 50 percent of
15 it back.
16

17 Mr. Lee said that an easy way to think of it was as a lease to the ISP. He said customers would
18 not see the transport fee on their bills.
19

20 Ms. Lewis said the Macquarie proposal would cost more per household than the other proposals,
21 but it would include the ability for those numbers to come down as more people added additional
22 services and used more data over time.
23

24 Resident question: Was the \$20 fee tied to inflation?
25

26 Ms. Lewis said the \$20 would be tied to the CPI but would be negotiated further through
27 Milestone 2. The cost would be fixed to inflation.
28

29 Mrs. Fowlke then opened the meeting for questions to the Macquarie representatives. She said
30 they would first address the questions submitted through the Internet, then those written on site,
31 and then questions from the audience.
32

33 Resident question: Who would ultimately be making the decision on the partnership?
34 Would it be a public vote or decided by elected officials? What did ‘moving to Milestone 2’
35 mean?”
36

37 Mr. Davidson said the elected officials would make the decision. He said that Milestone 2 would
38 include further evaluation of the proposal as submitted by Macquarie in a 110-page document
39 that was available on orem.org. There was also an executive summary on the website. He said
40 the purpose was to further discussions and to nail down and draw stronger conclusions on the
41 technical aspects of the proposed deal, including the engineering required, the technology
42 required, and the discussion as regards to the take rates and how those would be split amongst
43 the City and representatives from Macquarie. He said a number of individuals who would want
44 access to the network would want to upgrade, and those upgrade revenues would be allocated
45 based on a formula that would be developed in Milestone 2.
46

47 Resident question: Clarify what responsibility of Macquarie/UTOPIA would be under the
48 proposal and what responsibility would be left to the ISPs.

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1 Mr. Ramage said Macquarie would be responsible for building the network out to all addresses;
2 financing the whole build-out and continued operations; delivering the network to specified
3 levels of performance over the 30-year period; maintaining the network, i.e. refreshing the
4 equipment and replacing broken fiber; and basically doing everything that needs to be done to
5 keep the network running, so that the ISPs could service the customers. The ISPs would be
6 responsible for marketing, for facing the customer, and for dealing with their issues directly. One
7 way to think of it was that the ISPs owned the customers and Macquarie owned the network.
8 Macquarie would deliver the fiber to the outside of the home. The ISP would be responsible for
9 bringing it from the exterior wall to the inside of the home. Macquarie would credit the ISPs \$50
10 for installation so they would not need to charge the users for that installation.

11
12 Resident question: Would this deal build out fiber directly to my house? Would it need to
13 be a road close by? If so, what advantage was there to the resident, if any, to have the fiber
14 network extended to his home?

15
16 Mr. Ramage explained that it would be fiber to the outside of the home, and how it would get
17 inside the home was to be determined. It would not be to a node upstream and then copper to the
18 house.

19
20 Resident question: Many senior homeowners did not have internet and did not want to have
21 it, but it looked like they would also be charged for services they would not be using. Was
22 that correct?"

23
24 Mr. Ramage said that was correct, to the extent that the cities chose not to provide relief for
25 certain individuals. He said that Macquarie had recommended that the cities find a way to
26 address the poor and elderly so they would not be burdened with an additional expense that was
27 truly unnecessary for them. Mr. Ramage restated that 92 percent of the residents of Orem already
28 had the Internet and even more than that had a land line phone, so the vast majority would save
29 money by using the network.

30
31 Resident question: Why was there not an opt-out option? Could the model not work without
32 it being mandatory for all residents?"

33
34 Mr. Ramage said it could not because a lot of people would probably opt out. He said it was one
35 model. He said that he did not like utility fees, either, but that they could be used for services.

36
37 Resident question: Why was there a 20 GB monthly cap on the basic service?

38
39 Mr. Ramage said the basic service was designed to provide good value in exchange for the utility
40 fee but would also provide the right level where more robust users would want to upgrade, and
41 provide business for the ISPs. There would also be revenues for the cities. The ISPs would
42 provide the basic service for free but would not have to spend \$300 million in infrastructure.

43
44 Mrs. Fowlke said that the presenters would be staying after the meeting if people had more
45 questions.

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1 Resident question: For those who need packages greater than the basic service, what
2 packages would be available over the network and how did they compare to the current
3 internet packages in Orem?
4

5 Mr. Ramage said, with 18 service providers on the network, there would be a lot of options. A
6 number of providers already provided 100 Mbps of service and that, moving forward, they would
7 have even more flexibility, so it would not be limited. There would be a plethora of options from
8 whomever the customer would prefer for their service provider.
9

10 Resident question: What would happen if a property owner refused to allow the fiber optic
11 cable to be installed on his or her property, to reach the house?
12

13 Mr. Davidson said that if some residents or homeowners chose not to have the infrastructure to
14 the home, they could do that. However, a fee would still be assessed. He said the City of Orem
15 had always adopted fees for service, and there was an expectation that the fees would be paid for
16 that service. If a customer were to fail to make the payment then it would result in them having a
17 balance on their account, and it could impact other services the City provided for them.
18

19 Mr. Lee observed that there had always been things residents paid for but did not use. He did not
20 go to the park much, and he did not have kids in school, but he was happy to pay for those
21 services. Those services were hidden in the tax bill, while the fee would be more direct and
22 visible. Macquarie did not come with the idea of trying to gouge people for \$20 a month over
23 30 years. They were just trying to find a solution. Broadband connectivity would be considered a
24 utility.
25

26 Resident question: When was the soonest residents could expect to have fiber installed in
27 their homes? How many months would some people be paying the monthly utility fee
28 without having service, or would they not be billed until service reached their homes?"
29

30 Mr. Ramage said there would not be any fees until the earlier of when a customer was actually
31 connected, or 6 months after a customer would have been able to connect. He said they were
32 planning a fast build-out, but it had not yet been determined where the build-out would begin.
33 They were planning on 200 installations per day.
34

35 Resident question: How would the deal affect existing UTOPIA customers? Could they
36 expect bills to go up or down for the same service, or could they expect service level to go
37 up with little or no increase in cost?
38

39 Mr. Ramage said that was one thing to be worked out in Milestone 2, but that the existing users
40 should not be impacted. There were two types of existing users: those on UTOPIA and those on
41 UIA. Those on UIA had a different financing structure that would be a little harder to deal with,
42 but they were assuming those folks would stay exactly as they were. They would not get on the
43 utility fee because they had a different arrangement with their lenders. UTOPIA customers
44 currently paid \$12 per month for the use of UTOPIA, and that went directly to UTOPIA.
45 Obviously, that fee was not enough because UTOPIA could not even keep its lights on. He said
46 those people would be changing that \$12 for the new utility fee. The ISPs would be facing the
47 same economics, so they should be pricing similarly to their current pricing. He said that the PPP

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1 would not be a price setter but purely the infrastructure provider, with the ISPs being the
2 wholesale provider.

3
4 Resident question: If the City decided not to go forward with the proposal but UTOPIA and
5 Macquarie still formed the partnership, how would that affect Orem?
6

7 Mr. Davidson said that, under the proposal, the City of Orem would be a partner in the public-
8 private partnership. The City would still need to service the 3,100 Orem UTOPIA customers. He
9 said that the City would become a customer, rather than a partner, and Macquarie would be a
10 service provider.

11
12 Mrs. Fowlke asked how it would affect the other cities.

13
14 Mr. Ramage said that there would come a point where the proposal would not work. He said it
15 was important for Orem to participate in order to get any share of eventual profits.
16

17 Mr. Davidson noted there was a need to freshen the system's technology as well as service the
18 existing customer. The proposed partnership would do both. He said if Orem were to pull away
19 from that, the City would need to find the means elsewhere to refresh the system within the city
20 limits and to develop a different strategy to serve the existing customer base.
21

22 Mr. Ramage said all of the numbers in the report were based on eleven participating cities. It
23 would be necessary to recalibrate the utility fee and the Milestone 2 allocations. The fees could
24 go up or down. He reiterated that, after the closing, only inflation would cause the fees to
25 change.
26

27 Resident question How long would it take and how much money would an individual
28 family homeowner pay each month just to pay off the debt?
29

30 Mrs. Fowlke interpreted the question to mean "Go Dark" option.
31

32 Ms. Lewis said the UTOPIA debt would escalate over time. She said the cost would be between
33 \$10 and \$15 per month per household. That did not include the cost of potential litigation. The
34 cost would run 30 years.
35

36 Resident question: Will at-home businesses be charged the business rate utility fee or the
37 residential rate?
38

39 Mr. Ramage said a single-family home would be charged the single-family home rate.
40

41 Resident question: Could Macquarie make a promise that the ubiquitous build could and
42 would pay off the past UTOPIA debt?
43

44 Mr. Ramage said he would love to be able to say that for sure, but the answer was that he could
45 not. It would come down to how much everyone would buy local and how many people would
46 move over to buy premium services. That would entirely drive whether or not the debt would be
47 paid down.
48

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1 Ms. Lewis added that, under the proposed PPP model, the probability would increase that there
2 would be revenues to pay down the debt, while under the “Muddling Along” scenario there
3 would be no money to hook up new customers. She reiterated that the “Go Dark” scenario would
4 also not have any revenues. She said the proposed model, with the premiums, would have the
5 probability of paying down the debt.

6
7 Mrs. Fowlke asked for clarification that the basic fee would pay for basic service and for
8 operating the system, then the up-sell charges would be divided between the City and Macquarie,
9 and the City could use that money to pay down the debt.

10
11 Ms. Lewis confirmed that that was correct, adding that the money could also be used to reduce
12 the utility fee.

13
14 Mayor Brunst said the \$20 basic fee would be paid to the City through the utility bill. The
15 transport fee would be paid to the ISP as a separate fee on a separate bill. He said he wanted
16 people to understand that there would be two bills to be paid if they upgraded.

17
18 Mrs. Fowlke clarified that the transport rate was the up-sell.

19
20 Mr. Ramage clarified that the two bills would only apply to those who chose premium service.
21 Most of the ISP fee would go back to the cities.

22
23 Mrs. Fowlke reiterated that if a customer did not up-sell, they would only pay the City.

24
25 Resident question: If the City entered into the partnership and the citizens decided to protest
26 the mandatory utility fee and the City was unable to pay the required payment, would other
27 cities be required to pay for the shortfall of Orem’s availability payment?

28
29 Mr. Ramage said they would not. It was not a “joint and several liability” but only a “several
30 liability,” so only each city would be responsible for its payment. If a city did not pay, Macquarie
31 would “chase” them and not the remaining cities.

32
33 Resident question: It has been stated that Macquarie expected there would be lawsuits with
34 the proposal. If UTOPIA happened to be the sole entity being sued, where would the money
35 come from that would be used to fight these impending lawsuits? If UTOPIA lost a lawsuit,
36 where would the funds to pay the damages come from?

37
38 Mr. Ramage said he was not an attorney and that was an area that would need to be worked out
39 in Milestone 2. There were some legal issues and, obviously, they would not proceed with the
40 deal unless it was legal.

41
42 Resident question: Who would be setting the standards for the last mile installation and
43 inspection of the work? Who would pay for damages caused during the installation if they
44 occurred?

45
46 Mr. Ramage said the standards would be arrived at with best practices. They would take a
47 committee approach to formulating a set of standards appropriate for that installation. Macquarie

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1 would pay to fix any legitimate damages on the outside. If ISPs damaged the home, they would
2 pay to fix it.

3
4 Mrs. Fowlke then went to questions that had been submitted at the meeting.

5
6 Resident question: There has been a huge negative publicity campaign against the
7 Macquarie deal. This was financed by people and companies with a vested interest in the
8 defeat of the deal. Is Macquarie going to do anything to combat this?

9
10 Mr. Ramage said Macquarie had been trying to play nice, but it had not necessarily been getting
11 them very far. He said he wished they had a big campaign and more friendly faces at the
12 meetings sometimes, but the opposition had started pulling out big dollars. It was harder to get
13 people who were for things to come out to meetings. Macquarie had just not been as aggressive
14 or spent as much money. He called the campaign “slandering.”

15
16 Ms. Lewis said it was important for the consumer to understand the figure of \$1.8 billion the
17 Utah Taxpayer’s Association had used. She said she had not double-checked the exact amount,
18 but she worked in the world of debt all the time, and their use of \$1.8 billion would be very
19 similar to buying a car. The price may have been \$15,000, but if the buyer added in the interest,
20 the gas every week, the tires, oil filters, and fuel filters and such, the buyer might say the cost
21 was \$110,000. The \$1.8 billion included all of the operations, maintenance, and system refresh
22 costs. She said the number was not wrong, but it was fair to let the people know what the number
23 included.

24
25 Mr. Ramage said that the opponents were also looking at it in nominal dollars, totally ignoring
26 inflation.

27
28 Resident question: How would the proposal affect or benefit our schools?

29
30 Mr. Lee said that today there were approximately forty-one schools that were part of the UEN
31 network that were connected to UTOPIA. UTOPIA was recently awarded a contract to add an
32 additional fifteen. The option to go dark and shut down the connection to those schools would
33 not be an option. At a minimum, they would have to keep the schools up and running.

34
35 Mr. Ramage said that there was a WiFi hotspot at the park near the library and kids would go
36 there to do their homework because they did not have WiFi at home. He said that helping the
37 kids at home to do their homework would also help the schools.

38
39 Resident question: Are we having to pay to find cables already buried?

40
41 Mr. Ramage said the UTOPIA folks had done a great job of mapping out what was there and
42 worked in coordination with utilities such as Rocky Mountain Power and specific utilities that
43 knew how to find what was there. He said part of the cost would be the exploration of that, but
44 he did not know a specific number on that.

45
46 Mrs Fowlke read a question from a Comcast employee: Where did the information about
47 Comcast raising its prices in UTOPIA areas come from?

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1 Mrs. Fowlke said she had seen that day a bill received by her business partner, and the price had
2 gone up. Mrs. Fowlke said she did not know if it was universal.

3
4 Mr. Ramage said he had received an email that very day that said the prices in all eleven
5 UTOPIA cities, plus Spanish Fork and American Fork, would be going up “because they had
6 upset the beast as well.”

7
8 Resident question: What are the legal ramifications of approving the merger and therefore
9 the monthly fee? By forcing all residents to pay for it regardless of whether or not they use
10 it or want it, it could be considered a tax established outside of Utah’s Truth in Taxation
11 laws.

12
13 Mrs. Fowlke said it would have been nice to have a City attorney there.

14
15 Mr. Davidson said he was not an attorney. There were mechanisms within Utah State law to
16 allow residents to contest decisions made by the elected body. He did not believe that what they
17 were talking about would be exempt from that.

18
19 Mayor Brunst said there were many legal things that would have to be examined. He said he had
20 spoken with Nick Hann of Macquarie about the need to have outside counsel examine the
21 contract. Mr. Hann had agreed. Mayor Brunst encouraged people to go to orem.org and read all
22 100 pages of the proposal.

23
24 Mr. Ramage added that some people have suggested the PPP might be deemed anti-trust.
25 However, Comcast and CenturyLink would be able to use the system, so that was the answer to
26 the anti-trust question.

27
28 Resident question: The utility fee seems to be a major objection to this proposal. If the City
29 Council rejected this plan, do they have an alternate plan to keep the fiber operative and pay
30 down the current debt without going further into debt?

31
32 Mayor Brunst said the debt that was owed was owed, so, regardless, that would have to be paid.
33 He reviewed the rate of increase required by the cities each year, capping out to about \$4.8
34 million in 2040. Other cities had done it alone, such as Park City.

35
36 Mr. Ramage said the suggestion that a community did it for \$60 million and was a similar size to
37 Orem did not take into consideration all the differences. The cities had been trying to do it by
38 themselves and had not done a great job. He said the cities the Mayor mentioned had had some
39 success, but the risk had all been on the cities. With the Macquarie deal, the risk would be on
40 Macquarie.

41
42 Resident question: Please explain exactly why and how Orem City was responsible for
43 UTOPIA’s debt. Who was responsible for involving our city in the program that would cost
44 so much with so little benefit to so many people?

45
46 Mrs. Fowlke said that was a question about the past. What they were facing now was a difficult
47 and a complex issue. She said there were a lot of assumptions there.

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1 Ms. Lewis reviewed the history of how UTOPIA and later UIA had come about.

2
3 Mayor Brunst said UTOPIA had never made money for UTOPIA. Nobody could know the
4 future and business ideas were sometimes successful and sometimes they were not. The
5 important thing was where the City was right now. They needed to figure out a way to work on
6 the past debt and a way to try to make it work without adding additional debt to people who did
7 not want to pay that debt. He said he did not think that anybody believed the City should go dark.
8 There were different ways to treat the City's asset.

9
10 Mr. Ramage said that comparing Longmont, Colorado to Orem was correct in that they were
11 roughly about the same size. He said that he had thought the mayor was comparing Longmont
12 alone to all 11 cities, as he was comparing the entire \$300 million, which was for the entire 11
13 cities.

14
15 Mayor Brunst said the \$300 million was what Orem would pay over 30 years.

16
17 Mr. Ramage asked if the Mayor was comparing Orem's thirty-year cost to Longmont's upfront
18 cost.

19
20 Mayor Brunst said that was correct. Longmont's refreshment and operational costs would come
21 out of its revenue, so they were not paying that upfront.

22
23 Mr. Ramage said the Mayor would need to decrease the \$300 million by the amount that the City
24 would get back from the premium upgrades.

25
26 Mayor Brunst said that was a question that would need to be talked about.

27
28 Resident question: What options has the City Council explored to mitigate the impact of the
29 utility fee on indigent residents, waivers for low or fixed income, something similar to West
30 Valley Ooma deal?

31
32 Mr. Ramage said that West Valley had made a deal with a company called Ooma for free
33 telephone service. He said it had surprised Macquarie but was a good deal. West Valley would
34 pick up the tab for the equipment and people would get a free basic phone which they could plug
35 into their basic service and add zero dollars to their bill. People on fixed incomes who were
36 paying \$30-\$40 for a landline could drop that price to \$20.

37
38 Mrs. Fowlke said the participants were willing to stay to answer additional questions. She
39 reminded the audience that it was not time for speeches. She asked the questioners to please state
40 their names and addresses for the minutes. She asked them to state if they were directing their
41 question to a particular person.

42
43 Time was then allotted for questions from the public.

44
45 Katy Patty asked, if Lindon or Payson decided in a month that they wanted to join back into
46 Milestone 2, they would be let in, and if they would be treated differently. She said she was
47 concerned because it sounded like some Orem City Council members were considering saying

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1 “no” next week for unspecified reasons and then trying to come back to the negotiation table in
2 July.

3
4 Mr. Ramage said that a city would be treated differently. It was not a free option and no one
5 wanted to waste their time. Opting in and opting out was not fair to anyone.

6
7 Mrs. Fowlke said they had clarified that the vote next week would not be about whether or not to
8 do the deal, but whether or not to go to Phase 2 of the deal which would be another step in
9 negotiations.

10
11 Brittany Lentz said several Council members had said they did not feel qualified to make a
12 billion-dollar decision regarding technology because they were not experts. She said that seemed
13 strange when, at the time they ran for office, they knew that UTOPIA would be the most
14 prominent and divisive issue in the city. She asked why, if they felt unqualified, they hadn't
15 consulted with an independent technology expert during the last six months.

16
17 Mr. Seastrand said the issue was that this decision was huge and had a lot of responsibility. He
18 said he believed they intended to say that they did want to get additional information and other
19 options. He said that even though they were not technology experts they did recognize that they
20 had the responsibility and would do the best they could.

21
22 Mr. Davidson said, in the defense of the City Council in this regard, that they had charged staff
23 with reaching out to experts and trying to find the best minds throughout this country to help in
24 the assessment of this proposal. The consultants that they had reached out to were currently
25 involved in some way in the evaluation of this proposal, so they could not be third-party or
26 objective participants in this process.

27
28 Mr. Ramage said Macquarie had retained a group called CPC which had prepared an
29 independent market analysis for them. He said they had been hired by Macquarie and were not
30 third party, but they were sharing it with the cities for a somewhat independent view of the
31 merits of the deal.

32
33 Mrs. Fowlke asked about the independent analysis that the Utah Taxpayers Association had put
34 out.

35
36 Mr. Ramage said that report had been a surprise to the gentleman who got his check from
37 CenturyLink.

38
39 Drake Fackler said that he was on the \$22 per month CenturyLink internet, and his bill last
40 month was \$97. He said he wanted to know what had been seriously considered and discussed as
41 a city council to mitigate the monthly utility fee for Orem citizens. He said West Valley had a
42 great deal with Ooma that would save \$40 per resident. There were opportunities to waive fees
43 for indigent or low-or fixed-income people. He said he felt like this information was being
44 withheld and it was being used against the deal.

45
46 Mayor Brunst said that they had not looked into any phone deals with Ooma yet. He said they
47 had spent many hours looking into alternatives for getting high-speed internet to the homes. He

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1 said they had been very diligent and had spent many, many hours doing this. He said they
2 certainly could look into that. He had no opinion on that one way or the other.

3
4 Mr. Ramage said the Mayor and the Council should look at their existing ISPs who had
5 demonstrated a willingness to address that issue themselves. He said he thought that they should
6 be given a shot at that deal as well.

7
8 Sam Lentz, resident, said that he had presented an idea to the City Council on Tuesday and he
9 would like a response to that. The City had enterprise funds for water and sewer. He thought it
10 would be helpful if they set up a network enterprise fund, so those premium revenues could only
11 be used either to pay off the existing UTOPIA debt or to reduce the utility fee. The Macquarie
12 proposal would take away the operating loss and all that would be left would be the debt. He said
13 the premium revenue would have paid that debt. He said that in the coming year there would be
14 \$3.4 million coming in to the budget to pay those things that would now go away. He wanted to
15 know if the City Council could use that \$3.4 million to cut the utility fee in half.

16
17 Mayor Brunst said he would be happy to have the rest of the Council answer these questions. He
18 said they did not know what the transport fee would generate in the way of revenue. He said that,
19 to give an idea, when UTOPIA was started it was stated that they would break even in three
20 years and be profitable in five. He said that when UIA started, they stated that they would sign
21 up 4,000 new homes per year. He said that they had been signing up 1,000 new homes per year.
22 He said that UIA was profitable. He said that he did not know what the transport fee would
23 generate and he did not know what the take rate would be. If they received money in, they would
24 want to pay down debt.

25
26 Jim Fawcett directed a question to Mr. Ramage, saying that when the proposal was presented to
27 Layton, Mr. Ramage had said there might be a price war between the ISPs, and they might have
28 to fix a minimum rate. Mr. Fawcett said that, today, Mr. Ramage had said that Macquarie was
29 not going to get involved in what they charged. Mr. Fawcett said he wanted to know if
30 Macquarie had changed their position on that or if there would be a fixed rate for ISPs.

31
32 Mr. Ramage said Macquarie had considered the issue but the only firm decision was that
33 Macquarie would not meddle in ISP pricing.

34
35 Will Matheson directed a question to Mayor Brunst, indicating the Mayor had mentioned several
36 other proposals. Mr. Matheson said he preferred the Macquarie plan because he had a
37 fundamental belief in free market competition that typically benefited the consumer. He asked if
38 the Mayor would be giving priority to open systems, should they choose not to go with the
39 Macquarie plan, or would they just choose the plan that was the cheapest.

40
41 Mayor Brunst said that would be dependent upon the Council and citizens to see what the
42 proposals were. If he had his way, he would allow the citizens to vote on what was occurring
43 rather than just Council. With UTOPIA, the citizens had never had the chance to vote. He said
44 that in all the other cities, such as Chattanooga or Lafayette or Longmont, the citizens voted for a
45 bond and then they financed it with that bond.

46
47 Bob Christensen directed his question to Laura Lewis. He said he wanted to compare what he
48 paid for Triple Play with what she paid under UTOPIA.

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1 Ms. Lewis said that her service provider was X-mission and that she had voice, video and data.
2 She said she paid \$157 per month for as robust a TV service as could be imagined. She said she
3 had sports channels and others, had the ability to DVR, and had 100 Mbps up and down that had
4 been absolutely flawless except during a power outage.

5
6 Lovina Roundy said she understood that there were four milestones and that the City had passed
7 Milestone 1 and that next week they would be voting on Milestone 2. She wanted to know what
8 Milestone 2 was and what exactly it committed Orem to and what exactly it committed
9 Macquarie to.

10
11 Mr. Ramage reviewed the four milestones. He said there were interests aligned against them. He
12 said they would try to get Milestone 2 done by the end of the calendar year and accelerate
13 Milestone 3, which would be more of the same, and then Milestone 4 would be closing,
14 hopefully by the end of the calendar year.

15
16 An unidentified audience member asked about the costs for the milestones.

17
18 Mr. Ramage said there were primarily legal and financial advisory costs to go through Milestone
19 2. He said they would recalibrate those as well, as they tried to accelerate things. He said it
20 would be in the neighborhood of \$1 million to \$1.5 million across all the cities and a share of
21 that would be allocated to the participating cities. Macquarie would not be making the proposal if
22 they had to cover all the costs. The cities that proceeded all the way would not have to pay those
23 costs. Macquarie had not been paid a dime for a year's worth of work so far; Macquarie was
24 trying to be frugal. The obligation on the cities was to continue to participate and engage with
25 Macquarie to work out the issues in a timely fashion and do their own diligence and facilitate the
26 work that would need to be done on the engineering side.

27
28 Gary Bascom said Centerville and Lindon had withdrawn.

29
30 Mr. Ramage said Payson and Lindon had, but Centerville had not yet voted.

31
32 Mr. Bascom said the voters had elected the city fathers to get the city out of UTOPIA. He said he
33 thought they were working on it.

34
35 Several members of the audience said that they had not elected them for that reason.

36
37 Mr. Bascom said he had. Macquarie had made a nice presentation. He asked why UTOPIA could
38 not declare bankruptcy, so that the city could have the good program that Macquarie was
39 presenting. He also asked why, if the program were so good, they would have to force the
40 citizens to pay for it on their utility bills.

41
42 Ms. Lewis said, noting she was not an attorney, that the question had been looked at by legal
43 counsel, and it was her understanding that Utah law did not allow interlocal cooperatives to
44 declare bankruptcy. Cities and counties could. Perhaps, if all eleven cities declared bankruptcy,
45 they could.

46
47 Phil McCabe questioned why Macquarie was the only company that had been given this
48 opportunity, considering it was a thirty-year agreement.

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1 Mr. Ramage said UTOPIA had been trying to dig itself out of this for a long time. Macquarie had
2 gotten so far because they had made the best offer so far. Very sharp people, as well as Jamie,
3 had investigated to see if Macquarie was for real, and they had come to the conclusion that the
4 company was. Macquarie was the biggest infrastructure investor in the world and was putting
5 real money at work. The company stood to lose it if they didn't do a good job. He said that was a
6 very strong self-reinforcing mechanism. Macquarie had extremely qualified partners, including
7 investors, and a developer. While he had not laid fiber before, several of the partners had.

8
9 Mrs. Fowlke asked Mr. Ramage if part of the problem was that they needed somebody with
10 capital to pull it off.

11
12 Mr. Ramage said it would take a lot of money. The cities could keep “kicking the can down the
13 road” with a little money but never enough to get it done, facing continuing operating deficits. Or
14 they could get it all done at once and get scale. That would take a lot of money, and no one else
15 had come to the table with that amount of money.

16
17 Mr. Lee said the telecommunications industry was a very small community. He said he had been
18 in the industry for quite some time and had managed operations across thirty-five states with
19 about 1.5 million subs. He had also managed a business unit for a national telecommunications
20 company on a nationwide basis. There was a reason few municipal fiber systems were
21 successful—because they were closed systems. UTOPIA was the first open architecture
22 municipal fiber system anywhere in the U.S. The reason for that was there were few people with
23 a lot of money partnered with the people with the right expertise to move them forward. Mr. Lee
24 noted that one of Macquarie's partners was Alcatel-Lucent, the primary vendors of equipment to
25 Google, Chattanooga, Longmont and others. They would be the first to say the biggest problem
26 was marrying the capital with the right telecommunications executives who had the experience
27 of building 73,000 miles of fiber across the U.S. Macquarie had that.

28
29 Gary Brown said the reason the city had an open system was that it was forced by the Utah State
30 Legislature in 2011 when they passed Title X, Chapter 18, which governed those kinds of
31 consortia. He said that in 2000, AT&T and Quest and Comcast sent their lobbyists to completely
32 block these kinds of things because it was competition. He said they did not get what they
33 wanted in 2000, so in 2001 they went after the next best thing which was prohibiting closed
34 systems from doing retail servicing. That was why there was a mess. He said by then UTOPIA
35 and iProvo had started and suddenly the business model got swept out from under them. The
36 legislature, in their wisdom, had sided with “private enterprise” which was really government
37 guaranteed profitable monopolies, which both Comcast and CenturyLink were. They were scared
38 because this would be, for the first time, genuine competition which was why prices would fall
39 once they got started.

40
41 Mr. Lee said that they kept hearing about Longmont, Colorado. He said he happened to know the
42 man—who was no longer working on the project—who had put together the proposal for
43 Longmont. That city had a population of about 88,000 people, and they voted to bond
44 \$45.3 million to build a fiber infrastructure, with an anticipated payback over an eleven-year
45 period, if they reached 35 percent penetration. It was a closed infrastructure, with no video on the
46 network, and they were adding twenty-seven full-time employees, with their cost out of the
47 operating revenue in anticipation that they were going to make money off the system. Mr. Lee
48 said that took him back ten years and sounded like UTOPIA.

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1 Tamara Barr said she was a current UTOPIA customer and had, within the last year, paid the
2 \$2,700 to get it installed to their house. She said she had not seen anything said about those who
3 had paid the out-of-pocket expense.

4
5 Mr. Ramage said it would be addressed in Milestone 2, and there were two options. They wanted
6 to make sure that people like Ms. Barr were compensated. One option would be to leave them as-
7 is, with no utility fee, though that could be difficult to navigate with the UIA bond. They would
8 like to get them onto the same program as everyone else, but if that were done, the utility fee
9 would be rebated to the tune of the upfront payment.

10
11 Lincoln Spencer said he was a business owner. He said he started a business five years ago and
12 he had to beg and plead with Comcast to install the last couple of hundred feet so his business
13 could get Internet service. He said he would love for the proposal to go through, and he would
14 love to see more competition and more options. He questioned what the option would be for a
15 business like his if the City Council did not move forward with the Macquarie offer.

16
17 Mayor Brunst said that they were looking at other options. There were multiple providers, and it
18 was a competitive business. He said there were people out there, and there would be more. He
19 said they were looking for alternatives to work on the UTOPIA system. There was quite a bit of
20 fiber within the city, and they were hoping to get UTOPIA fiber built out throughout Orem. He
21 said he would like to see it done on a demand basis rather than on a forced basis.

22
23 Mr. Ramage said he would love to see the other options. Everyone had been looking at it for a
24 long time, and there were no other options. He said the one other option was from First Digital,
25 which was not an open system, and they would not show Macquarie their evidence.

26
27 Mayor Brunst said First Digital was an option that had come forward just in the last few weeks.
28 He said the reason they were not opening up was that they did not have a nondisclosure
29 agreement with UTOPIA. He said Macquarie did have a nondisclosure agreement, which had
30 made it hard for the City to look at other options. He said that he thought First Digital would like
31 to put forward their offer, but he thought that they had had a hard time doing that under the
32 current business climate. He said First Digital was a company about the size of UTOPIA and was
33 funded by the Boyer Company that owned the Gateway. He said they had been in business for
34 about ten years.

35
36 Mr. Ramage said Macquaire had had a nondisclosure agreement from the beginning. They had
37 clearly waived pretty much every single scrap of it, considering the details they had been giving
38 out. He said the predevelopment agreement stipulated that Macquarie had an exclusive right to
39 negotiate this deal over a certain period of time so that they did not waste their time. He said they
40 had waived that right so Orem could look at the First Digital option, but Macquarie was still not
41 able to look at what the First Digital option was. He said that First Digital could waive their
42 nondisclosure agreement. It had nothing to do with Macquarie's position.

43
44 Mayor Brunst said that his understanding was that they were working that agreement out with
45 UTOPIA, but it had not been finished.

46
47 Mr. Ramage said it was up to them.
48

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1 David Patty said that he could only get CenturyLink at his house. Nobody else could provide him
2 with Internet, and he could not get UTOPIA. He said he would probably pay the fee to have it
3 installed directly to his house, but that it was unavailable. He said it seemed like the City had one
4 bird in their hands, which was Macquarie, and that there were two birds in the bush that they
5 were looking for. He thought they should just be happy that they had a bird in their hand. He
6 asked about the thirty-month ubiquitous build-out and when it would begin and end.

7
8 Mr. Ramage said that it would start and end as soon as possible. As soon as they signed, they
9 would be building. He hoped it would be January 1, 2015. The thirty-month estimate would
10 adjust, based on the number of cities that would participate. It would likely be shorter should
11 fewer cities participate.

12
13 Mr. Lee said their partners and contractors would have already spent a significant amount of
14 money prior to contract close. The design/build contractors and the construction crews were
15 already talking to the local contractors, driving around the city, and doing an engineering
16 assessment at a cost of about a quarter of a million dollars each. By the time the contract closed,
17 those contractors would have spent \$500,000 of their own money with no guarantees. They had
18 already begun work on development and engineering. He said this was probably well in excess
19 of \$1 million worth of work being done well before the contract would close.

20
21 Logan Mosely said that, as for the demand idea, he had the demand but he could not get the fiber
22 to his house even if he paid. He asked what the method would be for determining the minimum
23 speeds and if it would change over the years.

24
25 Mr. Ramage said that 3 Mbps, in 30 years, would probably seem like dial-up did today. They had
26 thought of different ways such as indexing it to average broadband.

27
28 Mrs. Fowlke asked if that would be part of Phase 2.

29
30 Mr. Ramage said Phase 2 would address exactly what the mechanism would look like. They
31 expected it to be a periodic review of the marketplace. There was no downside for Macquarie
32 directly to give a gig to everybody, but it would not work for the business model for the ISPs and
33 there would be no up-side for the cities. He said it was a balance and they would address it on a
34 periodic basis.

35
36 Ron King said school construction was always put up for a vote. He said that with Midtown
37 Village had not been put up for a vote and neither had this. If it was put to a vote, the City
38 Council would not have to shoulder all the responsibility if it went south. He wanted to know
39 what was constitutional if they were spending something beyond the budget that had already
40 been allotted.

41
42 Ms. Lewis said that she was not an attorney, but that she had worked in the field of public
43 finance in Utah for going on twenty-six years. She had been well-trained and was well-aware of
44 what had to go to the voters and what did not. She said that the gentleman was speaking of a
45 general obligation vote. In a general obligation vote, the City would be saying that, no matter
46 what, they would raise property taxes to whatever they would have to do to pay that debt. She
47 said it was required under Utah law that if the City were going to enter into general obligation
48 bonds and pledge their full faith and credit that it would have to go to a vote. Outside of that, in

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1 regard to debt obligations, cities, counties, special districts, etc., were allowed under Utah law to
2 pledge system revenues or to pledge sales tax revenues. She said they had a lot of arrows in their
3 quiver. Those bondholders could not come in and tell a city to raise the sales taxes to pay them
4 back. UTOPIA bonds had the sales tax pledge, and that was all those bondholders could look to.
5 The UIA bonds had the franchise fee pledged and that was all they could look to. She said that
6 under Utah law, neither of those required a vote.

7
8 Mrs. Fowlke asked if it would be possible to set up a vote before June 26, 2014.

9
10 Mayor Brunst said that it would not. A vote would have to be on an item of legislation, and they
11 were not talking about that.

12
13 Ms. Lewis said there was a very specific process in terms of how the Council could call a vote.
14 She said she was working on such a time frame for another city.

15
16 John Reinhard said that he been trying to read the whole report, but that he thought he would
17 rather go back and read Isaiah. He asked if the PPP would define the policy regarding ISPs or if
18 someone else would define the policy. He wanted to know how much weight each agency within
19 the PPP would have.

20
21 Mr. Lee said there was not a simple answer to the question as it delved into the financials around
22 the ISP business model. The reality was that there would be a group, consisting of the cities, the
23 equipment venders, the ISPs, the PPP, and the wholesaler. They would not be opposed to a
24 citizen advisory group participating. The service level agreements that they would generate
25 would have guarantees applied to all the ISPs. They would make sure the ISPs had trucks for
26 calls, that they had customer service representatives, that they had technical support personnel,
27 and that they had a robust billing system. Conduct on the network would be as indicated in the
28 agreement. That would be determined by consensus and everybody would sign off on it and live
29 and die by that document.

30
31 Arty Teemant asked what would happen to the \$20 utility fee after 20 years.

32
33 Mr. Ramage said it would go away. The cities could keep charging it, but that would not be
34 Macquarie's business.

35
36 Ben Bergen asked what, in addition to subscriber revenue, the other economic benefits would the
37 Phase 2 build-out provide, and if those benefits out-weigh the costs. He also asked about
38 property values or attracting businesses to Orem.

39
40 Mr. Ramage said benefits included an emergency service gradient, connectivity, WiFi hot spots
41 in parks, schools, smart grids, and all sorts of additional uses of the fiber.

42
43 Mr. Lee said multiple studies had shown that simply having the box on the side of a home, even
44 if a person were not using it, would increase the value of a home by \$3,500 to upwards of
45 \$5,500. He said if one home did not have the fiber and a neighbor had the same type of home but
46 had the fiber, it would probably make a difference in which home a buyer would want to go for.
47 As far as other benefits it would bring the community, he said he likened it to what the Internet
48 did for Amazon vs. Barnes & Noble. He said that every person who had the fiber capacity in

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1 their home would all of a sudden have the opportunity, if not the desire, to become an
2 entrepreneur, to work from home. Call centers, in one of the cities mentioned, were increasingly
3 shutting down the office or the big corporate call center, because it was expensive, given the fact
4 that all their employees had fiber to the home. He said it was virtually identical and no less
5 reliable to the network that would be currently inside their office building. There would be a
6 tremendous amount of economic opportunity for cities that had a ubiquitous build. He said if
7 they did not have a ubiquitous build it would not be the same thing.

8
9 Robert Loveridge said that ten years ago he had been in favor of having fiber come and was still
10 in favor of having fiber come, but he thought it had become a sour experience and had become a
11 failed model. He wanted to know what would assure that the PPP would not become another
12 UTOPIA. He had spent seven years trying to get fiber to his home. Promises had been made that
13 he would have it within a year, but he still did not have it.

14
15 Mr. Ramage said that, fundamentally, it would come down to accountability. The cities had not
16 really had accountability; UTOPIA had not had enough accountability to the cities, but they
17 could fail and come back to the trough. He said it was not their money; it was public money. The
18 proposal was a completely different accountability structure. Macquarie was putting up
19 \$300 million in capital at risk and guaranteeing on the back of that significant investment the
20 delivery of the network.

21
22 Mr. Loveridge asked why Comcast and CenturyLink were in so much opposition to this. He said
23 it was an oxymoron that they would be opposed to something that they would automatically
24 benefit from. He question why, with 92 percent of the residents in Orem already using internet
25 service, it would be mandatory that everybody had to pay. He also wanted to know, if the City
26 Council were against this, and put out a request for proposal, would Macquarie participate in the
27 RFP.

28
29 Mr. Lee said cable operators and the telecoms would not want this because about 15 years ago
30 they had spent \$10 billion in the U.S building up head ends, laying out fiber co-ax. The cable
31 operators would have the public believe that cable was what was delivering their service, but he
32 said that the back office infrastructure for cable operations was all fiber. Only the last mile was
33 the copper component, and they were gradually building that out. He said he thought at some
34 point in the distant future, the cable operators planned to be an all-fiber infrastructure. With that
35 investment, they wanted to recover their cost. They were going to milk their existing
36 infrastructure for as much as they could and for as long as they could until they recovered that
37 amount and then gradually, as competitive pressures climbed—as was happening now—they
38 would eventually begin to move off that conservative position and toward a fibercentric
39 infrastructure. There was no reason why those companies could not currently operate on
40 UTOPIA. The reason they were not participating and why they were loudly protesting was
41 because they wanted to protect their captive audience. They liked it that way. CenturyLink and
42 Comcast had made a great business case with 30 percent market share. If they joined UTOPIA,
43 they would have to compete with the 18 other UTOPIA ISPs.

44
45 Marian Baxter said that, in good faith and with effort she had joined UTOPIA, when it was
46 offered by M-Star. She said she had a bad experience. Today, on NPR Newsbreak, she heard that
47 UVU had bought more acres of the Geneva project, and they were expanding their campus. She
48 asked if UVU was on the UTOPIA system and how apartments got into this. She asked if there

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1 was a link about the upsell to the premium service and was there a way to help offset those in
2 need.

3
4 Mrs. Fowlke said they had answered two or three of those questions already.

5
6 Mr. Ramage said UVU would be on the network and new builds would be brought onto the
7 network. He said apartment buildings would take the fiber to the telecoms cabinet and then it
8 would be up to the ISPs to wire up all the units if there were not existing wire, but there usually
9 would be. That was part of the reason it was actually a discount for apartments. He had
10 recommended strongly to the Council that they find a way to address the needs.

11
12 An unidentified audience member said she would be happy to be a recipient of the new
13 technology, and Orem City would go on the map because they were like the Silicon Valley in
14 Utah.

15
16 Val Hale, president of Chamber of Commerce in Utah Valley and resident of Orem, said this was
17 obviously a very important and big issue for business. The chamber's public policy committee
18 had voted unanimously to encourage the City Council to move forward into the next phase with
19 Macquarie. He asked the Mayor and the City Council if they had a public relations plan in place
20 to keep businesses in place should the PPP be rejected because he had spoken with several
21 businesses who were awaiting the vote of this. They had said that if the vote were negative, they
22 would be moving to Provo as soon as their leases were up. He said he thought there were far
23 more than those, and he had only spoken to a few, especially the high tech business who needed
24 it and wanted it. He said he thought it was kind of a generational thing. The Mayor had a
25 problem on his hands if this were to fail because there were going to be a lot of businesses who
26 would fly down to Google Fiber or wherever else they could get high-speed internet. It was a big
27 problem.

28
29 Mayor Brunst said they very much appreciated businesses and the residents within Orem. He
30 said he had actually heard the same argument on the other side that if residents were going to be
31 forced to take this that they were going to move. He said he believed they wanted to have fiber in
32 the community, but he thought it ought to be on a demand basis and not on a forced basis. If
33 UTOPIA was to market a better way, they could get that fiber out there. He said he believed
34 there were alternatives that were better than forcing debt on the citizens and forcing every citizen
35 to have to take it whether they wanted it or not.

36
37 Mayor Brunst thanked Mrs. Fowlke for being the MC, and Mr. Ramage and Mr. Lee for being
38 here.

39
40 The meeting adjourned at 9:20 p.m.

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CITY OF OREM
SPECIAL CITY COUNCIL MEETING
56 North State Street Orem, Utah
June 24, 2014

4:30 P.M. SPECIAL SESSION

CONDUCTING Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, Mark E. Seastrand, David Spencer, and Brent Sumner

EXCUSED Councilmember Tom Macdonald

APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Bill Bell, Development Services Director; Scott Gurney, Interim Public Safety Director; Steven Downs, Assistant to the City Manager

VIVINT STAFF Dean Lundberg

SCHEDULED ITEMS

4:30 P.M. DISCUSSION
Fiber Network Alternatives – Vivint

Mayor Brunst called the meeting to order at 4:36 p.m. and allowed time for introductions.

The purpose of the meeting was to discuss a fiber network alternative. Mayor Brunst asked the Mr. Lundberg to introduce who owned Vivint and explain why it was doing communications as well as security. Mr. Lundberg said Vivint was best known as a security company that had about 900,000 customers nationwide. He said that in the past year Vivint had started providing wireless services. Vivint was in the early stages of deploying network services in several states and around Utah. Vivint was working with a team in California in developing a new technology as well.

Mayor Brunst asked who manufactured the technology that they were using now, what Vivint owned, what Vivint purchased, and what Vivint planned. Mr. Lundberg said Vivint had purchased a company in California called “Smart Road,” which was a company that used 4X4 MIMO, a multi-antenna technology. Vivint used it for short-range delivery of internet.

Mayor Brunst asked for more information about Vivint. Mr. Lundberg said that Vivint was started by people in the local area. It was recently bought by Blackstone, which would infuse funds to grow the business. Blackstone and Vivint had a vision to build broadband.

Mayor Brunst and Mr. Lundberg discussed where Vivint’s offices were located and more about Vivint’s presence in the community. In response to a question, Mr. Lundberg defined “POP” as

1 Point of Presence and said it might be a tower or the top of a building. He said they were
2 connected to fiber and they broadcast out wireless signals to a micro-hub. He said they used a
3 licensed spectrum between the POP and the micro-hub.
4

5 Mr. Lundberg explained that a “spectrum” was radio frequencies. He said each wireless provider
6 owned a spectrum. Mr. Lundberg and Mayor Brunst discussed spectrums and how they were
7 purchased and used.
8

9 Mr. Lundberg said they used an unlicensed band to go from the micro-hubs to the homes.
10 Delivery differed based on distance and obstacles, but the company was consistent in delivering
11 50Mbps up and down to the homes. Vivint was making investments that it hoped would allow
12 Vivint to have higher speeds.
13

14 Mr. Lundberg said Vivint had interest in UTOPIA’s fiber platform to skip the tower. Vivint
15 hoped thereby to reach places that were not connected to fiber, with a low-cost install. Vivint
16 could not yet meet the needs of those who wanted 1 GB of service but that not many customers
17 wanted that much.
18

19 Mr. Lundberg indicated Vivint charged \$55 for 50 Mbps and \$45 for 25 Mbps.
20

21 Mr. Lundberg said Vivint would be interested in using the UTOPIA fiber right to Vivint’s micro-
22 hubs.
23

24 Mayor Brunst asked about distances and number of homes. Mr. Lundberg said that there were
25 typically about forty to sixty homes per micro-hub grid. Vivint would plan to actually service
26 about twelve homes per grid. Vivint could potentially service all sixty-five homes, but there
27 could be problems with congestion and services would depend on the environment. Vivint did
28 not plan to service every home, but additional capacity could be added as time went on.
29

30 Mayor Brunst said that some neighborhoods had greater concentrations of homes that wanted
31 different service than others. Mr. Lundberg said he thought Vivint could service most people
32 who wanted wireless, but he could not say all. Vivint did not plan to take all the market shares;
33 most of Vivint’s planned grids were in residential areas. Mr. Lundberg said that the commercial
34 market was not Vivint’s focus right now.
35

36 In response to a question Mr. Lundberg said that, should Orem have ubiquitous fiber from
37 UTOPIA, it would be more of a risk for Vivint to build its network. He was not sure if Vivint
38 would prioritize a way to do that.
39

40 Mayor Brunst asked about Vivint using UTOPIA and the rates involved. Mr. Lundberg said
41 Vivint would pay UTOPIA for services.
42

43 Mayor Brunst worked on some mathematical figures of how much would be paid per hub, per
44 month, per year. Mr. Lundberg said the \$20 per household fee would be quite expensive.
45 UTOPIA rates would have to be compared to rates from other fiber providers.
46

47 An unidentified Councilmember said that he understood Vivint would be a service provider
48 instead of a system operator, and that Vivint would pay UTOPIA for access to the network.

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1
2 Mr. Lundberg said that the decision before the Council regarding UTOPIA was very difficult. As
3 things developed and situations changed Vivint might have other plans. He said he did not have a
4 solution for the current problem. Mr. Lundberg compared the Digis package to the Vivint
5 package in terms of price value. Vivint was providing much faster speeds for the money. Mr.
6 Lundberg voiced it was difficult for the average person to consistently use more than 10–15
7 Mbps of service. Vivint felt that the 50 Mbps was a great future and that a lot of things would
8 have to change to make 50 Mbps unsatisfactory to the vast majority of users.
9

10 Mr. Lundberg said a lot of things were changing regarding television. Vivint was interested in
11 providing TV over the network, but currently TV services were not its current business.
12

13 Mayor Brunst mentioned TV streaming over the internet. Mr. Lundberg said a lot more people
14 were cutting off the cable and streaming over the network. VOIP was not a high demand product
15 as there were problems to solve with it regarding maintaining quality.
16

17 Mr. Davidson mentioned wind bursts and snow storms that would limit the ability to service a
18 site and asked if that was a concern. Mr. Lundberg replied it was not. There were different
19 properties to spectrum and if the distance was kept short Vivint could get through certain
20 obstructions without losing the signal.
21

22 Mayor Brunst asked for clarification that, if they were only going from the POP to about 12
23 homes, they would be able to get through some trees. Mr. Lundberg said that was the case and
24 noted that Vivint was not proposing a replacement for a ubiquitous UTOPIA.
25

26 Mayor Brunst said that some parts of the city were a rough environment for building.
27

28 Mr. Andersen asked about overlapping of the signals between the grids. Mr. Lundberg said there
29 would be overlapping.
30

31 Mayor Brunst asked Mr. Lundberg to explain about what Vivint's product would look like. Mr.
32 Lundberg said that the end user module would be about nine inches wide, 12 inches tall, and
33 about an inch-and-a-half thick. He said it would be mounted on the roof. There would also be
34 equipment at an access point which would be similar.
35

36 Mayor Brunst asked about where Vivint purchased the equipment it used. Mr. Lundberg said
37 some parts were made in China. There were several steps to the manufacturing process and some
38 parts were made in the U.S.
39

40 In answer to a question about install charges to customers, Mr. Lundberg said they would not be
41 trying to recover their costs for the devices. The basic install price was \$40 and typical
42 agreements would be for two years, however customers could pay more per month for not having
43 an agreement.
44

45 Mr. Lundberg said that swap outs would be driven by advances in technology.
46

47 Mayor Brunst asked where Vivint saw itself two or five years from now, technology-wise.

1
2 Mr. Lundberg said that Vivint was close to the 100 Mbps range and could be there within 2 to 3
3 years. He said he anticipated the price for 100 Mbps would be market driven.
4

5 Mr. Andersen asked what percent of Lindon was wired for UTOPIA. The representative from
6 UTOPIA said that about 90% of Lindon was wired. Mr. Lundberg added that he thought Vivint
7 could go into Lindon today and get some market share.
8

9 Mr. Davidson asked about problems with too many users on the network. Mr. Lundberg said
10 Vivint had tried to minimize those problems.
11

12 There was discussion about Vivint being owned by Blackstone, the future of security systems
13 and utilities, and Vivint's desire to expand its horizons. Mr. Lundberg said security would
14 remain a significant piece of the business.
15

16 There was discussion about the connection between fiber and wireless; about speed, service, and
17 price; and about reliability of internet service.
18

19 Mr. Lundberg said Vivint had experience in the field and that they had a Google guy on their
20 staff and a former UTOPIA guy on their staff.
21

22 A citizen asked if Vivint's fee would be mandatory. Mr. Lundberg said it would not be
23 mandatory. Mayor Brunst added that it would be a part of Vivint's costs because Vivint would
24 be leasing fiber from UTOPIA. Mr. Lundberg said that if the Macquarie deal went through, it
25 would be difficult for Vivint to compete because it would have to charge its prices on top of the
26 \$20 utility fee. He said that if the Macquarie deal did pass, Vivint would probably not deploy in
27 Orem.
28

29 There was discussion about the locations of Vivint's towers. Mr. Lundberg said that if Vivint did
30 not have fiber connected into each square they would use towers to transmit to the squares. The
31 homes that were used as access points in the squares would receive free service in swap for the
32 electricity that would be needed.
33

34 Mayor Brunst mentioned that there was an individual in Lindon who was taking the signal
35 illegally from UTOPIA and using it to broadcast wireless.
36

37 There was discussion about the quality of wireless around obstacles, such as mature trees
38 existing structures. Mayor Brunst said that Vivint wanted to use fiber to the homes that were
39 access points, rather than use towers.
40

41 Mr. Lundberg said Vivint wanted to find a way to utilize the fiber network to improve Vivint's
42 quality of service and to improve their ability to deliver faster speeds. He said there was an
43 advantage to tapping into the fiber.
44

45 Mrs. Black said she understood Vivint would do its process as a client after the build out of fiber
46 took place. Mr. Lundberg acknowledged Mrs. Black and said his point was to share a perspective
47 of what Vivint would like to do some day in the near future. He said Vivint was waiting to see
48 what happened with the City before it decided.

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Mrs. Black asked if Vivint's plans were real intentions or possibilities.

Mr. Lundberg said that it was a discussion because there was still so much that could happen before anything definite could occur.

Mayor Brunst thanked Mr. Lundberg for his attendance and called for a motion to adjourn.

Mrs. Black moved to adjourn the meeting. Mr. Andersen seconded the motion. The vote to adjourn was unanimous.

ADJOURNMENT

The meeting adjourned at 5:41 p.m.

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CITY OF OREM
SPECIAL CITY COUNCIL MEETING
56 North State Street, Orem, Utah
June 26, 2014
6:00 p.m.

6:00 P.M. SPECIAL SESSION – OREM CITY COUNCIL CHAMBERS

CONDUCTING Mayor Richard F. Brunst, Jr.

OREM ELECTED OFFICIALS Mayor Richard F. Brunst, Jr. and Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

OREM STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Karl Hirst, Recreation Director; Bill Bell, Development Services Director; Chris Tschirki, Public Works Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

INVOCATION/
INSPIRATIONAL THOUGHT: Mark Fincher

PLEDGE OF ALLEGIANCE: Val Hale

SCHEDULED ITEMS

RESOLUTION - Expressing the City of Orem’s Intention to (1) Move Forward; or (2) to Not Move Forward With Milestone Two of the Macquarie Pre-Development Agreement and Directing City Representatives to Take the Necessary Steps to (1) Proceed to Milestone Two or (2) to Not Move Forward to Milestone Two and to Authorize the Payment of the City’s Pro-Rata Share of Milestone One Costs.

In the Spring of 2013, the City of Orem and the other cities of the Utah Telecommunications Open Infrastructure Agency (UTOPIA) and the Utah Infrastructure Agency (UIA) were contacted by Macquarie Infrastructure Developments, LLC (Macquarie) regarding the potential development of a public-private partnership (PPP) between UTOPIA/UIA and Macquarie in relation to the completion, operation and “refresh” of the UTOPIA/UIA fiber network.

In December 2013, UTOPIA/UIA signed a Pre-Development Agreement (PDA) with Macquarie to set forth in a preliminary manner the parameters for further investigation and negotiation of a public-private partnership in preparation of a permanent agreement between the parties at a future date. As outlined in the PDA, the investigation was to be completed in four phases or “milestones.” At the conclusion of each milestone, the cities of UTOPIA/UIA were to be given a

1 “Milestone Report” with an opportunity for each respective city in the proposed PPP to move
2 forward to the next milestone or to terminate its interest and relationship with Macquarie and the
3 milestone process. As per the UTOPIA/UIA PDA with Macquarie, costs of each milestone were
4 to be assumed by Macquarie in the event UTOPIA/UIA and its respective member cities were to
5 move forward through the milestone process and enter into a permanent agreement. In the event
6 UTOPIA/UIA or individual cities within UTOPIA/UIA were to terminate its relationship with
7 Macquarie, the costs of each respective milestone in question would be shared between the city
8 or cities choosing to not move forward in the milestone process and Macquarie.
9

10 In April 2014, UTOPIA/UIA received a copy of the Macquarie Milestone One Report. In May
11 2014, it was determined by both the UTOPIA and UIA Boards that each respective
12 UTOPIA/UIA city would have until June 27, 2014 to, by resolution, agree to move forward to
13 Milestone Two or to terminate its relationship with Macquarie.
14

15 To date, the following five UTOPIA cities had voted to move forward to Milestone Two:

- 16 1. Brigham City (also a member of UIA)
- 17 2. Layton (also a member of UIA)
- 18 3. Midvale (also a member of UIA)
- 19 4. Tremonton
- 20 5. West Valley (also a member of UIA)

21
22 The following four cities had voted against moving forward to Milestone Two:

- 23 1. Centerville (also a member of UIA)
- 24 2. Lindon (also a member of UIA)
- 25 3. Murray (also a member of UIA)
- 26 4. Payson

27
28 City staff had prepared two resolutions for the Council’s consideration, namely one that
29 authorized the City of Orem to move forward to Milestone Two and another that did not
30 authorize the City of Orem to move forward to Milestone Two. As a note, in proceeding to
31 Milestone Two, it should not be interpreted as an intention by the Orem City Council to proceed
32 with additional milestones or to ultimately assess a telecommunications fee. Those decisions
33 would be made at a later date, after additional information had been received and subject to an
34 additional vote of the Orem City Council.
35

36 Over the course of the past few months, staff, in cooperation with the City Council, had reviewed
37 a variety of options associated with the future of the UTOPIA/UIA network. Such options
38 included placing the network into “maintenance mode,” continuing with the UTOPIA/UIA
39 “sweet spot” plan as proposed by agency management, selling the fiber network, moving
40 forward with a shutdown or “going dark” plan, progressing in further evaluation of the proposed
41 Macquarie PPP and finally, other options as introduced to UTOPIA/UIA and all member cities,
42 including a developing proposal from a local telecommunications/fiber company based in Salt
43 Lake City. In addition, the City of Orem had also entertained discussions from other entities
44 interested in accessing the UTOPIA/UIA network in potentially meeting and servicing the needs
45 of Orem residents.
46

47 In choosing to move forward or to not move forward with Macquarie’s Milestone Two, the
48 following advantages and disadvantages were considered:

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1 Advantages

- 2 • The Macquarie PPP proposal represented the most complete proposal that a private entity
3 had presented to UTOPIA/UIA since the fiber agency began searching for a private
4 partner.
- 5 • In moving to Milestone Two, the City of Orem maintained a strong negotiating position
6 in the development of a potential permanent agreement between UTOPIA/UIA and
7 Macquarie.

8 9 Disadvantages

- 10 • Proceeding to Milestone Two could potentially result in additional costs to the City of
11 Orem in the event the city chose to not proceed to future milestones as part of the
12 Macquarie PPP evaluation.
- 13 • Proceeding to Milestone Two may be perceived as an endorsement of the Macquarie
14 PPP, as proposed, rather than simply a desire to continue to evaluate the proposed
15 partnership.

16
17 Mayor Brunst said the meeting was not a public hearing, but that the Council had allotted two
18 hours for the public to speak. The last hour would be for the Council to give their comments and
19 feelings on the issue, and a vote would conclude the meeting.

20
21 Mayor Brunst said this was a time intensive issue. He thanked the Council and City staff for the
22 amount of time and effort put into the issue.

23
24 Mayor Brunst opened the public comment section of the meeting.

25
26 Bill Fairbanks said he was in attendance when UTOPIA was first presented years ago. He
27 remembered \$10-15 million being the projection in cost for putting UTOPIA in. He had not
28 heard anyone saying anything bad about the technology that came with UTOPIA. He understood
29 the debt was climbing to \$100 million. He voiced concern about debt being visited upon the
30 citizens and said he believed there were things that could be done to stop the debt. Going further
31 in debt was not the answer. Mr. Fairbanks asked the Council to consider the issue as if this were
32 a business issue.

33
34 David Hale said he had been a resident of Orem for four years. He became familiar with the
35 Internet in 1994, and twenty years later he was using it at home doing many different things. He
36 said he was not the perfect demographic for UTOPIA, and that he was against forcing all citizens
37 to buy the service. He asked the Council not to go through with the deal.

38
39 Sam Lentz said his neighborhood had been considered “gray” in that they were not able to
40 benefit from UTOPIA. He said citizen tax dollars continued to pay UTOPIA debt. He suspected
41 he could get faster and more reliable service through Xmission or Sumo, but UTOPIA has said
42 building to Mr. Lentz’s neighborhood would not happen. Mr. Lentz said he did not know why
43 the city leaders were convinced they could find a better fiber network solution themselves. If the
44 Council moved on to Milestone Two, the City could have more funds to put back into
45 infrastructure. Macquarie representatives had been incredibly transparent in putting out their
46 information. Mr. Lentz said he did not think the cities would get a better offer and urged the
47 Council to move forward to Milestone Two.

1 Matt Makell said he was a CPA in Orem and tended to look at the financial side of things. He
2 gathered that the City was paying about \$8 per month for nothing. Macquarie proposed paying
3 \$20 for something—something that could change. Mr. Makell said the citizens had been
4 promised things in the past that never came to fruition, and he was worried they were being
5 promised things again that would not come to fruition. He said he was confident the City could
6 find a solution to the UTOPIA problem. He also voiced concern about the thirty year
7 commitment Macquarie had proposed.

8
9 Mary Dunn said she was a mother of elementary children and that home internet access was
10 required in order for them to succeed. It was clear that high-speed internet was no longer a
11 luxury. In the information age the Internet was the means by which the information was
12 exchanged. Ms. Dunn said she had tried wireless service, but the service provider's antenna
13 could not pick up a signal. There were no other competitive options to switch to. The important
14 thing to look at was what would be provided with the fee. She urged the Council to vote in favor
15 of proceeding to Milestone Two.

16
17 Judy Cox said she lived a block away from UTOPIA access. She said she did not have it, and did
18 not want it, and did not need it. She said her 20 mbps speed was sufficient. She voiced
19 opposition to the fee because it was based on the roofline, not on customer usage. The fee would
20 not pay down the debt, but rather the fee would increase over time.

21
22 Dave Young said he was an investment advisor and business consultant. He said the taxpayers of
23 Orem were stuck with the debt, and that not one of the original promises had proven true. Mr.
24 Young said the City Council had no way to know if Macquarie was reasonable because there
25 were no independent views of the company's financials. Mr. Young said he wondered why the
26 City Council would vote to put the City into more debt based on such limited information.

27
28 Beverly Burdett compared the fiber infrastructure to indoor plumbing and paved roads. The
29 people opposed to those had said they did not need them, did not want them, and would not use
30 them. She encouraged the elected officials to have the moral courage to make the best decision
31 for the economic development and well-being of the city. The Council had been given the facts.
32 She encouraged them to weigh the benefits of the proposals and make the best decisions for the
33 benefit of the community.

34
35 An unnamed resident said he had read the Macquarie document and believed it was a good
36 option. He said he liked the competition aspect that would be present once the network was in.

37
38 Ben Jenkins said the City was not learning from history. He urged the Council not to go down as
39 the ones who got fooled twice. He said the main issue was to vote to go on to the next step, but
40 he expressed fear that moving on to the next step would incur more debt. The way the City had
41 approached the deal was terrible. He said he did not think there was any rush to move forward.
42 He said if the Council was smart, they would ask around and find other options. Mr. Jenkins
43 urged the Council not to rush into the Macquarie proposal.

44
45 Brittany Lentz said she was fed up with the lies and misinformation circulating about the
46 Macquarie proposal. Much of the misinformation was being funded by CenturyLink. She
47 acknowledged that there was fair concern for the proposed utility fee. The only people who stood
48 to lose money on the deal were Comcast and CenturyLink. It was important to keep the network

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1 open-access. She said the Council should not exaggerate the benefits of putting it out to bid. If
2 the Council voted against moving forward, the citizens should know what the Council planned to
3 use for a backup plan. Mrs. Lentz noted that the Utah Valley Chamber of Commerce had voted
4 in favor of proceeding with Macquarie.

5
6 Joel Smith said the beauty of the proposal was the risk shift to Macquarie. If Macquarie failed,
7 the City would not have to pay for it. If Macquarie was unable to operate the network, they
8 would be in breach of contract, and the asset would return to the cities. Mr. Smith said he
9 believed the risk shift should be most appealing to citizens, as the citizens had demonstrated a
10 low appetite for risk and failure.

11
12 Suzanne Smith said she was very concerned about the Macquarie proposal because it was not
13 guaranteed. She was perfectly satisfied with her current internet services. Utility fees were for
14 something that was used, and citizens should only have to pay for what they used.

15
16 Shirley Robbins said she agreed with Ms. Smith. Ms. Robbins said she would like to have some
17 guarantee. There should be other options on the table. She asked the City Council to vote no.

18
19 Lavena Rowndy said it was a pleasure to learn and be more involved in city government. She
20 said the Internet was a great equalizer that provided education and a way to look for jobs. Mrs.
21 Rowndy said she did not feel it was an argument about if the Internet was valuable—it was an
22 argument on how to solve the UTOPIA problem.

23
24 Eric Rowndy said he appreciated the gravity of the City Council's decision. He recognized this
25 was not a final step in Macquarie's proposal process. He asked the Council to look at the
26 proposal for what it was. The problem was multivariable. He believed a yes or no in its entirety
27 was premature. He suggested the Council get a better idea of how the proposal could benefit or
28 hurt the City to put to rest the fear, uncertainty, and doubt of the citizens.

29
30 Senator Valentine said he had seen both sides of this issue. He discussed a recent senate bill that
31 dealt with the legality concerns of Macquarie's proposal. He pointed out four legal issues:

- 32 • Cross subsidy – A municipality may not cross subsidize its cable television with tax
- 33 dollars.
- 34 • Unauthorized tax authority.
- 35 • Preferential treatment – violation of federal and state law.
- 36 • City sovereignty violations – step-in rights for collection of fees.

37
38 Mr. Sumner asked if Provo's decision was questionable on this with their recent transaction with
39 Google Fiber.

40
41 Senator Valentine said it was.

42
43 Chris Spencer said he had huge concerns about the proposal. He referred to increases in property
44 taxes. He suspected UTOPIA had failed because of mismanagement. He voiced concern with the
45 proposed utility fee. He did not think the City Council had the right to impose a fee on citizens to
46 buy a utility the citizens did not want. He said more information needed to be gathered.

1 Allan Young said he felt the proposal would cost the City a fortune to keep going. He said
2 electronics were moving too fast, and there were too many changes. He recommended that the
3 City Council vote no.

4
5 Will Matheson said he was sympathetic to those who wished for a no vote. He did not believe
6 that the vote of no was appropriate. The Council needed more information so he encouraged the
7 Council to let it go forward. Mr. Matheson said the Council should not fear its political future,
8 but rather should worry about what was truly best for the City. He said the Internet would be a
9 utility just like electricity and gas, which were all luxuries at one time. Mr. Matheson said he felt
10 price gouged by cable monopolies and believed an open network would benefit all citizens.

11
12 Rudy Isaacson said he honored the City Council's work and service. He wanted to see the
13 citizens allowed to choose. He said competition was good but cautioned the Council to not go
14 down the lane with a single provider.

15
16 Bonnie Pents said she thought about how big of a struggle the UTOPIA issue was. She said she
17 was against the proposal as she did not think the City needed to spend more money. She did a lot
18 of work online, paying bills, using email and Facebook, and trading stock options. Citizens were
19 doing fine with their existing service. She believed the citizens should have their choice, and
20 feared demanding and threatening citizens to turn off other services was a serious offense.

21
22 Claireen Downs said she was concerned about the proposal because of the possibility of more
23 debt. She said debt never sleeps. She voiced gratitude for Senator Valentine's comments. She
24 was concerned about the inflation and wondered if it was wise to agree to a thirty-year deal. She
25 said with the rapid development of technology, what Macquarie was proposing could become
26 outdated. She asked the City Council to vote no and to find other options.

27
28 Curtis Wood shared a personal story about working in a Burbank airport in 1992. He said the
29 City was looking at buying something for thirty years. The leaps and bounds of technology had
30 been reduced dramatically year after year. He said obsolescence at eighteen months on computer
31 products was a reality, and that there could be obsolescence in Macquarie's proposal. He said
32 saddling people with a fee for thirty years was not good.

33
34 Tana Oscanion said she was not happy to have to pay a utility fee. She said the Councilmembers
35 who planned to vote yes would be robbing her family of \$20 per month. She was concerned the
36 \$20 would not pay any of the existing debt. Some people had complained about the other
37 monopolies, but Macquarie was being put in as a monopoly. There was enough information to
38 vote no.

39
40 Claude Richards said he was not opposed to using internet or using fiber, but he was opposed to
41 making his neighbor pay for it. He asked the City Council not to be railroaded on Macquarie's
42 time schedule. He encouraged the Council to come up with something better.

43
44 Drew Teemant said the country of Estonia had made internet access a human right, and said he
45 did not know how they did that. South Korea had installed ubiquitous internet service for the
46 entire nation. Mr. Teemant said fiber internet was based on light and nothing was faster than
47 light. He said there were limitations to wireless and other technologies. He said the Council
48 needed to do something sooner than later. He pointed out that the iProvo network began when

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1 Provo contracted with a provider. That provider failed to meet the agreement, at which time the
2 network returned to Provo, which later allowed Provo to sell it for \$1.

3
4 Andrew McKay said there was a lot of confusion surrounding the issue. He would like to see
5 Orem and neighboring cities clear the fog from the confusion. Mr. McKay said he thought
6 Milestone Two would allow the cities to garner information to clear the fog of confusion. It
7 would give numbers and legal principles. He urged the Council to continue on with the
8 Macquarie milestone process before shooting it down.

9
10 Val Hale, Utah Valley Chamber of Commerce, said he believed the proposal did merit spending
11 the money to find out more information. Mr. Hale said he had the fear that Orem would drop
12 from a tier-one community to a tier-two community if the Council voted against the Macquarie
13 Milestone Two. If Orem failed to come up with a high-speed internet option for businesses,
14 Orem's business community would suffer. Mr. Hale said he, along with the Chamber of
15 Commerce, encouraged the Council to move on to Milestone Two.

16
17 Mary Street said she was often called a cheerleader for UTOPIA as she served on the Orem City
18 Council. She asked the City Council to provide equal opportunity to Orem residents in finding a
19 low cost, reliable way of providing internet. She expressed belief that Macquarie had a good
20 proposal, and that the Council's action to move forward merely meant the Council was willing to
21 investigate Macquarie's proposal further. Mrs. Street asked the Council to vote to move forward.

22
23 Michael Page said the proposal to force those to pay for something they did not need was wrong.
24 People needed food, clothes, and shelter to live, not internet. He said society went from buggies
25 to rocket ships by allowing free market enterprise.

26
27 Victor Via, Utah Open Source, said he took to the prospect of growth for businesses and the
28 local economy. He said technology was evolving, but technology within the walls was the same,
29 for example Ethernet, which came out in 1984. Mr. Via said some parts of technology were
30 resilient for long periods of time. People depended on technology as much as people depended
31 on working sewer infrastructure. He asked the Council to resolve to Milestone Two.

32
33 An unnamed resident said he had wanted to be a UTOPIA customer since he moved to Orem. He
34 said he believed Macquarie's plan was beneficial and acknowledged both sides in wanting to get
35 more information and foster more competition. He said the City should encourage private ISPs
36 on the network. There was fiber laid in the ground forty years ago which was still being used. He
37 said the end-point technology and electronics were interchangeable, and Macquarie would take
38 care of that. He believed increased competition would save money for all residents.

39
40 Kristy Costy said she had had access to UTOPIA for nine years, and access to fiber optic internet
41 was a factor in her choice to buy a home in Orem. Ms. Costy said fiber was an incentive for
42 businesses to come to Orem. She believed with the current proposal, a vast majority of Orem
43 would save money. The City Council would need to do what was in the long-term best interest
44 for the citizens. She understood that voting yes would not commit to the proposal—it just meant
45 looking at it more in-depth.

46
47 An unnamed resident thanked the City Council for its efforts in sorting through the issue. Much
48 had been said about being compelled to pay a utility fee. The unnamed citizen compared the

1 network to four groups of people, and then said that virtually all users would receive substantial
2 benefit. The unnamed citizen urged the City Council to move ahead with Milestone Two.

3
4 Leslie Nelson said she strongly favored moving forward to Milestone Two. In doing so,
5 UTOPIA would provide the highway where many competitors could offer services to the
6 citizens.

7
8 Larry McFarland said he found arguments in favor of the proposal very interesting. He voiced
9 concern with the idea that the proposal could help appreciate home values and said arguments
10 like that had lead cities to go bankrupt. He said it was not good business at the family or city
11 level to pay a fee for nothing, especially with no control of the fee going up over time.

12
13 Sharon Anderson said it was reported the economy was going down. She was told Macquarie
14 wanted to tie the fee rates to the inflation rate, which seemed like a huge red flag. Many experts
15 predicted hyperinflation. If Macquarie was such a good thing, Mrs. Anderson asked why was it
16 necessary to force people to pay. Mrs. Anderson said she did not think Macquarie had respect for
17 future rights.

18
19 Mayor Brunst closed the public comment section of the meeting and turned the discussion to the
20 Council.

21
22 Mr. Spencer addressed Mr. McFarland's question about stats in responding to emails and said he
23 had spent three and a half hours going through emails sent by citizens. Mr. Spencer said it was a
24 boring and tedious process. He reported that 80 percent of his emails were against the proposal,
25 and 20 percent were in favor. Mr. Spencer read a quote by Ronald Regan which illustrated the
26 idea that one "cannot build prosperity by going into debt." Mr. Spencer then told a story about
27 flight 402 flying into Miami airport. The pilots of the flight had put landing gear out but the
28 landing gear light did not come on. The three pilots were so concerned about the light that they
29 failed to realize the plane was gradually descending. Mr. Spencer said he believed Orem and its
30 citizens wanted fiber. The Macquarie deal popped up and Orem wanted to jump at the first
31 proposal, but it would be irresponsible not to check prices. Orem had a policy: if there were costs
32 over \$10,000 involved then it goes out to bid. Mr. Spencer said he felt the matter of fiber
33 infrastructure for the City was no different, and that it, too, should go out for bid. Mr. Spencer
34 said his concerns were (1) over the mandatory utility fee for thirty years for all citizens and
35 businesses of Orem; (2) the payment mechanism—the City may not see a dime from the
36 transport fees; and (3) the potential step-in rights. Mr. Spencer wondered about the lawfulness of
37 the utility fee. Mr. Spencer read an email he received from Steve Shallenberger. Mr. Spencer
38 said he took the proposal very seriously. The question was how the Council felt about the utility
39 fee. If the Council moved to milestone two, the utility fee would still be there. Mr. Spencer said
40 he ran for office so he could listen to the citizens. He voiced his belief that with freedom should
41 come the right to choose

42
43 Mr. Seastrand thanked the City staff, Macquarie, and the Orem residents for all the work that had
44 gone into the proposal and learning about it. Mr. Seastrand said he approached the issue from a
45 number of different standpoints. He explained that he liked the open-network, the private equity,
46 and the possibility of paying down the debt. Mr. Seastrand said he had some problems with the
47 proposal, including the proposed fee, the thirty-year commitment, and the potential for collection
48 methods. Mr. Seastrand said another angle of the issue the City Council had to navigate was

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1 sorting through the various citizen points of view. Many people argued for the proposal, and
2 many argued against it. He thought that, as a community, the citizens should all listen to one
3 another. Mr. Seastrand briefly reviewed the survey results and the messages associated with it.
4 He said the Chamber of Commerce perspective was internet speed and how access was and
5 important aspect of bringing businesses to Orem, and even to that end, Mr. Seastrand reported
6 having observed vocal opposition and vocal in-favor. Mr. Seastrand said he did not believe
7 UTOPIA could anticipate legislative action, the public's response, the legal constraints, or the
8 competitive response from competing providers. There was a lot of room for discussion to find a
9 common ground to chart a pathway to move forward. Mr. Seastrand asked the Council members
10 if there was something about the deal that could be changed that would make it a better deal for
11 everyone. Mr. Seastrand said he would like to see opportunity for choice, and a nonrequired
12 utility fee. He restated his concern about the thirty-year commitment and wondered if there was
13 any way to negotiate the relationship from thirty years down to a period of twenty and, if so, he
14 wondered if those accommodations would address potential legal issues.

15
16 Mr. Spencer said he had received an email from Duncan Ramage, with Macquarie, that said “a
17 vote to proceed to Milestone Two was a vote to proceed with the utility fee.”

18
19 Mr. Seastrand said his suggestion was for something being tweaked by the City Council, not by
20 Macquarie.

21
22 Mr. Andersen said he was under the impression that some citizens thought the proposal was not
23 worth the City Council wasting time to consider. He reported that he began campaigning on the
24 issue in 2011 and said he suspected he would not be the only Council member voting against the
25 issue. Mr. Andersen said he looked at UTOPIA as a moral failure and business failure. He asked
26 if UTOPIA had ever put itself up for sale, and said he wanted to see how the City could sell
27 UTOPIA.

28
29 Mr. Sumner thanked those in attendance at the meeting for coming. Mr. Sumner reported having
30 received comments and emails from residents regarding the Macquarie proposal. He said
31 70 percent of the emails he had received were against the proposal. He said he received an email
32 that offended him, and stated that the Council members were not lining the pockets of UTOPIA.
33 Mr. Sumner read two emails regarding the proposal which he had received from friends. One
34 email was in favor of the proposal, the other was against. Mr. Sumner said he used that as an
35 example to show how divisive the issue was for the citizens. He said the Council could not live
36 in the past. Technology was advancing, and he acknowledged that mistakes had been made. He
37 said the City needed to put the mistakes in the past and move forward. Mr. Sumner said fiber was
38 the future. He signed up for UTOPIA two years ago, which move has saved him \$40 per month.
39 He said he had never had any issues with his Internet Service Provider (ISP). Mr. Sumner
40 acknowledged that \$3 million was coming out of general fund annually to pay for UTOPIA. That
41 money came from taxes paid by the citizens. He said he had a problem with the 30-year
42 agreement with Macquarie. He said he wanted to see some kind of opt-out opportunity, or some
43 other kind of formula to consider the people who may not use the service. Mr. Sumner
44 commented on Senator Valentine's remarks, saying he was concerned about the legality of going
45 forward. He said he was nervous about government and private partnerships.

46
47 Mr. Macdonald said he had reservations due to the divisiveness of the issue. His hat was off to
48 the citizens who showed a vested interest on the important issue. Mr. Macdonald said there was a

1 considerable amount of cost involved in success of the technology moving forward. Mr.
2 Macdonald said a luxury once obtained was a necessity for life. He said he thought most citizens
3 considered high speed internet a need today. The question was how and who would pay for
4 service. His experience in the past was that he always felt he needed to be even more careful
5 with other people's money than his own. Mr. Macdonald reviewed the options before the
6 Council. He said many of the Council members would have liked the issue to go to a vote of the
7 people. He acknowledged the statistically valid survey results provided by Y2 Analytics. Mr.
8 Macdonald said he could not avoid the voice of people on the utility fee. Macquarie did tell the
9 City Council that it should not vote to proceed to Milestone Two if the City had a problem with
10 the proposed utility fee. Mr. Macdonald said the citizens wanted leadership from the Council. He
11 knew he would not be able to please everyone, but hoped the citizens would be civil in their
12 dealings with each other. He encouraged the citizens who stood on either side of the issue to find
13 kinder ways to interact with one another.

14
15 Mrs. Black said she had done her best to read through the emails sent by citizens. She read Keri
16 Shephard's written comments. Mrs. Black said she felt the citizens had done all they could, and
17 the issue was now in the hands of the Council. The issue was now in the hands of the City
18 Council. She felt the weight of that responsibility as she had studied, listened, and deliberated the
19 facts surrounding the issue. Mrs. Black said she felt the wisest course of action was to proceed
20 with Milestone Two, which would enable the Council to make a much more informed decision
21 on how to proceed. Mrs. Black said, in the last few weeks, the Council had listened to other
22 interested parties in making a proposal. She said Macquarie should continue to high
23 consideration for the following reasons:

- 24 • Offer of ubiquitous build out within thirty months
- 25 • Open access
- 26 • Financially capable of providing capital funding
- 27 • Definitive plan

28 Mrs. Black gave the following reasons of why she wanted to keep Macquarie's proposal as an
29 option for Orem:

- 30 • Fiber optic infrastructure was a huge asset for the City.
- 31 • Macquarie was responsible for funding of the build-out, periodic refreshing of the
32 network, and day-to-day operations.
- 33 • Cities would contract to pay monthly fee for a period of thirty years, with the opportunity
34 to pay down existing debt or lower the monthly fee with the City's portion of the revenue
35 sharing from premium service.
- 36 • Macquarie proposed to provide a way to pay for the ubiquitous build out, which would
37 give both business and homeowners access to the fiber infrastructure.
- 38 • Macquarie would provide open access which would promote competition.

39 Mrs. Black said she shared the same concerns as many of the residents with the utility fee. She
40 said she had come to the conclusion that telecommunication access was essential to the way
41 people operated in daily life, and because of that, she did believe fiber infrastructure was indeed a
42 utility. Mrs. Black said the City needed to be forward thinking in approaching the issue. She said
43 she agreed with other Council members in that there needed to be some kind of provision to
44 address the indigent population where the utility fee was concerned.

45
46 Mayor Brunst said he appreciated the effectiveness of all the City Council members who had put
47 the work to sort through the issue. He reported the emails he had received, which were
48 approximately 70 percent against, and 30 percent in favor of the Macquarie proposal. He had

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1 received approximately fifty to seventy-five emails per day. Mayor Brunst said he had
2 encouraged a survey be conducted to get a feel for the citizens' standpoints. He explained the
3 need for infrastructure repairs and replacements in order to maintain the infrastructure for their
4 children and grandchildren, which would likely include a fee increase to help cover the cost of
5 those basic needs. Mayor Brunst said technology was changing quickly. It was a discussion of
6 what model was it that the City would use to help pay for the needs for fiber infrastructure. To
7 charge every citizen a utility fee, whether they used it or not, was something Mayor Brunst
8 disagreed with. He said the amount of the obligation the City would be taking on stretched over a
9 considerable amount of time. He acknowledged that the fee would go up with inflation. Mayor
10 Brunst said he thought more than one proposal should be considered to ensure the City makes the
11 best choice. He wanted to see UTOPIA be successful but did not want to force the success. He
12 believed the situation should have been put out to bid the previous year. He acknowledged that
13 the marketplace had changed considerably which made sending out an RFP more difficult.
14 Mayor Brunst said he believed there were other options available. He did not want to see the
15 citizens under a forced obligation. He was against the idea of step-in rights, which were
16 highlighted in the payment mechanism document regarding UTOPIA. Mayor Brunst said he
17 hoped that each of the Council members had applied guiding principles as they considered what
18 vote to cast. He said that his vote to move forward would be in direct violation of his own
19 guiding principles. Mayor Brunst said he could not, in good conscience, force a product or utility
20 upon his constituents without a majority vote of the electorate.

21
22 Mayor Brunst **moved** to not move forward with Milestone Two of the Macquarie
23 predevelopment agreement, and to direct City representatives to take the necessary steps to not
24 move forward to Milestone Two and to authorize payment of the City's pro-rata share of
25 Milestone One costs. Mr. Spencer **seconded** the motion. Those voting aye: Hans Andersen,
26 Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner.
27 Those voting nay: Margaret Black.

28
29 Mr. Seastrand said the Council vote would send a message, and he wanted to ensure it sent the
30 right message. He was committed to find a solution that could be supported conceptually. He
31 thanked Macquarie for coming to the table and encouraged that they not go away angry. Mr.
32 Seastrand said he wanted to see a way to reengage all cities with more a suitable solution. He had
33 confidence in the product and the options that it would provide to businesses and residents. He
34 believed that, through choice, Orem would work together to find a solution.

35
36 Mr. Sumner and Mr. Macdonald agreed with Mr. Seastrand's comments.

37 **Adjournment**

38
39
40 Mr. Andersen **moved** to adjourn the meeting. Mr. Macdonald **seconded** the motion. The vote to
41 adjourn was unanimous.

42
43 The meeting adjourned at 9:13 p.m.

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CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
July 8, 2014

4:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Bill Bell, Development Services Director; Jason Bench, Planning Division Manager; Karl Hirst, Recreation Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; Paul Goodrich, Transportation Engineer; Brandon Nelson, Financial Division Manager; and Taraleigh Gray, Deputy City Recorder

EXCUSED

Councilmember Tom Macdonald

DISCUSSION – CARE Advisory Commission

Mayor Brunst called the work session to order at 4:07 p.m.

Steven Downs presented to the City Council recommendations for the CARE Advisory Commission. A resolution was passed August 2, 2013, in which “The City Council expressed its intent to create a citizens’ CARE Tax Advisory Commission to make recommendations to the City Council regarding how CARE funding should be allocated. The CARE Tax Advisory Commission will actively seek input from recreational organizations, cultural arts organizations and citizens, and will consider priorities outlined in the Strategic Plans of the Recreation Advisory Commission and the Orem Arts Council, before making its recommendations to the City Council.”

Mr. Downs reported reaching out to neighboring communities to get input and information on methods other municipalities have used in allocating CARE-type funds.

Mr. Downs made the recommendation to the Council that the commission be made up of seven individuals. He provided the following information:

- One representative from both the arts and recreation communities that did not have a direct benefit from the allocation would be asked to serve.
- Names of other potential citizens to serve on the commission would be brought forward through a recruitment process and from Council recommendations.

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- One staff liaison would serve on the council. Staff liaison would be responsible for organizing the administrative portion of the process, compiling and distributing information, scheduling meetings and so on.

The general responsibilities of the commission would be:

- Understand the priorities outlined in the arts and recreation strategic plans
- Meet with organizations and review all applications for CARE funding
- Make recommendation for funding to the City Council

Other responsibilities of the commission would include:

- Arts Representative
 - Each commission member would be assigned two or three organizations to be the “lead reviewer” and would be encouraged to attend meetings, events, facility tours, etc.
 - During the application process the lead reviewer, in conjunction with the applicant, would take the lead on the discussion of each application with the commission
- Recreation Representative
 - Two commission members invited to attend the recreation board’s meetings to evaluate recreation needs in the community
 - During the application process the assigned commission members take the lead, in conjunction with the recreation board, to discuss the applications/priorities set forth by the recreation commission
- City Council
 - Mayor and City Council will be given all application materials & summaries
 - The CARE Tax Advisory Commission will present their recommendation to the City Council for consideration
 - The City Council will ultimately vote on each annual allocation

Mr. Downs said the biggest change would be that the presentations would no longer go directly through the City Council. He noted that Salt Lake County had seen success in operating with “lead reviewers.”

Mayor Brunst said he liked the way the commission was looking and how people would be involved throughout the year in order to gain more experience.

Mrs. Black said she thought the City Council should have some responsibility to see that things were happening. She felt the Council should go around and attend as many events as possible. She did not think it was wise for one Councilmember to become a cheerleader for any specific CARE recipient.

Mayor Brunst said the importance was having involvement.

Mrs. Black said CARE was directly taxing citizens, and the elected officials really should be responsible for where that collected tax money went.

Mr. Spencer suggested assigning two Council members to sit and listen to presentations.

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1 Mr. Seastrand the Council had been charged with establishing and prioritizing the vision,
2 executing the vision, setting priorities, and getting involved with the programs. The Arts Council
3 did a fair amount of program management. Mr. Seastrand said he had trouble seeing how the
4 Council would create a strategic plan which would be handed over to another group that
5 controlled the funding. Mr. Seastrand questioned if the process of having a separate group
6 minimized the impact of what the Recreation Advisory Commission and the Arts Council were
7 doing. He did not want to minimize the roles of those serving.
8

9 Mayor Brunst said he did not see it as someone else deciding; the CARE commission would just
10 be advisory. A CARE advisory commission was worth a try.
11

12 Mrs. Black said once it was turned it over, the people would the responsibility of allocating the
13 funds. In the past the City Council did not typically make many changes to what was presented
14 to the Council.
15

16 Mr. Spencer said he thought the previous committee had worked well.
17

18 Mayor Brunst said he was looking at it from experience, using them as an advisory, but did not
19 intend to lessen the City Council's role by much.
20

21 Mr. Davidson said the purpose of the conversation was to develop details to include in an
22 ordinance. The Council would have to actually create the commission in order to see how it did.
23

24 Mr. Seastrand said it seemed there would be some collaboration between the groups involved,
25 namely between the CARE Advisory Commission and the Arts Council and Recreation Advisory
26 Commission.
27

28 Karl Hirst, recreation director, said there would be collaboration, but the City Council would still
29 have the final say.
30

31 Charlene Crozier, library director, added that there would be a fine role in the mentoring of the
32 groups, and that the community advocacy role would be very helpful. The City Council did not
33 have the time available to provide that kind of mentoring needed. Through the advisory
34 commission, the groups might gain any redirection necessary to accomplish the goal.
35

36 Mrs. Black said she liked the idea of a CARE Advisory Commission better as it was discussed.
37

38 Mr. Andersen asked about the recruitment process.
39

40 Mayor Brunst said interested people would fill out a form, and the Council would have time to
41 review the completed forms.
42

43 Mrs. Black asked if staff had any suggestions as to who might serve.
44

45 Mr. Davidson said staff would go through the process as it was set up. The Council knew the
46 community very well and there might be individuals the Council had in mind. He encouraged the
47 Council to encourage those people to apply.

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1 Mr. Spencer asked if there would be a Council liaison.

2

3 Mayor Brunst said he also thought it would be good to have a City Council liaison.

4

5 Mrs. Black said the City Council liaison should not influence the recommendations of the
6 commission.

7

8 Mr. Davidson said that, in keeping with the spirit of the advisory group, the check would happen
9 at the advisory level. That said, it might not be necessary to have a liaison.

10

11 Mr. Seastrand and Mrs. Black said they agreed with Mr. Davidson.

12

13 Mr. Hirst discussed the make-up of the RAAC. Staff was looking at having three people serve
14 from the Recreation Advisory Commission, with one city representative, and three citizens.

15

16 Mr. Seastrand asked how soon the RAAC vacancies needed to be filled.

17

18 Mr. Hirst said as soon as possible would be ideal.

19

20 Mayor Brunst added that it should be taken care of by August 26, 2014.

21

22 DISCUSSION – City Audit Committee

23

24 Richard Manning, Administrative Services director, led a discussion on the City Audit
25 Committee. He said the purposes of developing a process for selecting an audit firm was to
26 ensure the City got the most bang for its auditing buck. Mr. Manning gave the following
27 background information:

28

- Audit is for the City Council
- Audit is required by the State
- Language in existing City policy needed updating

31

32 Mr. Manning said the current policy recognized by the city was that auditors served for a
33 minimum of three years, the City was required to change auditors every five years, and the
34 auditing firm must have significant governmental auditing experience. Mr. Manning presented
35 the following proposed policy:

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1 Mayor Brunst asked if they were involved with UTOPIA.

2
3 Mr. Manning said they were, but it was happenstance that the firm served both the City and
4 UTOPIA. Mr. Manning then said that if audit services were sent out to bid, he estimated seven to
5 eight firms would respond to the RFP. The approximate cost for an audit was approximately
6 \$21,000. With the new proposal, the only firm not eligible to respond to that RFP would be the
7 current firm serving the City.

8
9 Mrs. Black said she assumed the length of time an audit firm could serve was really the only
10 thing being changed.

11
12 Mr. Davidson added that it would make sense to set the criteria prior to going out to bid.

13
14 Mr. Manning echoed Mr. Davidson, saying those who bid would base responses on the City's
15 criteria.

16
17 Mr. Andersen asked about taking lower bids historically.

18
19 Mr. Manning said the price would be the first deciding factor, but looking at proposals required
20 qualifications to be examined as well, to ensure the respondents could perform the audit
21 functions the City was in need of.

22 **5:00 P.M. STUDY SESSION- PUBLIC SAFETY TRAINING ROOM**

23 CONDUCTING

Mayor Richard F. Brunst, Jr.

24 ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Mark E.
25 Seastrand, David Spencer, and Brent Sumner

26 APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant
27 City Manager; Richard Manning, Administrative Services
28 Director, Greg Stephens, City Attorney; Steve Earl, Deputy
29 City Attorney; Karl Hirst, Recreation Director; Chris
30 Tschirki, Public Works Director; Scott Gurney, Interim
31 Public Safety Director; Charlene Crozier, Library Director;
32 Steven Downs, Assistant to the City Manager; and
33 Taraleigh Gray, Deputy City Recorder

34 EXCUSED

Councilmember Tom Macdonald

35 Agenda Review

36 The Council and staff reviewed the agenda items.

37 City Council New Business

38 There was no new City Council new business.

39 The Council adjourned at 5:55 p.m. to the City Council Chambers for the regular meeting.

1 **6:00 P.M. REGULAR SESSION**

2
3 CONDUCTING Mayor Richard F. Brunst, Jr.

4
5 ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, Mark E.
6 Seastrand, David Spencer, and Brent Sumner

7
8 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant
9 City Manager; Richard Manning, Administrative Services
10 Director, Greg Stephens, City Attorney; Steve Earl, Deputy
11 City Attorney; Bill Bell, Development Services Director;
12 Jason Bench, Planning Division Manager; Karl Hirst,
13 Recreation Director; Scott Gurney, Interim Public Safety
14 Director; Charlene Crozier, Library Director; Steven
15 Downs, Assistant to the City Manager; and Taraleigh Gray,
16 Deputy City Recorder

17
18 EXCUSED Councilmember Tom Macdonald

19
20 **INVOCATION /**
21 **INSPIRATIONAL THOUGHT** Bob Wright
22 **PLEDGE OF ALLEGIANCE** Carlos Garcia

23
24 **APPROVAL OF MINUTES**

25
26 Mr. Sumner **moved** to approve the minutes Jun 11, 2014, Joint City Council/ASD Meeting. Mr.
27 Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F.
28 Brunst, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**.

29
30 **MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL**

31
32 Upcoming Events

33 The Mayor referred the Council to the upcoming events listed in the agenda packet.

34
35 Appointments to Boards and Commissions

36 No new appointments to Boards and Commissions were made.

37
38 Recognition of New Neighborhoods in Action Officers

39 No new Neighborhood in Action officers were recognized.

40
41 **CITY MANAGER APPOINTMENTS**

42
43 There were no City Manager appointments.

44
45 **PERSONAL APPEARANCES**

46
47 There were no public appearances.

1 **CONSENT ITEMS**

2
3 There were no consent items.

4
5 **SCHEDULED ITEMS**

6
7 6:20 P.M. PUBLIC HEARING – PD-4 Zone
8 ORDINANCE - Amending Section 22-11-16(E)(5) of the Orem City Code pertaining to
9 building orientation in the PD-4 zone

10
11 Mr. Bench presented an applicant request for a text amendment to the PD-4 zone. The PD-4 zone
12 was located on the south east corner of the intersection of 800 East and 800 North. It was the
13 current location of Harmon’s grocery store and The Orchards Shopping Center. At the time the
14 overall site plan and zone was approved for Harmon’s and the existing shopping center, two pad
15 sites were also approved. One of those pad sites had been developed into the Harmon’s gas
16 station. The pad site to the west had been vacant for years. There was an application for a new
17 Dairy Queen proposing to locate on the vacant pad site.

18
19 The PD-4 ordinance did not allow buildings to face east or south. That standard was put in the
20 ordinance so that the existing buildings could not face into a residentially zoned area at the time
21 of development, but would instead face towards 800 North and 800 East, both major collector
22 streets. The major entrances and facades of the existing building all face north. The PD-4 zone is
23 enclosed by a seven foot masonry wall on the east and south sides which shields the commercial
24 building elevations from the residential areas.

25
26 The proposed amendment would allow buildings to face any direction, except south. This would
27 allow the proposed Dairy Queen to develop their site with a more architecturally pleasing east
28 building elevation, which includes an entrance.

29
30 Advantages:

- 31 • Provides more building elevation options
- 32 • Improves the façades of east facing elevations to include more attractive entrance
33 features

34
35 Disadvantages:

- 36 • None determined

37
38 The proposed amendments are outlined below:

39
40 **22-11-16(E)(5)**

41 5. Building Orientation. No building shall face east or south. The only building accesses permitted
42 toward the north and south residential zones shall be emergency accesses only as required by the
43 Uniform Building and Fire Codes.

44
45 Mr. Sumner asked if it would increase traffic in the area.

46
47 Mr. Bench said it should not.

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1 Mayor Brunst invited the applicant to come forward. John Bylund introduced himself to the
2 Council and said he looked forward to the possibility of bringing Dairy Queen back to Orem.

3
4 Mayor Brunst asked if he was involved in the previous Dairy Queen.

5
6 Mr. Bylund said he had known the previous owners but had not been involved with the business.

7
8 Mayor Brunst opened the public hearing. When no one came forward, Mayor Brunst closed the
9 public hearing.

10
11 Mr. Andersen **moved**, by ordinance, to amend Section 22-11-16(E)(5) of the Orem City Code
12 pertaining to building orientation in the PD-4 zone. Mayor Brunst **seconded** the motion. Those
13 voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Mark E. Seastrand, David
14 Spencer, and Brent Sumner. The motion **passed**, 6-0.

15
16 RESOLUTION - Conditional Use Permit and Site Plan Approval – Dairy Queen – 810 East
17 800 North in the PD-4 zone

18
19 Dairy Queen was previously located on 800 North, east of the Macey's grocery store for over
20 twenty-five years. In 2007, a street widening project forced the closure of the store and the
21 owners felt it was time to let the business go. After not having a Dairy Queen in the city for the
22 last seven years, the applicant, who owns and runs the Dairy Queen in Santaquin, proposed to
23 construct a new restaurant on an existing pad site in the Orchards Shopping Center located at the
24 above address. According to the PD 4 ordinance, a conditional use permit was required for any
25 use with a drive-up or drive through window.

26
27 Architecture: The proposed building contains approximately 3,104 square feet and would be
28 twenty-one feet high. Building elevations showed the exterior to be finished with stucco,
29 cultured stone and colored metal paneling with several window and door openings as well as
30 decorative sign display areas. The proposed building materials were not specifically listed as
31 approved materials in the PD-4 zone, however, the ordinance allowed the Planning Commission
32 to approve other materials that are not specifically listed, but are still in harmony with the
33 existing buildings in the zone. The Planning Commission reviewed the elevations and
34 recommended the proposed elevations be approved as part of the site plan. The existing
35 Harmon's store and adjoining buildings part of the Orchards Shopping Center contain stucco and
36 metal elements.

37
38 The building elevations for the proposed Dairy Queen show an entrance on the east side of the
39 building, which was previously not allowed. A proposal for a zoning ordinance amendment had
40 been made by Development Services and the Planning Commission recommended approval. The
41 City Council would consider an amendment to the current PD-4 ordinance to allow buildings to
42 face east, as proposed.

43
44 Parking: A previously approved site plan for the Orchards Shopping Center required a total of
45 441 stalls for the entire site. Currently there are 491 stalls. Some existing perpendicular parking
46 stalls to the east and north of the proposed building would be repainted as diagonal parking stalls
47 and would function as one-way traffic around the drive-thru sides of the building. This change in

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1 parking stalls decreased the overall number of stalls by a total of 14. Including the stalls lost as
2 part of the diagonal parking configuration, the overall site contained 477 total stalls, 67 of which
3 were allocated for the restaurant, but act as shared parking for the entire site.

4
5 Fencing: No fencing was proposed.

6
7 Landscaping: The existing landscaped island north of the proposed building would be expanded
8 to run the entire length of the drive-thru area and the other island adjacent to the existing pad site
9 would remain as landscaping. All landscaping requirements had been met with the existing site.
10 The site plan included a large outside dining area located to the east of the new restaurant.

11
12 Dumpster: The dumpster would be located to the south of the building and would be enclosed on
13 all sides and match the proposed building materials as required by code.

14
15 Transportation/Engineering: No transportation issues or concerns had been identified.

16
17 Conditional Use Considerations: According to Section 22-4-4 there were several factors to
18 consider regarding conditional uses. The following factors applied to the proposed fast food
19 restaurant:

- 20 • It was in harmony with the master plan and zoning ordinance objectives by providing a
21 shopping convenience in the area.
- 22 • It was in harmony with existing uses in the neighborhood and with other uses such as a
23 restaurant, gas station, and other stores of convenience located within the same
24 shopping center.
- 25 • It would have a positive economic and aesthetic impact on the neighborhood by
26 building an attractive building on a vacant lot.
- 27 • It would improve traffic flow through the development by repainting the parking stalls
28 adjacent to the drive-thru window to provide a wider access lane in that location.
- 29 • The subject property was suitable for the proposed use as other convenience-related
30 businesses were situated nearby.
- 31 • The applicant had worked with the current owners of the businesses located in the
32 shopping center as the project developed, specifically as it related to the location of the
33 dumpster.

34
35 Mrs. Black **moved**, by resolution, to approve a conditional use permit and site plan for Dairy
36 Queen at 810 East 800 North in the PD-4 zone. Mr. Seastrand **seconded** the motion. Those
37 voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Mark E. Seastrand, David
38 Spencer, and Brent Sumner. The motion **passed**, 6-0

39
40 6:30 P.M. PUBLIC HEARING – Street Vacation

41 ORDINANCE – Vacating a portion of 1200 West Street located between 780 North and
42 800 North

43
44 Mr. Bench presented a staff request for a street vacation. Several years ago, a portion of
45 1200 West located on either side of 800 North was relocated to the east to increase the separation
46 between 1200 West and the I-15 800 North on-ramp. This left a section of the old 1200 West

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1 Street that now dead ends into 800 North and is unused except by those businesses that are still
2 located adjacent to that old section of 1200 West.

3
4 Rocky Mountain Land Holdings owns the property just east of the old 1200 West at 796 North.
5 Rocky Mountain has requested that the City vacate that portion of the old 1200 West that is
6 adjacent to their property. Rocky Mountain would like to combine the vacated street area with
7 their existing lot and put it to productive use.

8
9 Typically, when a public street that the City acquired by dedication or prescription is vacated,
10 title to the vacated street area automatically vests in the adjoining property owners, with half the
11 street area going to each side. However, because title to the street was not obtained solely by
12 dedication or prescription in this case, it is not totally clear who will own the area of the street
13 upon a vacation. In particular, the middle section of the street was conveyed to the county in
14 1938 by a private property owner who included a reservation in the deed stating that the property
15 would revert to the original owner if the area ever ceased to be used as a street. There are several
16 legal questions regarding the effectiveness of this reservation, but if the street is vacated as
17 requested, Rocky Mountain may have to file a Quiet Title action to obtain clear title to the
18 vacated area.

19
20 Questar owns the property on the west of the proposed street vacation and apparently does not
21 object to Rocky Mountain taking ownership of the entire street vacation area provided they are
22 able to maintain access across the vacated area. If the request to vacate is granted, a twenty foot
23 wide access easement for ingress and egress in favor of Questar should be retained as well as a
24 public utility easement across the full width of the vacated street area.

25
26 State law provides that the City Council may vacate a public street if it determines (1) there is
27 good cause for the vacation; and (2) the vacation will not be detrimental to the public interest.

28
29 Additionally, the new owners should (after quieting title to the vacated area) be required to
30 record a new subdivision plat that combines the street vacation area with their existing lot. The
31 new plat should also show the Questar Gas access easement and a public utility easement over
32 the entire vacated area.

33
34 Mayor Brunst opened the public hearing. When no one came forward, Mayor Brunst closed the
35 public hearing.

36
37 Mayor Brunst **moved**, by ordinance, to vacate a portion of 1200 West Street located between
38 780 North and 800 North and consisting of approximately .42 acres. Mr. Andersen **seconded** the
39 motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Mark E.
40 Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 6-0.

41
42 RESOLUTION – Development Agreement – Midtown Village - 320 South State Street
43 Approving a Development Agreement between the City and Coronado Village, LLC
44 Pertaining to Midtown Village

45
46 Mayor Brunst recused himself from both Midtown discussions and votes.
47

1 ***The Mayor left the meeting at 6:20 p.m.

2
3 Coronado Village, LLC has a contract to purchase the Midtown Village property and desires to
4 complete construction of that project. Coronado Village desires to modify the original
5 development plan somewhat to move the west tower closer to Orem Boulevard and to increase
6 the number of residential units on the project. The proposed ordinance changes to the PD-23
7 zone will be considered by the City Council as a separate item.

8
9 If the proposed amendments to the PD-23 zone are approved, the number of residential units will
10 increase which will in turn increase the amount of traffic generated from the project. Coronado
11 Village has agreed to make certain street improvements to help mitigate the impacts of this
12 increased traffic including constructing a right-turn lane from 400 South onto Orem Boulevard
13 and participating (50%) in the cost of constructing a right-turn lane from 400 South onto State
14 Street. City staff and Coronado Village would like to include these commitments in a
15 development agreement.

16
17 In addition, there is an existing development agreement recorded against the property that was
18 executed between the City and the original developer in February 2006. This prior development
19 agreement governed how the City-owned parking areas were to be operated and maintained.

20
21 Coronado Village would like to pay off the SID assessments that were levied against the
22 property and would like the City to convey the City's interest in the City parking area to
23 Coronado Village after the SID bonds are paid off. In order for this to happen, the City would
24 need to declare the City parking area surplus and follow the procedures for disposing of surplus
25 property outlined in City Code Section 2-7-10(D).

26
27 Coronado Village would like to enter into a new development agreement with the City that
28 indicates that the prior development agreement will be of no further effect (it will not be needed
29 if Coronado Village owns the entire parking structure) and that also outlines the process under
30 which Coronado Village would pay off the SID assessments and would potentially obtain the City's
31 interest in the underground parking.

32
33 In summary, the main points of the proposed development agreement are as follows:

- 34 1. The prior development agreement of 2006 will have no further effect.
- 35 2. The site plan and plat that were previously approved for the project continue to be valid
36 and the developer can complete construction according to the approved site plan and
37 plat or can amend the site plan and plat in conformance with City ordinances.
- 38 3. The developer has the right to assign all or a portion of the property.
- 39 4. The developer may construct the project in phases.
- 40 5. At the time of closing on the purchase of the Property, Coronado Village will deposit in
41 escrow an amount sufficient to pay off the SID assessments on the property.
- 42 6. The City agrees to initiate the process of declaring its interest in the underground
43 parking surplus within 15 days after Coronado Village closes on the purchase of the
44 property.
- 45 7. In the event that the Council agrees to convey the City's interest in the underground
46 parking to Coronado pursuant to the City's surplus property procedures, the amount
47 held in escrow will immediately be used to pay off the SID assessments. If the City

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1 Council does not agree to convey the City's interest in the parking units to Coronado
2 Village, the amount held in escrow will be immediately returned to Coronado.

- 3 8. Coronado agrees to construct or to participate in the construction of right turn lanes
4 from 400 South onto Orem Boulevard and State Street as described above.

5
6 Mr. Andersen entertained a motion for continuance to an indefinite date.

7
8 Mrs. Black **moved** to continue the discussion to an indefinite date. Mr. Spencer **seconded** the
9 motion. Those voting aye: Hans Andersen, Margaret Black, Mark E. Seastrand, David Spencer,
10 and Brent Sumner. The motion **passed**, 5-0.

11
12 CONTINUED DISCUSSION – Midtown Village

13 ORDINANCE - Amending portions of Section 22-11-36 and Appendix "R" of the Orem
14 City Code pertaining to the PD-23 zone at 320 South State Street

15
16 This request was continued from the June 17, 2014, City Council meeting to allow additional
17 time to review the proposal and for legal staff to continue working on a development agreement.

18
19 The PD-23 zone (Midtown Village) was approved by the City several years ago as a mixed-use
20 development. The south tower has been largely completed, but work stopped on the north tower
21 after the onset of the recession of 2007-2008. Since 2008, the project has been the subject of
22 numerous lawsuits and a foreclosure which ultimately left ownership of most of the project in the
23 hands of MVP Management, LLC which is owned primarily by the contractors and
24 subcontractors who worked on the project.

25
26 Since taking over ownership in early 2012, MVP Management has looked for a partner or buyer
27 for the project. Most recently, MVP has been working with the Ritchie Group regarding a
28 potential sale of the project. The Ritchie Group is proposing to make a number of modifications
29 to the original plan and would like to have City Council approval of their proposal prior to
30 making a final commitment to purchase the project.

31
32 The most significant change would be a major change in the design and layout of the west
33 building. Instead of attaching the west building to the north and south towers as originally
34 planned, the applicant is proposing to construct two buildings adjacent to Orem Boulevard.
35 These two buildings would be set back 25 feet from Orem Boulevard instead of the 80 foot
36 setback that would have applied to the original west building plan. The west buildings would be
37 five stories high and would contain approximately 298 apartment units.

38
39 In addition to the major change to the west building, the applicant is also proposing the following
40 additional amendments:

- 41 1. **Name Change.** Change the name of the project from Midtown Village to 360 Place.
42
43 2. **Main Floor Use.** Eliminate the requirement that the main floors of each building be
44 devoted to retail uses. Allow 20 percent of the main floor area of the north and south
45 towers to be used for noncommercial purposes and allow any commercial use (not just
46 retail) on the remaining 80 percent. Eliminate any commercial use requirement on the

1 main floor of the west buildings. The applicants are proposing to include a recreation
2 area and other amenities for the tenants on the ground floor of the south building.
3

- 4 3. **Reduce Parking Requirement.** Reduce the parking requirement for residential units
5 in excess of the base residential density from two per unit to 1.65 per unit. The base
6 residential density is determined by taking the number of required commercial
7 parking stalls and dividing by three. The base residential units share the parking with
8 the commercial space and so do not require additional parking. The concept of shared
9 parking works because the demand for commercial and residential uses occurs at
10 different times.
11

12 The total required parking under the applicant's proposal would be calculated as
13 follows. Since the applicant proposes having approximately 97,000 square feet of
14 commercial space, 387 parking stalls would be required for the commercial uses
15 based on the standard requirement of 1 stall per 250 square feet of commercial space.
16 This number divided by three yields 129 base residential units. Since the applicant is
17 proposing an additional 420 units above the base residential units, an additional 1.65
18 stalls would be required for each of these units for a total of 693 additional required
19 parking stalls. The applicant is also providing a total of 60 parking stalls for the large
20 residential units (60 units total) that could have occupancy of up to five individuals.
21 The 387 commercial stalls, plus the 693 stalls, plus the 60 stalls results in a total of
22 1140 required stalls under the applicant's current proposal and the applicant currently
23 plans on providing 1123 stalls on site, plus an additional 36 parking stalls provided
24 through a parking agreement with Pep Boys for a total of 1159 parking stalls.
25

- 26 4. **Increase Allowable Building Height.**
27 a. State that no more than 65 percent of rooflines can exceed 70 feet instead of the
28 current 60 feet.
29 b. Provide that height limits don't apply to mechanical systems, roof-top shade
30 structures, elevator shafts, etc., and that such appurtenances can extend up to a
31 height of 111 feet.
32 c. No building located within eighty (80') feet of Orem Boulevard may exceed a
33 height of sixty-two (62') feet.
34

- 35 5. **Setbacks.**
36 a. Reduce the setback from Orem Boulevard from 80 feet to 25 feet.
37 b. Change the current requirement that the portion of a building greater than
38 60 feet in height must be set back at least 160 feet from a residential zone to say
39 that the portion of a building at least 80 feet in height must be set back 80 feet
40 from a residential zone.
41

- 42 6. **Exterior Finish Materials.** Allow concrete masonry unit (CMU) block to be used as
43 an exterior finish material. Also allow metal to be used for up to 20 percent of the
44 exterior finish materials.
45

- 46 7. **Signage.** In addition to signage already allowed by the sign ordinance and the existing
47 PD-23 zone, allow the following additional signage:

- a. One monument sign at the entrance to the project at State Street and one monument sign at the entrance at Orem Boulevard. Each of these monument signs would be limited to eight feet in height and 15 feet in width.
- b. A “crown” sign that would be located at the top of either the north or south tower that would identify the project. This sign would consist of lettering on a flat face and would be allowed to be up to 15 feet in height and 30 feet in width.
- c. One additional vertical wall sign for each building that would be used to identify the project or the address of the project. These signs could be 40 feet in height and four feet in width. The vertical wall signs would conform to the general design and quality of the vertical wall signs shown in the concept plan.

8. **Sidewalk.** Require a buffered sidewalk on Orem Boulevard with a six foot sidewalk and an eight foot planter strip.

9. **Large Residential Units.** Allow up to forty-two (42) residential units having at least 1,700 square feet to have up to five unrelated individuals live in the unit.

Advantages

- Provides a new plan to develop the PD-23 zone which has remained unfinished and unsightly for several years.
- Adds additional residential housing options for the community.
- Rebranding helps remove the stigma of the unfinished Midtown Village project
- Adds a buffered sidewalk to Orem Boulevard.

Disadvantages

- Buildings closer to Orem Boulevard may impact lots to the west
- Traffic will increase with the additional units proposed; however, the proposed improvements with this project will help mitigate negative impacts.

Mr. Bench provided a point of clarification with the traffic generated by the project.

Mrs. Black asked about traffic concerns and what was being done to mitigate them.

Cordell Brady, Hales Engineering, reported that a traffic impact study was performed, as well as parking analysis for the development. The two mitigation measures being discussed are both on 400 South.

- Right turn pocket on 400 S. turning to go North onto Orem Boulevard.
- Right turn pocket on 400 S turning South on State Street.

Mr. Sumner asked for a timeline on those mitigation factors.

Mr. Brady said he was unaware if there was one, but that the timing could be explored.

Mr. Seastrand asked for an idea of what direction the traffic would be going.

DRAFT

1 Mr. Brady showed a figure that displayed the anticipated traffic during peak evening hours. He
2 said some of the trips generated would not necessarily leave the site. By converting the square
3 footage from commercial to residential it would decrease the overall traffic aspect.

4
5 Mr. Spencer asked if people would turn right on 400 South to head west.

6 Mr. Brady said a small portion would do that. A lot of people would choose to use a traffic light
7 to turn left instead of turning left onto State Street.

8
9 Mr. Spencer asked Mr. Bench about adding additional stop signs or stop lights on Orem
10 Boulevard.

11
12 Mr. Davidson said the transportation specialist would have to consider whether or not those
13 additions were warranted and on the priority list.

14
15 Mr. Seastrand asked for any other input from Mr. Brady. Mr. Brady restated that the changes
16 presented would generate fewer trips than what the Council had already approved.

17
18 Mrs. Black said she wanted to make sure everyone understood why there would be less traffic—
19 that commercial space generated more trips all day long, where residential space generated far
20 fewer trips.

21
22 Mr. Seastrand said resident concerns boiled down to traffic as well as parking.

23
24 Mr. Brady showed an exhibit that demonstrated each parking use. The minimum parking stalls
25 needed for the project was around 900. The developer was proposing to provide 1,159 stalls,
26 with a reserve capacity of approximately 280 stalls.

27
28 Mr. Seastrand asked where excess residential parking would go.

29
30 Mr. Brady said, if there was more than a 50 percent increase in parking, then they would park on
31 nearby streets.

32
33 Mr. Bench added that some parking would be available in the cross-easement with Pep Boys.

34
35 Mr. Spencer asked if that was a long-term agreement.

36
37 Mr. Bench said it was.

38
39 Mr. Newitt stepped forward and noted some of the challenges with the project and reasons why
40 the project had originally failed.

- 41 • Luxury condos on State Street in Orem, limited market
- 42 • Poor market conditions

43
44 Ryan Ritchie highlighted the architecture and said the developer was trying to capture what the
45 target market wanted.

46
47 Mrs. Black asked about the colors.

DRAFT

1 Mr. Ritchie said the color scheme would consist of neutrals and grays.

2

3 Mr. Ritchie discussed landscape plans, noting the increased setback on Orem Boulevard which
4 the developer proposed to increase from twenty to twenty-five feet.

5 Mrs. Black asked who the target renters would be.

6

7 Mr. Newitt gave the following examples for targeted renters:

- 8 • Gen Y (Aged 18-35)
- 9 • Young Single Professionals
- 10 • Young Married Couples
- 11 • Small Families
- 12 • Medium Families
- 13 • Empty Nesters
- 14 • Corporate
- 15 • P/T Working Students
- 16 • F/T Students

17 Mr. Newitt said the project was not designed to be a student facility, though some students could
18 end up residing there. He then discussed the proposed unit mix:

- 19 • North Tower – 157 Units
- 20 • West Buildings – 298 Units
- 21 • South Tower – 89 Units
- 22 • Aggregate Unit Mix (544 Units)

23

24 Mr. Spencer asked if there was any conversation taking place with the Alpine School District.

25

26 Mr. Newitt said there had been none yet.

27

28 Ms. Mandy, with Alliance Residential Company—a property management company working for
29 the developer, discussed the occupancy requirements for the development. She said the allowable
30 occupancy was up to two people per bedroom, only allow two people were allowed in a studio
31 unit. Alliance had the practice of screening prospective tenants, and anyone living in the unit
32 over the age of eighteen would have to qualify. Alliance typically checked the following facts
33 prior to renting to a prospective tenant:

- 34 • Current employment
- 35 • Income
- 36 • Criminal background

37 Ms. Mandy indicated that Alliance was a highly respected property management company. As a
38 matter of practice Alliance did not override denials, and no felons were allowed.

39

40 Mr. Newitt added that security and access control would be in place.

41

42 Mr. Seastrand asked how Alliance would manage the cars per unit. Mandy said most adults
43 would be assigned one parking stall; everything else would be managed on a first-come, first-
44 served basis.

45

46 Mr. Seastrand asked about student rentals.

DRAFT

1 Mr. Newitt said rents would be higher for the development than what was found at other student
2 housing projects.

3

4 Mr. Sumner asked how the students in the unit would be policed to ensure no more than five
5 would occupy the unit.

6

7 Ms. Mandy said the property management company would perform periodic checks to ensure
8 tenants were complying with contracts.

9

10 Mr. Earl drew attention to the developer's intent to ask for a two-year extension on site plan
11 improvements.

12

13 Mr. Seastrand asked how the project would be phased.

14

15 Mr. Newitt said the south tower would be first, and the developer would then work on finishing
16 the north Tower. When the north tower was eighty percent occupied, the developer would build
17 the west buildings. The overall plan could take four to six years to complete.

18

19 Mr. Seastrand asked about water pressure impacts.

20

21 Mr. Newitt said they would connect the water loop.

22

23 Mrs. Black asked if the density was less.

24

25 Mr. Ritchie said there were more units, and more bathrooms, but less square footage.

26

27 Mr. Spencer asked Mr. Bench how many units the PD zone could have.

28

29 Mr. Bench said there was no cap on the number of units allowed; it was only based on parking.

30

31 Mr. Spencer asked how 1.65 parking stalls per unit was going to work. Mr. Newitt said that was
32 why they had hired an engineering firm to look at the parking aspect of the project. A large part
33 was time of use, with the mixed use of commercial and residential.

34

35 Mr. Seastrand asked what reassurance was available for the City Council that the project would
36 be completed as proposed.

37

38 Mr. Newitt said it came down to the right use and right client, and if it was financially feasible. If
39 it could not be underwritten, then the likelihood of success was null. Mr. Newitt said the
40 developer had a good track record.

41

42 Mr. Ritchie said the development would be taken in chunks, not all at once. He said they were
43 holders, and that they believed in the market.

44

45 Mr. Spencer asked about a sound wall on the west side of Orem Boulevard.

46

47 Mr. Ritchie said no sound wall was contemplated.

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1 Mrs. Black asked for per month cost.

2

3 Mr. Ritchie said average would be \$1,100-\$1,150 per month base rent. Add-ons would include
4 utilities on top of base rent.

5

6 Mr. Sumner moved to allow public comment on the agenda item.

7

8 Mike Ware said he was dissatisfied that public comment was not going to be allowed. He voiced
9 concern over the set-backs on Orem Blvd. and the parking for the project.

10

11 Lynn Campbell expressed concerns about the traffic on Orem Boulevard. She said she did not
12 want 400 South to become as busy as 800 South. She said she did not feel the action on the
13 City's part was extremely responsible.

14

15 Kent Hornberger said he was a developer. He said he did not think the parking was adequate and
16 the traffic study was a lie. He was also concerned about water to the project.

17

18 Mike Garrett said the Council should consider the Peay development just south of the complex.
19 There was additional traffic to that project that was not initially considered. He asked about what
20 happened to the concept of the Hale Theater in the original concept plan. He did not understand
21 how there were more units with fewer cars and less demand on the water service. He wondered
22 about the impact of more students on Orem elementary.

23

24 Ross Cheeseman voiced concern about the lack of protection for those who had bought into the
25 project. He said he did not like people being kicked out of the homes they had purchased, and he
26 had concerns about the generalities given in the presentation.

27

28 John Wible said he was concerned that it would take five years to landscape the project. He did
29 not think landscaping would take a lot of money and suggested putting in the landscaping before
30 the buildings were put up for rent. He recommended that the item be continued to allow those
31 who were not informed to get information.

32

33 John Bishop said students and young families had multiple cars. He said he thought Orem
34 needed to get a vision, to attract the community, and high density apartments would not provide
35 that vision.

36

37 Phil Hornberger said he was concerned about the unintended consequences of all the rental units
38 that had recently been approved by the Council. He wondered what would happen to the
39 fourplexes just west of the project. He said he believed the parking was not adequate for the
40 project. He voiced concern about the setbacks on Orem Boulevard. He wondered how many
41 emails had been received in opposition.

42

43 Thayne Bailey said he thought there were good comments and concerns being heard. He hoped
44 the project would get done sooner than later. He said he did not think it was fair to compare the
45 project to Alpine Village. Brigham Young University did attract a higher income level of
46 student. He did not think there would be very many students occupying the space.

47

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1 Chris McFadden expressed concern about the inadequate notice, the parking, and the setbacks on
2 Orem Boulevard.

3
4 Jim Fawcett said it was calm along Orem Boulevard before the erection of the project initially.
5 He said it was hard to make left hand turns onto Orem Boulevard and thought the property
6 should be left to the east for the road to be widened eventually. He voiced concern about the
7 parking. He said he liked the idea that the project was being looked at.

8
9 Bob Wright said public input was not legally required. He said he appreciated that the public was
10 being permitted to make public comment on the item.

11
12 Gary Kummer said he was concerned about the noise the development would generate.

13
14 Kent Andersen said he worried for people who occupy the space that there was not room for
15 customers to come into the restaurants. He voiced concern that the parking density would be too
16 crowded for the businesses to have success. He said he understood people might want to live
17 near quality shops and housing, but the density was a problem.

18
19 Mr. Andersen turned the time back to the Council.

20
21 Mrs. Black asked if the developers had reserved spots for commercial property.

22
23 Mr. Ritchie said there would be programming behind the parking. The developers were
24 considering many factors to make the retail work. The project was programmed at 5 parking
25 stalls per 1,000 square feet.

26
27 Mr. Seastrand said he had received twenty or so emails, and though most people had been
28 excited that something was being done there they had concerns with traffic and parking. The
29 traffic was not an issue because of one development; it became an issue when the community
30 continued to grow. As a city, there were strategies in place to mitigate and manage the traffic
31 concerns throughout Orem. Mr. Seastrand said the Council was looking at what could be done to
32 mitigate the concerns and reported receiving a few emails that opposed the project altogether.
33 Mr. Seastrand said he was not sure if another offer would come along to finish the existing
34 development.

35
36 Mr. Davidson said there was regular coordination with the Utah Department of Transportation
37 (UDOT). Many of the key arterial routes were state highways, not under the jurisdiction of
38 Orem. At the same time, the City maintained a transportation master plan which would be
39 updated during the following year.

40
41 Mr. Sumner said he traveled 400 South every day, and there were several times where he had to
42 wait to turn left at the light on to State Street. He said he was concerned about the priority list of
43 the right hand turn lane onto State Street from 400 South. He said he was disappointed the
44 developers had not talked to the Alpine School District. He did not understand why so much less
45 parking would be permitted. He voiced concern about the water issues, the setbacks, and noticing
46 for the project. He wished there were more neighborhood meetings. He asked the developer to
47 address people getting kicked out.

DRAFT

1 Mr. Newitt said no one was being kicked out of the project. Discussions with current owners had
2 taken place to buy owners' units at market rates. There was no force involved.

3
4 Alan Krudscamp said there were a total of four owners who paid cash for the units. Banks would
5 not lend on those units. All four of the owners had reached agreements to sell to the developer.

6
7 Mr. Spencer said he believed it was a viable project. He asked if there would be parking under
8 the west buildings.

9
10 Mr. Newitt said there would be.

11
12 Mr. Spencer asked how many units could be built based on the previous approval.

13
14 Mr. Bench said, based on approval from 2007, 464 units could be built.

15
16 Mrs. Black said she appreciated comments and acknowledged the fear and natural concern that
17 everyone had with the development. She said she was pleased the developer had made mitigating
18 efforts to bring down heights and increase setbacks. She was very encouraged that the developer
19 planned to implement good landscaping. Mrs. Black said the project needed to be finished. As a
20 Council member, Midtown was her most frequently asked question. Mrs. Black encouraged that
21 turn lanes be implemented at appropriate times in the phasing process, going along as the
22 buildings are constructed.

23
24 Mr. Seastrand **moved** to continue discussion on the agenda item to July 22, 2014. The motion
25 **failed** for lack of a second.

26
27 Mr. Andersen **moved** to amend various portions of Section 22-11-36 and Appendix "R" of the
28 Orem City Code pertaining to the PD-23 zone at 320 South State Street, with a two year
29 extension granted to the developer for completion of public improvements. Mr. Spencer
30 **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Mark E. Seastrand,
31 and David Spencer. Those voting nay: Mr. Sumner. The motion **passed**, 4-1.

32
33 Mr. Sumner restated his concern about the priority list of traffic issues.

34
35 *The Mayor returned to the meeting at 9:15 p.m.*

36 37 **COMMUNICATION ITEMS**

38
39 Mr. Davidson made the Council aware of the negotiations taking place regarding an agreement
40 between the University Mall shopping center and the City of Orem concerning the acquisition of
41 1,500 square feet of space. Woodbury was intending to trade maintenance for the City's park
42 strip along 800 East, for the .03 acre piece of property near 800 South and 900 South. An
43 appraisal had been performed which assessed the property at \$20,800. In lieu of compensation
44 for the property, Woodbury agreed to maintain the City's park strip along 800 East for the next
45 25 years. A contract would be in effect to dictate what would occur should either party exit the
46 agreement prior to its expiration.

DRAFT

1 Mr. Davidson notified the Council of the food truck activities on Monday nights. The SCERA
2 was coordinating the event, and the City staff would get the details on staging and distribute it to
3 the Council.

4

5 **ADJOURNMENT**

6

7 Mr. Andersen **moved** to adjourn the meeting. Mr. Seastrand **seconded** the motion. Those voting
8 aye: Councilmembers Hans Andersen, Margaret Black, Richard F. Brunst, Mark E. Seastrand,
9 David Spencer, and Brent Sumner. The motion **passed** unanimously.

10

11 The meeting adjourned at 9:21 p.m.

12

13

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CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
July 22, 2014

4:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, David Spencer, and Brent Sumner

APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Karl Hirst, Recreation Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steve Earl, Deputy City Attorney; Sam Kelly, City Engineer; Jason Bench, Planning Division Manager; Ryan Clark, Economic Development Manager; Neal Winterton, Water Division Manager; Jason Adamson, Risk Manager; Steven Downs, Assistant to the City Manager; and Donna R. Weaver, City Recorder

EXCUSED Councilmembers Mark E. Seastrand and Tom Macdonald

DISCUSSION – Lakeview Addition Annexation Issues

At the request of Mr. Davidson, Mr. Bench explained that the City had received the Lakeview Addition Annexation petition. He said it came with some challenges and was void of utility infrastructure.

Mr. Davidson reviewed a map of the proposed annexation area. He said decades ago the cities of Orem and Provo had mutually agreed to use 2000 South as the boundary between the two communities. There has been an expectation that the property in the petition would someday become a part of Orem.

Kelly Pfof of Lewis Young Robertson & Burningham reviewed estimated costs to provide services to the annexation area. She referred the Council to three studies for impact fees that had been passed out. One method to recoup the cost of getting infrastructure to any new developments was an impact fee. She said infrastructure had to be put in before development could take place. That would be something for the Council to consider if they approved the annexation request. The average impact fee cost, applied to each home, would vary, depending upon the density approved.

Mr. Tschirki said if a higher density was permitted, it would result in lower fees that could be spread out over a larger number of units. A lower density could nearly double the impact fees.

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1 Ms. Pfof reviewed the process and timeline for the approving of impact fees. She noted that the
2 impact fees would have to be in place before the development was approved.

3
4 Mr. Kelly, City Engineer, said some of the developers for the area wanted to put high density
5 projects at the very southern part of the annexation area. That would require the City to install
6 infrastructure through a portion of the parcel not initially targeted for development. He stressed
7 the importance of having an idea of what the zoning should be in advance.

8
9 Mayor Brunst requested more detail for the various scenarios.

10
11 Mr. Bench said staff would get that information together.

12
13 Mr. Davidson said that, in an attempt to estimate the density being envisioned by the annexation
14 applicants, staff has reached out to property owners to see their intent for the property. During
15 the neighborhood meeting, the issue of the impact fees amounts was discussed. The challenge
16 was that not all the input was consistent. He said the Clingers, for example, had indicated they
17 had no desire to develop in Orem.

18
19 Mr. Kelly restated that Orem current capacity was 2,600 units. He told them it might behoove
20 them to come into the city now to have a seat at the table because otherwise it could result in
21 substantial costs to upgrade the sewer plant etc. CUWCD had to reroute around the ag protection
22 area.

23
24 Ms. Pfof said there was some risk for a city to put in infrastructure. If the area was not
25 developed to full capacity, it would not be possible to recoup all the costs.

26
27 Mr. Davidson said that, given the expense of extending the infrastructure, the only real feasible
28 way to pay for it was through impact fees. He indicated that staff had been in the process of
29 developing these impact studies in advance, hoping to get ahead of the curve.

30
31 Neal Winterton said the water impact fee would be in addition to the fees Ms. Pfof had
32 mentioned.

33
34 Mr. Bench said, if the Council was comfortable with the 2,600 density, it would be important to
35 consider possible general plan options for the area.

36
37 Mr. Davidson said they did not want to thrust the Council into a density discussion based upon
38 assumptions on how to pay for the infrastructure while property owners might not like the City's
39 proposal. It made for a tenuous situation. He said he would prefer to have the discussions in
40 advance. If Council members were not comfortable with the proposed densities, it would be
41 better to discuss the issue before the annexation came before the Council for a decision.

42
43 Mrs. Black observed that they were having the density discussion now.

44
45 Mayor Brunst asked what the property tax income might be if developed as proposed.

DRAFT

1 Mr. Bench said he did not have those figures with him but could estimate them later and send
2 them to the Council.

3
4 Mayor Brunst said he had built a house next to the lake, and it dropped several inches because of
5 storm water. He wondered if there could be similar problems.

6
7 Mr. Bench said the Sleepy Ridge development had had groundwater issues, and they did not
8 allow basements there.

9
10 Mr. Andersen said they were only discussing the annexation issues because of the size of the
11 project. He said he would like the cost of the infrastructure to be put on the developer.

12
13 Mr. Kelly said the City would only be putting in the artery via the trunk lines. The developers
14 would have to pay to connect to it.

15
16 Mrs. Black asked if the City would have to install all the \$8 million worth of infrastructure
17 mentioned by Ms. Pfost.

18
19 Mr. Kelly said it would be a lower cost to just put in the trunk lines. He noted that anything from
20 the west would require a lift station.

21
22 Mayor Brunst inquired about phasing of the development.

23
24 Mr. Kelly said impact fees had to be used within six years.

25
26 Mr. Earl noted it would only apply when a developer paid the impact fees up front. In the present
27 case, the City would be repaying itself.

28
29 Mr. Davidson said some options to pay for the infrastructure would be to pull the funding from
30 reserves or to finance it, with the finance charges included in the fees. He reflected that Orem
31 could not afford to pay to maintain its existing infrastructure and questioned the wisdom of
32 bringing in new.

33
34 Mr. Tschirki said it was all contingent on the density. High density could possibly pay for the
35 infrastructure. If low density was approved, the City would definitely need to borrow money to
36 pay for it.

37
38 Mr. Davidson said he wanted to bring the issue to the Council to give them time to consider their
39 options. If it was their intent to annex the property but then faced opposition about the density,
40 Council members needed to consider that downzoning it would then put the financing in
41 jeopardy.

42
43 Ryan Clark noted that the Lakeview Parkway would eventually connect with the Provo airport.
44 There would be an opportunity to create a retail strip in the area. He said he would like to see
45 more homes to the south. Impact fees in other cities were very common.

46
47 Mrs. Black asked why there was no commercial listed in Mr. Bench's map.

DRAFT

1 Mr. Bench said the western portion was identified as commercial or retail.

2

3 Mr. Clark said that, based on environmental studies, the State had no plans to widen Geneva
4 Road any further south.

5

6 Mr. Davidson said the takings required to expand the width would be cost prohibitive. As a
7 result, the Lakeview Parkway would be more important in that area than Geneva Road.

8

9 Mr. Bench said, if they used a density of 2,603 as a base for the study, the zoning would have to
10 be medium to high density.

11

12 Mr. Spencer asked about easements and other limitations in the area.

13

14 Mr. Bench said State law required all property owners within an agricultural easement to sign in
15 order to annex the property. The Clingers could not be forced to come into Orem.

16

17 Mr. Andersen asked if the impact fees would be charged one time.

18

19 Mr. Bench said they would.

20

21 Mr. Clark said if the properties up north developed first, then the fees would cover the cost of the
22 infrastructure installation. The complication comes in the southern parcels developing first.

23

24 Ms. Pfof said it was recommended that impact fees be studied every ten years. The whole
25 process would need to be repeated in ten years.

26

27 Mayor Brunst asked if Orem had the capacity to take it on the new growth in the annexation.

28

29 Mr. Davidson said it did. While many communities rely on impact fees, Orem has not had any,
30 except for water. New homes and businesses place a strain on the current infrastructure, and the
31 City must find a way to pay for it.

32

33 Mayor Brunst said he felt they needed to move to impact fees.

34

35 Mr. Davidson noted that the City could not use impact fees to improve the current level of
36 service, but they could be used to meet a new level of service.

37

38 Mrs. Black said the need for a park in the area could require an impact fee.

39

40 Mr. Davidson agreed, saying that was something to be considered at some time. The initial focus
41 had been on infrastructure, but parks and fire services should be considered.

42

43 Ms. Pfof said fees could be enacted at any point but they had to be in place in order to be
44 collected.

45

46 Mayor Brunst said the annexation petition looked like a great opportunity to increase the
47 property tax base.

DRAFT

1 Mr. Tschirki said he had worked some initial figures and, if all the development was residential,
2 it would generate about \$890,000 in property tax.

3
4 Mr. Davidson said he would not represent that the Council should base the annexation decision
5 on residential property taxes because residential is generally not a revenue generator. He said his
6 biggest concern was that the Council be mindful of the issues relating to a high density
7 annexation petition where surrounding residents might have concerns.

8
9 Mayor Brunst said the Provo areas to the south were high density.

10
11 Mr. Bench then reviewed the issues related to the Gold Key area, including poor utilities and the
12 need to enlarge a bridge to accommodate fire access.

13
14 Mr. Earl said if the annexation petition were to be protested, it would go to the County boundary
15 commission, and the City would be bound by whatever the commission decided.

16 **5:00 P.M. STUDY SESSION- PUBLIC SAFETY TRAINING ROOM**

17
18
19 CONDUCTING Mayor Richard F. Brunst, Jr.

20
21 ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, David
22 Spencer, and Brent Sumner

23
24 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant
25 City Manager; Greg Stephens, City Attorney; Chris
26 Tschirki, Public Works Director; Karl Hirst, Recreation
27 Director; Scott Gurney, Interim Public Safety Director;
28 Charlene Crozier, Library Director; Steve Earl, Deputy
29 City Attorney; Sam Kelly, City Engineer; Jason Bench,
30 Planning Division Manager; Ryan Clark, Economic
31 Development Manager; Jason Adamson, Risk Manager;
32 Steven Downs, Assistant to the City Manager; and
33 Donna R. Weaver, City Recorder

34
35 EXCUSED Councilmembers Tom Macdonald and Mark Seastrand

36 37 City Council New Business

38 39 *Volunteer Appreciation Night*

40 At the request of the Mayor, Mrs. Crozier reviewed the City's volunteer appreciation event, held
41 in conjunction with the Timpanogos Storytelling Festival. She discussed the golf carts as a
42 tradition to help people who needed assistance getting to the various Storytelling events. She said
43 she would contact members of the Council about volunteering as golf cart drivers.

DRAFT

1 *New Recreation Committee*

2 Mayor Brunst reminded the Council about the suggestions for possible members of the new
3 recreation committee. He reviewed the number that had already been submitted by members of
4 the Council.

5
6 Mrs. Black said she wanted to know which of those candidates for the committee did not have a
7 “dog in the fight.”

8
9 *Fitness Center Pool Addition*

10 Mr. Hirst informed the Council that opening day at the new pool was very good. Nearly
11 1,700 new people attended. From a day-to-day standpoint, the numbers at the Fitness Center pool
12 have increased from an average of 450 to 850 people a day. They were still working out some
13 bugs but that was not unexpected with a new building.

14
15 *Summerfest*

16 Mrs. Black said she had attended the wrap-up meeting of the Summerfest Advisory Commission.
17 They had questions about the quality of Orem’s float.

18
19 Mr. Davidson said they had struggled with their provider. For the price, it was the best choice.

20
21 Mrs. Crozier suggested trying to get sponsors for the float and the fireworks show.

22
23 Mayor Brunst said he would love to have the Governor and Utah Valley University’s President
24 Holland in the parade next year.

25
26 Jason Adamson provided a report on the status of the children injured during the cannon
27 accident.

28
29 *UTOPIA*

30 Mr. Davidson reported that he and Mr. Spencer had attended a UTOPIA meeting with First
31 Digital. Mr. Davidson said he had forwarded a copy of the proposal to the Council. He said the
32 First Digital proposal gave him concerns because it was so open ended.

33
34 Mr. Sumner said he thought they were moving too fast, and the Board needed to let members
35 consider the proposal. Mrs. Black agreed. Mr. Spencer said he had tried to get them to postpone
36 the decision to September.

37
38 Mr. Davidson said the Board was split.

39
40 Mrs. Black said she thought there should be some agreement going forward about the joint asset
41 all eleven cities owned.

42
43 Mr. Davidson said he had approached UTOPIA’s legal staff about that. Individual cities could
44 not do anything with the network without the permission of UTOPIA. Mr. Davidson said he
45 believes if the Macquarie fees proposal were to come back too high, it could likely be gone.

46
47

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1 *Community Development Project Area (CDA)*

2 Mr. Andersen asked about the CDA being proposed for the mall and about being allowed or not
3 allowed to talk about it.

4
5 Mr. Davidson said that, because it was not a definitive number, it should not be discussed yet.
6 All five taxing entities would have their input on that final number. He added that the purpose of
7 the RDA action later was to begin the process. Those malls had a desired outcome, but what that
8 would be was yet to be determined.

9
10 Mrs. Black said it was performance based.

11 Agenda Review

12 For lack of time, this item was postponed to the end of the meeting.

13
14 The Council adjourned at 5:55 p.m. to the City Council Chambers for the regular meeting.

15 6:00 P.M. REGULAR SESSION

16
17
18
19 CONDUCTING Mayor Richard F. Brunst, Jr.

20
21 ELECTED OFFICIALS Councilmembers Hans Andersen, Margaret Black, , David
22 Spencer, and Brent Sumner

23
24 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant
25 City Manager; Greg Stephens, City Attorney; Chris
26 Tschirki, Public Works Director; Karl Hirst, Recreation
27 Director; Scott Gurney, Interim Public Safety Director;
28 Charlene Crozier, Library Director; Steve Earl, Deputy
29 City Attorney; Jason Bench, Planning Division Manager;
30 Ryan Clark, Economic Development Manager; Steven
31 Downs, Assistant to the City Manager; and Donna R.
32 Weaver, City Recorder

33
34 EXCUSED Councilmembers Tom Macdonald and Mark E. Seastrand

35
36 INVOCATION / Britt Pearson

37 INSPIRATIONAL THOUGHT

38 PLEDGE OF ALLEGIANCE Andrew Wells

39 APPROVAL OF MINUTES

40
41
42 Mr. Andersen **moved** to approve the June 10 and June 17, 2014, City Council meeting minutes.
43 Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F.
44 Brunst, David Spencer, and Brent Sumner. The motion **passed** unanimously.

1 **MAYOR’S REPORT/ITEMS REFERRED BY COUNCIL**

2
3 Upcoming Events

4 The Mayor referred the Council to the upcoming events listed in the agenda packet.

5
6 Appointments to Boards and Commissions

7 No new appointments to Boards and Commissions were made.

8
9 Recognition of New Neighborhoods in Action Officers

10 No new Neighborhood in Action officers were recognized.

11
12 RECOGNITION – Recreation Volunteers – Dave & Teresa McKitrick

13
14 Karl Hirst, Recreation Director, presented an award to Dave and Teresa McKitrick as Orem’s
15 volunteers of the year. He said no city could have recreation without volunteers. Mayor Brunst
16 then presented the McKitricks with a plaque and invited them to shake hands with the Council.

17
18 PRESENTATION – Walter C. Orem Award – George Cepull

19
20 Mayor Brunst presented the Walter C. Orem Award to George Cepull. The Mayor invited Mr.
21 Cepull to shake hands with the Council.

22
23 Mr. Cepull said many people were in attendance who cared about him and his family. God had
24 helped him, and that was why he was able to stand there. His experience had helped him become
25 strong, and wanted to return the favor. The children, especially the disabled children, made him
26 strong. He could feel angry and go into schools and change his attitude immediately. He said it
27 was an emotional experience for him, and he was honored and deeply touched to receive the
28 award. He invited people to stop and talk to him if they saw him. The people he had met inspired
29 him to keep moving.

30
31 **CITY MANAGER APPOINTMENTS**

32
33 There were no City Manager appointments.

34
35 **PERSONAL APPEARANCES**

36
37 Time was allotted for the public to express their ideas, concerns, and comments on items not on
38 the agenda. Those wishing to speak should have signed in prior to the meeting, and comments
39 were limited to three minutes or less.

40
41 Sam Lentz said last month the Council chose not to move forward with the Macquarie Milepost
42 Two. The City has had two months to look at other options. First Digital offered a watered down
43 version of the Macquarie proposal without the experience to carry it through. He said they also
44 offered another model that would not be a ubiquitous build out. The First Digital proposal also
45 included a very high take rate. Mr. Lentz said the success-based model would unfairly favor rich
46 neighborhoods. First Digital’s proposal was blatant class warfare. Wiring a few apartment
47 buildings and business parks did not give First Digital the needed experience to handle the

1 UTOPIA network. All Comcast would have to do would be to offer great rates to a few of those
2 neighborhoods, and there would not be enough left to move forward.

3
4 **CONSENT ITEMS**

5
6 There were no consent items.

7
8 **SCHEDULED ITEMS**

9
10 6:20 P.M. PUBLIC HEARING – PD-35 Zone
11 ORDINANCE - Amending Section 22-11-48(D) of the Orem City Code pertaining to
12 basement requirements in the PD-35 zone and amending Appendix CC (the concept plan
13 for the PD-35 zone)

14
15 Mr. Bench reviewed with the Council a proposal to allow basements in the PD-35 zone. He
16 noted that the PD-35 zone was approved in 2013 as a twin home planned development. The
17 PD-35 zone does not currently allow basements in the two-story attached units, similar to the
18 PRD zone. The sixteen single-story units are allowed to have basements and the applicant is
19 proposing to allow the ten two-story twin homes to the west in the PD-35 zone to also have
20 basements.

21
22 Appendix CC is the concept plan for the PD-35 zone and contains a note that basements are not
23 allowed in the two-story units. The applicant is also proposing to amend this note to indicate that
24 the two-story twin homes are allowed to have basements.

25
26 **Advantages:**

- 27
- Allowing basements provides a larger living space that is not visible from the exterior and makes the units more marketable
 - Allowing basements would provide more storage space and would make it less likely that tenants would use the garage for storage
- 30

31
32 **Disadvantages:**

- 33
- None determined
- 34

35 The proposed amendments are outlined below:

36 **22-11-48(D)**

37 **D. Development Standards.** The standards and requirements set forth in Article 22-7 of the Orem
38 City Code shall apply to the PD-35 zone, except as expressly modified below:

- 39
1. Height. The maximum height for all structures shall be thirty (30) feet.
 2. Basements. Basements are allowed in all residential units and the restrictions pertaining to basements contained in Article 22-7 shall not apply in the PD-35 zone.
 3. Setbacks. All buildings shall be set back at least twenty-five (25) feet from 1360 North Street, 1380 North Street and 320 West Street. All buildings shall be set back at least twenty (20) feet from all other property not part of the PD-35 zone. All garages shall be set back a minimum of nineteen (19) feet from the public sidewalk.
 4. Parking. A minimum of two (2) parking spaces shall be provided for each dwelling, one of which shall be covered. A minimum of one-quarter (1/4) additional parking space shall be provided for each unit for guest parking within the area designated in the concept plan as “two-story twin home development.” Driveways shall not be counted toward the guest parking requirement.
 5. Density. Density shall not exceed seven (7) units per acre.
- 50

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1 6. Fencing. A six (6) foot high fence constructed of decorative concrete, decorative masonry, or vinyl shall
2 be installed and maintained on the perimeter of the PD-35 zone, except that a fence is not required along
3 1360 North Street or 320 West Street nor shall it violate the provisions of Section 22-14-19 of the Orem City
4 Code pertaining to clear vision areas. The fence adjacent to the Amiron Village private driveway shall be
5 concrete or masonry. The fencing along the Gold Crest Estates Subdivision may remain as is or, if replaced,
6 shall comply with the requirements of this subsection (6).

7
8 Mr. Bench noted the change would only apply to the PD-35 zone. There would be no increase in
9 density, and no accessory apartments would be permitted.

10
11 Mayor Brunst asked why basements were not originally allowed.

12
13 Mr. Bench said the Council at the time thought the PRD standards should apply. Several similar
14 projects have been built, and basements have been popular.

15
16 Mrs. Black said the only concern she had heard from a resident was about accessory apartments.

17
18 Mr. Bench said those would not be allowed.

19
20 Mr. Sumner asked if he purchased one of the units he could put a second kitchen and multiple
21 heating systems.

22
23 Mr. Bench said Mr. Sumner could do those things, but he would have to sign an affidavit not to
24 rent the space.

25
26 Reed Swenson, applicant, said they felt from their other experiences it would be easier to keep
27 the parking in the garage if the garages weren't being used for storage that could go in the
28 basement. He said he thought it was a plus all around. The stairs to the basement would come out
29 of the main level.

30
31 Mayor Brunst opened the public hearing. No one came forward to speak, so the Mayor closed the
32 public hearing.

33
34 Mr. Spencer asked about access to the basement from the garage.

35
36 Mr. Swenson said there was no access to the basement from the garage.

37
38 Mrs. Black **moved**, by ordinance, to (1) amend Section 22-11-48(D) of the Orem City Code,
39 pertaining to basement requirements in the PD-35 zone; and (2) amend pages CC.1 and City
40 Council.3 of Appendix CC (the concept plan for the PD-35 zone) as proposed. Mr. Sumner
41 **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst,
42 David Spencer, and Brent Sumner. The motion **passed** unanimously.

43
44 6:20 P.M. PUBLIC HEARING – Deep Lots

45 ORDINANCE – Amending Section 17-8-1(C)(7) pertaining to residential building setbacks
46 and height requirements on deep lots

47
48 Mr. Bench presented an application to amend Section 17-8-1(C)(7) pertaining to residential
49 building setbacks and height requirements on deep lots. He indicated that the applicant owns a

1 deep lot in the R8 zone that contains over 19,000 square feet. The applicant would like to build a
2 two-story house on this lot, but is prevented from doing so by the City's current ordinance which
3 states that a house on a deep lot in the R5, R6, R6.5, R7.5 and R8 zones may not exceed one
4 story above grade.

5
6 The applicant proposes to amend the ordinance to allow a two-story house up to thirty-five feet
7 in height (the same height generally allowed in residential zones) on a deep lot that is at least
8 15,000 square feet in size provided that all setbacks to adjacent property lines are at least twenty-
9 five (25) feet.

10
11 There are currently 98 residential deep lots in the City that have at least 15,000 square feet. Only
12 17 of those 98 lots are vacant.

13
14 The proposed changes do not affect deep lots in the R12, R20, OS5, and ROS zones. These
15 zones allow a home on a deep lot to be up to 35 feet in height with multiple stories if all setbacks
16 are equal to the height of the house. The proposed amendment is as follows:

17
18 **17-8-1(C)(7)**

19 A house on a deep lot in the R5, R6, R6.5, R7.5, and R8 zones shall not exceed one story above grade.
20 However, a deep lot with a net area (excluding the area of any "flag stem") of at least 15,000 square feet shall
21 not be restricted to a single-story provided all setbacks to adjacent property lines are at least twenty-five (25)
22 feet.

23
24 **Advantages**

- 25
- 26 • Applies to a small number of deep lots
 - 27 • Increased setbacks place a home farther away from adjacent homes than smaller deep lots
 - 28 • Houses on lots of 15,000 square feet will typically have setbacks greater than 25 feet due
29 to the size of the parcel

30 **Disadvantages**

- 31
- 32 • None identified

33 Mayor Brunst asked about the lot by the parcel. Mr. Bench said at one time it was part of the
34 same lot. Mayor Brunst asked about fire safety, and Mr. Bench said it met the fire code. Mayor
35 Brunst said he noticed there were several deep lots in the area.

36
37 Mrs. Black said there had been concern not to overwhelm neighbors with a two-story home with
38 a deep lot. It could loom over surrounding homes. Mr. Bench said it would function as a typical
39 lot with the setbacks.

40
41 Matthew Erdmann, applicant, said he did not feel this would be any different than a regular lot
42 because of the setbacks. Because of the increased setback, there were neglected lots in Orem that
43 could now be developed.

44
45 Mayor Brunst opened the public hearing.
46

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1 Darrell Gamette said he owns the other house, and the applicant was his son-in-law. Mr. Gamette
2 said they had always hoped one of their children would build there. He noted that his home was
3 also two stories.

4
5 Mayor Brunst closed the public hearing.

6
7 Mayor Brunst then **moved**, by ordinance, to amend Section 17-8-1(C)(7) pertaining to residential
8 building setbacks and height requirements on deep lots. Mr. Andersen **seconded** the motion.
9 Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, David Spencer, and Brent
10 Sumner. The motion **passed** unanimously.

11
12 6:20 P.M. PUBLIC HEARING – PO Zone

13 ORDINANCE – Amending Sections 22-8-8 and 22-8-12 of the Orem City Code pertaining
14 to development standards for the Professional Office (PO) zone

15
16 Mr. Bench presented an application to amend Sections 22-8-8 and 22-8-12 of the Orem City
17 Code pertaining to development standards for the Professional Office (PO) zone He said the
18 applicant owns property in the PO zone at 1020 East 800 North. This area of the PO zone
19 consists of 1.19 acres and is currently developed with a bank building which was approved in
20 2000 and a building occupied by Northern Engineering which was approved in 2004. Both of
21 these buildings were approved as part of the same lot.

22
23 In 2004, the original owner recorded a deed at the county that illegally subdivided the property
24 into two (2) smaller lots and sold one of these lots to another entity. The owner did not go
25 through the required subdivision process of getting a plat approved by the Planning Commission
26 and the two small lots do not conform to the one acre minimum lot size requirement of the
27 PO zone.

28
29 A prospective purchaser would now like to purchase one of the lots and make some additions to
30 the existing building. However, the City cannot approve a revised site plan or building permit for
31 the proposed additions to the building because of the illegally subdivided and nonconforming
32 lots.

33
34 The current owners of the two lots would like to resolve this situation by proposing an
35 amendment to the PO zone that would allow a minimum lot size of 18,000 square feet instead of
36 the current one acre requirement. This would allow the owners to legally subdivide the property
37 into two lots and obtain a plat approval from the Planning Commission. After obtaining this
38 approval, either owner could then legally add on to their existing buildings provided all other
39 ordinance requirements are met.

40
41 The applicant also requests that the City Council amend the PO zone to allow up to forty percent
42 (40%) of the roof area of a building to be flat and to allow metal architectural panels on twenty
43 percent (20%) of the exterior finish area. This is to accommodate the desired building addition
44 by a prospective purchaser. The PO zone currently does not allow flat roofs and does not allow
45 metal as an approved finishing material.

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1 The Planning Commission recommended approval of the 18,000 square foot minimum lot size
2 requirement and allowing twenty percent (20%) of the exterior finish materials to be metal
3 architectural paneling. However, the Planning Commission felt that allowing forty percent (40%)
4 of the roof area to be flat was too much and that it would detract from the residential look and
5 feel of the buildings. The Planning Commission felt that allowing twenty percent (20%) of the
6 roof area to be flat would be more reasonable. In addition, the Planning Commission did not
7 want the flat roof area to be prominent and therefore recommended that any flat roof area be
8 limited to half the height of the highest point of the building.

9 10 Advantages:

- 11 • Provides more building elevation options.
- 12 • Allowing lots to be subdivided into 18,000 square foot lots would allow greater
13 flexibility in ownership of properties in the PO zone.
- 14 • Provides more opportunity for properties to be rezoned to the PO zone which includes
15 higher landscaping standards, especially along 800 North.
- 16 • Allowing 20% of the roof area to be flat allows additional design options, but maintains
17 the intent of the PO zone of making buildings compatible with residential
18 neighborhoods.

19 20 Disadvantages:

- 21 • Allowing forty percent (40%) of the roof structure to be flat and including metal as an
22 approved finish material may make buildings in the PO zone less compatible with
23 adjacent residential zones.

24
25 Mr. Bench said the Planning Commission recommended that the City Council approve allowing
26 18,000 square foot lots and metal architectural panels for up to twenty percent (20%) of the
27 exterior finish materials. The Planning Commission recommends that the City Council allow up
28 to twenty percent (20%) of the roof area to be flat with the condition that no flat roof area may
29 be higher than fifty percent (50%) of the height of the building. Staff supports the
30 recommendations proposed by the Planning Commission.

31
32 The proposed amendments are outlined below reflecting both the Planning Commission
33 recommendation and the applicant's request to allow flat roofs.

34 35 22-8-8 Zone Development Standards.

	<u>PO</u>	<u>C1</u>	<u>C2</u>	<u>C3</u>	<u>HS</u>
36 Minimum Lot area					
37 in square feet unless					
38 listed as acres.	18000*****	7000	7000	3 acres*	½ acre
39 Setbacks					
40 (Minimum).					
41 From Dedicated					
42 Streets:	20**	20'	20*****	30**	20'
43 From an adjoining					
44 Property in a non					
45 residential zone:	0	0	0	0	0

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From an adjoining property in residential zone:	****25'	10'	10'	40'	10'
	<u>PO</u>	<u>C1</u>	<u>C2</u>	<u>C3</u>	<u>HS</u>
Structure Heights.					
Minimum:	8'	8'	8'	8'	8'
Maximum:	35'	48'	60'	35'***	60"

- * Parcels smaller than three (3) acres shall only be allowed pursuant to Section 22-8-14(D).
 - ** Building setbacks from 800 North in the PO and C3 zones shall be according to "Appendix I."§22-8-9 ZONING
 - *** Exception: The maximum height for structures located in the C3 zone which are set back no less than one hundred fifty feet (150') from a residential zone shall be sixty feet (60').
 - **** No portion of any building shall be located closer to a residentially zoned property than a distance equal to the height of that portion of the building (applicable to all commercial zones listed above).
 - ***** Building setbacks and landscaping requirements for lots located adjacent to State Street shall be measured from the back of an existing or required sidewalk.
 - *****The PO zone may not be applied to an area of less than one acre.
- NOTE: In all commercial zones, except the PO and C3 zones, the height limitation shall not apply to belfries, cupolas, domes not used for human occupancy, chimneys, ventilators, sky lights, cornices, antennas, or properly screened mechanical appurtenances. In no case shall the height of belfries, cupolas, domes not used for human occupancy, chimneys, ventilators, sky lights, cornices, antennas, or properly screened mechanical appurtenances exceed a height of seventy-five feet (75') measured from the average finished grade of the yard in which the structure is located. In no case shall that portion which exceeds the sixty foot (60') height exceed fifty percent (50%) of the gross floor area of the uppermost floor of the building.

Planning Commission Recommendation:

22-8-12. Additional Provisions for the PO Zone.

The following additional standards and regulations shall apply to the PO Zone.

- A. **Architectural Styling.** All structures shall have exterior elevations designed with a residential architectural styling. At least eighty percent (80%) of the roof area of all structures shall have a minimum roof pitch shall be of eight feet (8') of rise to twelve feet (12') of run. Up to twenty percent (20%) of the roof area may be flat provided that any flat roof is no higher than fifty percent (50%) of the height of the building. No more than thirty-five percent (35%) of the exterior of each structure shall be composed of glass, windows, and doors.
- B. **Floors Above Grade Level.** The maximum number of floors above the natural grade shall be two (2). No portion of any structure within one hundred feet (100') of a residential zone shall be more than one (1) floor (the single-floor roofline shall not exceed twenty-four feet [24'] above the natural grade level).
- C. **Exterior Finishing Materials.** The exterior finishing materials for walls shall not include steel, T-111, aluminum, or vinyl. However, up to twenty percent (20%) of the exterior finishing materials may consist of metal architectural panels. Soffits, facias, and other similar architectural features may be finished with painted metal. No asphalt roofing shingles shall be allowed.

Applicant Request:

22-8-12. Additional Provisions for the PO Zone.

The following additional standards and regulations shall apply to the PO Zone.

- A. **Architectural Styling.** All structures shall have exterior elevations designed with a residential architectural styling. At least sixty percent (60%) of the roof area of all structures shall have a minimum roof pitch of eight feet (8') of rise to twelve feet (12') of run. No more than thirty-five percent (35%) of the exterior of each structure shall be composed of glass, windows, and doors.

1 B. **Floors Above Grade Level.** The maximum number of floors above the natural grade shall be
2 two (2). No portion of any structure within one hundred feet (100') of a residential zone shall be more than
3 one (1) floor (the single-floor roofline shall not exceed twenty-four feet [24']) above the natural grade level.

4 C. **Exterior Finishing Materials.** The exterior finishing materials for walls shall not include steel,
5 T-111, aluminum, or vinyl. However, up to twenty percent (20%) of the exterior finishing materials may
6 consist of metal architectural panels. Soffits, fascias, and other similar architectural features may be finished
7 with painted metal. No asphalt roofing shingles shall be allowed.
8

9 Mayor Brunst wondered if the other parcels would be impacted by the change.

10
11 Mrs. Black said it affected any PO zone that was applied from this point on. She said she did not
12 think it was attractive or would match surrounding buildings. Mrs. Black said she was not in
13 favor of the 40 percent and wondered how it would have to be designed to accommodate the
14 20 percent. The PO zone was supposed to blend in with the neighborhoods between commercial
15 and residential.
16

17 Stormy Wilsey, bank applicant representative, said the ordinance had three issues. The bank only
18 had an interest in the square footage requirement amendment. As for the flat roof and metal, that
19 was something Mr. Sandstrom had requested. She asked the Council to consider the bank's
20 request separately from Mr. Sandstrom's. Ms. Wilsey noted there was another party, besides Mr.
21 Sandstrom, interested in the building. They would not want to change it.
22

23 Mayor Brunst opened the public hearing. When no one came forward to speak, he closed the
24 public hearing.
25

26 Mayor Brunst then said the architectural change did not fit in with the surrounding buildings. He
27 would like to allow the change for the lot size but not the flat roof or the metal building
28 materials.
29

30 Mr. Spencer and Mrs. Black agreed. She said it would change the entire zone.
31

32 Mayor Brunst **moved**, by ordinance, to amend Section 22-8-8 of the Orem City Code pertaining
33 to development standards for the Professional Office (PO) zone to allow the 18,000 square foot
34 modification but to deny the proposed amendment to Section 22-8-12 regarding the flat roof and
35 metal building materials. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen,
36 Margaret Black, Richard F. Brunst, David Spencer, and Brent Sumner. The motion **passed**
37 unanimously.
38

39 **COMMUNICATION ITEMS**

40
41 There were no communication items.
42

43 **CITY MANAGER INFORMATION ITEMS**

44 Upcoming Agenda Items

45
46
47 Mr. Bench said that on August 26, 2014, a request would come to the Council about animals on
48 lots of an acre. There was some inconsistency in the ordinance, so the standards were being
49 proposed to be brought into conformity.

DRAFT

1 **ADJOURN TO A MEETING OF THE REDEVELOPMENT AGENCY**

2

3 Mrs. Black moved to adjourn to a meeting of the Redevelopment Agency. Mr. Andersen
4 **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst,
5 David Spencer, and Brent Sumner. The motion **passed** unanimously.

6

7 The meeting adjourned at 7:01 p.m.

PROCLAMATION

WHEREAS, the Orem Senior Friendship Center is an integral part of our city, providing people with the tools and resources they need to maintain our community's precious values; and

WHEREAS, the Orem Senior Friendship Center equips individuals with both practical skills and broader intellectual abilities; and

WHEREAS, attendees, employees, and volunteers work tirelessly to serve our community with care and professionalism; and

WHEREAS, the Orem Senior Friendship Center is a community linchpin, bringing together adults and in a common enterprise; and

WHEREAS, September is already National Senior Center Month.

NOW, THEREFORE, I, Richard Brunst, serving as Mayor of Orem, Utah, do hereby proclaim the month of September

Orem Senior Friendship Center Month

in Orem, Utah and urge all citizens to participate fully in this observance to improve our quality of life.

Dated this 26th day of August 2014.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver, City Recorder

CITY OF OREM
CITY COUNCIL MEETING
AUGUST 26, 2014



REQUEST:	RESOLUTION – Accept Annexation Petition for Further Consideration – Trail Head Addition – 1250 East Cascade Drive
APPLICANT:	City of Orem
FISCAL IMPACT:	None

NOTICES:

- Posted in 2 public places
- Posted on City webpage
- Posted on the State Noticing Website
- Faxed to newspapers
- E-mailed to newspapers
- Neighborhood Chair

SITE INFORMATION:

General Plan Designation:

In County

Current Zone:

In County

Acreage:

16.477

Neighborhood:

Unclassified

Neighborhood Chair:

N/A

<p>PREPARED BY: Donna Weaver City Recorder</p>

REQUEST:

Karl Hirst, Recreation Director of the City of Orem, requests that the City Council, by resolution, accept his annexation petition for further consideration with regard to 16.477 acres at 1250 East Cascade Drive.

BACKGROUND:

On August 14, 2014, Karl Hirst in behalf of the City of Orem, filed an application for the annexation of 16.77.69 acres into Orem.

Should the Council accept this petition for further consideration, the 30-day certification time period will begin. After the application is certified, the City Council must begin a 30-day noticing and protest period.

The certification process involves the City Recorder, City Attorney, County Clerk and surveyor to determine if the petition meets the requirements of Utah Code Subsections 10-2-403(2), (3), and (4). The County Clerk has 30 days to respond. The certification would tentatively be presented to the City Council as a consent item at the April 15th City Council meeting.

Once the certification is accepted, an additional 30-day noticing and protest period begins. If no protest is received, the public hearing would tentatively be scheduled for the November 11th City Council meeting. At this time, the City Council will decide whether or not to annex the property and what the zoning designation of the property will be.

Recommendation: Staff recommends the City Council accept the annexation petition for further consideration.

DRAFT

RESOLUTION NO. _____

A RESOLUTION ACCEPTING FOR FURTHER CONSIDERATION THE PETITION OF THE CITY OF OREM FOR ANNEXATION OF CERTAIN PROPERTY GENERALLY LOCATED AT 1250 EAST CASCADE DRIVE UNDER THE PROVISIONS OF UTAH CODE SECTIONS 10-2-403 AND 10-2-405

WHEREAS on August 14, 2014, the City of Orem, filed a petition with the City Recorder of the City of Orem, Utah County, State of Utah, requesting that property located generally at 1250 East Cascade Drive be annexed into the corporate boundaries of the City of Orem; and

WHEREAS said petition contains the signature of the owner(s) of real property that is (1) located within the area of annexation, (2) covers a majority of the private land area within the area proposed for annexation, and (3) equal in value to at least one-third of the value of all the private real property within the area proposed for annexation; and

WHEREAS the said property for proposed annexation lies contiguous to the present boundaries of the City of Orem, and an accurate plat of the real property proposed for annexation prepared by a licensed surveyor has been filed with the City Recorder; and

WHEREAS the City Council is willing to accept the petition for the purpose of considering the annexation, pursuant to state law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, as follows:

1. The annexation petition submitted by Karl Hirst to annex property located generally at 1250 East Cascade Drive which is attached hereto as Exhibit "A" and incorporated herein by reference, is hereby accepted for further consideration under the provisions of Utah State annexation law and is hereby referred to the City Recorder for review pursuant to Utah Code Section 10-2-405(2).
2. This resolution shall become effective upon adoption.

DRAFT

PASSED, APPROVED, and ORDERED PUBLISHED this 26th day of August 2014.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver

COUNCIL MEMBERS VOTING "AYE"

COUNCIL MEMBERS VOTING "NAY"

PETITION FOR ANNEXATION

WE THE UNDERSIGNED owners of certain real property lying contiguous to the present municipal limits of the City of Orem, Utah, hereby submit this PETITION FOR ANNEXATION and respectfully represent the following:

1. This petition is made pursuant to the requirements of Section 10-2-403, Utah Code Annotated (UCA).
2. The property subject to this petition is an unincorporated area contiguous to the boundaries of the City of Orem and the annexation there of will not leave or create an unincorporated island or peninsula.
3. The signatures affixed hereto are those of the owners of private real property that:
 - a. Is located within the area proposed for annexation;
 - b. Covers a majority of the private land area within the area proposed for annexation;
 - c. Covers 100% of the private land area within the are proposed for annexation if the area is within:
 - i. An agricultural protection area
 - ii. A migratory bird production area
 - d. Is equal in value to at least one third (1/3) of the value of all private real property within the area proposed for annexation; and
 - e. Lies contiguous to the present boundary of the City of Orem's corporate limits, is described in Exhibit "A," and which is incorporated herein by this reference, and is at: 1250 East Cascade Drive Orem, Utah (near the Bonneville Shoreline Trailhead).
4. The manner in which it was established that at least one third (1/3) of the value of all the private property sought to be annexed is owned by the signers of this petition is shown in the attached Exhibit "B," and is incorporated herein by this reference.
5. The total acres and total assessed value of all the lands sought to be annexed are 16.477 acres and \$ 0 assessed value. Values of lands owned by the signers of this petition are as follows:

OWNER OF RECORD	PARCEL SIZE (Acres)	ASSESSED VALUE	UTAH COUNTY TAX ID NUMBER
City of Orem	5.590	0	17:004:0024
City of Orem	.204	0	17:004:0025
City of Orem	.933	0	17:004:0026
Central Utah Water Conservancy District	1.529	0	17:004:0021
Central Utah Water Conservancy District	.186	0	17:004:0022
Metro Water District of Salt Lake and Sandy	6.151	0	17:004:0027
Metro Water District of Salt Lake and Sandy	1.884	0	17:004:0023

6. The petitioners have caused an accurate plat or map of the above-described property to be prepared by a licensed surveyor, which plat or map is filed herewith.
7. This PETITION FOR ANNEXATION does not propose annexation of all or a part of an area proposed for annexation in a previously filed petition that has not been denied, rejected, or granted.
8. This PETITION FOR ANNEXATION does not propose annexation of all or part of an area proposed to be incorporated in a request for a feasibility study under Section 110-2-103 UCA or a petition under Section 10-2-125 UCA if:
 - a. The request or petition was filed before the filing of this PETITION FOR ANNEXATION.
 - b. The request, a petition under Section 10-2-109 UCA based on that request, or a petition under Section 10-2-125 UCA is still pending on the date this PETITION FOR ANNEXATION was filed.
9. The names and mailing addresses of all the owners of the parcels of land located within the City of Orem within 300 feet of the area proposed for annexation are:

OWNERS OF RECORD	MAILING ADDRESS
Division of State Lands and Forestry	355 W. North Temple #320 SLC, Ut. 84180
Cascade Seddie LLC	P.O. Box 651235 SLC, Ut. 84165
Central Utah Water Conservancy District	335 W 1300 So. Orem, Ut. 84058
Metro Water District of Salt Lake and Sandy	3430 E. Danish Rd. Cottonwood Heights, Ut. 84093
City of Orem	56 N State Street Orem, Ut. 84057

RECEIVED

Continued on reverse side.

AUG 14 2014

9:05 a.m.

Revision Date: May 21, 2014

CITY RECORDER'S OFFICE

CITY OF OREM
CITY COUNCIL MEETING
 AUGUST 26, 2014



REQUEST:	6:20 P.M. Public Hearing – Agriculture Overlay Zone ORDINANCE - Amending Section 22-12-6(D) pertaining to the location of barns, pens, and corrals in the Agriculture Overlay zone
APPLICANT:	Development Services
FISCAL IMPACT:	None

NOTICES:

- Posted in 2 public places
- Posted on City webpage
- Posted on the State noticing website
- Faxed to newspapers
- E-mailed to newspapers

SITE INFORMATION:

General Plan Designation:
 N/A
 Current Zone:
 N/A
 Acreage:
 N/A
 Neighborhood:
 N/A
 Neighborhood Chair:
 N/A

PLANNING COMMISSION RECOMMENDATION
Vote: Approve 4-0

PREPARED BY: DAVID STROUD, AICP PLANNER
--

REQUEST: Staff requests that the City Council, by ordinance, amend Section 22-12-6(D) pertaining to the location of barns, pens, and corrals in the Agriculture Overlay zone.

BACKGROUND: Animals such as horses, cattle, and sheep are currently allowed in residential zones on lots of one acre or larger. Section 22-6-1(C) outlines the distances that barns, pens and corrals in a residential zone must be set back from a dwelling or a public street.

Section 22-12-6(D) also provides that animals are allowed in the Agriculture Overlay (AG) zone in accordance with the standards of Section 22-6-1(C). However, the AG zone has setback requirements for barns, pens and corrals that are different from those required under 22-6-1(C) for residential zones. For example, in the AG zone, a barn must be set back 200 feet from the nearest dwelling and 140 feet from any public street while a barn in a residential zone only has to be set back 100 feet from a dwelling or public street.

The proposed amendment would modify Section 22-12-6(D) to make the setback requirements for barns, pens and corrals in the AG zone the same as in residential zones.

The total area of the AG overlay zone in the City is 12.08 acres. The proposed change is as follows:

22-12-6. Agriculture Overlay Zone.

D. **Animals.** Animals shall only be allowed in the agriculture overlay zone in accordance with the standards set forth in Section 22-6-10(C). Accessory structures for the keeping of animals and fowl such as barns, pens, and corrals shall be located at least one hundred feet (100') from the nearest dwelling and from any public street. The raising and sheltering of farm animals shall be limited to the buildable area of the lot and shall be permitted only where the use thereof and the products therefrom are primarily for the use or home consumption of the landowners or occupant of the lot. Appropriate fencing shall be provided to ensure that all animals are kept within the buildable area of the lot.

Advantages

- Harmonizes the setback requirements for barns, pens and corrals in the AG zone and residential zones.

Disadvantages

- None identified

RECOMMENDATION: The Planning Commission and Staff recommend the City Council amend, by ordinance, Section 22-12-6(D) pertaining to the location of barns, pens, and corrals in the Agriculture Overlay zone.

DRAFT

ORDINANCE NO. _____

AN ORDINANCE BY THE OREM CITY COUNCIL AMENDING SECTION 22-12-6(D) OF THE OREM CITY CODE PERTAINING TO THE LOCATION OF BARN, PENS AND CORRALS IN THE AGRICULTURE OVERLAY ZONE

WHEREAS on June 16, 2014, Development Services filed an application requesting the City amend Section 22-12-6(D) of the Orem City Code as it pertains to the location of barns, pens and corrals in the Agriculture Overlay zone; and

WHEREAS a public hearing considering the subject application was held by the Planning Commission on July 16, 2014, and the Planning Commission recommended approval of the proposed amendment; and

WHEREAS a public hearing considering the subject application was held by the City Council on August 26, 2014; and

WHEREAS the City posted the City Council agenda in the City Offices at 56 North State Street, www.orem.org, and a public hearing notice at www.utah.gov/pmn/index.html; and

WHEREAS the matter having been submitted and the City Council having fully considered the request as it relates to the health, safety and general welfare of the City; the orderly development of land in the City; and the special conditions applicable to the request.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, as follows:

1. The City Council hereby finds this request is in the best interest of the City because it will make the setbacks for barns, pens and corrals the same in both the Agriculture Overlay zone and all residential zones.

2. The City Council hereby amends Section 22-12-6(D) of the Orem City Code to read as follows:

D. **Animals.** Animals shall only be allowed in the agriculture overlay zone in accordance with the standards set forth in Section 22-6-10(C). Accessory structures for the keeping of animals and fowl such as barns, pens, and corrals shall be located at least one hundred feet (100') from the nearest dwelling and from any public street. The raising and sheltering of farm animals shall be limited to the buildable area of the lot and shall be permitted only where the use thereof and the products therefrom are primarily for the use or home consumption of the landowners or occupant of the lot. Appropriate fencing shall be provided to ensure that all animals are kept within the buildable area of the lot.

DRAFT

3. This ordinance shall take effect immediately upon passage and publication in a newspaper of general circulation in the City of Orem.

4. All other ordinances and policies in conflict herewith, either in whole or in part, are hereby repealed.

PASSED and APPROVED this 26th day of August 2014.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver, City Recorder

COUNCIL MEMBERS VOTING "AYE"

COUNCIL MEMBERS VOTING "NAY"

PLANNING COMMISSION MINUTES – JULY 16, 2014

AGENDA ITEM 3.4 is a request by Development Services to amend **SECTION 22-12-6(D) PERTAINING TO THE LOCATION OF BARNs, PENS, AND CORRALS IN THE AGRICULTURE OVERLAY ZONE** of the Orem City Code.

Staff Presentation: David Stroud said that staff has noticed a discrepancy with regards to distance requirements of corrals and structures used to house animals in the AO and residential ('R') zones. The current AO standards require these structures or areas to be at least 200 feet from the nearest dwelling and 140 feet from the nearest public right-of-way. However, in the 'R' zones, the distance for corrals and barns is 100 feet from any dwelling and public street.

The purposes of the agriculture overlay zone (AG) are to 1) encourage the preservation of existing agricultural uses within the City in areas where residential and agricultural uses are compatible, and 2) to provide owners and prospective owners of property located near property in the agriculture overlay zone with notice of the potential positive and negative effects that may be associated with the agricultural use of the property.

The proposed text change is as follows:

D. **Animals.** Animals shall only be allowed in the agriculture overlay zone in accordance with the standards set forth in Section 22-6-10(C). Accessory structures for the keeping of animals and fowl such as barns, pens, and corrals shall be located at least ~~two one~~ one hundred feet (≥100') from the nearest dwelling and ~~at least one hundred forty feet (140')~~ from any public street. The raising and sheltering of farm animals shall be limited to the buildable area of the lot and shall be permitted only where the use thereof and the products therefrom are primarily for the use or home consumption of the landowners or occupant of the lot. Appropriate fencing shall be provided to ensure that all animals are kept within the buildable area of the lot.

Advantages

- Provides consistent distance requirements in both the agricultural overlay zone and residential zones pertaining to the location of barns, pens, or corrals.

Disadvantages

- None identified

Recommendation: The Project Coordinator recommends the Planning Commission forward a positive recommendation to the City Council to amend 22-12-6(D) of the Orem City Code pertaining to the location of barns, pens, or corrals in the Agriculture Overlay zone.

Chair Moulton asked if the Planning Commission had any questions for Mr. Stroud.

Ms. Larsen asked how many Agriculture Overlay's are in the City? Mr. Stroud said there are two properties, the Crandalls and Rick Lewis. Mr. Lewis is behind this application.

Chair Moulton asked if anyone was keeping big animals. Mr. Stroud said Mr. Lewis is the only one.

Ms. Jeffreys asked if he had enough room. Mr. Stroud said there is enough room, but not where he wants it. So he asked for this modification. Mr. Earl added that the number of animals is the same, whether there is an Agriculture Overlay or in the R8 zone. This change will not penalize him.

Chair Moulton opened the public hearing and invited those from the audience who had come to speak to this item to come forward to the microphone.

When no one came forward, Chair Moulton closed the public hearing and asked if the Planning Commission had any more questions for the applicant or staff. When none did, he called for a motion on this item.

Planning Commission Action: Ms. Buxton said she is satisfied that the Planning Commission has found this request complies with all applicable City codes. She then moved to recommend the City Council amend Section 22-12-6(D) pertaining to the location of barns, pens, and corrals in the Agricultural Overlay Zone of the Orem City Code. Ms. Jeffreys seconded the motion. Those voting aye: Becky Buxton, Karen Jeffreys, Lynnette Larsen, and David Moulton. The motion passed unanimously.



DRC APPLICATION

www.orem.org

Development Services Department • 56 North State Street, Orem, Utah 84057 • (801) 229-7183 • FAX (801) 229-7191

APPLICANT INFORMATION		FORM EXPIRES: 06-30-2014
Name: <u>Development Services</u>	Phone: <u>801-229-7095</u>	
Address: <u>56 North State Street</u>	FAX: _____	
City: <u>Orem</u>	State: <u>UT</u>	Zip: <u>84057</u>
		e-mail: <u>drstroud@orem.org</u>

PROJECT INFORMATION	
Project Name:	<u>Amend 22-12-6(D) Animals - Pens and corral distance to nearest dwelling</u>
Project Address:	_____

Nature of Request (Check all that apply) and Filing Fee Amount				
SUBDIVISION PLATS/LOT LINE ADJUSTMENT	ORDINANCE AMENDMENTS	OREM GENERAL PLAN AMENDMENTS	MISCELLANEOUS	APPEALS/OTHER
<input type="checkbox"/> Preliminary/PRD \$700 + \$20/lot or unit <input type="checkbox"/> Preliminary deep lot sign fee \$25 <input type="checkbox"/> Final \$400 + \$20/lot or unit + recording fees <input type="checkbox"/> Vacation/Amendment \$600 + \$25 sign fee + recording fees <input type="checkbox"/> Final PRD \$400 + \$30/lot or unit + recording fees <input type="checkbox"/> Lot Line Adjustment \$400 + \$25 sign fee, not including recording fees	<input type="checkbox"/> Sign \$600 <input type="checkbox"/> Subdivision \$600 <input checked="" type="checkbox"/> Zoning, Text \$600 <input type="checkbox"/> New PD Zone, Text \$1000 +25 sign fee for PD zone <input type="checkbox"/> Rezone \$800 + \$25 sign fee. <input type="checkbox"/> New PD Zone, Rezone \$800 +25 sign fee for PD zone	<input type="checkbox"/> Land Use Map Change \$1000 + \$25 sign fee <input type="checkbox"/> Text Change \$1000	<input type="checkbox"/> Site Plan Admin. Approval \$400 <input type="checkbox"/> Site Plan \$1,500 + \$25 sign fee for following PD Zones: 1,4,5,15,16,21 <input type="checkbox"/> Concrete/Masonry Fence \$50 <input type="checkbox"/> Daycare Fence Approval \$100 <input type="checkbox"/> Temporary Site Plan Approval \$100 <input type="checkbox"/> Conditional Use Permit \$600.00 + \$25 sign fee <input type="checkbox"/> Fence Modification/Waiver \$100 <input type="checkbox"/> Condominium Conversion \$300.00 + \$55/Unit (\$25 sign fee; + \$30 building inspection fee/Unit)	<input type="checkbox"/> To City Council \$400 <input type="checkbox"/> To Planning Commission \$400 <input type="checkbox"/> Street Vacation \$800 <input type="checkbox"/> Annexation \$1000 + \$25 sign fee <input type="checkbox"/> Driveway Entrance Modification \$175 <input type="checkbox"/> Resubmittal Fee \$100/review After three reviews <input type="checkbox"/> Other \$200

FILING FEES AND REQUIRED COPIES

FILING FEES: The filing fee for each "Nature of Request" checked above is required at the time the application is filed with the City. The fee amount is listed above. One DRC Application may be used for more than one Nature of Request.

REQUIRED COPIES: Two (2) full size copies 24" by 36", one (1) copy reduced to an 11" by 17", one (1) copy reduced to an 8½" by 11" shall be submitted with each application for Subdivision Plats, Conditional Use Permits, Site Plans, and Condominium Conversions. **Provide a complete set of PDF drawings with application – email PDF drawings to lpmeritt@orem.org.**

APPLICANT NOTES, SIGNATURE, AND CONTACT PERSON

PLANNING COMMISSION/CITY COUNCIL MEETINGS: Once the Development Review Committee determines your application is complete the Staff will forward it to the Planning Commission and City Council. **The applicant's attendance at the Planning Commission and City Council meetings is required.** The City Council is the final approving authority on the following items: Conditional Use Permits; Appeals; City Code amendments; General Plan Amendments; Fence Modifications; and site plans in the following zones: PD-1, PD-4, PD-5, PD-15, PD-16, and PD-21.

NEIGHBORHOOD MEETING: The applicant shall hold a neighborhood meeting in accordance with the City Code for the following requests: **General Plan Amendments; Zoning Ordinance Amendment, Map; Commercial developments adjacent to residential zones; all non-residential uses in a residential zone.**

DRC APPLICATION: This DRC Application must be **complete** at the time it is submitted to the City or it may not be accepted.

FILING FEE NOTICE: Applications filed after July 1 are subject to fee changes.

Applicant's Signature: _____	Contact Person Name: <u>David Stroud</u> Phone: <u>229-7095</u>
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OFFICE USE ONLY		
Date Filed: <u>6-16-14</u>	Fees Paid: <u> </u>	Received By: <u> </u>

Please Note: The deadline for filing this application to be considered at the next DRC Meeting is Monday at noon. If Monday is a Holiday the deadline is extended to the following Tuesday at noon. Once filed with the City, you may contact any of the following individuals to learn of the status of this application: Jason Bench, 229-7238; David Stroud, 229-7095; or Clinton Spencer, 229-7267.

CITY OF OREM
CITY COUNCIL MEETING
 AUGUST 26, 2014



REQUEST:	6:30 P.M. PUBLIC HEARING RESOLUTION - Declaring Unit P1 and Unit P2 of the Midtown Village First Supplemental Condominium Plat (the “City Parking Units”) surplus, approving the Conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of a development agreement, and authorizing the City Manager to execute a development agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units
APPLICANT:	City of Orem
FISCAL IMPACT:	None

NOTICES:

- Posted in 2 public places
- Posted on City webpage
- Posted on the State Noticing Website
- Faxed to newspapers
- E-mailed to newspapers
- Neighborhood Chair

SITE INFORMATION:

General Plan Designation:
Community Commercial
 Current Zone:
PD-23
 Acreage:

 Neighborhood:
Orem Park
 Neighborhood Chair:

PREPARED BY:
 Steve Earl
 Deputy City Attorney

REQUEST:

City staff request that the City Council declare Unit P1 and Unit P2 of the Midtown Village First Supplemental Condominium Plat (the “City Parking Units”) surplus, approve the conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of a development agreement and authorize the City Manager to execute a development agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units.

BACKGROUND:

The Midtown Village project was originally conceived as a mixed-use condominium project at 320 South State Street. In order to facilitate development of the project, the City created a special improvement district (SID) pursuant to which the City helped finance construction of the first level of underground parking. The first level of underground parking was divided into three separate condominium units—Unit P1 (under the south tower), Unit P2 (under the north tower) and Unit P3 (intended to go under the west tower)(hereinafter collectively referred to as the “City Parking Units”). The City was to own the City Parking Units although Unit P3 was never constructed.

The City issued bonds to finance the City’s portion of the cost of the City Parking Units. The City then levied assessments against all of the residential and commercial condominium units in the project which required the owners of the units to make annual assessment payments which are used to pay off the City-issued bonds. Annual assessment payments have been made to the City beginning in 2008 and the last annual assessment payment is due in 2028.

Coronado Village, LLC/The Ritchie Group (“Coronado Village”) has a contract to purchase the project and has proposed to modify the original concept plan to make completion of the project financially viable. The City Council approved amendments to the PD-23 zone on July 8, 2014, that would allow Coronado Village to proceed with its proposed plan.

Coronado Village has also proposed to pay off the SID assessments in their entirety at the time of closing on the purchase of the property. This would be a significant benefit to the City as it would allow the City to retire the SID bonds and would relieve the City of the burden of administering the SID, managing the collection of assessments, and dealing with issues related to the bonds.

Once the SID bonds are paid off and retired, City staff and Coronado Village believe that it would be in both parties' interest for the City to convey its interest in the City Parking Units to Coronado Village. From the City's perspective, conveyance of the City Parking Units to Coronado Village would relieve the City of the burden of operating and maintaining the City Parking Units. Although maintenance costs to date have been minimal, there is always the risk of incurring substantial structural maintenance costs as the project ages. Divesting itself of the City Parking Units would also relieve the City from future liability for injuries that might be made based on a claim of inadequate security, lighting maintenance, etc. In short, for the City, ownership of the City Parking Units could be seen as more of a liability than an asset.

For Coronado Village, receiving ownership of the City Parking Units would allow them to consolidate their ownership of the entire project and would give them greater control and flexibility in managing the project.

City staff has prepared a proposed development agreement (the "Development Agreement") that sets forth the terms under which staff proposes to convey the City Parking Units to Coronado Village. A copy of the proposed Development Agreement has been included with this agenda summary. The principal terms of the agreement are as follows:

1. Coronado Village agrees to place into escrow at the time of closing, an amount sufficient to retire the SID bonds including all interest and fees. This amount shall be immediately released to the City and used to pay off the SID bonds. The amount required to retire the SID bonds is \$2,987,135.10. Coronado Village will be given a credit toward this amount for the amount held in the reserve fund (approximately \$296,315.60) and will also receive a credit for the sum held by the City in the operations and maintenance (O&M) fund (approximately \$177,255.54).
2. After the SID bonds have been retired, the City would convey the City Parking Units to Coronado Village by quit claim deed. The deed would contain a restriction that requires the City Parking Units to be available for parking by the public free of charge between the hours of 6:00 a.m. and 8:00 p.m. This helps preserve the original intent of the SID that the City Parking Units be open to the public.
3. The agreement is made subject to the condition that Coronado Village close on the purchase of the Midtown property by October 10, 2014. If they do not close on the property by that date, the agreement becomes null and void.
4. Coronado Village agrees to assume all operation, maintenance and security for the City Parking Units and agrees to indemnify the City

from any claims that arise after the conveyance.

5. Coronado Village and the City are relieved from any obligation under the 2006 development agreement with the original developer. This development agreement dealt with issues related to construction, operation, security, and maintenance of the City Parking Units and will be unnecessary if the City Parking Units are conveyed to Coronado Village.

City staff believe the City will receive fair value for the conveyance through Coronado's agreement to (1) pay off the entire remaining balance of the SID assessments and thereby allow the City to retire the SID bonds approximately 14 years ahead of schedule, (2) accept a deed restriction requiring the City Parking Units to be open to free public parking between 6:00 a.m. and 8:00 p.m., (3) assume all obligations related to operation, maintenance and security for the City Parking Units and (4) indemnify the City against any future claims that may arise after the conveyance.

Before disposing of any significant parcel of real property, the City is required to follow the procedures outlined in Orem City Code section 2-7-10(D). This section requires the City Council to declare the parcel surplus and to consider the proposed disposition of the property at a City Council meeting at which public comment is allowed. The City may dispose of real property by sale, trade, lease or other means deemed to be in the best interest of the City.

RECOMMENDATION:

City staff recommend that the City Council, by resolution, declare the City Parking Units at Midtown Village surplus, approve the conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of the Development Agreement and authorize the City Manager to execute the Development Agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units.

DRAFT

RESOLUTION NO. _____

A RESOLUTION OF THE OREM CITY COUNCIL DECLARING SURPLUS THE CITY'S INTEREST IN UNITS P1 AND P2 OF THE MIDTOWN VILLAGE FIRST SUPPLEMENTAL CONDOMINIUM PLAT (FIRST LEVEL OF UNDERGROUND PARKING) AND AUTHORIZING THE CONVEYANCE OF SAID UNITS TO CORONADO VILLAGE, LLC PURSUANT TO THE TERMS OF A PROPOSED DEVELOPMENT AGREEMENT

WHEREAS the City helped finance construction of the first level of underground parking at the Midtown Village project at 320 South State Street, Orem, Utah, pursuant to a special improvement district (SID) that was created by the City on the property; and

WHEREAS the Midtown Village project was developed as a condominium project in accordance with the Midtown Village First Supplemental Condominium Plat which was filed and recorded in the office of the Utah County Recorder; and

WHEREAS the first level of underground parking was divided into three separate condominium units—Unit P1 (under the south tower), Unit P2 (under the north tower) and Unit P3 (intended to go under the west tower)(hereinafter collectively referred to as the “City Parking Units”); and

WHEREAS the City was to own the City Parking Units although Unit P3 was never constructed; and

WHEREAS the City issued tax-exempt bonds to finance the City's portion of the City Parking Units; and

WHEREAS the City levied assessments against all of the residential and commercial condominium units in the project which required the owners of the units to make annual assessment payments which are used to pay off the City-issued bonds; and

WHEREAS annual assessment payments have been made to the City beginning in 2008 and the last annual assessment payment is due in 2028; and

WHEREAS Coronado Village, LLC/The Ritchie Group (“Coronado Village”) has a contract to purchase the Midtown Village project and has proposed to modify the original concept plan to make completion of the project financially viable; and

WHEREAS Coronado Village has proposed to pay off the SID assessments in their entirety at the time of closing on the purchase of the property which would be a significant benefit to the City as it would allow the City to retire the SID bonds and would relieve the City of the burden of administering the SID, managing the collection of assessments, and dealing with issues related to the bonds; and

DRAFT

WHEREAS after the SID bonds are paid off and retired, it would be in the best interest of the City to convey its interest in the City Parking Units to Coronado Village because conveyance of the City Parking Units to Coronado Village would relieve the City from any further burdens of operating and maintaining the City Parking Units and would also relieve the City from future liability for injuries that might be made based on a claim of inadequate security, lighting maintenance, etc.; and

WHEREAS the City and Coronado Village have negotiated a proposed development agreement (hereinafter the “Development Agreement”) that sets forth the terms under which the City proposes to convey the City Parking Units to Coronado Village a copy of which agreement is attached hereto as Exhibit “A” and by reference is made a part hereof; and

WHEREAS in accordance with Orem City Code section 2-7-10(D), the City provided reasonable notice of the proposed disposition of the City Parking Units by publishing in a newspaper of general circulation in the City of Orem a notice containing a summary of the proposed disposition and the date, time and location of the City Council meeting at which such disposition would be considered; and

WHEREAS the City Council held a hearing at its regularly scheduled meeting on August 26, 2014, at 6:30 p.m. to consider the proposed disposition of the City Parking Units in accordance with the terms of the Development Agreement and allowed an opportunity for public comment regarding the proposed disposition at said meeting; and

WHEREAS the City Council finds that the City will receive no ongoing benefit from continued ownership of the City Parking Units and that ownership of the City Parking Units is a liability to the City because of the City’s obligation to maintain the City Parking Units; and

WHEREAS the City Council finds that continued ownership of the City Parking Units is not necessary to accomplish the goals and objectives of the City; and

WHEREAS the City Council finds that it is in the best interest of the City to declare the City Parking Units surplus and to dispose of the City Parking Units by conveying them to Coronado Village, LLC subject to and in accordance with the terms of the Development Agreement; and

WHEREAS the City Council finds that the terms of the Development Agreement are reasonable and provide the City with fair value for the conveyance of the City Parking Units through Coronado Village’s agreement to (1) pay off the remaining balance of the SID assessments at closing and thereby enabling the City to retire the SID bonds early, (2) accept a deed restriction requiring the City Parking Units to be open to free public parking between 6:00 a.m. and 8:00 p.m., (3) assume all obligations related to operation, maintenance and security for the City Parking Units and (4) indemnify the City against any future claims that may arise after the conveyance.

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NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, as follows:

1. The Orem City Council hereby declares Unit P1 and Unit P2 of the Midtown Village First Supplemental Condominium Plat ("City Parking Units") surplus.

2. The Orem City Council hereby authorizes and approves the conveyance of the City Parking Units to Coronado Village, LLC in accordance with the terms of the Development Agreement, a copy of which is attached hereto as Exhibit "A." This approval is expressly made subject to the condition that Coronado Village (or its alter ego) closes on the purchase of the entire Midtown Village property on or before October 10, 2014. If Coronado Village fails to do so, the City Council approval of the conveyance of the City Parking Units to Coronado Village shall be deemed revoked.

3. The Orem City Council hereby authorizes the City Manager to execute the Development Agreement on behalf of the City and to take all other steps necessary to complete the conveyance of the City Parking Units to Coronado Village, LLC in accordance with this Resolution.

4. All other resolutions and policies in conflict herewith, either in whole or in part, are hereby repealed.

5. This resolution will take effect immediately upon passage.

PASSED and APPROVED this **26th** day of **August**, 2014.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver, City Recorder

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COUNCIL MEMBERS VOTING "AYE"

COUNCIL MEMBERS VOTING "NAY"

When Recorded, Return to:

**AMENDED AND RESTATED MASTER DEVELOPMENT AGREEMENT
FOR
MIDTOWN VILLAGE**

This Amended and Restated Master Development Agreement (“Agreement”) is made and entered as of the ___ day of August, 2014 between OREM CITY, a Utah municipal corporation (“City”), and CORONADO VILLAGE, LLC, a Delaware limited liability company (“Developer”).

RECITALS

A. Developer is under contract to purchase several parcels of real property (and the improvements located thereon) located at approximately 320 South State Street, which parcels are more particularly described on Exhibit A attached hereto and by reference is made a part hereof (the “Property”).

B. The City and Developer’s predecessor in interest entered into a Development Agreement, dated August 15, 2002, recorded on August 22, 2002, in the official records of the Utah County Recorder as Entry No. 96858:2002 (“DA 1”), in an effort to agree upon several covenants and conditions that would help the development of the Property and promote the commercial success and viability of the State Street corridor. Subsequent to DA 1, the City enacted and applied the PD-23 zone (Midtown Village) to the Property in an effort to encourage the redevelopment and revitalization of the Property and to promote the strengthening of the City’s retail and economic base.

C. The City determined that it could further promote the economic redevelopment and revitalization of the Property by funding the construction of the first level of an underground public parking structure (or a part thereof) (the “City Parking Units”) on the Property which would be open for use by the general public and which would help attract customers for the commercial tenants in the Project.

D. On January 13, 2004, the City Council adopted a resolution creating a special improvement district (the “SID”) on the Property pursuant to Utah Code Section 17A-3-301 et seq., for the construction of the City Parking Units.

E. The obligations of the City and Developer’s predecessors pertaining to the operation and maintenance of the aforementioned City Parking Units were addressed in (i) a Development Agreement, dated July 19, 2005, recorded on July 27, 2005, in the official records of the Utah

County Recorder as Entry No. 81105:2005 (“DA 2”), and (ii) a Development Agreement, dated February 21, 2006, recorded on February 27, 2006, in the official records of the Utah County Recorder as Entry No. 22490:2006 (“DA 3”). DA 1, DA 2 and DA 3 are, collectively, the “Prior Development Agreements.”

F. The City issued interim warrants and made payments to the contractor for the Project for the purpose of paying the City’s share of the City Parking Units pursuant to the SID.

G. The City adopted an assessment ordinance on September 25, 2007 which levied SID assessments against the Property. The assessments were levied to reimburse the City for the City’s payments toward construction of the first level of underground parking for the project.

H. On or about February 10, 2009, the City issued special assessment bonds (the “Special Assessment Bonds”) in the approximate amount of \$3,943,000, the proceeds of which were used to retire the interim warrants previously issued by the City and to fund a reserve fund.

I. Annual payments have been made to the City pursuant to the assessments that were levied against the Property beginning in 2008 and continuing through 2013. The annual assessment payment for 2014 has not yet been made.

J. As of July 31, 2014 the amount required to pay off the assessments, including all interest, fees and costs is approximately \$2,997,523.61. This amount does not take into account the amount in the reserve fund or the operations and maintenance fund that can be used as an offset to the pay off amount as set forth in Section 6.1.

K. Developer desires to complete the construction of a mixed-use development on the Property commonly known as Midtown Village, consisting of commercial, office and residential uses as described and depicted in the site plan for the Property attached hereto as Exhibit B (hereinafter referred to as the “Project”). Completion of the Project is expected to provide substantial economic benefits to the City through the redevelopment of dilapidated and underutilized commercial property along one of the City’s principal commercial corridors.

L. Developer desires to pay off, upon closing, the outstanding balance of all SID assessments against the Property.

M. The City desires to use the funds from Developer’s payment of the assessments to retire the outstanding SID bonds.

N. Following the retirement of the SID bonds, the City desires to convey to Developer the City’s interest in the City Parking Units for fair market value as determined by an appraisal of the City Parking Units.

O. The City and Developer have agreed to enter into this Development Agreement to assist with Developer’s completion of the Project and to set forth the terms under which the City will convey its interest in the City Parking Units to Developer. Except as otherwise set forth herein, the parties have agreed that Developer shall not be bound by any obligations under the Prior Development Agreements, except as may be expressly provided in this Agreement.

P. The parties understand and intend that this Agreement is a “development agreement” within the meaning and entered into pursuant to the terms of Utah Code Ann. §10-9a-102 (2008).

THEREFORE, in consideration of the mutual covenants contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Developer hereby agree to the following:

TERMS

1. Incorporation of Recitals and Exhibits. The foregoing Recitals and Exhibits are hereby incorporated into this Agreement.

2. Prior Development Agreements Superseded. The parties hereby agree and acknowledge that (i) the Prior Development Agreements are hereby superseded and restated, as amended by this Agreement, and (ii) neither Developer nor the City shall have any liability, responsibility, duty, or obligations under the Prior Development Agreements.

3. Development of the Project. The City and Developer hereby agree and acknowledge that the City has previously approved one or more site plans and/or plats for the Project. The City acknowledges that the prior site plan approval(s) and plat approval(s) remain valid and the Developer has the current right to complete the Project in accordance with such site plan(s) and plat(s) or to submit and receive approval of amended site plans and plats that conform to the City’s ordinances. Developer expressly reserves the right to amend, alter, change, replace, or substitute any new plans, designs, drawings, submittals, plats, diagrams, proposals, agreements, applications and/or other documentation of any kind for all or any portion of the Project provided that the same comply with applicable City ordinances.

4. Assignment to Sub-developer. Developer shall have the right to convey or otherwise transfer to any sub-developer all or any portion of the Property, in which event such sub-developer shall be entitled to all rights, benefits, privileges, and entitlements set forth in this Agreement that relate to the portion of the Property conveyed or otherwise transferred to such sub-developer; provided, however, Developer shall have the right to specifically retain any such rights, benefits, privileges, and/or entitlements in any documentation related to the conveyance or other transfer from Developer to such sub-developer. Except as otherwise set forth herein or in any documentation related to the conveyance or other transfer from Developer to such sub-developer, with respect to such portion of the Property conveyed or otherwise transferred, all references to Developer in this Agreement as they pertain to the right to develop the portion of the Property conveyed, shall be deemed to refer to the sub-developer.

5. Development of Property in Phases. The City acknowledges that Developer, sub-developer and/or assignees of Developer may submit one or more development (or permit) applications from time-to-time to develop and/or construct portions of the Property in phases. Developer, in its discretion, shall have the right to develop the Property in as many phases, and in any order Developer deems desirable. Phasing of the development of the Property is to be determined solely by Developer. Nothing herein shall be deemed to obligate Developer to commence construction on or complete any part or all of the development of the Property pursuant to a specific schedule. If a given phase consists of an entire building, the City will issue a certificate of occupancy

upon the completion of such phase so long as the City's standard requirements are satisfied for such phase(s) so that Developer can immediately occupy and/or lease the premises within such phase(s). If a given phase consists of less than an entire building, the City will issue a temporary certificate of occupancy upon the completion of such phase so long as the City's standard requirements are satisfied for such phase(s) so that Developer can immediately occupy and/or lease the premises within such phase(s).

6. **Pay-Off of Assessment Balance.** As of the date of this Agreement, Developer and the City agree that the sum of \$2,997,523.61 is the amount required to retire the Special Assessment Bonds including all interest and fees (the "Outstanding Balance"). As part of the closing of the purchase of the Property, Developer shall deposit in escrow an amount sufficient to pay off the Outstanding Balance. The funds held in escrow shall be immediately released to the City or the City's authorized representative and shall be used to pay off the Outstanding Balance. Developer shall receive a credit against the Outstanding Balance for the amount of the reserve fund (approximately \$296,315.60) and the operations and maintenance (O&M) fund (approximately \$177,255.54) currently held by the City.

7. **Disposal of City Parking Units.** The City and Developer acknowledge and agree that it is in the best interest of both parties for the City to convey its interest in the City Parking Units to Developer upon pay off of the Outstanding Balance by Developer and upon the retirement of the Special Assessment Bonds by the City.

7.2.1. **Appraisal.** The City has received an appraisal of the City Parking Units which was performed by Phil Cook & Associates (the "Appraisal"), a copy of which is attached hereto as Exhibit "C" and by reference is made a part hereof. The Appraisal was made with the understanding that the City Parking Units would be required to remain open to parking by the public free of charge between the hours of 6:00 a.m. and 8:00 p.m. as described below. The Appraisal valued the City Parking Units at _____.

7.2.2. **City Council Approval.** The parties acknowledge that the conveyance of the City Parking Units according to the terms of this Agreement has been authorized and approved by the Orem City Council in accordance with the procedures outlined in Orem City Code Section 2-7-10(D) pertaining to the disposal of a significant parcel of real property. In accordance with that section, the City published notice of its intent to dispose of the City Parking Units to Developer and the City Council held a public hearing on August 26, 2014 at 6:30 p.m. to consider the proposed disposal. Following the public hearing and after consideration of the terms of this Agreement, the City Council, by resolution, approved the disposal of the City Parking Units in accordance with the terms of this Agreement and authorized the City Manager to execute this Agreement on behalf of the City.

7.2.3. **Conveyance of City Parking Units.** Based on the value of the City Parking Units as determined by the Appraisal the City agrees to convey the City Parking Units to Developer for the sum of _____ which amount represents the fair market value of the City Parking Units as determined by the Appraisal.

7.2.4. **Conveyance by Quit Claim Deed and "As Is."** The City shall convey its interest in the City Parking Units to Developer by quit claim deed. The Developer agrees to accept the City's conveyance of the City Parking Units in an "as is" condition. The

City makes no warranty or representation regarding the condition of the City Parking Units or that the City Parking Units are fit for any particular purpose.

7.2.5. **Deed Restriction.** The parties acknowledge that the City Parking Units were originally intended to be open to the public and the City desires that the City Parking Units continue to be open to free parking by the public even after the conveyance of the City Parking Units to Developer. Therefore, the parties agree that the conveyance of the City Parking Units shall be subject to a deed restriction that requires that the City Parking Units be open to parking by the public free of charge between the hours of 6:00 a.m. and 8:00 p.m. Developer agrees to accept the conveyance of the City Parking Units subject to this deed restriction and further agrees not to do anything that would interfere with the right of the public to park in the City Parking Units free of charge between the hours of 6:00 a.m. and 8:00 p.m.

7.2.6. **Conveyance of Related Easements.** The City shall also convey to Developer by quit claim deed any access easements the City has pertaining to the City Parking Units.

7.2.7. **Timing of Conveyance.** The City shall convey the City Parking Units to Developer within fifteen (15) days after the Special Assessment Bonds have been retired. The parties anticipate that the Special Assessment Bonds will be retired on approximately November 1, 2014.

8. **Agreement Subject to Developer Closing on Property.** This Agreement shall be subject to and conditioned upon Developer closing on the purchase of the Property on or before October 10, 2014. In the event that Developer has not completed closing on the purchase of the Property by October 10, 2014, this Agreement shall be null and void and neither party shall have any further right or obligation under this Agreement.

9. **Assumption of Responsibility.** Following conveyance of the City Parking Units by the City to Developer, Developer shall assume responsibility for all operation, maintenance and security for the City Parking Units as well as all other rights and responsibilities customarily associated with ownership of property.

10. **Indemnification.** Following the conveyance of the City Parking Units to Developer, Developer shall indemnify and hold harmless the City and the City's employees, officials, officers, representatives, volunteers, and agents from any and all damages, injuries, losses or claims which arise after the conveyance of the City Parking Units to Developer and which directly or indirectly arise from the operation, maintenance, condition or use of the City Parking Units or from any act or omission of Developer related thereto.

11. **Fees.** Developer will pay all fees associated with preparing and recording the Quit Claim Deed.

12. **Brokerage.** Developer and the City agree to indemnify and hold the other harmless from and against any and all commissions, liabilities, claims, losses, damages or expenses, including reasonable attorney's fees, arising from any claims for brokerage or any other fee or commission by any person.

13. **No Merger.** The provisions of this Agreement shall survive the delivery of the deed and shall not be deemed to become merged in or extinguished by the deed.

14. **Sidewalk on State Street.** Developer shall prepare a plan and design for a buffered sidewalk adjacent to State Street. The design for the buffered sidewalk shall create, to the greatest extent practicable considering the existing location of utilities and other potential impediments, a sidewalk that is at least eight feet (8') in width and separated from the back of curb by a landscaped strip. Developer shall complete the construction of the sidewalk and landscaped strip adjacent to State Street in accordance with the plan before completion of the buildings in the west phase (adjacent to Orem Boulevard) of the Project.

15. **No Limitation on Exercise of Police Power.** Nothing in this Development Agreement shall limit the future exercise of the police power by the City in enacting zoning, subdivision, development, transportation, environmental, open space, and related land use plans, policies, ordinances and regulations after the date of this Agreement.

16. **CC&Rs.** To the extent any CC&Rs currently encumber all or any portion of the Property, the City shall not prevent or impede Developer from removing, amending, restating, or otherwise changing the same at any time or from time to time in any manner allowed thereunder or in accordance with Utah law, provided no City ordinances are violated thereby. To the extent that City cooperation is required, the City hereby agrees to cooperate in good faith to allow any such removal, amendment, restatement, or other change.

17. **City's Right of Access.** Representatives of the City shall have reasonable access rights to the Property and any portion thereof during periods of construction to inspect or observe the work or proposed development of the Property.

18. **Default.** If either Developer or the City fails to perform its respective obligations hereunder or to comply with the terms hereof, the party believing that a default has occurred shall provide notice to the other party and provide a reasonable opportunity to cure the default before taking any further legal action to remedy the default. .

19. **Notices.** All notices required or permitted under this Agreement shall, in addition to any other means of transmission, be given by certified mail and regular mail to the following address:

To Developer: Coronado Village, LLC
Attn: Jayson Newitt
1245 Brickyard Road, Suite 70
Salt Lake City, Utah 84106

To the City: City of Orem
Attn: City Manager
56 North State Street
Orem, Utah 84057

Except as otherwise provided in this Agreement, each notice shall be effective and shall be deemed delivered on the earlier of: actual receipt, if delivered personally, by courier service, or upon confirmation of transmittal if by facsimile; confirmation of the email if delivered electronically by email; and three days after the notice is postmarked for mailing, postage prepaid, by first class or certified United States mail and actually deposited in or delivered to the United States Mail. Any party may change its address for notice under this Agreement by giving written notice to the other party in accordance with the provisions of this section.

20. **Entire Agreement.** This Agreement, and all exhibits hereto, constitute the entire agreement between Developer and the City and may not be amended or modified except either as provided herein or by a subsequent written amendment signed by both parties and recorded against the Property.

21. **Headings.** The captions used in this Agreement are for convenience only and are not intended to be substantive provisions or evidences of intent.

22. **No Third Party Rights/No Joint Venture.** This Agreement does not create a joint venture relationship, partnership or agency relationship between the City and Developer. Further, except as expressly provided herein, the parties do not intend this Agreement to create any third-party beneficiary rights and no third person shall have any rights hereunder other than as expressly provided herein, including, without limitation, any right to enforce any terms of this Agreement.

23. **Assignability.** The rights and responsibilities of Developer under this Agreement may be assigned in whole or in part by Developer without the consent of the City. However, the rights under this Agreement may not be assigned to an entity or individual unless the obligations are also assigned and assumed by the same entity or individual. Upon any assignment in whole, Developer shall be fully released from any obligations, duties and/or responsibilities under this Agreement. Any assignee shall consent in writing to be bound by the assigned terms and conditions of this Agreement as a condition precedent to the effectiveness of the assignment.

24. **Binding Effect.** The same rights, privileges, benefits and entitlements granted or vested in this Agreement with respect to the Property shall bind and run with the land and shall continue in the event that Developer sells, transfers, or otherwise conveys any interest in all or any part of the Property to any other person, party or entity.

25. **No Waiver.** Failure of any party hereto to exercise any right hereunder shall not be deemed a waiver of any such right and shall not affect the right of such party to exercise at some future date any such right or any other right it may have.

26. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid for any reason, the parties consider and intend that this Agreement shall be deemed amended to the extent necessary to make it consistent with such decision and the balance of this Agreement shall remain in full force and affect.

27. **Force Majeure.** Any prevention, delay or stoppage of the performance of any obligation under this Agreement that is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore; acts of nature, governmental restrictions, regulations or controls, judicial orders, enemy or hostile government actions, wars, civil

commotions, fires or other casualties or other causes beyond the reasonable control of the party obligated to perform hereunder shall excuse performance of the obligation by that party for a period equal to the duration of that prevention, delay or stoppage.

28. **Time is of the Essence.** Time is of the essence of this Agreement and every right or responsibility shall be performed within the times specified.

29. **Mutual Drafting.** Each party has participated in negotiating and drafting this Agreement and therefore no provision of this Agreement shall be construed for or against either party based on which party drafted any particular portion of this Agreement.

30. **Applicable Law.** This Agreement is entered into in the City in the State of Utah and shall be construed in accordance with the laws of the State of Utah irrespective of other choice of law rules.

31. **Venue.** Any action to enforce this Agreement shall be brought only in the State of Utah in Utah County.

32. **Recordation and Running with the Land.** This Agreement shall be recorded in the chain of title of the Property. This Agreement shall be deemed to run with the land.

33. **Authority.** The parties to this Agreement each warrant that they have all of the necessary authority and capacity to execute this Agreement. Specifically, on behalf of the City, the signature of the City Manager is affixed to this Agreement lawfully binding the City to the terms and provisions hereof. This Agreement is approved as to form and is further certified as having been lawfully adopted by the City by the signature of the City Attorney.

34. **Lender Protections.** Developer shall have the right to collaterally assign this Agreement and all rights, privileges and benefits related thereto to any lender or mortgagee of Developer. In the event of any such assignment, the City hereby agrees that upon any such lender or mortgagee (i) taking control of and/or assuming the Project, or (ii) otherwise foreclosing on the Property (including the receipt of a deed in lieu of foreclosure) and becoming the owner thereof, such lender or mortgagee shall receive all rights and benefits of Developer under this Agreement. In the event of any default by Developer of the terms of this Agreement, any notice that is sent to Developer pursuant to the terms hereof shall be sent simultaneously to any lender or mortgagee that provides notice to the City of its collateral rights under this Agreement. above.

[SIGNATURES TO FOLLOW]

SIGNATURE PAGE FOR MASTER DEVELOPMENT AGREEMENT

DEVELOPER:

CORONADO VILLAGE, LLC,
a Utah limited liability company

By: _____

Name: _____

Its: _____

CITY:

CITY OF OREM,
a Utah municipal corporation

By: _____

Name: _____

Its: City Manager

APPROVED AS TO FORM
AND LEGALITY:

City Attorney

ATTEST:

City Recorder

ACKNOWLEDGMENTS

STATE OF UTAH)
 :ss
COUNTY OF UTAH)

On this ____ day of _____, 2014, personally appeared before me _____, known or satisfactorily proved to me to be the _____ of Coronado Village, LLC, a Utah limited liability company, who acknowledged to me that he/she signed the foregoing instrument for an in behalf of said limited liability company.

Notary Public

STATE OF UTAH)
 :ss
COUNTY OF UTAH)

On this ____ day of _____, 2014, personally appeared before me _____, known or satisfactorily proved to me to be the _____ of _____ who acknowledged to me that he/she signed the foregoing instrument for an in behalf of said _____.

Notary Public for _____

Exhibit A

[Legal Description of the Property]

Exhibit B

[Site Plan of the Project]

Exhibit C

[PD-23 Zone]

4810-3713-7435, v. 1

CITY OF OREM
CITY COUNCIL MEETING
 AUGUST 26, 2014



REQUEST:	ORDINANCE – Amending Article 2-7 of the Orem City Code – Audit & Procurement
APPLICANT:	Administrative Services Director - City of Orem
FISCAL IMPACT:	None

NOTICES:

- Posted in 2 public places
- Posted on City webpage
- Posted on City hotline
- Posted on the State website
- Faxed to newspapers
- E-mailed to newspapers
- Neighborhood Chair

SITE INFORMATION:

- General Plan Designation:
N/A
- Current Zone:
N/A
- Acreage:
N/A
- Neighborhood:
N/A
- Neighborhood Chair:
N/A

PREPARED BY:
 Heather Schriever
 Assistant City Attorney

RECOMMENDATION: The Administrative Services Director recommends that the City Council, by ordinance, amend Article 2-7 the Orem City Code.

BACKGROUND: Article 2-7 of the Orem City Code outlines the process for procuring property and services for the benefit of the City of Orem. It is usually in the public’s best interest to have a wide range of competitive bidders participate in the procurement process. In an attempt to facilitate a competitive bid process and in order to comply with state law, the following amendments are proposed:

1. Currently, the City publishes notices inviting competitive sealed bids: (1) in a newspaper of general circulation; (2) on the City’s bulletin board; and (3) to all suppliers on the bidders’ list. *See* Orem City Code Section 2-7-4(A)(3)(1-3). Newspaper circulation is down nationwide so to ensure that an adequate number of potential bidders receive notice of City projects, the Administrative Services Director proposes that competitive sealed bid notices be given either in a newspaper of general circulation or published with an outside sources entity whose purpose is to facilitate the advertisement and recruitment of competitive bidders. These outside sources entities collect relevant data from municipalities as well as potential bidders and attempt to match bidders with municipalities and projects. It is anticipated that using these outside source entities to help provide notice will result in more potential bidders receiving notice of City projects. In addition, Orem City Code Section 2-7-4(A)(3)(b)(iii) will be amended to require the notice to be posted on the City’s website. Finally, subsection J will be added to Orem City Code Section 2-7-3 and grants the City Manager the authority to establish relationships with and select appropriate outside source entities to assist in advertising competitive sealed bids. Final

2. In addition to providing more prolific notice to potential competitive sealed bidders, Article 2-7 will be amended to provide additional structure to bidders responding to requests for proposals. Orem City Code Section 2-7-4(B)(3) will be amended to require the City to post requests for proposals for no less than 10 days.

3. State law requires that the City have a certified public accountant (CPA) perform an annual fiscal year financial audit. Historically, the

City has entered into contracts with a CPA or accounting firm to provide this service to the City for a 3-5 year period. The Administrative Services Director would like to enlarge the potential service contract length to 5-7 years and give contract renewal authority to the City's Audit Committee instead of the City Council. As provided for in the City of Orem Audit Policy, the City's Audit Committee will include the following three individuals: (1) the City Manager or Assistant City Manager; (2) the Mayor; and (3) a member of the City Council.

4. Under state law, the City is required to follow certain bid procedures when seeking bids for building improvements and public works projects that exceed a certain bid limit. State law now requires that the bid notice for building improvement and public works projects be published on the public notice website at least 5 days before opening bids pursuant to Utah Code Section 45-1-101. The Administrative Services Director proposes that Orem City Code Section 2-7-9(A)(4) be amended to reflect this noticing requirement.

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ORDINANCE NO. _____

AN ORDINANCE OF THE OREM CITY COUNCIL AMENDING
ARTICLE 2-7 OF THE OREM CITY CODE

WHEREAS the City of Orem has established, through ordinance, purchasing procedures and disposal of property procedures to protect the public's property and to ensure a fair and appropriate procurement process; and

WHEREAS new outside sourcing entities have been established to assist municipalities and other governmental entities in soliciting competitive bids and responses to requests for proposals; and

WHEREAS there is a need to clarify in ordinance the type of notice and length of time that will be given to entities desiring to do business with the City of Orem that will provide the City of Orem with a sufficient number of competitive bids and responses to requests for proposals; and

WHEREAS Utah law requires the City of Orem to present to the City Council an annual financial report prepared in conformity with generally accepted accounting principles; and

WHEREAS it has been the policy of the City of Orem to contract with an independent auditor to draft the annual financial audit; and

WHEREAS the City Council finds it necessary to amend Article 2-7 of the Orem City Code to further clarify the City of Orem's procurement procedures and to further establish the process for hiring an independent auditor that will draft the annual fiscal year financial audit; and

WHEREAS the City Council finds the proposed amendments to be in the best interest of the City and necessary to protect and preserve the welfare and safety of citizens in general; and

WHEREAS the matter having been submitted and the City Council having fully considered the request as it relates to the health, safety, and general welfare of the City,

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, AS FOLLOWS:

1. The City Council hereby amends Article 2-7 of the Orem City Code as follows (the portions of the Article that are not specifically amended by this ordinance shall remain in full force and effect as currently written):

2-7-3. Administration.

The City Manager shall administer the purchasing procedures outlined in this Article. The City Manager shall perform the following duties and have the following powers concerning purchasing matters:

- A. Administer and maintain the purchasing procedures and other rules and regulations established by this Article and its authority.

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B. Recommend new or revised purchasing rules and regulations as are deemed desirable and in conformance with other statutory requirements, and to interpret the provisions of this Article and applicable statutes.

C. Negotiate and execute contracts for the purchase of supplies and the provision of services.

D. To the extent possible, obtain full and open competition on all purchases in accordance with this ordinance.

E. Keep informed of current developments in the field of purchasing, i.e., prices, market conditions, new products, etc.

F. Prescribe and maintain such forms as are reasonably necessary to the operation of this Article and other rules and regulations.

G. Supervise the inspection of all supplies to assure conformance with specifications.

H. Transfer surplus or unused supplies between departments as needed.

I. Maintain a bidders' list, vendors' catalog file, and other records needed for the efficient operation of the purchasing procedures.

J. Establish relationships with and select appropriate outside sources to assist in advertising and recruitment for bids and requests for proposals.

2-7-4. Bid Processes.

Except as provided in Section 2-7-9, bids shall be accepted and awarded by the City Manager pursuant to one of the bid processes outlined in this Section. Section 2-7-5 establishes when each of the bid processes described in this Section may be used. The City shall substantially comply with the following guidelines for the specific bid process used:

A. Competitive Sealed Bidding.

1. Description. Competitive sealed bidding is a procedure in which vendors or contractors are invited to submit formal bids to provide a designated product or to complete a designated project in accordance with specifications provided by the City.

2. Appropriateness. Competitive sealed bidding is generally appropriate for all types of procurements. When contractor quality is a prime concern in awarding a project bid, the City may pre-qualify bidders according to a policy established by the City Manager.

3. Notice inviting bids issued. The City shall provide notice of its invitation for bids.

a. Notice includes a general description of the articles to be purchased or the work to be performed, the location where bid blanks and specifications may be secured, and the time and place for opening bids.

b. The notice inviting bids shall be:

(i) Published in a newspaper of general circulation in the City at least ten (10) days before the date of the opening of the bids or published with an outside sources entity whose purpose it is to facilitate the advertisement and recruitment of competitive bidders at least ten (10) days before the date of the opening of the bids.

(ii) Delivered to all known responsible prospective suppliers, including those whose names are on a bidders' list or who have made a written request that their names be added to the bidders' list.

(iii) Posted on a public bulletin board in the City Center Building and the City's website at least ten (10) days before the opening of the bids.

4. Bid procedure.

a. Sealed bids (or electronically submitted bids) shall be submitted as designated in the notice with the statement "Bid for (item or project)" on the envelope (or in the electronic transmission).

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b. Bids shall be opened (or read, in the case of electronically submitted bids) in public at the time and place stated in the public notice.

c. Bids submitted to the City shall be evaluated on the basis of compliance with specifications and other relevant criteria.

5. Bid Award. If the City elects to proceed with the purchase or project, bids shall be awarded to the lowest responsive responsible bidder.

B. Requests for Proposals.

1. Description. Requests for proposals (RFPs) are invitations for suppliers or contractors to submit a proposal on a specific product or service. The City awards the contract for the product or service based on criteria set forth in the request for proposals.

2. Appropriateness. RFPs may be used when required by law, or when the City Manager determines that the use of formal competitive bidding is either impractical or not advantageous to the City. In making this determination, the City Manager shall consider factors such as:

- a. whether there may be a need for price and service negotiation;
- b. whether there may be a need for negotiation during performance of the contract;
- c. whether the relative skills or expertise of the offerors will have to be evaluated;
- d. whether cost is secondary to the characteristics of the product or service sought, as in a work of art;
- e. whether the conditions of the service, product or delivery are unable to be sufficiently described in the invitation for bids;
- f. whether the City is requesting the offeror to propose a method or strategy for completing the project; and
- g. whether there may be a need to negotiate completion times related to the project.

If the City is requesting a price to complete an already designed project or to purchase a specific product(s), it will generally be more appropriate to use the competitive sealed bids procedure rather than the request for proposals procedure. Professional services will generally be procured through the request for proposals procedure or as set forth in Section 2-7-6(A).

3. Notice.

- a. Proposals shall be solicited through a request for proposals.
- b. Public notice of the request for proposals shall be given. The time period to submit a response to a request for proposal shall be no less than ten (10) days. . .

2-7-6. Exceptions to Bidding Requirements set forth in Section 2-7-5.

The bid process requirements set forth in section 2-7-5 do not apply in the following situations:

A. Professional service contracts. Contracts for professional services may be awarded at the discretion of the City Manager without using the competitive sealed bids process.

1. Professional Services. Professional services include the following: accounting, auditing, architecture, banking, insurance, engineering, appraisal, legal, court reporter, medical, education, research, consulting, and other services where the professional qualifications of the contractor are of prime importance. Professional service contracts shall be awarded based on professional qualifications, experience, willingness and ability to meet the City's specific service requirements, cost of service, and other criteria deemed important by the City Manager.

2. Annual Audit. A professional service contract for the annual fiscal year financial audit shall be awarded by the City's Audit Committee. This contract may be awarded for consecutive years; however, the performance of the auditing firm shall be reviewed by the Audit Committee at the end of five (5) years, and the Audit Committee shall at that time determine whether to continue the contract for an additional two (2) years maximum or put it back out to bid. The contract must be awarded to a different firm after it has been with the same firm for seven (7) years. . .

2-7-9. Special Rules and Procedures Required by State Law.

State law requires the City to follow specific bid procedures for specified types of supplies and services. This Section sets forth the requirements and cites the applicable State law. The City shall comply with the applicable State law, as amended, regardless of whether or not this ordinance reflects the most recent version of State law.

A. Building Improvements and Public Works Projects. Building improvements and public works projects with a cost estimate that exceeds the bid limit shall be bid in accordance with applicable State law (U.C.A. '11-39-101, et seq., as amended). Applicable requirements of State law include the following:

1. Definitions. For purposes of this subsection A, the designated words shall be defined as follows:

a. Bid limit: "Bid limit" means:

(i) For a building improvement:

a. for the year 2003, \$40,000; and

b. for each year after 2003, the amount of the bid limit for the previous year, plus an amount calculated by multiplying the amount of the bid limit for the previous year by the lesser of 3% or the actual percent change in the Consumer Price Index during the previous calendar year; and

(ii) For a public works project:

a. for the year 2003, \$125,000; and

b. for each year after 2003, the amount of the bid limit for the previous year, plus an amount calculated by multiplying the amount of the bid limit for the previous year by the lesser of 3% or the actual percent change in the Consumer Price Index during the previous calendar year.

b. Building Improvement: The construction or repair of a public building or structure.

c. Consumer Price Index: The Consumer Price Index for All Urban Consumers as published by the Bureau of Labor Statistics of the United States Department of Labor.

d. Public Works Project: The construction of (i) a park or recreational facility; or (ii) a pipeline, culvert, dam, canal, or other system for water, sewage, storm water, or flood control. The definition of "public works project" does not include the replacement or repair of existing infrastructure on private property.

2. Plans and Specifications. The City shall cause plans and specifications to be made for the building improvement or public works project.

3. Cost Estimate. The City shall estimate the cost of the building improvement or public works project.

4. Bid Notice. If the estimated cost of the building improvement or public works project exceeds the bid limit, and if the City decides to proceed with the project, the City shall request bids by publishing notice at least twice in a newspaper published or of general circulation in Orem at least five (5) days before opening the bids, and publishing notice in

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accordance with Utah Code §45-1-101 on the public notice website, at least five days before opening the bids. . .

2. If any part of this ordinance shall be declared invalid, such decision shall not affect the validity of the remainder of this ordinance.

3. All other ordinances, policies, and resolutions in conflict herewith are hereby repealed.

4. This ordinance shall take effect immediately upon passage and publication in a newspaper of general circulation in the City of Orem.

PASSED, APPROVED, AND ORDERED PUBLISHED this 26th day of August 2014.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver, City Recorder

COUNCIL MEMBERS VOTING "AYE"

COUNCIL MEMBERS VOTING "NAY"

Redline/Strikeout

Article 2-7. Purchasing Procedures and Disposal of City Property

- 2-7-1. Policies and Procedures.
- 2-7-2. Definitions.
- 2-7-3. Administration.
- 2-7-4. Bid Processes.
- 2-7-5. Choice of Bid Process.
- 2-7-6. Exceptions to Bidding Requirements set forth in Section 2-7-5.
- 2-7-7. Bid Awards.
- 2-7-8. Agreements with other agencies.
- 2-7-9. Disposal or Lease of Public Property.
- 2-7-10. Sanctions.
- 2-7-11. Attachment "O" to the Office of Management and Budget Circular A-110 to be followed.

2-7-1. Policies and Procedures.

The provisions of this Article govern the purchase of goods and services and the disposal of property by the City. The City Manager may adopt policies and procedures as needed to supplement and carry out the intent of this Article. The City Manager's policies and procedures may augment, but not alter, the standards set forth in this Article.
(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

2-7-2. Definitions.

Unless the context requires otherwise, the terms used in this Article shall have the following meanings:

A. **Bidding:** Procedure used to solicit quotations on price and delivery from various prospective suppliers of specified supplies, equipment, and contractual services.
(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

B. **Bid process:** The type of process used by the City to solicit and award bids or contracts. Examples of bid processes used in this Article include formal competitive bidding, requests for proposals (RFPs), and open market procedure.
(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

C. **City Manager:** The City Manager of the City of Orem, Utah, or his or her designee.
(Ord. No. O-07-0047, Enacted 10/23/2007)

D. **Lowest responsible bidder** A bidder who:

1. has submitted a bid in compliance with the invitation to bid and within the requirements of the City's plans and specifications;

2. is the lowest bidder that satisfies, if applicable, the City's criteria relating to financial strength, past performance, integrity, reliability, quality of equipment, delivery times, and other factors that the City uses to assess the ability of a bidder to fully and in good faith perform the contract requirements;

3. has furnished a bid bond or equivalent in money as a condition to the award of a contract; and

4. furnishes a payment and performance bond as required by law.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

E. **Public property:** Any item of real or personal property owned by the City.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

F. **Supplies, materials and equipment:** Any tangible article or thing furnished to or used by any City department or by any City employee in the performance of his or her duties. For purposes of brevity, supplies, materials, and equipment shall hereafter be collectively referred to as "supplies".

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

2-7-3. Administration.

The City Manager shall administer the purchasing procedures outlined in this Article. The City Manager shall perform the following duties and have the following powers concerning purchasing matters:

A. Administer and maintain the purchasing procedures and other rules and regulations established by this Article and its authority.
(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

B. Recommend new or revised purchasing rules and regulations as are deemed desirable and in conformance with other statutory requirements, and to interpret the provisions of this Article and applicable statutes.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

C. Negotiate and execute contracts for the purchase of supplies and the provision of services.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

D. To the extent possible, obtain full and open competition on all purchases in accordance with this ordinance.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

E. Keep informed of current developments in the field of purchasing, i.e., prices, market conditions, new products, etc.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

F. Prescribe and maintain such forms as are reasonably necessary to the operation of this Article and other rules and regulations.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

G. Supervise the inspection of all supplies to assure conformance with specifications.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

H. Transfer surplus or unused supplies between departments as needed.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

I. Maintain a bidders' list, vendors' catalog file, and other records needed for the efficient operation of the purchasing procedures.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

J. Establish relationships with and select appropriate outside sources to assist in advertising and recruitment for bids and requests for proposals.

2-7-4. Bid Processes.

Except as provided in Section 2-7-9, bids shall be accepted and awarded by the City Manager pursuant to one of the bid processes outlined in this Section. Section 2-7-5 establishes when each of the bid processes described in this Section may be used. The City shall substantially comply with the following guidelines for the specific bid process used:

A. Competitive Sealed Bidding.

1. **Description.** Competitive sealed bidding is a procedure in which vendors or contractors are invited to submit formal bids to provide a designated product or to complete a designated project in accordance with specifications provided by the City.

2. **Appropriateness.** Competitive sealed bidding is generally appropriate for all types of procurements. When contractor quality is a prime concern in awarding a project bid, the City may pre-qualify bidders according to a policy established by the City Manager.

3. **Notice inviting bids issued.** The City shall provide notice of its invitation for bids.

a. Notice includes a general description of the articles to be purchased or the work to be performed, the location where bid blanks

and specifications may be secured, and the time and place for opening bids.

b. The notice inviting bids shall be:

~~(i) Published in a newspaper of general circulation in the City at least ten (10) days before the date of the opening of the bids or published with an outside sources entity whose purpose it is to facilitate the advertisement and recruitment of competitive bidders at least ten (10) days.~~

~~2(ii) Delivered to all known responsible prospective suppliers, including those whose names are on a bidders' list or who have made a written request that their names be added to the bidders' list.~~

~~3. (iii) Posted on a public bulletin board in the City Center Building and the City's website at least ten (10) days before the opening of the bids.~~

4. Bid procedure.

a. Sealed bids (or electronically submitted bids) shall be submitted as designated in the notice with the statement "Bid for (item or project)" on the envelope (or in the electronic transmission).

b. Bids shall be opened (or read, in the case of electronically submitted bids) in public at the time and place stated in the public notice.

c. Bids submitted to the City shall be evaluated on the basis of compliance with specifications and other relevant criteria.

5. **Bid Award.** If the City elects to proceed with the purchase or project, bids shall be awarded to the lowest responsive responsible bidder.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

B. Requests for Proposals.

1. **Description.** Requests for proposals (RFPs) are invitations for suppliers or contractors to submit a proposal on a specific product or service. The City awards the contract for the product or service based on criteria set forth in the request for proposals.

2. **Appropriateness.** RFPs may be used when required by law, or when the City Manager determines that the use of formal competitive bidding is either impractical or not advantageous to the City. In making this determination, the City Manager shall consider factors such as:

a. whether there may be a need for price and service negotiation;

b. whether there may be a need for negotiation during performance of the contract;

Comment [HJS1]: Will the City be entering into a contract with these outside sources? Is the City sure that it wants to limit the notice requirement in this manner?

Comment [HJS2]: What about adding the notice on the City's website? State agencies provide notice as follows: 7 days before deadline for submission of a bid, notice is published in the newspaper, on the procurement unit's website, and on a state website to contracts with the unit to provide procurement noticing.

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- c. whether the relative skills or expertise of the offerors will have to be evaluated;
- d. whether cost is secondary to the characteristics of the product or service sought, as in a work of art;
- e. whether the conditions of the service, product or delivery are unable to be sufficiently described in the invitation for bids;
- f. whether the City is requesting the offeror to propose a method or strategy for completing the project; and
- g. whether there may be a need to negotiate completion times related to the project.

If the City is requesting a price to complete an already designed project or to purchase a specific product(s), it will generally be more appropriate to use the competitive sealed bids procedure rather than the request for proposals procedure. Professional services will generally be procured through the request for proposals procedure or as set forth in Section 2-7-6(A).

3. **Notice.**

a. Proposals shall be solicited through a request for proposals.

b. Public notice of the request for proposals shall be given. The time period to submit a response to a request for proposal shall be no less than ten (10) days.

4. **Request for proposals.** The request for proposals shall state the relative importance of price and other evaluating factors.

5. **Opening of proposals.** Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the process of negotiation. Nothing herein shall be interpreted to prohibit the City from allowing or accepting electronically submitted proposals.

6. **Revision of proposals.**

a. As provided in the request for proposals, discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of assuring full understanding of, and responsiveness to, solicitation requirements.

b. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revision may be permitted after submissions and prior to award for the purpose of obtaining best and final offers.

c. In conducting discussions, there shall be no disclosure of any information derived

from proposals submitted by competing offerors.

7. **Award.** Award shall be made to the responsible offeror whose proposal is determined to be the most advantageous to the City, taking into consideration price, the evaluation factors set forth in the request for proposals, and other criteria set forth herein.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

C. **Open market procedure.**

1. **Price Quotations.** Purchases shall, whenever possible, be based on at least three (3) bids (price quotations) and shall be awarded to the lowest responsible bidder.

2. **Request for Quotations.** Bids (price quotations) shall be solicited from prospective vendors by written or oral request.

3. **Records.** The person soliciting the price quotations shall keep a record of quotations solicited, including vendor names, date of solicitation and price quoted, and shall include this information with the purchase order.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

D. **Errors and Mistakes in Bid Process.** The City Manager may waive minor irregularities in bid procedures if he determines, in his sole discretion, that the minor irregularities do not have a material effect on the outcome of the bid process and that the process remains fundamentally fair to the City and all participants. In cases where the error has a material effect on the outcome of the bid process, the City Manager may (1) reject all bids, (2) award the bid to the lowest responsive responsible bidder (if the City elects to disqualify bidders who do not strictly comply with the bid specifications), or (3) correct mistakes in accordance with policies adopted by the City Manager or in accordance with procurement rules in the State Administrative Code.

(Ord. No. O-07-0047, Enacted 10/23/2007)

2-7-5. **Choice of Bid Process.**

Except as otherwise provided in this Article or by provisions of State or Federal law, purchases of supplies or services shall follow one of the bid processes outlined below for the appropriate dollar amount. The cost of the supply or service shall not be divided to avoid bid requirements. In cases where more than one alternative is listed as acceptable for a given dollar amount, any of the listed alternatives shall be acceptable, and the City shall not incur any liability for choosing one alternative over another.

A. Supplies and contractual services having an estimated value in excess of \$10,000.00.

Purchases of supplies or contractual services having an estimated value in excess of ten thousand dollars (\$10,000.00) shall be pursuant to one of the following procedures:

1. Formal competitive bidding.
2. Request for proposals. (If approved by the City Manager pursuant to '2-7-4(B).)

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

B. Supplies and contractual services having an estimated value between \$2,500.00 and \$10,000.00.

Purchases of supplies or contractual services having an estimated value of greater than Two Thousand Five Hundred Dollars (\$2,500.00) but less than or equal to ten thousand dollars (\$10,000.00) shall be pursuant to one of the following procedures:

1. Formal competitive bidding.
2. Request for proposals.
3. Open market procedure.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

C. Supplies and contractual services having an estimated value of \$2,500.00 or less. Whenever the supplies or contractual services have an estimated value of \$2,500.00 or less, the City need not follow any formal bid procedure, but shall seek to obtain the best price possible.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

2-7-6. Exceptions to Bidding Requirements set forth in Section 2-7-5.

The bid process requirements set forth in section 2-7-5 do not apply in the following situations:

A. Professional service contracts. Contracts for professional services may be awarded at the discretion of the City Manager without using the competitive sealed bids process.

1. **Professional Services.** Professional services include the following: accounting, auditing, architecture, banking, insurance, engineering, appraisal, legal, court reporter, medical, education, research, consulting, and other services where the professional qualifications of the contractor are of prime importance. Professional service contracts shall be awarded based on professional qualifications, experience, willingness and ability to meet the City's specific service requirements, cost of service, and other criteria deemed important by the City Manager.

2. **Annual Audit.** A professional service contract for the annual fiscal year financial audit shall be awarded by the City's Audit Committee. This contract may be awarded for consecutive years; however, the performance of the auditing firm shall be reviewed by the Audit Committee at the end of ~~five~~^{three} (3) years, and the Audit Committee ~~Council~~ shall at that time determine whether to continue the contract for an additional two (2) years maximum or put it back out to bid. The contract must be awarded to a different firm after it has been with the same firm for ~~seven~~^{five} (5) years.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

B. Sole Source Procurements. Sole source procurement may be used only if the City Manager determines that a service, product, or requirement is reasonably available only from a single supplier or contractor. Examples of circumstances which may necessitate sole source procurement are:

1. If there is only one vendor or supplier who can provide the needed product or service;
2. If the compatibility of supplies, accessories, replacement parts, or service is the paramount consideration;
3. If a sole supplier's product is needed for trial use or testing;
4. If the City is procuring utility services;
5. If the City seeks to add to, repair or maintain supplies owned by the City which may be more efficiently added to, repaired or maintained by a particular person or firm; and
6. If the City seeks supplies which, by reason of the training of City personnel or the inventory of replacement parts maintained by the City, is more compatible with the existing supplies owned by the City and if the supplies can only be acquired from a sole source.

The justification for sole source procurement shall be included in the procurement documentation. The City Manager may establish policies governing the negotiation of sole source procurements.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

C. Library purchases. The purchase of library books, records, tapes, films, publications, periodicals, and subscriptions are specifically exempted from competitive bidding requirements, but the City shall make a good faith effort to obtain the best price possible for these purchases.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

D. Auction, closeout, bankruptcy sales. If the City Manager determines that supplies can be purchased at any public auction, closeout sale, bankruptcy sale or other similar sale, and if the City Manager finds that a purchase at any such auction or sale will be made at a cost below the market cost in the community, a contract or contracts may be let, or the purchase made, without complying with the competitive bidding requirements of this article.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

E. Exchanges. Exchanges of supplies between the City and any other public agency which are not by sale or auction shall be by mutual agreement of the respective public agencies.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

F. Projects performed by City employees. City employees may be used to complete City projects, provided that the City complies with State statutory requirements governing contracts for municipal public improvements.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

G. State bid list. The City may purchase supplies from the vendor who has submitted the lowest bid price for such items to the State of Utah Purchasing Office (or any agency of the Federal government) at the quoted price, without any solicitation or price quotation or invitation to bid. For such purposes, the quoted price shall be deemed to be the lowest price available for such items and the City need not follow any other bidding requirements.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

H. Utah Correctional Industries Division. Goods and services produced by the Utah Correctional Industries Division may be purchased from the Utah Correctional Industries Division without following any of the bidding requirements set forth herein.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

I. Emergency Procurements. In times of emergency, the City Manager may choose the most practical means available to procure needed goods and services. If the situation allows, the City Manager shall attempt to achieve as much competition in the emergency procurement process as possible. Emergency procurement shall be limited to the services, supplies, and construction necessary to meet the emergency. For purposes of this paragraph, an

emergency is a condition or situation which creates an immediate threat to the public health, safety, or welfare. Examples of conditions or situations which may constitute emergencies include earthquakes, floods, terrorist attacks, wars, epidemics, riots, road failures, utility failures, structure failures, and equipment failures.

(Ord. No. O-07-0047, Enacted 10/23/2007)

J. Unsuccessful Competitive Sealed Bidding. If the bids received in response to a competitive sealed bid process are unreasonable, noncompetitive, or in excess of available funds, and if the City Manager determines that time or other circumstances will not permit the delay required to resolicit competitive sealed bids, the City may procure the needed goods or services using the emergency procurement procedure.

(Ord. No. O-07-0047, Enacted 10/23/2007)

K. Internet Auction Sites. The City may acquire supplies from internet auction sites without following formal purchasing procedures if the City Manager determines that there is an established market price for the supplies and that the supplies can be acquired less expensively from an internet auction site.

(Ord. No. O-07-0047, Enacted 10/23/2007)

L. Used Supplies. The City may acquire used supplies without following formal purchasing procedures if the City Manager determines that there is an established market price for the used supplies and that it is beneficial for the City to acquire the used supplies.

(Ord. No. O-07-0047, Enacted 10/23/2007)

M. Purchases from City Warehouse. The City may purchase items from the City warehouse without following purchasing procedures.

(Ord. No. O-07-0047, Enacted 10/23/2007)

N. Ongoing Construction Work. If a contractor has been hired to work in a given area by a person or entity other than the City, and if the City has work that needs to be completed in the area, and if the City Manager determines that there is an established price for the type of work that the City needs completed and that the City can save on mobilization costs by hiring the contractor that is already in the area, then the City may negotiate with and contract directly with the contractor without following formal purchasing processes.

(Ord. No. O-07-0047, Enacted 10/23/2007)

O. Purchases by Other Governmental Entities. If another governmental entity has, after a competitive process, awarded a bid to purchase supplies from a

particular vendor within the preceding 180 days, the quoted price may be deemed to be the lowest price available for such items and the City need not follow formal purchasing procedures. Any such purchase must be approved by the City Manager on a case by case basis.

(Ord. No. O-07-0047, Enacted 10/23/2007)

P. CARE Tax Grants. CARE Tax grants, which are awarded by the City Council after a public process, are not subject to the bidding requirements of this Article. Expenditures of CARE Tax grants for cultural or recreational facilities are subject to the bidding requirements of this Article.

(Ord. No. O-07-0047, Enacted 10/23/2007)

Q. Federal or State Money. In cases where federal or state money is being used, or in cases where federal or state procurement laws or procedures govern the types of goods or services being procured, the City shall follow the applicable federal or state procurement laws or procedures in lieu of the procedures set forth in this ordinance.

(Ord. No. O-07-0047, Enacted 10/23/2007)

R. Donated Funds. In cases where a donor or grantor has contributed funds to the City, the City may expend the funds in the manner designated by the donor or grantor in lieu of the procedures set forth in this ordinance.

(Ord. No. O-07-0047, Enacted 10/23/2007)

2-7-7. Bid Awards.

A. Rejection of Bids. The City Manager may, in his or her own discretion, reject any and all bids presented, and may re-advertise for bids as set forth in this Article.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

B. Lowest Responsive Responsible Bidder. Except as otherwise allowed or required, the City Manager shall award the contract or bid to the lowest responsive responsible bidder.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

C. Tie Bids. If two (2) or more of the bids received are for the same total amount (quality and service being equal), the City Manager may negotiate with the bidders and obtain the best bid possible and/or give a preference to a bidder based in the City of Orem.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

D. Single Bids. The City Manager may require a price or cost analysis if only one bid is received. The bidder may be required to furnish a detailed cost

proposal, and the bid award shall be subject to subsequent negotiation.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

E. Bonds. Before entering a contract, the City Manager shall have authority to require performance, payment and other bonds deemed necessary in such amounts as deemed necessary to protect the interests of the City. The types and amounts of the bonds to be required shall be described in the notice inviting bids.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

F. Contracts. Contracts for services or supplies shall be signed by the City Manager. Contracts shall be for a term of three years or less, unless the City Manager determines on a case by case basis (before the service or supply is put out to bid or RFP) that a longer contract term is in the best interests of the City and that it would be impractical to enter into a shorter term contract for the type of service or supply contracted.

(Ord. No. O-07-0047, Enacted 10/23/2007)

G. Appeals. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may appeal to the City Manager. An appeal with respect to an invitation for bids or an RFP shall be submitted in writing prior to the opening of bids or the closing date for proposals, unless the aggrieved person did not know and should not have known of the facts giving rise to the protest prior to the bid opening or the closing date for proposals. The appeal shall be submitted in writing within five working days after the aggrieved person knows or should have known of the facts giving rise thereto. The appeal shall be handled pursuant to policies established by the City Manager. The City Manager shall promptly issue a written decision regarding the appeal. The written decision shall state the reasons for the action taken. The City Manager's decision shall be deemed final unless overturned by a Court of competent jurisdiction. The statute of limitations set forth in Section 63-56-817 of the Utah Procurement Code shall apply to any suits filed related to the application of this Article, with the date of the City Manager's decision substituted for the date of the final administrative decision.

(Ord. No. O-07-0047, Enacted 10/23/2007)

2-7-8. Agreements with other agencies.

The City shall have the power to enter into joint purchase agreements with any or all other public agencies within the State for the purchase of any commodity, if the City Manager finds the joint

purchase agreement to be in the best interests of the City.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-07-0047, Amended 10/23/2007)

2-7-9. Special Rules and Procedures Required by State Law.

State law requires the City to follow specific bid procedures for specified types of supplies and services. This Section sets forth the requirements and cites the applicable State law. The City shall comply with the applicable State law, as amended, regardless of whether or not this ordinance reflects the most recent version of State law.

A. **Building Improvements and Public Works Projects.** Building improvements and public works projects with a cost estimate that exceeds the bid limit shall be bid in accordance with applicable State law (U.C.A. '11-39-101, et seq., as amended). Applicable requirements of State law include the following:

1. **Definitions.** For purposes of this subsection A, the designated words shall be defined as follows:

- a. **Bid limit:** "Bid limit" means:
 - (i) For a building improvement:
 - a. for the year 2003, \$40,000; and
 - b. for each year after 2003, the amount of the bid limit for the previous year, plus an amount calculated by multiplying the amount of the bid limit for the previous year by the lesser of 3% or the actual percent change in the Consumer Price Index during the previous calendar year; and
 - (ii) For a public works project:
 - a. for the year 2003, \$125,000; and
 - b. for each year after 2003, the amount of the bid limit for the previous year, plus an amount calculated by multiplying the amount of the bid limit for the previous year by the lesser of 3% or the actual percent change in the Consumer Price Index during the previous calendar year.
- b. **Building Improvement:** The construction or repair of a public building or structure.
- c. **Consumer Price Index:** The Consumer Price Index for All Urban Consumers as published by the Bureau of

Labor Statistics of the United States Department of Labor.

d. **Public Works Project:** The construction of (i) a park or recreational facility; or (ii) a pipeline, culvert, dam, canal, or other system for water, sewage, storm water, or flood control. The definition of "public works project" does not include the replacement or repair of existing infrastructure on private property.

2. **Plans and Specifications.** The City shall cause plans and specifications to be made for the building improvement or public works project.

3. **Cost Estimate.** The City shall estimate the cost of the building improvement or public works project.

4. **Bid Notice.** If the estimated cost of the building improvement or public works project exceeds the bid limit, and if the City decides to proceed with the project, the City shall request bids by publishing notice at least twice in a newspaper published or of general circulation in Orem at least five days before opening the bids, and publishing notice in accordance with Utah Code §45-1-101 on the public notice website, at least five (5) days before opening the bids.

5. **Contract.** If the City decides to proceed with the project, the City shall enter into a contract for the completion of the building improvement or public works project with the lowest responsive responsible bidder.

6. **Exceptions.** The State statutory bidding requirements do not apply to (i) emergency repairs, as defined by State law, or (ii) building improvements or public works projects if the estimated cost is less than the bid limit.

7. **Bid Rejection/Work by City.** The City may reject any or all bids submitted for a given building improvement or public works project. If the City rejects all bids submitted but still intends to undertake the building improvement or public works project, the City shall again request bids by following the procedure outlined above. If, after twice requesting bids by following the procedure outlined above, the City determines that no satisfactory bid has been submitted, the City may undertake the building improvement or public works project as it considers appropriate.

(Ord. No. O-07-0047, Enacted 10/23/2007)

B. **B and C Road Funds.** Any improvement project using Class B and C road funds shall be bid in accordance with applicable State law (U.C.A. '72-6-108 and '72-6-109, as amended). Applicable requirements of State law include the following:

CITY OF OREM
CITY COUNCIL MEETING
AUGUST 26, 2014



REQUEST:	RESOLUTION – Authorizing the Amendments to the City of Orem Audit Policy
APPLICANT:	Administrative Services Director - City of Orem
FISCAL IMPACT:	None

NOTICES:

- Posted in 2 public places
- Posted on City webpage
- Posted on the State website
- Faxed to newspapers
- E-mailed to newspapers
- Neighborhood Chair

SITE INFORMATION:

General Plan Designation:

N/A

Current Zone:

N/A

Acreage:

N/A

Neighborhood:

N/A

Neighborhood Chair:

N/A

PREPARED BY:

Heather Schriever
Assistant City Attorney

REQUEST: The Administrative Services Director recommends that the City Council, by resolution, approve the amendments to the City of Orem Audit Policy.

BACKGROUND: State law requires the City to have a certified public accountant (CPA) perform an annual fiscal year financial audit. Orem City Code Section 2-7-6(A)(2) establishes the requirements for entering into an agreement with an auditor to perform the audit. In order to comply with State law and to provide better oversight of the audit process, the Administrative Services Director proposes that the City Council pass a resolution approving the following amendments to the City of Orem Audit Policy:

1. Historically, the City has entered into contracts with a CPA or accounting firm to perform the fiscal year financial audit for a 3-year period with the option of renewing the contract for an additional 2 years. The Administrative Services Director would like to enlarge the potential service contract length to 5 years with the option of renewing the contract for 2 additional one-year periods. At the end of the 7-year period (or a lesser period if the contract is not renewed), it will be the City's policy to hire (through the bid process) a different auditor.
2. The authority to renew the auditing contract will be given to the City's Audit Committee. The City's Audit Committee will include the following three individuals: (1) the City Manager or Assistant City Manager; (2) the Mayor; and (3) a member of the City Council.
3. The Administrative Services Director proposes a number of other nonsubstantive changes to the policy to maintain consistency throughout the document.

DRAFT

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING AMENDMENTS TO THE CITY OF OREM
AUDIT POLICY

WHEREAS Orem City Code § 2-7-1 permits the City Manager to adopt policies and procedures as needed to supplement and carry out the intent of Article 2-7 Purchasing Procedures and Disposal of City Property of the Orem City Code; and

WHEREAS the City Manager's policies and procedures may augment, but not alter, the standards set forth in Article 2-7 of the Orem City Code; and

WHEREAS the City Manager, through the Administrative Services Director, now finds it necessary to amend the City of Orem Audit Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OREM, as follows:

1. The City Council hereby approves the City Of Orem Audit Policy attached hereto as Exhibit A and incorporated herein by reference.
2. All acts, orders, and resolutions and parts thereof in conflict with the resolution are hereby rescinded. This resolution shall become effective immediately upon adoption.

PASSED, APPROVED, AND ORDERED PUBLISHED this 26th day of August 2014.

Richard F. Brunst, Jr., Mayor

ATTEST:

Donna R. Weaver, City Recorder

COUNCIL MEMBERS VOTING "AYE"

COUNCIL MEMBERS VOTING "NAY"

CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED JUNE 2014
(Excludes Post-Closing Entries)

Percent of Year Expired: 100%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	Percent of Year Expired		Notes
						To Date FY 2014	To Date FY 2013	
10 GENERAL FUND								
Revenues	42,248,884	3,686,994	41,123,751			97%		
Appr. Surplus - Current	972,180		972,180			100%		
Appr. Surplus - Prior Year	1,040,867		1,040,867			100%		
Std. Interfund Transactions	4,623,406		4,623,406			100%		
Total Resources	48,885,337	3,686,994	47,760,204		1,125,133	98%	97%	
Expenditures	48,885,337	4,171,138	45,165,780	814,157	2,905,400	94%	95%	
20 ROAD FUND								
Revenues	2,260,000	1,242	1,957,657			87%		
Appr. Surplus - Prior Year	1,554,240		1,554,240			100%		
Total Resources	3,814,240	1,242	3,511,897		302,343	92%	89%	
Expenditures	3,814,240	107,517	2,533,018	786,214	495,008	87%	67%	1
21 CARE TAX FUND								
Revenues	1,700,000	138,931	1,522,418			90%		
Appr. Surplus - Current	133,035		133,035			100%		
Appr. Surplus - Prior Year	4,946,793		4,946,793			100%		
Total Resources	6,779,828	138,931	6,602,246		177,582	97%	96%	
Expenditures	6,779,828	329,084	4,166,643	312,909	2,300,276	66%	20%	2
30 DEBT SERVICE FUND								
Revenues	7,381,861	683,312	6,877,631			93%		
Appr. Surplus - Current	3,048,530		3,048,530			100%		
Appr. Surplus - Prior Year	4,820		4,820			100%		
Total Resources	10,435,211	683,312	9,930,981		504,230	95%	107%	
Expenditures	10,435,211	2,868,949	10,410,630		24,581	100%	100%	
45 CIP FUND								
Revenues	246,571	-4,485	299,882			122%		
Appr. Surplus - Prior Year	869,126		869,126			100%		
Total Resources	1,115,697	-4,485	1,169,008		-53,311	105%	107%	
Expenditures	1,115,697	20,114	226,455	53,486	835,756	25%	20%	
51 WATER FUND								
Revenues	11,215,044	1,597,427	12,484,519			111%		
Appr. Surplus - Current	5,096		5,096			100%		
Appr. Surplus - Prior Year	2,913,995		2,913,995			100%		
Total Resources	14,134,135	1,597,427	15,403,610		-1,269,475	109%	106%	
Expenditures	14,134,135	633,333	8,664,843	2,846,522	2,622,770	81%	65%	3
52 WATER RECLAMATION FUND								
Revenues	7,112,687	622,834	7,501,283			105%		
Appr. Surplus - Current	312,453		312,453			100%		
Appr. Surplus - Prior Year	1,496,982		1,496,982			100%		
Total Resources	8,922,122	622,834	9,310,718		-388,596	104%	101%	
Expenditures	8,922,122	564,768	5,898,428	549,543	2,474,151	72%	67%	
55 STORM SEWER FUND								
Revenues	2,880,300	262,712	3,053,347			106%		
Appr. Surplus - Current	2,677		2,677			100%		
Appr. Surplus - Prior Year	977,969		977,969			100%		
Total Resources	3,860,946	262,712	4,033,993		-173,047	104%	104%	
Expenditures	3,860,946	367,981	3,247,668	22,639	590,639	85%	86%	
56 RECREATION FUND								
Revenues	1,854,500	195,977	1,515,802			82%		
Appr. Surplus - Current	1,458		1,458			100%		
Appr. Surplus - Prior Year	18,255		18,255			100%		
Total Resources	1,874,213	195,977	1,535,515		338,698	82%	99%	
Expenditures	1,874,213	209,564	1,572,127	21,260	280,826	85%	97%	4
57 SOLID WASTE FUND								
Revenues	3,379,600	288,118	3,374,995			100%		
Appr. Surplus - Prior Year	10,094		10,094			100%		
Total Resources	3,389,694	288,118	3,385,089		4,605	100%	104%	
Expenditures	3,389,694	360,585	2,989,722		399,972	88%	90%	

CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED JUNE 2014
(Excludes Post-Closing Entries)

Percent of Year Expired: 100%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	Percent of Year Expired		Notes
						To Date FY 2014	To Date FY 2013	
58 STREET LIGHTING FUND								
Revenues	1,313,000	74,007	1,336,186				102%	
Appr. Surplus - Prior Year	250,898		250,898				100%	
Total Resources	1,563,898	74,007	1,587,084		-23,186		101%	100%
Expenditures	1,563,898	680,998	1,216,942	2,669	344,287		78%	74%
61 FLEET MAINTENANCE FUND								
Revenues		964	964				100%	
Appr. Surplus - Current	12,180		12,180				100%	
Appr. Surplus - Prior Year	595		595				100%	
Std. Interfund Transactions	585,000		585,000				100%	
Total Resources	597,775	964	598,739		-964		100%	100%
Expenditures	597,775	42,818	556,875	8,828	32,072		95%	97%
62 PURCHASING/WAREHOUSING FUND								
Revenues		15	180				100%	
Appr. Surplus - Current Year	842		842				100%	
Std. Interfund Transactions	340,000		340,000				100%	
Total Resources	340,842	15	341,022		-180		100%	100%
Expenditures	340,842	14,004	314,098		26,744		92%	83%
63 SELF INSURANCE FUND								
Revenues	490,000	40,433	491,021				100%	
Appr. Surplus - Current Year	215		215				100%	
Std. Interfund Transactions	1,175,000		1,175,000				100%	
Total Resources	1,665,215	40,433	1,666,236		-1,021		100%	108%
Expenditures	1,665,215	81,528	1,353,171		312,044		81%	75%
74 CDBG FUND								
Revenues	1,132,583	233,904	547,825				48%	
Appr. Surplus - Prior Year	241,343		241,343				100%	
Total Resources	1,373,926	233,904	789,168				57%	77%
Expenditures	1,373,926	48,087	559,455		814,471		41%	70%
CITY TOTAL RESOURCES	108,753,079	7,822,385	107,625,510		542,811		99%	100%
CITY TOTAL EXPENDITURES	108,753,079	10,500,468	88,875,855	5,418,227	14,458,997		87%	82%

NOTES TO THE BUDGET REPORT FOR THE MONTH ENDED JUNE 2014:

- 1) The current year expenditures are higher in comparison to the prior year due to the current year encumbrances (\$786,214) being significantly more than in the prior fiscal year (\$429,996) at this date in time. This is due primarily to a large roadway overlay/reconstruction project that was recently awarded.
- 2) The current year expenditures are higher in comparison to the prior year due to the current year encumbrances (\$312,909) being significantly more than in the prior fiscal year (\$0) at this date in time. This is due to the Fitness Center Pool Remodel project.
- 3) The current year expenditures are higher in comparison to the prior year due to the current year encumbrances (\$2,846,522) being significantly more than in the prior fiscal year (\$93,903) at this date in time. This is due to issuing the \$2,403,753 purchase order for the Alta Ditch pipeline replacement project.
- 4) The current year revenue is significantly lower than the prior year primarily due to lower use of the fitness center because of the pool renovation project. This trend will probably continue through the remainder of the fiscal year.

Note: In earlier parts of a fiscal year, expenditures may be greater than the collected revenues in a fund. The City has accumulated sufficient reserves to service all obligations during such periods and does not need to issue tax anticipation notes or obtain funds in any similar manner. If you have questions about this report, please contact Richard Manning (229-7037) or Brandon Nelson (229-7010).

CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED JULY 2014

Percent of Year Expired: 8%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	%		Notes
						To Date FY 2015	To Date FY 2014	
10 GENERAL FUND								
Revenues	44,603,718	2,116,426	2,116,426			5%		
Appr. Surplus - Prior Year	1,740,540		1,740,540			100%		
Std. Interfund Transactions	4,646,102	4,646,102	4,646,102			100%		
Total Resources	50,990,360	6,762,528	8,503,068		42,487,292	17%	15%	
Expenditures	50,990,360	6,336,366	6,336,366	1,708,206	42,945,788	16%	15%	
20 ROAD FUND								
Revenues	2,305,000							
Appr. Surplus - Prior Year	953,808		953,808			100%		
Total Resources	3,258,808		953,808		2,305,000	29%	41%	
Expenditures	3,258,808	666,247	666,247	975,443	1,617,118	50%	55%	
21 CARE TAX FUND								
Revenues	1,710,000	853	853			0%		
Appr. Surplus - Prior Year	1,881,958		1,881,958			100%		
Total Resources	3,591,958	853	1,882,811		1,709,147	52%	83%	1
Expenditures	3,591,958	798,667	798,667	330,418	2,462,873	31%	9%	1
30 DEBT SERVICE FUND								
Revenues	7,341,116	33,912	33,912			0%		
Appr. Surplus - Prior Year	13,221		13,221			100%		
Total Resources	7,354,337	33,912	47,133		7,307,204	1%	1%	
Expenditures	7,354,337	2,801	2,801		7,351,536	0%	1%	
45 CIP FUND								
Revenues	240,000							
Appr. Surplus - Prior Year	875,159		875,159			100%		
Total Resources	1,115,159		875,159		240,000	78%	81%	
Expenditures	1,115,159	33,615	33,615	309,643	771,901	31%	19%	2
51 WATER FUND								
Revenues	12,311,377	2,216,916	2,216,916			18%		
Appr. Surplus - Current Year	300,000		300,000			100%		
Appr. Surplus - Prior Year	3,864,767		3,864,767			100%		
Total Resources	16,476,144	2,216,916	6,381,683		10,094,461	39%	33%	
Expenditures	16,476,144	3,467,431	3,467,431	2,464,286	10,544,427	36%	25%	
52 WATER RECLAMATION FUND								
Revenues	7,027,851	635,905	635,905			9%		
Appr. Surplus - Prior Year	1,663,109		1,663,109			100%		
Total Resources	8,690,960	635,905	2,299,014		6,391,946	26%	24%	
Expenditures	8,690,960	1,612,280	1,612,280	1,079,214	5,999,466	31%	31%	
55 STORM SEWER FUND								
Revenues	3,110,500	344,559	344,559			11%		
Appr. Surplus - Prior Year	386,367		386,367			100%		
Total Resources	3,496,867	344,559	730,926		2,765,941	21%	32%	
Expenditures	3,496,867	1,017,949	1,017,949	19,239	2,459,679	30%	46%	2
56 RECREATION FUND								
Revenues	1,667,200	374,865	374,865			22%		
Appr. Surplus - Current Year	158,888		158,888			100%		
Appr. Surplus - Prior Year	4,857		4,857			100%		
Total Resources	1,830,945	374,865	538,610		1,292,335	29%	10%	3
Expenditures	1,830,945	271,928	271,928	217,970	1,341,047	27%	21%	
57 SOLID WASTE FUND								
Revenues	3,397,000	288,258	288,258			8%		
Appr. Surplus - Prior Year	24,450		24,450			100%		
Total Resources	3,421,450	288,258	312,708		3,108,742	9%	9%	
Expenditures	3,421,450	399,377	399,377		3,022,073	12%	14%	

CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED JULY 2014

Percent of Year Expired: 8%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	%		Notes
						To Date FY 2015	To Date FY 2014	
58 STREET LIGHTING FUND								
Revenues	1,485,000	688,791	688,791				46%	
Appr. Surplus - Prior Year	231,180		231,180				100%	
Total Resources	1,716,180	688,791	919,971		796,209		54%	50%
Expenditures	1,716,180	144,943	144,943	300,973	1,270,264		26%	21%
61 FLEET MAINTENANCE FUND								
Std. Interfund Transactions	652,000		652,000				100%	
Total Resources	652,000		652,000				100%	100%
Expenditures	652,000	179,914	179,914	14,925	457,161		30%	28%
62 PURCHASING/WAREHOUSING FUND								
Revenues		15	15				100%	
Appr. Surplus - Current Year	33,000		33,000				100%	
Std. Interfund Transactions	330,000		330,000				100%	
Total Resources	363,000	15	363,015		-15		100%	100%
Expenditures	363,000	88,443	88,443	5,037	269,520		26%	20%
63 SELF INSURANCE FUND								
Revenues	500,000	40,139	40,139				8%	
Std. Interfund Transactions	1,175,000	1,175,000	1,175,000				100%	
Total Resources	1,675,000	1,215,139	1,215,139		459,861		73%	73%
Expenditures	1,675,000	896,048	896,048	19,218	759,734		55%	40%
74 CDBG FUND								
Revenues	814,408	9,002	9,002				1%	
Appr. Surplus - Prior Year	467,157		467,157				100%	
Total Resources	1,281,565	9,002	476,159				37%	23%
Expenditures	1,281,565	91,679	91,679	8,635	1,181,251		8%	10%
CITY TOTAL RESOURCES	104,198,553	11,881,952	25,231,233		78,161,914		24%	27%
CITY TOTAL EXPENDITURES	104,198,553	15,862,745	15,862,745	7,152,234	81,183,574		22%	19%

NOTES TO THE BUDGET REPORT FOR THE MONTH ENDED JULY 2014:

- 1) The current year percentages are significantly different than the prior year due to the budgeted amounts for the fitness center pool remodel and expansion project no longer being such a large portion of the budgeted amounts.
- 2) The current year expenditures are lower in comparison to the prior year due to the current year encumbrances (\$19,239) being significantly less than in the prior fiscal year (\$784,965) at this date in time. Primarily due to Williams Farm capital project.
- 3) The current year revenues are higher in comparison to the prior year due to the opening of the new pool area and the sale offered on fitness center passes during that grand opening.
- 4) The current year expenditures are higher in comparison to the prior year due to the URMMA bill being paid in July while it was paid in August in the prior year.

Note: In earlier parts of a fiscal year, expenditures may be greater than the collected revenues in a fund. The City has accumulated sufficient reserves to service all obligations during such periods and does not need to issue tax anticipation notes or obtain funds in any similar manner. If you have questions about this report, please contact Richard Manning (229-7037) or Brandon Nelson (229-7010).

DEVELOPMENT AGREEMENT

This Development Agreement is executed in duplicate this 8 day of July, 2014, by and between the City of Orem, a municipal corporation and political subdivision of the State of Utah, with its principal offices located at 56 North State Street, Orem, Utah 84057 (hereinafter referred to as the "City"), and Coronado Village, LLC, a Utah limited liability company (hereinafter referred to as "Developer").

RECITALS

WHEREAS Developer is under contract to purchase several parcels of real property (and the improvements located thereon) located at approximately 320 South State Street, which parcels are more particularly described on Exhibit "A" which is attached hereto and by reference is made a part hereof (the "Property"); and

WHEREAS the Property is currently zoned PD-23 and is commonly known as "Midtown Village" and

WHEREAS the Developer has filed an application to amend the PD-23 zone to, among other things, increase the number of residential units that will be included on the Property; and

WHEREAS it is anticipated that the increased number of residential units on the Property will increase traffic on surrounding streets; and

WHEREAS the Developer is willing to make or participate in the construction of certain street improvements that will help mitigate the impact of the additional traffic generated by the project; and

WHEREAS the parties desire to describe herein the street improvements that Developer will construct or in which Developer will participate; and

WHEREAS the City, acting pursuant to its authority under Utah Code Section 10-9-101, *et. seq.*, and in furtherance of its land use policies, goals, objectives, ordinances, resolutions, and regulations, has elected to approve this Agreement.

COVENANTS

NOW, THEREFORE, in consideration of the promises and conditions set forth herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the City and Developer hereby agree as follows:

1. **Street Improvements.** In connection with the completion of the Project, Developer shall make certain off-site street improvements to help mitigate the additional traffic impacts that will

be generated from the additional residential units that Developer is proposing to construct on the Property. Specifically, Developer agrees to make the following improvements:

1.1. Right-Turn Lane from 400 South onto Orem Boulevard. Developer shall construct a right-turn lane from 400 South onto Orem Boulevard including street, curb, gutter and sidewalk improvements (hereinafter the “400 South Orem Boulevard Improvements”) in the location shown in Exhibit “B” which is attached hereto and by reference is made a part hereof. Developer shall perform all design, engineering, construction and striping necessary to complete the 400 South Orem Boulevard Improvements. Developer shall review the design and engineering plans for the 400 South Orem Boulevard Improvements with the City and shall obtain City approval for the design, engineering, construction and striping of the 400 South Orem Boulevard Improvements.

1.1.1. The 400 South Orem Boulevard Improvements shall be constructed in accordance with the City’s construction standards and specifications and in accordance with the dimensions shown in Exhibit “B.”

1.1.2. Developer shall be required to bond for the 400 South Orem Boulevard Improvements in conformance with the requirements of Section 17-6-6 of the Orem City Code.

1.1.3. Following completion of the 400 South Orem Boulevard Improvements and acceptance thereof by the City, Developer shall dedicate the street, curb, gutter and sidewalk improvements to the City.

1.1.4. Developer shall complete the construction of the 400 South Orem Boulevard Improvements prior to occupancy of any west building (adjacent to Orem Boulevard) in the Project.

1.2. Participation in Construction of Right Turn Lane from 400 South onto State Street. Developer shall participate in the cost of constructing a right-turn lane from 400 South onto State Street including street, curb, gutter and sidewalk improvements (hereinafter the “400 South State Street Improvements”) in the location shown in Exhibit “C” which is attached hereto and by reference is made a part hereof. The parties estimate that traffic generated from the Property will contribute approximately 5.5% of the traffic that will use the right turn lane onto State Street. Therefore, Developer shall pay 5.5% of all design, engineering, construction, striping and other costs necessary to complete the 400 South State Street Improvements. The City shall be responsible for constructing the 400 South State Street Improvements. Developer shall pay 5.5% of the estimated cost of constructing the 400 South State Street Improvements at the time that Developer bonds for the required improvements of the first west building (adjacent to Orem Boulevard) in the Project.

1.2.1. The 400 South State Street Improvements shall be constructed in accordance with the City’s construction standards and specifications and in accordance with the dimensions shown in Exhibit “C.”

1.2.2. Following completion of the 400 South State Street Improvements and acceptance thereof by the City, the 400 South State Street Improvements shall be dedicated to the City.

2. **Agreement Considered Mitigation of Impact.** In consideration for the agreement of Developer to make or contribute to the street improvements described above, the City staff shall make a recommendation to the Orem City Council to consider the terms of this Development Agreement as sufficient mitigation of the potential adverse impacts resulting from the request to amend the PD-23 zone as requested by Developer.

3. **No Guarantee of Rezone.** The City makes no representation that the request of Developer to have the Property rezoned will be approved by the Orem City Council. Therefore, this Agreement shall not be binding upon Developer unless/until the request for a rezone of the Property is approved by the Orem City Council.

4. **No Limitation on Exercise of Police Power.** Nothing in this Agreement shall limit the future exercise of the police power by the City in enacting zoning, subdivision, development, transportation, environmental, open space, and related land use plans, policies, ordinances and regulations after the date of this Agreement.

5. **Compliance With All Applicable Laws.** Developer expressly acknowledges and agrees that nothing in this Agreement shall be deemed to relieve Developer from the obligation to comply with all applicable requirements of the City necessary for approval and recordation of subdivision plats and a site plan (if applicable), including the payment of fees and compliance with all other applicable ordinances, resolutions, including the Orem City Zoning and Subdivision Ordinances and design and construction standards.

6. **Agreement to be Recorded.** This Agreement may be recorded against the Property and shall be deemed to run with the land and shall be binding on all successors and assigns of Developer in the ownership, use or development of any portion of the Property.

7. **Lawful Agreement.** The parties represent that each of them has lawfully entered into this Agreement, having complied with all relevant statutes, ordinances, resolutions, bylaws, and other legal requirements applicable to their operation. The parties further represent that each of them has authority to enter into this Agreement and that the individuals signing this Agreement on behalf of each party have authority to bind the party represented by the signing individual.

8. **Applicable Law.** This Agreement shall be interpreted pursuant to the laws of the State of Utah.

9. **Time of Essence.** Time shall be of the essence of this Agreement.

10. **Interpretation.** The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the use of any gender shall include the other gender. Should any provision of this Agreement require judicial interpretation, the Court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party, by reason of the rule of construction that a document is to be construed more strictly against the person who himself or through his agents prepared the same, it being acknowledged that both parties have participated in the preparation hereof.

11. **Modifications.** No oral modifications or amendments to this Agreement shall be effective, but this Agreement may be modified or amended by written agreement.

12. **Assignment.** Neither this Agreement nor any of the provisions, terms or conditions hereof can be assigned to any other party, individual or entity without assigning the rights as well as the responsibilities under this Agreement.

13. **Relationship of Parties.** This Agreement does not create any joint venture, partnership, undertaking or business arrangement between the parties hereto, nor any rights or benefits to a third party.

14. **Incorporation of Recitals.** The Recitals to this Agreement are incorporated by reference into the Covenants section of this Agreement as if fully set forth herein.

[Signatures on following page.]

SIGNED and ENTERED INTO this 8 day of July, 2014.

City of Orem, by:

James P. Davidson
James P. Davidson, Orem City Manager



ATTEST: Donna R. Weaver
Donna Weaver, City Recorder

Coronado Village, LLC, by:

Paul W. Ritchie, MANAGER

STATE OF UTAH)
 :SS.
COUNTY OF UTAH)

The foregoing instrument was acknowledged before me this 8th day of ^{July} ~~June~~, 2014, by Paul W. Ritchie, as the MANAGER of Coronado Village, LLC who acknowledged that he/she signed this Agreement on behalf of Coronado Village, LLC.

Bret D. McDonough
NOTARY PUBLIC

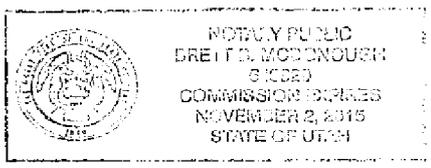


Exhibit A

Parcel #17-064-0037 Commencing North 840.27 feet and East 72.43 feet from the Southwest corner of Section 14, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence South 18°27'27" East 339.91 feet; thence North 72°35'51" East 161.27 feet; thence North 17°16'00" West 120.54 feet; thence North 15°29'00" West 158.60 feet; thence North 89°43'00" West 133.98 feet; thence North 16°55'00" West 4.22 feet; thence North 88°10'17" West 48.20 feet to the beginning. Area contains 1.17 acres. Also commencing North 835.58 feet and East 121.84 feet from the Southwest corner of Section 14, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence North 16°55' West 4.22 feet; thence South 88°39'38" East 134.82 feet; thence South 15°29' East 1.61 feet; thence North 89°43' West 133.98 feet to the beginning. Area contains 0.01 acres. Total area contains 1.18 acres.

Parcel #17-064-0056 Commencing South 88°59'11" East 284.76 feet and North 734.75 feet from the Southwest corner of Section 14, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence North 15°29'0" West 110.91 feet; thence South 89°17'10" East 169.95 feet; thence North 1°34'52" East 90.24 feet; thence South 89°35'41" East 223.59 feet; thence South 18°30'54" East 209.21 feet; thence North 89°20'23" West 432.86 feet to the beginning. Area contains 1.55 acres.

Parcel #17-064-0061 Commencing North 49.43 feet and East 336.39 feet from the Southwest corner of Section 14, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence North 18°27'27" West 493.82 feet; thence North 72°35'31" East 161.23 feet; thence South 17°16'0" East 127 feet; thence North 75°46'0" East 7.5 feet; thence South 17°54'0" East 141.3 feet; thence South 16°48'0" East 21.26 feet; thence South 18°46'0" East 102.89 feet; thence South 71°59'50" West 3.53 feet; thence South 71°59'50" West 70.84 feet; thence South 18°0'10" East 100 feet; thence South 72°30'0" West 89.46 feet to the beginning. Area contains 1.681 acres.

Parcel #17-064-0063 Commencing South 88°59'49" East 400.63 feet and North 386.59 feet from the Southwest corner of Section 14, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence North 17°54'0" West 70.5 feet; thence South 75°46'0" West 7.5 feet; thence North 17°16'0" West 247.5 feet; thence North 15°29'0" West 45.06 feet; thence East 431.81 feet; thence South 18°30'0" East 365.96 feet; thence North 89°13'50" West 433.51 feet to the beginning. Area contains 3.461 acres. Also commencing North 724.72 feet and East 717.76 feet from the Southwest corner of Section 14, Township 6 South, Range 2 East, Salt Lake Base and Meridian; thence West 431.81 feet; thence North 15°30'0" West 5.31 feet; thence South 89°20'23" East 433.07 feet to the beginning. Area contains 0.026 acres. Total area contains 3.487 acres.

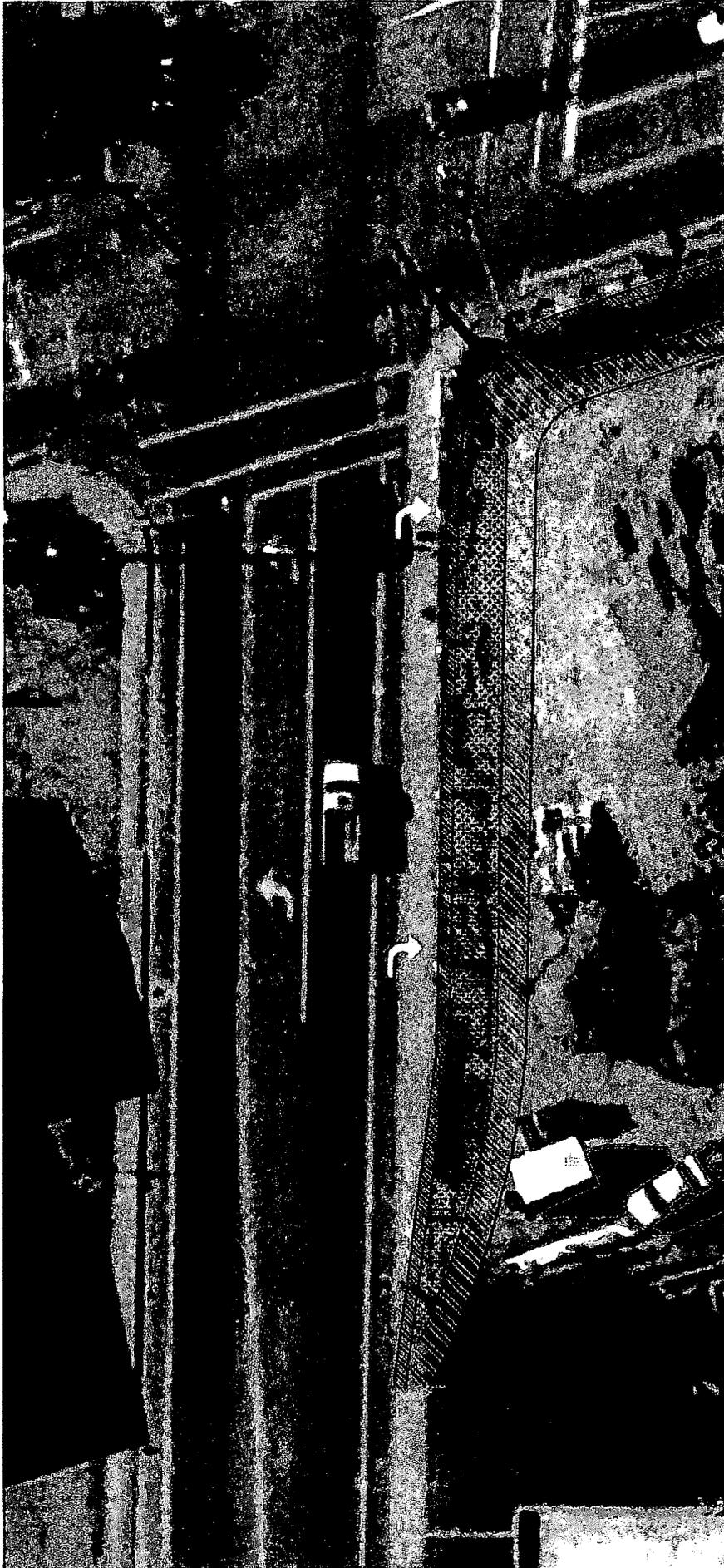


Exhibit B

400 So. at

Orem Blvd

North





Exhibit C

400 So. at

State St.

North



BRT Frequently Asked Questions

What is BRT? Bus rapid transit (BRT, BRTS) is a bus-based mass transit system. A true BRT system generally has specialized design, services and infrastructure to improve system quality and remove the typical causes of delay. Sometimes described as a "surface subway", BRT aims to combine the capacity and speed of light rail or metro with the flexibility, lower cost and simplicity of a bus system.

Why BRT? Simply put-It is the most cost-efficient and effective transit route in our system. It will connect the Frontrunner stations in Orem and Provo with each other and with UVU, BYU, the malls.

How is Transit Funded? In November of 1984 Provo and Orem put a measure on the general election ballot asking voter their opinion on enacting a 1/4 cent sales tax for Mass Transit. The measure passed. The voters of Orem just over 57% in favor of the tax. In subsequent years voters in other communities also approved the tax, with the final six communities coming on board by commission vote in 2011. Additionally, in 2006, 69% of voters approved an opinion question enacting a 2nd 1/4 cent tax with 87% for commuter rail and 5% for other transit (including BRT) and 8% for roads. In 2008, the Utah County Commission enacted a 3rd 1/4 cent that can be used for transit, but has traditionally been used for roads.

What is the financing plan for BRT? Currently, there are not enough funds in the 2nd 1/4 cent to pay for both Frontrunner and BRT as originally voted on by the public. Also, due to current bonding and other obligations, the 1st 1/4 cent will not have cash flow to pay for BRT until 2028. The financing plan is to bond in 2016, pledging 3rd 1/4 cent sales tax, then get paid back starting in 2028 with 1st and/or 2nd 1/4 sales tax as originally voted on. Also the bond will go to 2039, but the transit tax will take over the bond payments starting in 2028.

Why not wait until 2028 when we have the money in the 1st 1/4 to pay for it? The vote was in 2006, if we wait until 2028 it will be 22 years after the vote before we could start construction. Those who voted it in and are paying for it now won't get the benefit. Additionally, costs will increase and we still have to bond. Municipal finance theory discourages Negative Arbitrage (taxing and investing long term-which may return less than inflation). If people pay the tax they should get the benefit.

If the tax dollars aren't used for BRT could they be used for road construction? NO, The first 1/4 cent was voted on by the public and can only be used for transit. 92% of the second 1/4 cent was also voted on by the public to only be used for transit 5% of which is for BRT. It would require going back out for a vote of the public to use those funds, which will ultimately pay for BRT, on roads.

Is there a guarantee that UTA will start making payments after 2028? Nothing in life is guaranteed. We will have a contract in place with UTA to payback the third 1/4 with first 1/4 funds before we move forward. Again, whether it is 1st, 2nd, or 3rd 1/4 funds, it's still Utah County Tax payers who pay the tax, not UTA. We are simply following the vote of the public to fund transit with those tax they (the voters) have said we should use for that purpose.

Is there a list of roads in Orem and Provo that BRT fund be spent on to help widen or improve? Provo has put a road tax on there utility bill which may not have happened if more county fund could be used to improve several roads? The federal transit dollars can only be used on those roads directly impacted by BRT as indicated in the environmental study which can be found on the BRT website. Essentially, they are the roads BRT runs on. The Provo road utility fee is for maintenance of local roads. Maintenance of local roads is not an eligible use of the funds. The roads would have to be regional in nature to have these funds used on them. So, no we don't think Provo could have avoided the road utility fee by using county funds as they would not be eligible.

How much does the fare box pay for the bonds, equipment and operating expenses right now for the front runner, BRT, UTA bus system? System-wide fare-box recovery is about 15% of total cost. That is why the voters approved several ballot measures to use sales tax dollars to pay for transit.

How much in tax dollars ore being spent on commuter rail, front runner and BRT right now in total each year? In Utah County, each 1/4 currently generates about \$15 million a year. The entire first quarter and 92% of the second 1/4 where voted by the public to go towards transit. ($1.92 * \$15 \text{ mil} = \28.8 million)

Do you know why mayors in other cities don't mind giving up so much of the county funds they have been spending in the past years? We can't speak for the mayors, although we have brought this to them on several occasions over the last several years. Like the majority of Utah County Voters who voted in favor of the transit taxes, the mayors see the value in this system and the need to connect these areas with Frontrunner. Some may also see that over 42% of total county sales tax is generated in Provo and Orem, while less than 30% of the tax will be used for BRT. Residents of Orem and Provo receive benefit from improvements to I-15 in Lehi, etc. The mayors, other elected officials and the public see the value of a regional system, whether it is roads or transit. If we only look at our city or town, and ignore connectivity we would have major transportation issues.

If we bond to the limit then if something comes up before 2028 we would have to raise taxes to cover it? We aren't bonding to the limit. To get the best interest rate, we have to show investors that we have 1.5 times the revenue required to pay for the bonds. Additionally, there is cash flow in other sources (MPO funds, UDOT, 2nd 1/4 funds) to fund the programmed projects and additional funds for items that may come up. Please refer to the far right column of the spreadsheet entitled "Utah County Remaining Revenues for Transportation Projects"

Won't this only benefit students taking BRT to and from the Universities? People not taking BRT who drive on University Parkway and University Ave will benefit from a less congested corridor. The useful life of these roadways will also be extended by BRT taking additional vehicles off of the road.

If you have additional questions, please feel free to contact: Andrew K Jackson at ajackson@mountainland.org or 801-367-0699.

*PRELIMINARY ESTIMATES*

\$9,660,000

City of Orem, Utah

General Obligation Refunding Bonds, Series 2014

(Reunding of Series 2005 & 2006 G.O. Bonds, Bank Qualified)

Summary of Refunding Analysis**Assumptions:**

Sale Type: Public Bond Sale underwritten by George K. Baum & Company

Bond Insurance: No

Bonds to be Refunded: General Obligation Bonds, Series 2005 and Series 2006

Refunding Escrow: Net funding of required debt service based on SLGS rates as of 8/26/2014

Costs of Issuance: \$18,087

Bank Qualified: Yes

Interest Rate Scale: Provided by George K. Baum on 8/22/14

Findings**Present Value (PV) Savings:**

Net Present Value savings as %: 11.726%

* Net Present Value savings as \$: \$1,131,562

Debt Service Savings in 2015: \$1,118,988

Negative Arbitrage:

Negative Arbitrage, \$71,980, will generally decline as the call date (12/1/2015) approaches

Recommendations:

Based on LYRB's estimation of current interest rates on General Obligation debt, the City should take action to begin the refunding process at the earliest opportunity.



\$9,660,000

City of Orem, Utah

General Obligation Refunding Bonds, Series 2014

(Reunding of Series 2005 & 2006 G.O. Bonds, Bank Qualified)

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings	Fiscal Total
11/01/2014	-	-	-	-	-
12/01/2014	-	-	914,337.51	914,337.51	-
06/01/2015	-	-	204,650.01	204,650.01	1,118,987.52
12/01/2015	1,007,925.00	1,007,925.00	934,650.01	(73,274.99)	-
06/01/2016	113,900.00	113,900.00	189,830.01	75,930.01	2,655.02
12/01/2016	1,013,900.00	1,013,900.00	949,830.01	(64,069.99)	-
06/01/2017	104,900.00	104,900.00	172,892.51	67,992.51	3,922.52
12/01/2017	1,019,900.00	1,019,900.00	962,892.51	(57,007.49)	-
06/01/2018	95,750.00	95,750.00	155,157.51	59,407.51	2,400.02
12/01/2018	1,035,750.00	1,035,750.00	985,157.51	(50,592.49)	-
06/01/2019	86,350.00	86,350.00	136,487.51	50,137.51	(454.98)
12/01/2019	1,046,350.00	1,046,350.00	1,006,487.51	(39,862.49)	-
06/01/2020	75,550.00	75,550.00	116,831.26	41,281.26	1,418.77
12/01/2020	1,055,550.00	1,055,550.00	1,021,831.26	(33,718.74)	-
06/01/2021	63,300.00	63,300.00	97,896.88	34,596.88	878.14
12/01/2021	1,068,300.00	1,068,300.00	1,042,896.88	(25,403.12)	-
06/01/2022	48,225.00	48,225.00	78,125.00	29,900.00	4,496.88
12/01/2022	1,083,225.00	1,083,225.00	1,063,125.00	(20,100.00)	-
06/01/2023	32,700.00	32,700.00	53,500.00	20,800.00	700.00
12/01/2023	1,107,700.00	1,107,700.00	1,098,500.00	(9,200.00)	-
06/01/2024	16,575.00	16,575.00	27,375.00	10,800.00	1,600.00
12/01/2024	1,121,575.00	1,121,575.00	1,122,375.00	800.00	-
06/01/2025	-	-	-	-	800.00
Total	\$11,197,425.00	\$11,197,425.00	\$12,334,828.89	\$1,137,403.89	-

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	1,128,139.78
Net PV Cashflow Savings @ 2.031%(AIC)	1,128,139.78
Contingency or Rounding Amount	3,421.97
Net Present Value Benefit	\$1,131,561.75
Net PV Benefit / \$9,650,000 Refunded Principal	11.726%
Net PV Benefit / \$9,660,000 Refunding Principal	11.714%

Refunding Bond Information

Refunding Dated Date	11/01/2014
Refunding Delivery Date	11/01/2014

File | U:\CLIENT FOLDERS\OREM CITY\2014 GO Ref. of 2005 & 2006\Numbers\Orem City - GO Series 2005.sfl | 8/26/2014 | 11:27 AM



\$9,660,000

City of Orem, Utah

General Obligation Refunding Bonds, Series 2014

(Reunding of Series 2005 & 2006 G.O. Bonds, Bank Qualified)

Sources & Uses

Dated 11/01/2014 | Delivered 11/01/2014

Sources Of Funds

Par Amount of Bonds	\$9,660,000.00
Reoffering Premium	498,137.35
Total Sources	\$10,158,137.35

Uses Of Funds

Total Underwriter's Discount (0.475%)	45,885.00
Costs of Issuance	98,780.00
Deposit to Net Cash Escrow Fund	10,010,050.38
Rounding Amount	3,421.97
Total Uses	\$10,158,137.35



\$9,590,000*

OREM CITY, UTAH

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014

(REFUNDING OF GENERAL OBLIGATION BONDS, SERIES [2004?] 2005 & 2006)



AUGUST							SEPTEMBER							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6				1	2	3	4
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	
31																				

City Council Meetings Closing

PRELIMINARY CALENDAR OF EVENTS

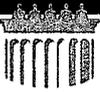
AUGUST 26, 2014

DATE	EVENT	STATUS	RESPONSIBLE PARTY
Aug. 4	LYRB to provide parameters to Bond Counsel	Completed	LYRB
Aug. 4	Bond Counsel to begin drafting Super Parameters Resolution and related bond documents	Completed	Ballard
Aug. 22	Bond Counsel distributes drafts of: <ul style="list-style-type: none"> Preliminary Official Statement ("POS") Supplemental Resolution Bond Purchase Agreement 	Completed	Ballard
Aug. 26	City Council meets at regularly scheduled work session to discuss proceeding with refunding of City's outstanding G.O. Bonds		City, LYRB
Aug. 29	Super Parameters Resolution and Agenda Language provided to the City for inclusion in City Packets and Agenda for meeting on Sept. 9 th .		Ballard
Aug. 29	Document Review Meeting to review offering documents at the offices of Bond Counsel		Ballard
Sept. 1	Labor Day Holiday		-
Sept. 3	Revised drafts of POS and related Bond documents circulated by Bond Counsel		Ballard

* Preliminary, subject to change.



DATE	EVENT	STATUS	RESPONSIBLE PARTY
Sept. 9	☞ City Council meeting to consider adoption of the Super Parameters Resolution and authorize publication of the Notice of Bonds to be Issued		City
Sept. 10	☞ Send City's financial information and POS to Rating Agencies and schedule ratings trip ☞ Send Refunding information to CPA for Escrow verification		LYRB
Sept. 12	☞ Publication of <i>Notice of Bonds to be Issued</i> . Begin 30-day public contestability period.		Ballard
Sept. 15	☞ Review of Ratings Presentation with City		City, LYRB
TBD	☞ Meeting with Ratings Agency in San Francisco		City, LYRB
Oct. 2	☞ Receive rating from S&P (others?) ☞ Notify Bond Counsel of rating(s)		LYRB
Oct. 3	☞ Electronically Disseminate POS		Ballard
Oct. 3-13	☞ Premarketing of Bonds		GKB
Oct. 12	☞ 30-day Public Contestability Period ends.		-
Oct. 13	☞ Pre-pricing Call		City, LYRB, GKB
Oct. 14	☞ Marketing of Bonds and Pricing Call ☞ Furnish sale results to Bond Counsel and CPA for Escrow verification ☞ Escrow Agent to submit SLGS subscription		City, LYRB, GKB
Oct. 14	☞ Pricing Committee meeting to adopt the Final Authorizing Resolution and authorize Mayor to execute the Bond Purchase Agreement (all terms and conditions are committed at this point)		City, Ballard, LYRB
Oct. 15	☞ Prepare Closing Documents		Ballard
Oct. 15	☞ Prepare draft Closing Memo		LYRB
Oct. 17	☞ Finalize closing documents		All
Oct. 21	☞ Pre-closing; signing of Closing Documents		All
Oct. 22	☞ Closing and deliver of bond proceeds. ☞ Escrow Agent purchases SLGS		All

**DISTRIBUTION LIST****ISSUER**

CITY OF OREM
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Orem, UT 84057
Phone: (801) 229-7035
Facsimile: (801) 229-7031

Jamie Davidson, City Manager
E-mail: jpdavidson@orem.org

Richard Manning, Admin. Services Director
E-mail: rbsmannign@orem.org

Donna Weaver, City Recorder
E-mail:

FINANCIAL ADVISOR

Laura Lewis, Principal
LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
Phone: (801) 596-0700
Cell: (801) 201-6842
E-mail: laura@lewisyoung.com

UNDERWRITER

Preston Kirk
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E-mail: kirk@gkbaum.com

Matt Dugdale, First Vice President
E-mail: dugdale@gkbaum.com

BOND & DISCLOSURE COUNSEL

Randy Larsen, Esq.
BALLARD SPAHR
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Salt Lake City, Utah 84111
Phone: (801) 531-3000
Facsimile: (801) 531-3001
E-mail: larsen@ballardspahr.com

ESCROW AGENT

(to be determined)

CPA for ESCROW VERIFICATION

(to be determined)

RATING AGENCY(IES)

(to be determined)

City of Orem, Utah

August 26, 2014

The City Council (the "Council") of the City of Orem, Utah, met in regular public session at the regular meeting place of the Council in City of Orem, Utah on August 26, 2014, at the hour of 4:00 p.m., with the following members of the Council being present:

Richard F. Brunst	Mayor
Hans V. Andersen	Councilmember
Margaret Black	Councilmember
Tom Macdonald	Councilmember
Mark Seastrand	Councilmember
Davis Spencer	Councilmember
Brent Sumner	Councilmember

Also present:

Donna Weaver	City Recorder
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Absent:

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the City Recorder presented to the Council a Certificate of Compliance With Open Meeting Law with respect to this August 26, 2014 meeting, a copy of which is attached hereto as Exhibit A.

After due deliberation, the following Resolution was considered, fully discussed and, pursuant to motion made by _____ and seconded by _____, was adopted by the following vote:

AYE:

NAY:

The resolution was then signed by the Mayor in open meeting and recorded in the official records of the City Council of the City of Orem, Utah. The resolution is as follows:

CITY OF OREM, UTAH

Resolution Authorizing the Issuance and Sale of Not to Exceed

\$10,000,000 General Obligation Refunding Bonds Series 2014

Adopted August 26, 2014

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RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF CITY OF OREM, UTAH (THE "ISSUER") AUTHORIZING THE ISSUANCE AND SALE BY THE ISSUER OF NOT MORE THAN \$10,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014 (THE "SERIES 2014 BONDS"); DELEGATING TO CERTAIN OFFICERS OF THE ISSUER THE AUTHORITY TO APPROVE THE FINAL TERMS AND PROVISIONS OF THE SERIES 2014 BONDS WITHIN THE PARAMETERS SET FORTH HEREIN; PRESCRIBING THE FORM OF BONDS; PROVIDING FOR THE MANNER OF EXECUTION AND DELIVERY OF THE SERIES 2014 BONDS; PROVIDING HOW THE PROCEEDS OF THE SERIES 2014 BONDS WILL BE USED AND HOW PAYMENT OF THE SERIES 2014 BONDS WILL BE MADE; PROVIDING FOR THE PUBLICATION OF A NOTICE OF BONDS TO BE ISSUED; PROVIDING FOR THE RUNNING OF A CONTEST PERIOD; APPROVING THE DISTRIBUTION AND EXECUTION OF AN OFFICIAL STATEMENT WITH RESPECT TO THE SERIES 2014 BONDS; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY FOR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the Issuer has previously issued \$8,985,000 in General Obligation Bonds; and

WHEREAS, to achieve a debt service savings, the City of Orem, Utah, (the "Issuer") desires to refund and retire all or a portion of certain of its currently outstanding general obligation bonds, (the "Refunded Bonds"); and

WHEREAS, the Issuer has the authority to issue and desires to issue its General Obligation Refunding Bonds Series 2014 (the "Series 2014 Bonds") in the total aggregate principal amount of not to exceed \$10,000,000, pursuant to the Election, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Refunding Bond Act"), for purposes of (a) refunding the Refunded Bonds and (b) paying costs of issuance of the Series 2014 Bonds; and

WHEREAS, the Refunding Bond Act provides for the publication of a "Notice of Bonds to be Issued," and the Issuer desires to publish such a notice at this time in compliance with the Refunding Bond Act with respect to the Series 2014 Bonds; and

WHEREAS, the Issuer desires to approve and authorize the preparation and use of a Preliminary Official Statement relating to the Series 2014 Bonds, a Bond Purchase Agreement, and the preparation and use of any other documents deemed necessary in marketing and issuing the Series 2014 Bonds; and

WHEREAS, as permitted by Section 11-27-3 of the Refunding Bond Act and in order to allow flexibility in setting the pricing date of the Series 2014 Bonds and to optimize debt service savings to the Issuer, the Council desires to grant to the Mayor or another Designated Officer (defined herein), in consultation with the Chief Financial Officer of the Issuer, the authority to approve the principal amounts, interest rates, terms, maturities, redemption features, and purchase price at which the Series 2014 Bonds shall be sold, and to execute a Terms Certificate setting forth the final terms of the Series 2014 Bonds, provided that such final terms do not exceed the parameters set forth in Article II of this Resolution;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Orem, Utah, as follows:

ARTICLE I

DEFINITIONS; AUTHORITY

1.1 Definitions. As used in this Resolution, the following terms shall have the following meanings:

“Beneficial Owner” means, while DTC or its nominee is the registered owner of the Series 2014 Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Bonds and otherwise exercise ownership rights with respect to Bonds.

“Bond Fund” means the fund established under Section 4.2 hereof.

“Bondowner” “Bondholder,” “Owner” or “Registered Owner” means the registered owner of any Bond as shown on the registration books of the Issuer kept by the Bond Registrar.

“Bond Purchase Agreement” means that certain Bond Purchase Agreement in substantially the form of Exhibit D hereto to be entered into by the Issuer and the Underwriter, pursuant to which the Series 2014 Bonds will be sold to the Underwriter.

“Bond Registrar” means each Person appointed by the Issuer as registrar and agent for the transfer, exchange and authentication of the Series 2014 Bonds pursuant to Section 2.5 hereof. The initial Bond Registrar is U.S. Bank National Association.

“Business Day” means a legal business day on which banking business is transacted in the city in which the Paying Agent has its principal corporate trust office.

“Mayor” means the Mayor of the Council.

“Chief Financial Officer” means the Finance Director of the Issuer.

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

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate to be executed by the Issuer and dated the date of issuance and delivery of the Series 2014 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof, in substantially the form of Exhibit C hereto.

“Council” means the City Council of the City of Orem, Utah.

“City Recorder” means the City Recorder of the Issuer and references to the Deputy City Recorder means any Deputy City Recorder of the Issuer.

“Designated Officer” means the Mayor of the Issuer, or, in the event of the absence or incapacity of the Mayor, his designee, including the Deputy Mayor of the Issuer. In the event of the absence or incapacity of the Mayor, his designee, or the

Deputy Mayor, the Issuer shall appoint another officer of the Issuer to serve as the Designated Officer.

“DTC” means The Depository Trust Company as securities depository for the Series 2014 Bonds, or its successors.

“Election” means the special bond election held by the Issuer on November 2, 2004.

“Escrow Account” means the Escrow Account or Accounts established in the Escrow Agreement.

“Escrow Agent” means the escrow agent appointed by a Designated Officer.

“Escrow Agreement” means, the Escrow Deposit Agreement by and between the Issuer and the Escrow Agent providing for payment of the interest on and the principal and the redemption price of the Refunded Bonds through the redemption date therefor, in substantially the form attached hereto as Exhibit F.

“Government Obligations” 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.

“Interest Payment Date” means each of the dates and as commencing as provided in the Terms Certificate.

“Issuer” means City of Orem, Utah.

“Mayor” means the Mayor or his designee, including the Deputy Mayor of the Issuer.

“Official Statement” means the Official Statement with respect to the Series 2014 Bonds, in substantially the form attached hereto as Exhibit E.

“Original Issue Date” means the date of delivery of the Series 2014 Bonds.

“Paying Agent” means each Person appointed by the Issuer as paying agent with respect to the Series 2014 Bonds pursuant to Section 2.5 hereof.

“Person” means natural persons, firms, partnerships, associations, corporations, trusts, public bodies and other entities.

“Record Date” means (i) with respect to each Interest Payment Date, the fifteenth day immediately preceding such Interest Payment Date, or if such day is not a regular Business Day of the Bond Registrar, the next preceding day which is a regular Business Day of the Bond Registrar, and (ii) with respect to any redemption of any Bond, such Record Date as shall be specified by the Bond Registrar in the notice of redemption,

provided that such Record Date shall not be less than 15 calendar days before the mailing of such notice of redemption.

“Refunded Bonds” means the Issuer’s General Obligation Bonds, Series 2005A issued in the original principal amount of \$8,985,000.

“Refunding Bond Act” means the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

“Representation Letter” means the blanket representations letter from the Issuer to the DTC.

“Resolution” means this Resolution authorizing the issuance and sale of the Series 2014 Bonds.

“Series 2014 Bonds” means the General Obligation Refunding Bonds, Series 2014, of the Issuer authorized hereby. The Series 2014 Bonds may be issued from time to time in one or more series and with designations for each such series.

“State” means the State of Utah.

“Terms Certificate” shall mean the certificate of the Issuer setting forth the final terms for the Series 2014 Bonds (within the parameters set forth herein) to be executed by the Designated Officer, attached hereto as Exhibit G.

“Treasurer” means the City Treasurer of the Issuer.

“Underwriter” for the Series 2014 Bonds means George K. Baum & Company pursuant to the Bond Purchase Agreement and the Terms Certificate.

Unless the context clearly indicates to the contrary, the terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms as used in this Resolution, refer to this Resolution in its entirety.

1.2 Authority for Resolution. This Resolution is adopted pursuant to the Election, the Bond Act, and the Refunding Bond Act.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

2.1 Authorization of Bonds, Principal Amount, Designation and Series. In accordance with and subject to the terms, conditions and limitations established by the Refunding Bond Act and in this Resolution, a series of General Obligation Refunding Bonds of the Issuer is hereby authorized to be issued in the aggregate principal amount of not to exceed \$10,000,000. Such series of bonds shall be designated "City of Orem, Utah General Obligation Refunding Bonds, Series 2014." The name of the Series 2014 Bonds may be revised in the Terms Certificate. The Series 2014 Bonds may be issued in one or more series, from time to time, all within the parameters established hereby.

The Series 2014 Bonds shall be issued as fully registered Bonds, initially in book-entry form.

The Series 2014 Bonds shall be general obligations of the Issuer for the payment of which the full faith, credit and taxing power of the Issuer are hereby pledged, and the Issuer hereby agrees and covenants that it will annually cause to be levied a tax sufficient to pay the principal of, premium, if any, and interest on the Series 2014 Bonds as they fall due and payable and also to constitute a sinking fund to pay the principal, premium, if any, and interest when due.

2.2 Purpose. The Series 2014 Bonds are hereby authorized to be issued for the purpose of (a) refunding the Refunded Bonds and (b) paying expenses reasonably incurred in connection with the issuance and sale of the Series 2014 Bonds.

2.3 Bond Details; Delegation of Authority. (a) The Series 2014 Bonds shall mature on the dates and in the years and in the principal amounts, and shall bear interest (calculated on the basis of a year of 360 days comprised of twelve 30-day months) from the Original Issue Date payable on each Interest Payment Date at the per annum rates, all as provided in the Terms Certificate.

(b) There is hereby delegated to the Designated Officer, subject to the parameters set forth in this Resolution, the power to determine the following with respect to the Series 2014 Bonds and the Designated Officer is hereby authorized to make such determinations:

(i) the principal amount of the bonds necessary to accomplish the purpose of the Series 2014 Bonds set forth in Section 2.2 herein; provided, however, that the aggregate principal amount of the Series 2014 Bonds shall not exceed \$10,000,000;

(ii) the maturity date or dates and principal amount of each maturity of the Series 2014 Bonds to be issued; provided, however, that the final maturity of all Series 2014 Bonds shall not be later than eleven (11) years from the date of issuance thereof;

(iii) the interest rate or rates of the Series 2014 Bonds; provided, however, that the net effective interest rate or rates to be borne by any Series 2014 Bond shall not exceed four percent (4.0%) per annum;

(iv) the sale of the Series 2014 Bonds to the Underwriter, and the purchase price to be paid by the Underwriter for the Series 2014 Bonds; provided, however, that the discount from par of the Series 2014 Bonds shall not exceed three percent (3.0%);

(v) whether the Series 2014 Bonds shall be subject to redemption prior to maturity;

(vi) the application of the debt service savings realized by the Series 2014 Bonds, provided that in no event shall debt service be increased in any year from that applicable to the Refunded Bonds; and

(vii) the bonds to be refunded as the Refunded Bonds and any other provisions deemed advisable by the Designated Officer not materially in conflict with the provisions of this Resolution.

Upon pricing of the Series 2014 Bonds by the Underwriter, the Designated Officer shall make the determinations provided above in consultation with the Chief Financial Officer, and shall execute the Terms Certificate containing such terms and provisions on behalf of the Issuer, which execution shall be conclusive evidence as to the matters stated therein.

(c) Each Bond shall accrue interest from the Interest Payment Date next preceding the date on which it is authenticated, unless (i) it is authenticated before the first Interest Payment Date following the Original Issue Date, in which case interest shall accrue from the Original Issue Date, or (ii) it is authenticated upon an Interest Payment Date, in which case interest shall accrue from such Interest Payment Date; provided, however, that if at the time of authentication of any Bond interest is in default, interest shall accrue from the date to which interest has been paid. The Series 2014 Bonds shall bear interest on overdue principal at the aforesaid respective rates.

2.4 Denominations and Numbers. The Series 2014 Bonds shall be issued as fully registered bonds, without coupons, in the denomination of \$5,000, or any integral multiple thereof. The Series 2014 Bonds shall be numbered with the letter prefix "R" and shall be numbered from one (1) consecutively upwards in order of issuance.

2.5 Paying Agent and Bond Registrar. The Issuer hereby appoints U.S. Bank National Association to act as Paying Agent and Bond Registrar under the terms and conditions of this Resolution. The Issuer may remove any Paying Agent and any Bond Registrar, and appoint a successor or successors thereto. The Issuer shall submit to the Paying Agent or Bond Registrar, as the case may be, a notice of such removal at least 30 days prior to the effective date of such removal, and shall specify the date on which such removal shall take effect. Such removal shall take effect on the date that each successor

Paying Agent and Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Issuer a written acceptance thereof.

The principal of, premium, if any, and interest on the Series 2014 Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Principal of and premium, if any, on the Series 2014 Bonds shall be payable when due to the Registered Owner of each Bond at the principal office of the Paying Agent. Payment of interest on each Bond shall be made by check or draft mailed to the Person which, as of the Record Date, is the Registered Owner of the Bond, at the address of such Registered Owner as it appears on the registration books of the Issuer kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such Owner on or prior to the Record Date.

2.6 Redemption of Series 2014 Bonds.

(a) The Series 2014 Bonds shall be subject to redemption prior to maturity as specified in the Terms Certificate.

(b) The Series 2014 Bonds may be subject to mandatory redemption by operation of sinking fund installments as provided in the Terms Certificate. If the Series 2014 Bonds are subject to mandatory sinking fund redemption and less than all of the Series 2014 Bonds then outstanding are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at 100% of the principal amount thereof by the Bond Registrar against the obligation of the Issuer on such mandatory sinking fund redemption dates for the Series 2014 Bonds in such order as directed by the Issuer.

(c) If fewer than all of the Series 2014 Bonds of any maturity are called for redemption, the Series 2014 Bonds to be redeemed shall be selected by lot by the Bond Registrar, in such manner as the Bond Registrar may deem fair and appropriate, each \$5,000 or principal amount of the Series 2014 Bonds being counted as one Series 2014 Bond for this purpose. If a portion of a Series 2014 Bond shall be called for redemption, a new Series 2014 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the registered owner upon presentation and surrender thereof.

2.7 Notice of Redemption.

(a) In the event any Series 2014 Bonds are to be redeemed, the Issuer shall cause notice of such redemption to be given as provided in this Section 2.7. Notice of redemption shall be given by the Bond Registrar by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Registered Owner of the Series 2014 Bonds to be redeemed, at the address shown on the registration books of the Issuer maintained by the Bond Registrar on the Record Date specified in the notice of redemption,

which Record Date shall be not less than fifteen (15) calendar days before the mailing of such notice, or at such other address as is furnished to the Bond Registrar in writing by such Registered Owner on or prior to such Record Date. Each notice of redemption shall state (i) the identification numbers, as established hereunder and the CUSIP numbers, if any, of the Series 2014 Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Series 2014 Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Series 2014 Bonds; (ii) any other descriptive information needed to identify accurately the Series 2014 Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such Series 2014 Bonds; (iii) the Record Date; (iv) the redemption date; (v) the redemption price; (vi) the place of redemption; (vii) the total principal amount of Series 2014 Bonds to be redeemed; (viii) if less than all, the distinctive numbers of the Series 2014 Bonds or portions of Series 2014 Bonds to be redeemed and, if less than all of any Series 2014 Bond, the principal amount of each Series 2014 Bond that is to be redeemed; and (ix) that the interest on the Series 2014 Bonds or portion of Series 2014 Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Series 2014 Bonds or portions of Series 2014 Bonds the redemption price thereof and interest accrued thereon to the redemption date. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. Failure to give such notice or any defect therein with respect to any Bond shall not affect the validity of the proceedings for redemption with respect to any other Bond.

(b) In addition to the foregoing notice, further notice of redemption shall be given by the Bond Registrar, at least two (2) business days in advance of the mailed notice to Registered Owners of Series 2014 Bonds to be redeemed, by registered or certified mail or overnight delivery service or facsimile transmission to the Purchaser and to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2014 Bonds, and to one or more national information services that disseminate notices of redemption of obligations such as the Series 2014 Bonds. Such further notice shall contain the information required in the immediately preceding paragraph. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

For so long as a book-entry system is in effect with respect to the Series 2014 Bonds, the Bond Registrar will mail notices of redemption to Cede & Co. (DTC's partnership nominee) or its successor. Any failure of DTC to convey such notice to any DTC Participants or any failure of DTC Participants or Indirect Participants to convey such notice to any beneficial owner will not affect the sufficiency or the validity of the redemption of Series 2014 Bonds.

Each notice of optional redemption may further state that such redemption shall be conditional upon the receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium, if any, and interest on such Series 2014 Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Series 2014 Bonds. If such condition is included in the notice of redemption and if sufficient moneys have not been deposited on the date fixed for redemption, then a notice stating sufficient moneys were not deposited and that no redemption occurred on that date shall be sent within a reasonable time thereafter, in like manner, to the registered owners of each Bond which was sent the notice of redemption.

If notice of redemption shall have been given as described above and the foregoing condition, if any, shall have been met, the Series 2014 Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the Series 2014 Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2014 Bonds shall cease to accrue and become payable.

2.8 Partially Redeemed Series 2014 Bonds. In case any Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Bond Registrar shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Series 2014 Bond or Series 2014 Bonds of the same series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. A portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2014 Bonds for redemption, each such Bond shall be treated as representing that number of Series 2014 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2014 Bonds by \$5,000.

2.9 Book-Entry System.

(a) Unless otherwise specified in the Terms Certificate and except as provided in paragraphs (b) and (c) of this Section 2.9, the registered holder of all Bonds shall be, and the Series 2014 Bonds shall be registered in the name of Cede & Co. ("Cede"), as nominee of DTC. Payment of interest for any Bond, as applicable, shall be made in accordance with the provisions of this Resolution to the account of Cede on the interest payment date for the Series 2014 Bonds at the address indicated for Cede in the registration books of the Bond Registrar.

(b) The Series 2014 Bonds shall be initially issued in the form of a separate single fully registered Bond in the amount of each separate stated maturity of the Series 2014 Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books of the Issuer kept by the Bond Registrar, in the name of Cede, as nominee of DTC. With respect to Bonds so

registered in the name of Cede, the Issuer, the Bond Registrar and any Paying Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owner of any of such Bonds. Without limiting the immediately preceding sentence, the Issuer, the Bond Registrar and any Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Series 2014 Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Series 2014 Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, any of the Series 2014 Bonds. The Issuer, the Bond Registrar and any Paying Agent may treat DTC as, and deem DTC to be, the absolute owner of each Bond for all purposes whatsoever, including (but not limited to) (1) payment of the principal or redemption price of, and interest on, each such Bond, (2) giving notices of redemption and other matters with respect to such Bonds and (3) registering transfers with respect to such Bonds. So long as the Series 2014 Bonds are registered in the name of Cede, the Paying Agent shall pay the principal or redemption price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge the Issuer's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. Except as provided in paragraph (c) of this Section 2.6, no person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal or redemption price of, and interest on, any such Bond pursuant to this Resolution. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of this Resolution, the word "Cede" in this Resolution shall refer to such new nominee of DTC.

Except as provided in paragraph (c)(iii) of this Section 2.9, and notwithstanding any other provisions of this Resolution, the Series 2014 Bonds may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

(c) (i) DTC may determine to discontinue providing its services with respect to the Series 2014 Bonds at any time by giving written notice to the Issuer, the Bond Registrar, and the Paying Agent, which notice shall certify that DTC has discharged its responsibilities with respect to the Series 2014 Bonds under applicable law.

(ii) The Issuer, in its sole discretion and without the consent of any other person, may, by notice to the Bond Registrar, terminate the services of DTC with respect to the Series 2014 Bonds if the Issuer determines that the continuation of the system of book-entry-only transfers through DTC is not in the best interests of the beneficial owners of the

Series 2014 Bonds or the Issuer; and the Issuer shall, by notice to the Bond Registrar, terminate the services of DTC with respect to the Series 2014 Bonds upon receipt by the Issuer, the Bond Registrar, and the Paying Agent of written notice from DTC to the effect that DTC has received written notice from DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then outstanding Bonds to the effect that: (1) DTC is unable to discharge its responsibilities with respect to the Series 2014 Bonds; or (2) a continuation of the requirement that all of the outstanding Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC, is not in the best interests of the beneficial owners of the Series 2014 Bonds.

(iii) Upon the termination of the services of DTC with respect to the Series 2014 Bonds pursuant to subsection (c)(ii)(2) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2014 Bonds pursuant to subsection (c)(i) or subsection (c)(ii)(1) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer, is willing and able to undertake the functions of DTC hereunder upon reasonable and customary terms, the Series 2014 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC. In such event, the Issuer shall execute and the Bond Registrar shall authenticate Bond certificates as requested by DTC of like principal amount, maturity and Series, in authorized denominations to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interest in the Series 2014 Bonds.

(iv) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the representation letter of the Issuer addressed to DTC and DTC's operational arrangement.

(v) In connection with any notice or other communication to be provided to Holders of Bonds registered in the name of Cede pursuant to this Resolution by the Issuer or the Bond Registrar with respect to any consent or other action to be taken by such Holders, the Issuer shall establish a record date for such consent or other action by such Holders and give DTC notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

2.10 Sale of Series 2014 Bonds. (a) The sale of the Series 2014 Bonds is hereby approved as follows:

(i) The Series 2014 Bonds authorized to be issued herein shall be sold to the Underwriter at an aggregate price as shall be determined pursuant to the authority delegated under Section 2.3 hereof, on the terms and conditions to be set forth in the Bond Purchase Agreement, and upon the basis of the representations therein set forth. The Issuer hereby ratifies, confirms and approves all actions heretofore taken on behalf of the Issuer by the Designated Officer, the Chief Financial Officer, and/or the Treasurer, and other officials of the Issuer in connection with the sale of the Series 2014 Bonds.

(ii) To evidence the acceptance by the Issuer of the Bond Purchase Agreement, the Designated Officer is hereby authorized and directed to execute and deliver, and the City Recorder or Deputy City Recorder to attest, the Bond Purchase Agreement substantially in the form attached hereto as Exhibit D, with such changes, omissions, insertions and revisions as the Designated Officer shall deem advisable, his or her execution and delivery thereof to constitute conclusive evidence of such approval.

2.11 Continuing Disclosure Certificate. The Designated Officer is hereby authorized, empowered and directed to execute and deliver, and the City Recorder or Deputy City Recorder to seal, countersign and attest, the Continuing Disclosure Certificate in substantially the same form as now before the Issuer and attached hereto as Exhibit C, or with such changes therein as the Designated Officer shall approve, his or her execution thereof to constitute conclusive evidence of approval of such changes. When the Continuing Disclosure Certificate is executed and delivered on behalf of the Issuer as herein provided, the Continuing Disclosure Certificate will be binding on the Issuer and the officers, employees and agents of the Issuer, and the officers, employees and agents of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Certificate as executed. Notwithstanding any other provision of this Resolution, the sole remedies for failure to comply with the Continuing Disclosure Certificate shall be the ability of the beneficial owner of any Series 2014 Bond to seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate.

2.12 Execution of Bonds. The Series 2014 Bonds shall be executed on behalf of the Issuer by the Mayor and attested by the City Recorder or the Deputy City Recorder (the signatures of the Mayor and attested by the City Recorder or the Deputy City Recorder being either manual and/or by facsimile) and the corporate seal of the Issuer or a facsimile thereof shall be impressed or imprinted thereon. The use of such facsimile signatures of the Mayor and attested by the City Recorder or the Deputy City Recorder and such facsimile of the seal of the Issuer on the Series 2014 Bonds is hereby

authorized, approved and adopted by the Issuer as the authorized and authentic execution, attestation and sealing of the Series 2014 Bonds by said officials. The Series 2014 Bonds shall then be delivered to the Bond Registrar for manual authentication by it. The Certificate of Authentication shall be substantially in the form provided in Section 5.1 hereof. Only such of the Series 2014 Bonds as shall bear thereon a Certificate of Authentication, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Bond Registrar shall be conclusive evidence that the Series 2014 Bonds so certified have been duly registered and delivered under, and are entitled to the benefits of this Resolution and that the Registered Owner thereof is entitled to the benefits of this Resolution. The Certificate of Authentication of the Bond Registrar on any Bond shall be deemed to have been executed by it if (i) such Bond is signed by the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Series 2014 Bonds issued hereunder or that all of the Series 2014 Bonds hereunder be certified as registered by the same Bond Registrar, and (ii) the date of authentication of the Bond is inserted in the place provided therefor on the Certificate of Authentication.

The Mayor and the City Recorder or the Deputy City Recorder are authorized to execute, attest, countersign and seal from time to time, in the manner described above, Bonds (the "Exchange Bonds") to be issued and delivered for the purpose of effecting transfers and exchanges of Bonds pursuant to Article III hereof. At the time of the execution, attestation and sealing of the Exchange Bonds by the Issuer, the payee, principal amount, CUSIP number, if any, maturity and interest rate shall be in blank. Upon any transfer or exchange of Bonds pursuant to Article III hereof, the Bond Registrar shall cause to be inserted in appropriate Exchange Bonds the appropriate payee, principal amount, CUSIP number, if any, maturity and interest rate. The Bond Registrar is hereby authorized and directed to hold the Exchange Bonds, and to complete, certify as to registration and authenticate and deliver the Exchange Bonds, for the purpose of effecting transfers and exchanges of Bonds; provided, however, that any Exchange Bonds registered, authenticated and delivered by the Bond Registrar shall bear the same series, maturity and interest rate as Bonds delivered to the Bond Registrar for exchange or transfer, and shall bear the name of such payee as the Registered Owner requesting an exchange or transfer shall designate; and provided further that upon the delivery of any Exchange Bonds by the Bond Registrar a like principal amount of Bonds submitted for transfer or exchange, and of like series and having like maturities and interest rates, shall be canceled. The execution, attestation and sealing by the Issuer and delivery to the Bond Registrar of any Exchange Bond shall constitute full and due authorization of such Bond containing such payee, principal amount, CUSIP number, if any, maturity and interest rate as the Bond Registrar shall cause to be inserted, and the Bond Registrar shall thereby be authorized to authenticate and deliver such Exchange Bond in accordance with the provisions hereof.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bond (including any Exchange Bond) shall cease to be such officer before the issuance or delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until such issuance or delivery, respectively.

2.13 Delivery of Bonds; Application of Proceeds. The Series 2014 Bonds shall be delivered to the Underwriter at such time and place as provided in the Bond Purchase Agreement. The Treasurer is hereby authorized and instructed to make delivery of the Series 2014 Bonds to the Underwriter and to receive payment therefor in accordance with the terms of the Bond Purchase Agreement, and to deposit the proceeds of sale as follows:

(a) An amount sufficient to retire the Refunded Bonds shall be deposited in trust with the Escrow Agent to be invested in Governmental Obligations as contemplated by the Escrow Agreement which comply in all respects with the provisions of Section 11-27-3 of the Refunding Bond Act.

(b) The amount remaining shall be deposited into a separate account and used to pay the costs of issuance of the Series 2014 Bonds, provided that any moneys remaining in such account six months subsequent to the date of the initial delivery of the Series 2014 Bonds shall be deposited in the Bond Fund.

2.14 Provisions for Refunding and Redemption of Refunded Bonds.

(a) By execution of the Terms Certificate, the Issuer will have elected to refund the Refunded Bonds and to call and redeem on the respective first optional redemption date each series of the Refunded Bonds then outstanding (as more specifically identified in the Terms Certificate) at the requisite redemption price of each Refunded Bond to be so redeemed, plus accrued interest thereon to the redemption date. The paying agent and bond registrar for each series of the Refunded Bonds (the "Prior Paying Agent") is hereby authorized and directed to mail a Notice of Redemption of the Refunded Bonds as required by the proceedings which authorized the issuance of the Refunded Bonds.

(b) It is hereby found and determined that, pursuant to the Escrow Agreement, moneys and Governmental Obligations permitted under the Refunding Bond Act, the principal of and the interest on which, when due, will provide moneys which will be sufficient to pay, when due, pursuant to the aforementioned redemption, the principal of, premium, if any, and interest on the Refunded Bonds to become due on the Refunded Bonds will be deposited with the Escrow Agent and provision thereby made for the refunding, retirement and redemption of the Refunded Bonds.

2.15 Authorization of Escrow Deposit Agreement. The Escrow Agreement in substantially the form set forth as Exhibit F hereto, with such changes and additions as shall be made with the approval of the Mayor (which approval shall be conclusively established by the execution thereof by the Mayor) is hereby in all respects authorized and approved. The Issuer shall enter into the Escrow Agreement with the Escrow Agent establishing the Escrow Account from which principal of, premium, if any, and interest on the Refunded Bonds shall be paid. The Mayor is hereby authorized and directed to execute and deliver, and the City Recorder, to attest, the Escrow Agreement on behalf of the Issuer.

2.16 Further Authority. The Designated Officer, the Chief Financial Officer, the Treasurer, and the City Recorder and Deputy City Recorder and such other officials of the Issuer as may be required, are hereby authorized and directed to execute all such certificates, documents, and other instruments and make such elections under the Code as may be necessary or advisable to provide for the issuance, sale, registration, and delivery of the Series 2014 Bonds and to comply with applicable provisions of the Code.

ARTICLE III

TRANSFER AND EXCHANGE OF BONDS; BOND REGISTRAR

3.1 Transfer of Bonds.

(a) Any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar pursuant to Section 3.3 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Bond Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Bond Registrar. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever.

(b) Whenever any Bond or Bonds shall be surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully registered Bond or Bonds (which may be an Exchange Bond or Bonds pursuant to Section (a) hereof) of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Issuer, for a like aggregate principal amount. The Bond Registrar shall require the payment by the Registered Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. With respect to each Bond, no such transfer shall be required to be made (i) with respect to any Interest Payment Date after the Record Date to and including such Interest Payment Date, or (ii) with respect to any redemption of any Bond, after such Record Date as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than 15 calendar days before the mailing of such notice of redemption.

(c) The Issuer shall not be required to register the transfer of or exchange any Bond selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

3.2 Exchange of Bonds. Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully registered Bonds (which may be an Exchange Bond or Bonds pursuant to Section 2.12 hereof) of the same series, designation, maturity and interest rate of other authorized denominations. The Bond Registrar shall require the payment by the Registered Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. With respect to each Bond, no such exchange shall be required to be made (i) with respect to any Interest Payment Date after the Record Date to and including such Interest Payment Date, or (ii) with respect to any redemption of any Bond, after such Record Date

as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than 15 calendar days before the mailing of such notice of redemption.

3.3 Bond Registration Books. This Resolution shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended. The Bond Registrar shall keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Series 2014 Bonds, which shall at all times be open to inspection by the Issuer, and upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as herein provided.

3.4 List of Registered Owners. The Bond Registrar shall maintain a list of the names and addresses of the Owners of all Bonds and upon any transfer shall add the name and address of the new Registered Owner and eliminate the name and address of the transferor Registered Owner.

3.5 Duties of Bond Registrar. The obligations and duties of the Bond Registrar hereunder include the following:

- (a) to act as bond registrar, authenticating agent, paying agent, and transfer agent as provided herein;
- (b) to maintain a list of Registered Owners as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or redemption or submitted for exchange or transfer;
- (e) to furnish the Issuer at least annually a certificate with respect to Bonds canceled and/or destroyed; and
- (f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series 2014 Bonds.

ARTICLE IV

COVENANTS AND UNDERTAKINGS

4.1 Covenants of Issuer. All covenants, statements, representations and agreements contained in the Series 2014 Bonds, and all recitals and representations in this Resolution are hereby considered and understood and it is hereby resolved that all said covenants, statements, representations and agreements of the Issuer, are the covenants, statements, representations and agreements of the Issuer.

4.2 Levy of Taxes. The Issuer covenants and agrees to establish a Bond Fund which Fund shall be a segregated account held and administered by the Issuer and designated the "City of Orem, Utah General Obligation Refunding Bonds, Series 2014 Bond Fund" (the "Bond Fund"), to pay the interest falling due on the Series 2014 Bonds as the same becomes due and also to provide for the payment of the principal of the Series 2014 Bonds at maturity or by prior redemption. There shall be levied on all taxable property in the Issuer in addition to all other taxes, a direct annual tax sufficient to pay the interest on the Series 2014 Bonds and to pay and retire the Series 2014 Bonds. Said taxes shall be deposited in the Bond Fund and applied solely for the purpose of the payment of said interest and principal on the Series 2014 Bonds, respectively, and for no other purpose whatsoever until the indebtedness so contracted under this Resolution, principal and interest, shall have been fully paid, satisfied and discharged, but nothing herein contained shall be so construed as to prevent the Issuer from applying any other funds that may be in the Issuer's treasury and available for that purpose to the payment of said interest and principal as the same respectively mature, and the levy or levies herein provided for may thereupon to that extent be diminished, and the sums herein provided for to meet the interest on the Series 2014 Bonds and to discharge the principal thereof when due, are hereby appropriated for that purpose and the required amount for each year shall be included by the Issuer in its annual budget and its statement and estimate as certified to the Auditor of City of Orem, Utah in each year. Principal or interest falling due at any time when there shall not be available from the proceeds of said levies money sufficient for the payment thereof shall, to the extent of such deficiency, be paid from other funds of the Issuer available for such purpose, and such other funds reimbursed when the proceeds of said levies become available. The Issuer shall transfer from the Bond Fund to the Paying Agent at least one day prior to each principal and/or interest payment date or redemption date on the Series 2014 Bonds, sufficient moneys to pay all principal and interest falling due on said payment or redemption date. The Issuer has established the Bond Fund primarily to achieve a proper matching of revenues and debt service on the Series 2014 Bonds. The Bond Fund shall be depleted at least once each year by the Issuer except for a reasonable carryover amount not to exceed the greater of one year's earnings on the Bond Fund or one-twelfth of the annual debt service on the Series 2014 Bonds.

4.3 Bonds in Registered Form. The Issuer recognizes that Section 149 of the Code requires the Series 2014 Bonds to be issued and to remain in fully registered form in order that interest thereon be excludible from gross income for federal income tax purposes under laws in force at the time the Series 2014 Bonds are delivered. In this

connection, the Issuer agrees that it will not take any action to permit the Series 2014 Bonds to be issued in, or converted into, bearer or coupon form.

4.4 Tax Covenants. The Issuer further covenants and agrees to and for the benefit of the Bondholders that the Issuer (i) will not take any action that would cause interest on the Series 2014 Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Series 2014 Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Series 2014 Bonds in order to preserve the exemption from federal income taxation of interest on the Series 2014 Bonds. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of the Series 2014 Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised.

ARTICLE V

FORM OF BONDS

5.1 Form of Bonds. Each Bond shall be in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required:

[FORM OF BOND]

Registered

Registered

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF UTAH
CITY OF OREM**

**GENERAL OBLIGATION REFUNDING BOND
SERIES 2014**

Number R-____ \$ _____

Interest Rate Maturity Date Original Issue Date CUSIP

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS****

City of Orem, Utah (the "Issuer"), a duly organized and existing political subdivision of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above (subject to redemption prior to maturity, as provided herein), upon presentation and surrender hereof, the Principal Amount identified above, and to pay the Registered Owner hereof interest on the balance of said Principal Amount from time to time remaining unpaid at the Interest Rate per annum identified above (calculated on the basis of a year of 360 days comprised of twelve 30-day months), which interest shall be payable on _____ and _____ of each year, commencing _____ 1, 20__ (each an "Interest Payment Date"), until all of the principal shall have been paid.

Interest on this Bond shall accrue from the Interest Payment Date next preceding the date on which it is authenticated, unless (i) it is authenticated before the first Interest Payment Date following the Original Issue Date identified above, in which case interest shall accrue from the Original Issue Date, or (ii) it is authenticated on an Interest Payment Date, in which case interest shall accrue from such Interest Payment Date; provided,

however, that if interest on the hereinafter defined Bonds shall be in default, interest on the Series 2014 Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be payable from the date to which interest has been paid in full on the Series 2014 Bonds surrendered. This Bond shall bear interest on overdue principal at the Interest Rate. Principal and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Principal of this Bond shall be payable upon surrender of this Bond at the office of the Paying Agent (as defined below), and payment of the semiannual interest hereon shall be made by check or draft mailed to the person who is the Registered Owner of record hereof as of the fifteenth day immediately preceding each Interest Payment Date or if such day is not a regular Business Day of the Bond Registrar, the next preceding day which is a regular Business Day of the Bond Registrar at the address of such Registered Owner as it appears on the registration books kept by the hereinafter defined Bond Registrar, or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar as provided in the hereinafter defined Resolution.

This Bond is one of the General Obligation Refunding Bonds, Series 2014 of the Issuer (the "Series 2014 Bonds") limited to the aggregate principal amount of \$_____, issued pursuant to a special bond election duly and lawfully called and held by the Issuer on November 2, 2004 (the "Election"), the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Refunding Bond Act") and a resolution of the City Council of the Issuer adopted on August 26, 2014 (the "Resolution"). The Series 2014 Bonds are authorized to be issued for the purposes of (a) refunding and retiring all or a portion of the Issuer's outstanding General Obligation Bonds, Series 2005A, and (b) paying expenses reasonably incurred in connection with the issuance and sale of the Series 2014 Bonds.

U.S. Bank National Association is the initial bond registrar and paying agent with respect to the Series 2014 Bonds. Said bond registrar and paying agent, together with any successor bond registrar or paying agent, respectively, is referred to herein as the "Bond Registrar" and the "Paying Agent."

The Issuer covenants and is by law required to levy annually a sufficient tax to constitute a Bond Fund to pay the interest on this Bond as it falls due and also to provide for the payment of the principal hereof as the same falls due; provided, however, that the Issuer may apply other funds available to the Issuer to the payment of said principal and interest in which case the levy herein described may to that extent be diminished.

This Bond is transferable, as provided in the Resolution, only upon the books of the Issuer kept for that purpose at the principal office of the Bond Registrar, by the Registered Owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or such duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Bond or Bonds of authorized denominations of the same aggregate principal amount, series, designation, maturity and interest rate as the surrendered Bond, all as provided in the

Resolution and upon the payment of the charges therein prescribed. No transfer of this Bond shall be effective until entered on the registration books kept by the Bond Registrar. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the person in whose name this Bond is registered on the registration books kept by the Bond Registrar as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever, and neither the Issuer, nor the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

The Issuer is not required to transfer or exchange any Bond (i) after the Record Date with respect to any Interest Payment Date to and including such Interest Payment Date, and (ii) with respect to any redemption of any Bond, after such Record Date as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than 15 calendar days before the mailing of such notice of redemption.

The Series 2014 Bonds are issuable solely in the form of fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

The Series 2014 Bonds shall be subject to redemption prior to maturity as provided in the Resolution.

[The Series 2014 Bonds are subject to mandatory redemption by operation of sinking fund installments at a redemption price equal to 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, on the dates and in the principal amounts as follows:]

Notice of redemption shall be given by the Bond Registrar by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each Registered Owner of the Series 2014 Bonds to be redeemed, at the address shown on the registration books of the Issuer maintained by the Bond Registrar, all as provided in the Resolution.

If notice of redemption shall have been given as described above, the Series 2014 Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the Series 2014 Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2014 Bonds shall cease to accrue and become payable.

In case any Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Bond Registrar shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Series 2014 Bond or Series 2014 Bonds of the same series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. A portion of any Bond of a

denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2014 Bonds for redemption, each such Bond shall be treated as representing that number of Series 2014 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2014 Bonds by \$5,000.

This Bond and the issue of Bonds of which it is a part are issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Election, the Bond Act, the Refunding Bond Act and all other laws applicable thereto. It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Utah and by the Election, the Refunding Bond Act and the Resolution to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Bond exist, have happened and have been performed and that the issue of Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes, and that the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of and interest on this Bond, according to its terms.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, THE CITY OF OREM, UTAH, has caused this Bond to be signed in its name and on its behalf by its Mayor and attested and countersigned by its City Recorder (the signatures of said Mayor and City Recorder being by facsimile or manual signature), and has caused its corporate seal to be affixed hereto.

CITY OF OREM, UTAH

(Do Not Sign)

Mayor

ATTEST AND COUNTERSIGN:

(Do Not Sign)

City Recorder

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2014 Bonds described in the within mentioned Resolution and is one of the General Obligation Refunding Bonds, Series 2014 of the City of Orem, Utah.

_____ as Bond Registrar

By: _____

Date of Registration and Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED, _____,
the undersigned sells, assigns and transfers unto:

(Social Security or Other Identifying Number of Assignee)

(Please Print or Typewrite Name and Address of Assignee)

the within Bond and hereby irrevocably constitutes and appoints

attorney to register the transfer of said Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature: _____

NOTICE: The signature on this assignment must correspond with the name(s) of the Registered owner as it appears upon the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company and must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

ARTICLE VI

MISCELLANEOUS

6.1 Official Statement. The Official Statement of the Issuer is hereby authorized in substantially the form presented at this meeting and in the form attached hereto as Exhibit E, with such changes, omissions, insertions and revisions as the Designated Officer shall deem advisable, including the completion thereof with the information established at the time of the sale of the Series 2014 Bonds by the Designated Officer and set forth in the Terms Certificate. The Designated Officer shall sign and deliver the Official Statement to the Underwriter for distribution to prospective purchasers of the Series 2014 Bonds and other interested persons. The approval of the Designated Officer of any such changes, omissions, insertions and revisions shall be conclusively established by the Designated Officer's execution of the Official Statement.

6.2 Preliminary Official Statement Deemed Final. The use and distribution of an Official Statement in preliminary form ("the Preliminary Official Statement"), in substantially the form presented at this meeting and in the form attached hereto as Exhibit E, is hereby authorized and approved, with such changes, omissions, insertions and revisions as the Designated Officer shall deem advisable. The Designated Officer is hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to deem final the Preliminary Official Statement within the meaning and for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion thereof with the information established at the time of the sale of the Series 2014 Bonds.

6.3 Changes to Forms. The form of Series 2014 Bonds and the other documents authorized and approved hereby are authorized and approved with such additions, modifications, deletions and changes thereto as may be deemed necessary or appropriate and approved by the Mayor and/or Chief Financial Officer, whose execution or approval thereof on behalf of the Issuer shall conclusively establish such necessity, appropriateness and approval with respect to all such additions, modifications, deletions and changes incorporated therein.

6.4 Notice of Bonds to be Issued. In accordance with the provisions of the Refunding Bond Act, the Issuer shall publish the Notice of Bonds to be Issued one time in the Salt Lake Tribune, and the Deseret News, newspapers of general circulation in the Issuer. The City Recorder shall cause a copy of this Resolution (together with all exhibits hereto) to be kept on file in her office in the City of Orem, Utah, for public examination during the regular business hours of the Issuer until at least thirty (30) days from and after the date of publication thereof. The "Notice of Bonds to be Issued" shall be in substantially the form set forth in Exhibit G attached hereto.

6.5 Ratification. All proceedings, resolutions and actions of the Issuer and its officers taken in connection with the sale and issuance of the Series 2014 Bonds are hereby ratified, confirmed and approved.

6.6 Severability. It is hereby declared that all parts of this Resolution are severable, and 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 any such section, paragraph, clause or provision shall not affect the remaining provisions of this Resolution.

6.7 Conflict. All resolutions, orders and regulations or parts thereof heretofore adopted or passed which are in conflict with any of the provisions of this Resolution are, to the extent of such conflict, hereby repealed. This repealer shall not be construed so as to revive any resolution, order, regulation or part thereof heretofore repealed.

6.8 Captions. The headings herein are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

6.9 Certification of Fulfillment of Conditions. The Council hereby finds and certifies that upon the execution of the Terms Certificate, all conditions precedent to the issuance of the Series 2014 Bonds will have been satisfied and fulfilled.

6.10 Maintenance of Records; Copies. A copy of this Resolution and every amendatory or supplemental resolution or other official action relating to the Series 2014 Bonds shall be kept on file with the City Recorder in the City Offices at 56 North State Street, Orem, Utah 84057, where the same shall be made available for inspection by any Registered Owner of the Series 2014 Bonds, or his, its or their agents for so long as any of the Series 2014 Bonds remain outstanding and unpaid. Upon payment of the reasonable cost for preparing the same, a certified copy of this Resolution, or any amendatory or supplemental resolution, will be furnished to any Registered Owner of the Series 2014 Bonds.

6.11 Effective Date. This Resolution shall take effect immediately upon its approval and adoption by the Council.

6.12 Resolution Irrepealable. Upon the execution of the Terms Certificate, this Resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Series 2014 Bonds are paid in accordance with the terms and provisions hereof.

APPROVED AND ADOPTED this August 26, 2014.

CITY OF OREM UTAH

Mayor

ATTEST AND COUNTERSIGN:

City Recorder

(SEAL)

(Other business not pertinent to the foregoing appears in the minutes of the meeting.)

The meeting was then adjourned.

Mayor

ATTEST AND COUNTERSIGN:

City Recorder

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

I, Donna Weaver, the duly qualified City Recorder of the City of Orem, Utah (the "Issuer"), do hereby certify according to the records of the Issuer in my official possession that the foregoing constitutes a true and correct copy of the minutes of the meeting of the City Council of the Issuer held on August 26, 2014, including a resolution (the "Resolution") adopted at said meeting as said minutes and Resolution are officially of record in my possession.

I further certify that the Resolution, with all exhibits attached, was deposited in my office on August 26, 2014, and pursuant to the Resolution, there was published a Notice of Bonds to be Issued (a) one time in The Salt Lake Tribune and the Deseret News, newspapers having general circulation within the City, the affidavit of which publication will be attached upon availability, (b) on the Utah Public Notice Website created under Section 63F-1-701 Utah Code Annotated 1953, as amended and (c) on the Utah Legal Notices website (www.utahlegals.com) created under Section 45-1-101, Utah Code Annotated 1953, as amended.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of said City Recorder, this August 26, 2014.

City Recorder

(SEAL)

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW

I, Donna Weaver, the duly qualified and acting City Recorder of the City of Orem, Utah (the "Issuer"), do hereby certify that written public notice of the agenda, date, time and place of the meeting held by the City Council (the "Council") of the Issuer on August 26, 2014, not less than 24 hours in advance of the meeting. The public notice was given in compliance with the requirements of the Utah Open and Public Meetings Act, Section 52-4-202, Utah Code Annotated 1953, as amended, by:

(a) causing a Notice, in the form attached hereto as Schedule 1, to be posted at the Issuer's principal offices on August ____, 2014, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting;

(b) causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to the Salt Lake Tribune and the Deseret News on August ____, 2014, at least twenty-four (24) hours prior to the convening of the meeting; and

(c) causing a copy of such Notice to be posted on the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting.

In addition, the Notice of 2014 Annual Meeting Schedule for the Council (attached hereto as Schedule 2) was given specifying the date, time and place of the regular meetings of the Council to be held during the year, by causing said Notice to be (i) posted on _____, at the principal offices of said Issuer, (ii) provided to at least one newspaper of general circulation within the Issuer on _____, and (iii) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer this August 26, 2014.

City Recorder

(SEAL)

SCHEDULE 1

NOTICE OF MEETING

SCHEDULE 2

ANNUAL MEETING SCHEDULE

EXHIBIT B

LETTER OF REPRESENTATIONS

(See Transcript Document No. __)

EXHIBIT C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See Transcript Document No. __)

EXHIBIT D

FORM OF BOND PURCHASE AGREEMENT

(See Transcript Document No. __)

EXHIBIT E

FORM OF OFFICIAL STATEMENT

(See Transcript Document No. __)

EXHIBIT F

FORM OF ESCROW AGREEMENT

(See Transcript Document No. __)

EXHIBIT G

FORM OF TERMS CERTIFICATE

EXHIBIT H

NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to a special bond election duly and lawfully called and held by the Issuer on November 2, 2004, and the provisions of the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, that on August 26, 2014, the City Council (the "Council") of the City of Orem, Utah (the "Issuer") adopted a resolution (the "Resolution") in which it authorized the issuance of the Issuer's General Obligation Refunding Bonds, Series 2014 (to be issued from time to time in one or more series and with any such other designation(s) as the Issuer may determine) (the "Bonds").

PURPOSE FOR ISSUING THE BONDS

The Bonds, pursuant to the Resolution, are to be issued for the purpose of (i) refunding certain outstanding bonds of the Issuer (the "Refunded Bonds") in order to achieve a debt service savings (with application of such savings to both the projects financed by the Refunded Bonds and to debt service on the same), and (ii) paying related expenses. The bonds to be refunded were initially issued to finance all or a portion of the direct and related costs of repairing, reconstructing and improving City Roads, including new sidewalks and related improvements.

PARAMETERS OF THE BONDS

The Issuer intends to issue the Bonds in the aggregate principal amount of not to exceed Ten Million Dollars (\$10,000,000), to mature in not more than eleven (11) years from their date or dates, to be sold at a price not less than ninety-seven percent (97%) of the total principal amount thereof, plus accrued interest to the date of delivery, bearing interest at a net effective rate or rates of not to exceed four percent (4.00%) per annum. No deposit is currently contemplated to be required in connection with the sale of the Bonds. The Bonds may be issued in one or more series, and be sold at such time and from time to time, all as the Issuer may determine.

The Bonds are to be issued and sold by the Issuer pursuant to the Resolution, with such final terms and provisions as may be deemed appropriate by authorized officers of the Issuer, provided that said final terms shall not exceed the maximums set forth above.

A copy of the Resolution is on file in the office of the City Recorder of the Issuer in the Issuer's offices located at 56 North State Street, Orem City, Utah 84057, where it may be examined during regular business hours of the City Recorder from 8:00 a.m. to 5:00 p.m. for a period of at least thirty (30) days from and after the date of publication of this notice.

SECURITY PLEDGED FOR THE BONDS

The Bonds are general obligations of the Issuer secured by the full faith and credit and taxing power of the Issuer.

**(attach Proof of Publication of
Notice of Bonds to be Issued)**

Remarks for City Council meeting, 26 August 2014

I'm Roger Scanland; my address is 1850 South 350 East in Orem. I've been asked to address the problem of traffic and parking on 375 East that Mr. Baker's development will create. I've asked the City Recorder to place this statement into the minutes of this meeting.

1. 375 East is a one-block-long street that goes down a hill that is hazardous when icy.
2. This street dead-ends at 2000 South, which is the south boundary of Mr. Baker's property. 2000 South is narrow, with no shoulders and limited visibility. Beginning at the intersection of Mr. Baker's property, it winds up a hill known locally as Snake Hill.
3. 375 East is also narrow for a street that will soon be traveled in bad weather and good by fire trucks, ambulances, and service vehicles.
4. Plans call for only ~~four~~ six parking spaces for staff, delivery people and visiting medical personnel. Since fire trucks don't have space to enter the property, they will need to park on 375 East, along with the facility's visitors, as well as overflow staff and support people. Since 375 East IS only a block long, there will often be no curbside parking for the street's homeowners or THEIR service vehicles and guests.
5. The foregoing assumes that Mr. Baker will erect only two buildings with a capacity of 8 persons each. One of Mr. Baker's employees has shown one of the neighbors a building plan that shows three buildings, and ~~City Engineer~~ ^{BUILDING INSPECTOR} Paul Ashton says there's a possibility that Mr. Baker is planning to house sixteen people in each building.
6. I've personally parked on that street, facing uphill, and waited for a vehicle to come downhill so I could see for myself what problem two-way traffic would have when people are parked curbside in both directions. I couldn't pull out onto the street from the curb without blocking an oncoming vehicle of normal width.
7. 375 East can't be widened enough to solve that problem without the City widening its street easement into existing yards.
8. This will create a traffic hazard for children, including three autistic children who live either just across the street or immediately adjacent to the facility.

Finally, by his statements and his disinformation to both the neighboring residents and Orem City, and his policy of excavating and building first, and seeking City permission later, and then only when someone reports code violations to the City, Mr. Baker has effectively stonewalled our neighborhood in its efforts to obtain clear and firm information on his intentions from either him OR the City.

This is intolerable.

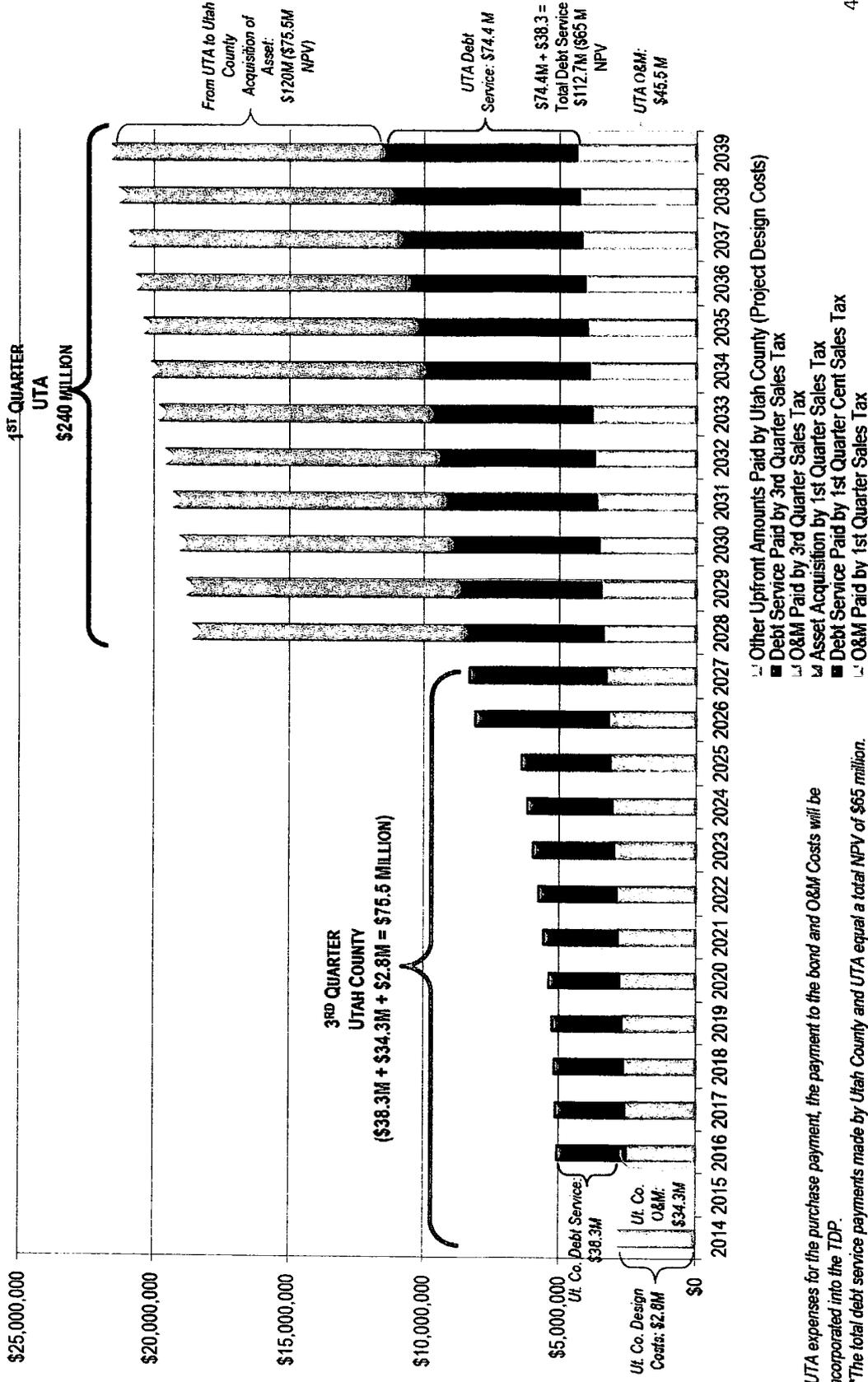
Utah County Remaining Revenues for Transportation Projects

Assumptions:

- 5% annual sales tax revenue growth, 2% annual corridor preservation revenue growth, 2% annual MPO revenue growth
- O&M for BRT paid with 3rd Quarter Cent from 2016-2027, then by UTA from 2028-2039
- 2.4% inflation rate on O&M expense

	Corridor Preservation Revenues (Vehicle Registration)	2nd Quarter Revenue (85%)	3rd Quarter Total Revenue	(Less Debt Service for Series 2019 & 2012 Bonds)	MPO Revenues (Federal Dollars)	Subtotal Revenues Available for Transportation Projects	(Less Utah County Debt Service and O&M Costs for BRT)	UTA BRT Purchase Payments to Utah County	Total Revenues Available for Transportation Projects (with BRT)
2014	1,430,889	1,533,754	16,178,165	(9,022,951)	10,882,375	21,022,232	(2,800,000)		18,222,232
2015	1,504,840	1,631,442	16,987,073	(9,029,901)	11,100,023	22,193,477			22,193,477
2016	1,554,328	1,713,014	17,836,427	(9,022,401)	11,322,023	23,403,391	(5,100,000)		18,303,391
2017	1,629,542	1,798,665	18,728,248	(9,030,326)	11,548,463	24,674,592	(5,160,000)		19,514,592
2018	1,703,569	1,888,598	19,664,661	(9,046,790)	11,779,433	25,989,471	(5,221,440)		20,768,031
2019	1,781,834	1,983,028	20,647,894	(9,066,950)	12,015,021	27,360,827	(5,284,355)		22,076,472
2020	1,859,893	2,082,180	21,680,289	(9,083,413)	12,255,322	28,794,270	(5,413,779)		23,380,491
2021	1,934,057	2,186,289	22,764,303	(9,104,517)	12,500,428	30,280,560	(5,607,150)		24,673,410
2022	2,014,665	2,295,603	23,902,518	(9,114,842)	12,750,437	31,848,381	(5,801,904)		26,046,477
2023	2,096,007	2,410,383	25,097,644	(9,145,194)	13,005,445	33,464,285	(6,007,879)		27,456,406
2024	2,183,705	2,530,902	26,352,526	(9,166,925)	13,265,554	35,165,763	(6,214,515)		28,951,248
2025	2,268,423	2,657,447	27,670,153	(9,203,502)	13,530,863	36,923,386	(6,426,650)		30,496,736
2026	2,353,084	2,790,320	29,053,660	(9,232,593)	13,801,483	38,765,953	(6,698,927)		30,667,027
2027	2,439,583	2,929,836	30,506,343	(9,261,516)	14,077,512	40,691,759	(8,327,786)		32,363,973
2028	2,532,850	3,076,327	32,031,660	(9,299,743)	14,359,063	42,700,157		9,996,055	52,696,212
2029	2,622,917	3,230,144	33,633,243	(9,308,956)	14,646,244	44,823,593		9,996,055	54,819,647
2030	2,720,448	3,391,651	35,314,906	(9,347,518)	14,939,169	47,018,655		9,996,055	57,014,710
2031	2,812,849	3,561,234	37,080,651	(9,403,106)	15,237,952	49,289,579		9,996,055	59,285,634
2032	2,908,886	3,739,295	38,934,683	(9,364,602)	15,542,711	51,760,974		9,996,055	61,757,029
2033	3,008,920	3,926,260	40,881,417	(9,475,161)	15,853,565	54,195,002		9,996,055	64,191,056
2034	3,113,308	4,122,573	42,925,488	(9,533,325)	16,170,637	56,798,681		9,996,055	66,794,735
2035	5,377,411	4,328,702	45,071,763	(7,385,400)	16,494,050	63,886,525		9,996,055	73,882,579
2036	5,482,808	4,545,137	47,325,351	(7,387,600)	16,823,931	66,789,626		9,996,055	76,785,681
2037	5,590,271	4,772,394	49,691,618	(7,390,000)	17,160,409	69,824,692		9,996,055	79,820,747
2038	5,699,840	5,011,013	52,176,199	(7,387,200)	17,503,617	73,003,470		9,996,055	82,999,525
2039	5,811,557	5,261,564	54,785,009	(7,384,000)	17,853,690	76,327,820		9,996,055	86,323,875
Total	\$74,436,481	\$79,417,755	\$826,921,995	(\$230,198,431)	\$366,419,423	\$1,116,997,122	(\$75,464,383)	\$119,952,655	\$1,161,485,395
NPV					\$613,849,004		(\$54,175,080)		\$613,849,004

Overview of BRT Funding Approach



- Other Upfront Amounts Paid by Utah County (Project Design Costs)
- Debt Service Paid by Utah County (Project Design Costs)
- O&M Paid by 3rd Quarter Sales Tax
- Asset Acquisition by 1st Quarter Sales Tax
- Debt Service Paid by 1st Quarter Cent Sales Tax
- O&M Paid by 1st Quarter Sales Tax

*UTA expenses for the purchase payment, the payment to the bond and O&M Costs will be incorporated into the TDP.
 **The total debt service payments made by Utah County and UTA equal a total NPV of \$65 million.

Utah County Transportation Sales Taxes 2012-2017
Funding and Projects

11 October 2011

Project Name	1st Quarter Vote 1985-2010 \$12.5m/yr		2nd Quarter (Part 15) Vote 2006 \$15m/yr Leg. Changed to .30 8%HWY/92% Transit		3rd Quarter (Part 19) County Commission Administrative Action 2009 \$12.5m/yr										*MPO Funds		Total Funds	
	Cost	Paid	Cost	Paid	State Roads - .10%		Regional Roads - .10%		ROW - .05%		Vehicle Registration Fee County Commission Adm. 2006 \$3.7m/yr		Cost	Paid	Cost	Paid		
					Bond	Cash Flow	Bond	Cash Flow	Bond	Cash Flow	Bond	Cash Flow						
I-15 CORE					22,300	22,300	12,700	12,700	2,426	2,426	27,574	27,574			65,000	65,000		
American Fork 900 West						9,500								3,500	0,000			
Elk Ridge DR	0.946					7,054	0.019							8,000	0.019			
Freedom BLVD RR Bridge							7,400			2,100				10,000	0,000			
Geneva RD					0,760	0,760			10,900	10,900	3,380	3,380	4,960	3,540	20,000	18,580		
HWY 147							1,750							1,750	0,000			
Lehi 2300 West	2,800	2,129												2,800	2,129			
Murdock Connector	1,984							0,216	0,216	1,970				4,170	0,216			
North County Blvd	15,634	9,283			16,455	10,033	10,937	0,435	5,439	5,325	2,852			59,179	25,076			
Pioneer Crossing BLVD	30,000	30,000							1,600	1,600				30,000	30,000			
Pony Express PKWY									1,658	1,658	0,242			3,500	3,258			
Provo NW Connector Study									2,500	0,313				2,500	0,313			
Provo Reservoir Canal Trail	2,900	2,900												2,900	2,900			
Santaquin Main ST					1,215				2,165	1,759				3,380	1,759			
US 6 Elberta														0,000	0,000			
Interest Expense		5,736						0,293	0,293	0,293				6,322	6,322			
Project Totals	60,000	50,048			40,730	33,093	40,730	17,101	20,365	20,252	4,952	0,000	27,574	3,880	223,001	155,572		
Total Funding Available	60,000	60,000			40,730	40,600	40,730	40,580	20,365	20,300	5,772	2,997	27,574	4,980	228,201	213,061		
Balance	0,000	9,952			0,000	7,507	0,000	23,479	0,000	0,049	0,820	2,997	0,000	1,100	5,200	57,488		
Cash Flow & Bonding	na	na			Total Bonding	101,825	Total Cash Flow	28,862	Bond	27,574	CF	4,980	na	na	129,399			

Notes: Cash flow Total Available for Part 19 is projected amounts for 6 years, 2012 through 2017

*MPO funds of \$4.69m are used for Geneva RD and paid back by funding American Fork 900 West and a portion of Santaquin Main ST.

2nd Quarter opinion ballot implied 92% transit split as 87% Comm. Rail & 5% Other Transit (BRT)

4th Quarter assumed in Regional Transportation Plan - 70% Transit and 30% Road

UTAH COUNTY HAS 4 TRANSPORTATION TAXES



UTAH CODE TITLE 59, CHAPTER 12
SALES & USE TAX ACT
COMBINED SALES AND USE TAX RATES
Tax Rates Subject to Streamline Sales Tax Rules
OTHER TAXES APPLY TO CERTAIN TRANSACTIONS
Rates in effect as of October 1, 2011
Please see instructions below

ST = State Sales & Use Tax
LS = Local Sales & Use Tax
MT = Motor Transit Tax
MA = Adm'l. Misc. Transit Tax
MF = Motor Vehicle Fuel/Gas Tax
CT = County Option Transportation
SM = Supplemental Sales & Use
MH = County Airport, Highway, Public
Transit
RH = Rural Hospital Tax
CZ = Behavioral, Cultural, Zoo Tax
(County)

MZ = Behavioral, Cultural, Zoo Tax
(Municipality)
HT = Highway Tax
CO = County Option Sales Tax
TO = Town Option Tax
TN = City or Town Option Tax
RR = Resort Community Tax
RA = AADT Resort Comm. Tax
(If taxing entity is not an incorporated city or town)

*See instructions below.

Location	City Code	ST*	LS	MT	MA	MF	CT	SM	MH	RH	CZ	MZ	HT	CO	TO	TH	RR	RA	Combined Sales Rate
Snyderville Basin Tr. Dist.	(a) 23-000	4.70%	1.00%	0.30%							0.10%			0.25%					6.35%
Tooele County	23-000	4.70%	1.00%	0.30%							0.10%			0.25%					5.95%
Erda	(b) 23-017	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Greentown	23-023	4.70%	1.00%	0.30%							0.25%			0.25%					5.95%
Latepoint	(b) 23-030	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Lincoln	(b) 23-065	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Ophir	23-037	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Stockton	23-048	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Tooele City	23-048	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Vernon	23-050	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Wendover	23-052	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Rush Valley	23-056	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Searsburg Park	(a) 23-066	4.70%	1.00%	0.30%							0.25%			0.25%					6.25%
Utah County	24-000	4.70%	1.00%	0.30%							0.10%			0.25%					6.35%
Alpine	24-014	4.70%	1.00%	0.30%							0.10%			0.25%					6.35%
Vernal	24-024	4.70%	1.00%	0.30%							0.10%			0.25%					6.35%
Ballard	24-028	4.70%	1.00%	0.30%							0.10%			0.25%					6.35%
Utah County	25-000	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%
Alpine	25-001	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%
American Fork	25-002	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%
Cedar Fort	25-019	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%
Draper-Cottonwood	25-026	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%
Engle Mountain	25-036	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%
Utah County	25-034	4.70%	1.00%	0.30%							0.25%			0.25%					6.75%

1985 1st Quarter - Voted per City
\$12.5M/Yr - Directly to UTA

2006 2nd Quarter (Part 15) - Voted .25, Leg. .30
\$15.2M/Yr (8% HWYs - 87% Rail - 5% Transit)

2009 3rd Quarter (Part 19) - County
Admin. Action - \$12.5M/Year - 100% HWYs

\$10 Vehicle Registration Fee Enacted by Utah County Commission in 2006 by administrative action Right of Way projects only



Transportation Sales Tax Use by County

Prepared by Chad Eccles, (801) 229-3824

1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	
<p>Passed upon initial UTA annexation. Funds current bus operations.</p> 	<p>Given extra .05% to accommodate for loss of sales tax on food</p> <p>Passed in 2000 to fund commuter rail north.</p> 	<p>Chose not to place it before voters.</p> 	<p>Not used by legislative action required.</p> 	
<p>Passed upon initial UTA annexation. Funds current bus operations.</p> 	<p>Passed in 2000 to fund commuter rail north and other bus and rail projects.</p> 	<p>Legislature approved priority list, passed by voters in 2006. Funds commuter rail south, 2015 rail projects and roads.</p> 	<p>Not used by legislative action required.</p> 	
<p>Passed upon initial UTA annexation. Funds current bus operations.</p> 	<p>Passed in 2006 and used for commuter rail south 87% road projects 8% other transit projects 5%.</p> 	<p>Passed by County Commission action in 2008 and funds road projects only.</p> 	<p>Not used by legislative action required.</p> 	
<p>Passed upon initial UTA annexation. Funds current bus operations.</p> 	<p>Passed in 2000 to fund commuter rail north.</p> 	<p>Passed in 2006 but not used. Accumulates in the County's account COG 10 to determine projects.</p> 	<p>Not used by legislative action required.</p> 	
<p>Population:</p> <p>Davis County 307,856 Utah County 520,049</p>	<p>Salt Lake County 1.03 m Weber County 232,228</p>			

Population Source: U.S. Census Bureau, 2010

Vote History of Transit in Utah County

Transit Service in Utah County is provided by the Utah Transit Authority (UTA). UTA is funded primarily through sales taxes, which is used for both operation and capital expenses. Additional revenue is received through fares paid by UTA customers and through some federal grants received annually for capital expenses.

In 1969, the Utah State Legislature passed the Utah Public Transit District Act, which allows individual communities to address transportation needs by forming local transit districts. The UTA was subsequently founded in March 1970 when the cities of Sandy, Salt Lake City, and Murray voted to form a transit district.

In spite of several attempts to secure a dependable source of subsidy money, there was no success until 1973. In that year the legislature authorized payment of funds from the profits of the state liquor monopoly to counties that had transit districts. The legislature also voted to permit an increase in local property taxes to be used to aid mass transit, subject to approval by the voters within the district. However, strong opposition to any increase in property taxes killed that potential revenue source.

In 1974 another funding plan had been adopted by the Utah legislature, this calling for an increase of 0.25 per cent in the sales tax with the proceeds to be used for transit purposes, if voters in the district approved. This idea met with a warmer reception. A provision in the bill as originally adopted required that no fares be charged if the sales tax increase was approved, but this was later made optional and in fact was never actually instituted. However, the possibility that transit rides might one day be free became a perennial issue after that.

Salt Lake County and Weber County voters approved the sales tax increase in November 1974, but Davis County turned it down.

In 1978 the voters of both cities decisively rejected a ballot proposal to join the Utah Transit Authority, instead approving formation of the Timpanogos Transit Authority to subsidize local service offered by Provo City Lines on a single route. Without the extra 0.25 per cent sales tax, however, public support was modest.

By 1984 the UTA system had put most of its problems behind it, and when the question was again put to the Utah County voters in that year the sales tax increase and UTA operation were both approved. Orem voters approved this ballot measure with 6,267 in favor and 4,680 against or 57% approval. Provo Voters approved this ballot measure of

UTA began operations in Utah County in 1985 in the Provo/Orem area. American Fork, Lehi, Lindon, and Pleasant Grove joined the transit district in November 1989 followed by Springville in November 1990. Alpine, Cedar Hills, and Highland, were annexed into the transit district in November 1993. Mapleton, Payson, Salem, Spanish Fork, and the unincorporated voting precinct of Provo Canyon voted to annex into UTA in November 1994.

In 2006, Utah County wide Voters passed (with 69% approval) an opinion question as to whether the Utah County Commission should levy a second quarter cent of sales tax for the purpose of building transportation projects. In the opinion question it was stated that 87% of the funding would be spent on fixed guide-way commuter rail, 8% for road projects, and 5% for other transit operations which would include bus rapid transit.

On November 4, 2008, the cities of Eagle Mountain and Saratoga Springs voted to annex into the Utah Transit Authority. Saratoga Springs passed with 1,844 voters for the initiative and 929 against for 66% approval. Eagle Mountain passed with 1,783 voting to ratify the initiative and 509 opposed for 78% approval.

In the city of Santaquin, by a vote of 751 for and 457 against for 62% approval on Tuesday, November 2, 2010, residents approved a sales tax increase to help fund the city's annexation into UTA's transit boundaries.

In a unanimous vote on Tuesday June 7, 2011, the Utah County Commissioners changed the county's sales tax code so that the whole county pays into the county's transit district fund. Previous to this, voters in each city had to approve the UTA sales tax increase. But the state Legislature passed a bill in the most recent session that allowed for the county to make this particular change without voter approval as long as it did so before July 1, 2011.

Most of the larger cities in the county had already been levying a sales tax to pay into the fund. With the commission's vote, places like Cedar Fort, Fairfield and Woodland Hills also have the sales tax levied, and therefore are eligible for UTA service.

	<u>Year</u>	<u>For</u>	<u>Against</u>	<u>Percentage</u>
◦ Alpine	1993	674	445	60% approval
◦ American Fork	1989	2,651	885	75% approval
◦ Cedar Hills	1993	223	79	74% approval
◦ Eagle Mountain	2008	1,783	509	78% approval
◦ Highland	1993	902	433	68% approval
◦ Lehi	1989			79% approval
◦ Lindon	1989	574	346	62% approval
◦ Mapleton	1994	679	495	58% approval
◦ Orem	1984	6,267	4,680	57% approval
◦ Payson	1994	1,556	471	77% approval
◦ Pleasant Grove	1989			69% approval
◦ Provo	1984	6,729	4,474	60% approval
◦ Salem	1994	449	210	68% approval
◦ Santaquin	2010	751	457	62% approval
◦ Saratoga Springs	2008	1,844	929	66% approval
◦ Spanish Fork	1994	2,035	826	71% approval
◦ Springville	1990	2,768	990	74% approval

Article 2-15. CARE Tax Advisory Commission

- 2-15-1. Commission Established.**
- 2-15-2. Duties and Responsibilities.**
- 2-15-3. Membership of Commission.**
- 2-15-4. Appointment.**
- 2-15-5. Term of Office.**
- 2-15-6. Removal and Vacancy.**
- 2-15-7. Voting.**
- 2-15-8. Meetings.**
- 2-15-9. Staff Assignments.**
- 2-15-10. Compensation.**
- 2-15-11. Recommendations.**

2-15-1. Commission Established.

The CARE Tax Advisory Commission of the City of Orem (the "Commission") is hereby established.

2-15-2. Duties and Responsibilities.

The Commission shall act in an advisory capacity to the City Council and shall have the following duties and responsibilities:

- A. To review applications for CARE funding.
- B. To meet with applicants for CARE funding.
- C. To actively seek input from recreational organizations, cultural arts organizations and citizens before making recommendations to the City Council regarding CARE funding.
- D. To consider priorities outlined in the Strategic Plans of the Recreation Advisory Commission and the Orem Arts Council before making recommendations to the City Council regarding CARE funding.
- E. To make recommendations to the City Council, consistent with CARE policies established by the City Council, regarding how CARE funds should be allocated.

2-15-3. Membership of Commission.

The Commission shall consist of seven (7) members. Commission members should have an interest in arts and/or recreation in Orem and shall not be affiliated with an organization applying for a CARE grant. Recreational organizations do not receive CARE grants, but may benefit from CARE grants; therefore, Commission members may be affiliated with a recreational organization benefitting from a CARE grant, provided that the Commission member is not a decision maker in the recreational organization.

2-15-4. Appointment.

- A. Commission members shall be appointed by the Mayor, with the advice and consent of the City Council.
- B. Commission members shall be residents of the City of Orem.
- C. Commission members shall be selected without respect to political affiliation.

2-15-5. Term of Office.

- A. The term of office for Commission members shall be two (2) years.
- B. Commission members may be appointed for multiple terms.

C. Each term shall continue until a successor is chosen and qualified, except in the case of the member's death, resignation, removal or disqualification from holding office.

2-15-6. Removal and Vacancy.

A. Any member of the Commission may be removed from office by the Mayor, with the advice and consent of the City Council.

B. A member's office automatically becomes vacant if the member establishes residence outside of the City, or lives outside of City boundaries for a continuous period of more than sixty (60) days.

C. A member's office automatically becomes vacant if the member misses more than twenty-five percent (25%) of the Commission's scheduled meetings during any twelve month period.

D. Vacancies shall be filled for the unexpired term of any member whose office becomes vacant.

E. Vacancies occurring other than through the expiration of a regular term shall be filled by appointment by the Mayor, with the advice and consent of the City Council.

2-15-7. Voting.

A. Each member of the Commission shall have one (1) vote.

B. A quorum shall consist of any four (4) members of the Commission. No meeting is official unless a quorum of members is present.

C. The minimum number of votes required to take any action shall be a majority of those present at the meeting, provided there is a quorum, but shall never be less than four (4).

2-15-8. Meetings.

A. The Commission shall select one of its members to be Chairperson. The Chairperson shall conduct all meetings and shall serve for one (1) year. Elections for Chairperson shall be held annually at the first January meeting of the year. A Chairperson may serve consecutive terms.

B. The Commission shall meet periodically, as needed and as directed by the Chairperson.

C. Commission business and discussion shall be conducted in open, public meetings in accordance with legal requirements and City policies.

D. The Commission shall keep written minutes for each of its meetings. The minutes shall be reviewed for approval at the following Commission meeting.

E. The Commission may adopt By-laws, rules or procedures for the transaction of its business.

2-15-9. Staff Assignments.

The City Manager shall appoint appropriate staff support for the Commission that will act as liaison to the Commission. The staff support shall prepare applications, compile and distribute information, schedule meetings, make recommendations for improving the CARE program and CARE processes, and perform other functions as needed to assist the Commission in carrying out its responsibilities.

2-15-10. Compensation.

A. Members of the Commission shall serve without monetary compensation.

B. Members of the Commission may be compensated for reasonable expenses incurred for official responsibilities, if approved by the City Manager.

2-15-11. Recommendations.

The Commission may make recommendations to the City Council regarding CARE policies and the operation of the CARE program.

Ord. No. O-06-0017, Amended 9/12/2006 renumbered; Ord. No. O-07-0024, Amended 04/10/2007; Ord. No. O-09-0002, Renumbered 01/13/2009; Ord. No. O-2012-0020, Amended & Renumbered 07/10/2012; Ord. No. 2012-0034, Amended 12/18/2012; Ord. No. O-2013-0010, Amended 05/28/13)

J. Swimming Pools.

1. All in-ground swimming pools and above-ground swimming pools with a wall height of thirty-six (36) inches or greater not completely enclosed within a building having fire-resistive walls of at least one hour shall be completely surrounded by a fence or wall having a height of at least five feet (5'), and shall be set back at least five feet (5') from all property lines and four feet (4') from all fences and walls.

2. There shall be no opening in the fence or wall, required by subparagraph (G)(1) above, which shall allow a passage of a four-inch (4") diameter sphere, including gates. All gates shall be equipped with self-closing and self-latching devices.

3. Commercial swimming pools are not permitted in residential zones.

4. Noncommercial swimming pools are permitted as accessory uses in residential zones. Subsection J., dealing with swimming pools does not include hot tubs or jacuzzis.

(Ord. No. O-99-0007, Enacted H on 01/26/1999; Ord. No. O-01-0021, Amended 06/12/2001; Ord. No. O-03-0029, Amended 09/09/2003; Ord. No. O-06-0014, Amended 7/25/2006; Ord. No. O-06-0017, Amended 9/12/2006 renumbered; Ord. No. O-09-0002, Renumbered 01/13/2009; Ord. No. O-2010-0014, Amended 05/25/2010)

K. Guest Houses. Guest houses are not permitted in any residential zone.

(Ord. No. O-03-0029, Amended when H shifted to I 09/09/2003; Ord. No. O-06-0017, Amended 9/12/2006 renumbered; Ord. No. O-09-0002, Renumbered 01/13/2009)

22-6-10. Miscellaneous Regulations for Residential Zones.

A. Parking and Storage of Trucks, Trailers and Recreational Vehicles.

1. No truck, motor vehicle or commercial trailer which exceeds the rated capacity of one and one-half (1 1/2) tons shall be stored or parked on any lot or parcel within any residential zone, nor shall any construction, contracting or earth moving equipment, which is not being used for construction within the immediate area, be stored or parked on any lot or parcel in a residential zone. The provisions of this subsection shall not apply, however to recreational vehicles nor accessory vehicles to permitted agricultural uses.

2. Boats, boat trailers, recreational vehicles, or travel trailers may not be placed, kept, or

maintained within the front yard areas of any residential zone, except on a paved driveway. Boats, boat trailers, recreational vehicles and travel trailers shall not violate the clear vision area of a corner lot.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-01-0021, Amended 06/12/2001)

B. Temporary Office. A temporary office or a dwelling temporarily used as an office may be permitted when used in conjunction with the sale of property within a subdivision under construction, provided the temporary office is located on the same tract of land as the subdivision. No temporary office may be used without first obtaining the appropriate permit from the City Manager. A permit therefore shall be valid for not more than one (1) year, and the temporary office or office use shall be removed and discontinued upon the expiration of the permit.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-01-0021, Amended 06/12/2001)

C. Animals. Animals are allowed in residential zones only if the following conditions are met:

1. The area of the lot on which the animals are kept must be at least one (1) acre except for rabbits, pigeons, ducks, and household pets.

2. Permitted animals shall include:

	Maximum No./Acre	Minimum distance of barns, pens, or corrals from any dwelling or public street
Cattle:	5	100 ft.
Horses:	5	100 ft.
Sheep or Goats:	6	40 feet from any dwelling on the same lot and 85 feet from any neighboring dwelling.
Poultry, Fowl, and Turkeys:	20	40 feet from any dwelling on the same lot and 85 feet from any neighboring dwelling.
Rabbits:	4	20 ft.
Pigeons:	Unlimited	20 ft.
Ducks:	2	20 ft.

3. The maximum number of dogs or cats four months of age or older shall not exceed two (2) each per lot.

4. Animals may be kept on lots containing less than one (1) acre in a rural residential area when said animals are regulated by restrictive covenants when specifically approved by the Planning Commission as a part of the subdivision.

5. The number of animals in Subparagraph (2) above shall be reduced geometrically if the resident desires to keep and maintain more than one species of permitted animals. Example: If two species are desired, then the number of each

species shall be reduced to one-half (1/2). If three species are desired, then the number of each species shall be reduced to one-third (1/3), etc.

6. No animal shall be kept in a residential zone for the purpose of commercial production.

7. The keeping of hen chickens (no roosters) shall be permitted in a residential zone on a single-family lot less than one (1) acre provided the following are met:

a.

<u>Lot Size:</u>	<u>Maximum number of chickens:</u>
5000 square feet	2
7000 square feet	3
8000 square feet	4
9000 square feet	5
10,000 square feet	6
20,000 square feet	10
30,000 square feet	12

b. Chickens must be kept in a predator resistant coop or chicken tractor at night which shall be set back at least 10 feet from all property lines. The enclosure shall provide sufficient light, air, and space for the chickens. The enclosure shall not be located in a front yard.

c. The enclosure shall be cleaned regularly to prevent offensive odors from becoming a nuisance.

d. Chickens shall not be permitted to roam free unless in an enclosed rear yard.

e. Chickens shall not be considered household pets.

f. Slaughtering of chickens is prohibited.

(Ord. No. 661, Revised 04/10/1990 Ord. No. O-99-0057, Amended 12/19/1999; Ord. No. O-01-0021, Amended 06/12/2001; Ord. No. O-2010-0005, Amended 02/23/2010)

D. Temporary Building. A temporary building or yard for the storage of construction materials and equipment incidental and necessary to the construction of homes or other permitted structures may be permitted, provided such temporary building or yard is located on the same tract of land on which the home or other building is to be constructed. No temporary building may be used without first obtaining the appropriate permit from the City Manager. A permit therefore shall be issued only to the contractor or builder and shall be valid for not more than one (1) year, at which time the building or yard shall be removed from the premises.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-01-0021, Amended 06/12/2001)

E. Temporary Parking of a Trailer House. Temporary parking of a trailer house on a lot on which

a dwelling unit is being constructed is permitted, subject to the following conditions:

1. A permit to construct a permanent residence on such lot has been obtained from the City Manager.

2. The period of time that the trailer house is placed on the lot shall not exceed one (1) year.

3. The trailer house shall be removed from the lot before the building is occupied.

4. Water and sewerage facilities shall comply with the requirements of the City-County Health Department.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-01-0021, Amended 06/12/2001)

F. Utility substations. Utility substations or similar facilities are permitted in residential zones subject to the following standards:

1. the primary access must be from an arterial or collector street;

2. an 8-foot high masonry fence shall be constructed and maintained on the property line of all adjoining parcels;

3. the fence shall be set back at least 20 feet from dedicated streets;

4. the setback area from streets shall be landscaped with a combination of grass, shrubs, and trees (both deciduous and conifer); and

5. all structures (excluding the required masonry fence) shall be set back from the property lines a distance of at least equal to the height of the structure and in no case less than 20 feet.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-96-0002, Amended 01/02/1996; Ord. No. O-01-0021, Amended 06/12/2001; Ord. No. O-06-0014, Amended 7/25/2006)

G. Conditional Uses in Certain Historic Buildings. Notwithstanding any other provision to the contrary contained in Chapter 22, the professional services specifically enumerated below may be allowed as a conditional use in certain historic buildings in a residential zone. In order to be eligible for a conditional use permit for the enumerated professional services, the following criteria must be met:

1. The property must be designated on the City of Orem local historic site landmark register and the National Register of Historic Places.

2. The historic building property must be located adjacent to a minor arterial or principal arterial as defined in the Orem Street Classification Map, as amended.

3. The City Council finds that the building has an architecture, design or style that is historically significant, unique and aesthetically pleasing.

4. The owner commits to completing significant restoration/remodeling of the historic

OVERALL SITE PLAN

1545 South State Street

OVERALL SITE PLAN

SCALE: 1/4" = 10'-0"



SHEET NUMBER
C100

OVERALL SITE PLAN

PRO - REPAIR SHOP
NE SEC 26, T6S, R2E
1545 SOUTH STATE ST
OREM, UTAH 84097
RAWLAND SITE

BY
CITY OF OREM

DATE

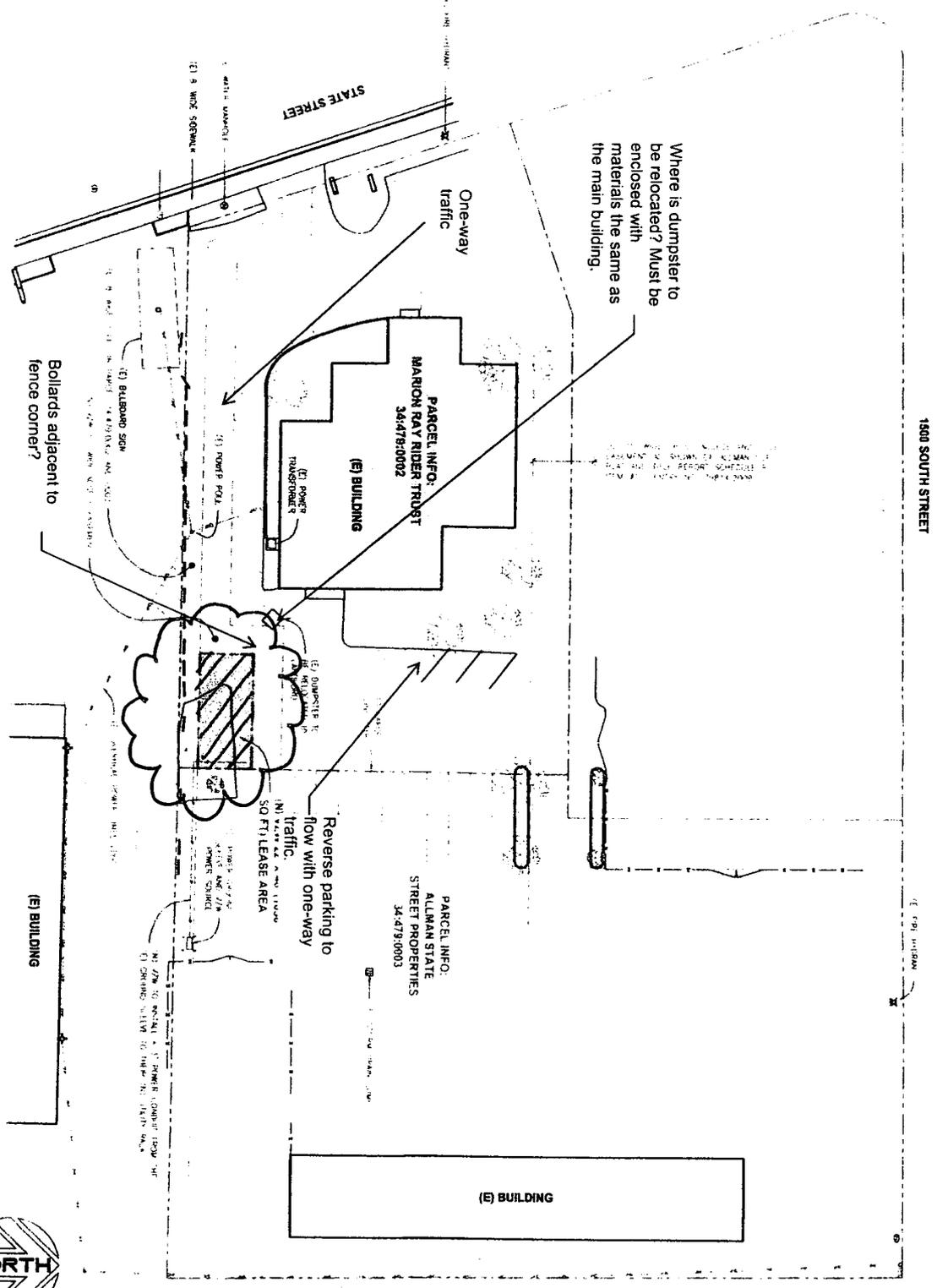
0 01.03.2014 ZONING DIVISIONS
REV DATE OCCUPATION

DRAWN BY: JWC
CHECKED BY: RST

UTAH MARKET OFFICE
5710 SOUTH 9000 STREET
SALT LAKE CITY, UTAH 84120
CORPORATE OFFICE
3115 SOUTH 2600 WEST
CANYON, CALIFORNIA 92510

TABCO
Technology Associates Incorporated
TECHNOLOGY ASSOCIATES

Verizon
wireless
VERIZON WIRELESS
5600 SOUTH HANCOCK BLVD
WEST GARDEN, UTAH 84080



1500 SOUTH STREET

STATE STREET

One-way traffic

Where is dumpster to be relocated? Must be enclosed with materials the same as the main building.

PARCEL INFO:
MARION RAY RIDER TRUST
34.478:0002
(E) BUILDING

(E) DUMPSTER
(N) VACANT 50 FT LEASE AREA
Reverse parking to flow with one-way traffic.

PARCEL INFO:
ALLMAN STATE STREET PROPERTIES
34.479:0003

(E) BUILDING

Bollards adjacent to fence corner?

(E) BUILDING

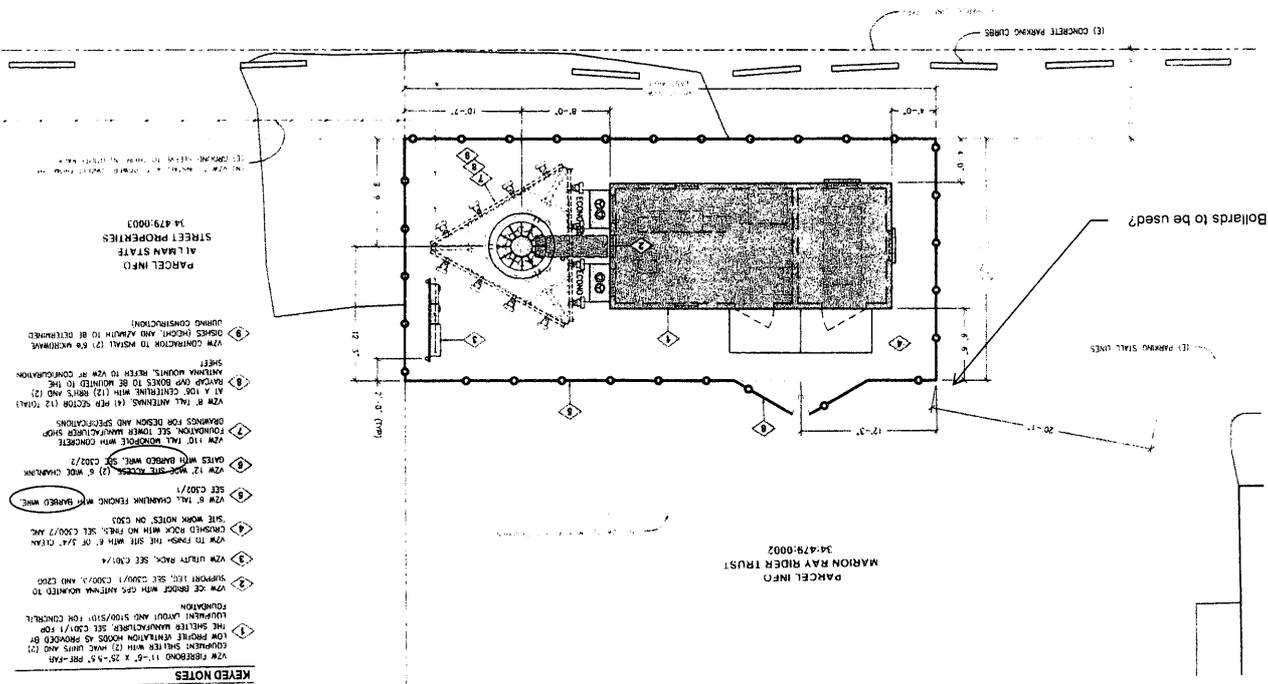
C101

ENLARGED SITE PLAN

PRO - REPAIR SHOP
 NE SEC 26, T8S, R2E
 1545 SOUTH STATE ST
 OREM, UTAH 84097



SCALE: 1/8" = 1'-0"



- KEYED NOTES**
1. FOUNDATION LAYOUT AND 5100/5101 FOR CONCRETE. THE SHEET MANAGER, SEE C302/7 FOR LOW PROFILE VENTILATION HOODS AS PROVIDED BY EQUIPMENT SUPPLIER WITH (2) HVAC UNITS AND (2) EXHAUST FANS. SEE C302/7 FOR
 2. VZW ICE BRIDGE WITH GPS ANTENNA MOUNTED TO FOUNDATION.
 3. VZW UPLINK BACK, SEE C302/4.
 4. VZW TO FURNISH THE SITE WITH 6" OF 3/4" CLEAN SIEVE WORK NOTES ON C303.
 5. VZW 6" TALL CHAINLINK FENCING WITH 3' BARBED WIRE. SEE C302/1.
 6. GATES WITH BARBED WIRE, SEE C302/7.
 7. VZW 12" WIDE SITE ACCESS, (2) 6' WIDE CHAINLINK GATES FOR DESIGN AND SPECIFICATIONS.
 8. FOUNDATION, SEE TOWER MANUFACTURER'S DRAWINGS FOR DESIGN AND SPECIFICATIONS.
 9. VZW 8" TALL METALING (4) 8" DIA SECTION (12) GALVAZINIZED RAYPAC OPEN BOXES TO BE MOUNTED TO THE SHEET. (CHECK AND VERIFY) TO BE DETERMINED UPON CONSTRUCTION.

VERIZON WIRELESS
 800 SOUTH HOOPER AVENUE
 SALT LAKE CITY, UTAH 84143

TECHNOLOGY ASSOCIATES
 2710 SOUTH 2000 STREET
 SALT LAKE CITY, UTAH 84119

UTAH MARKET OFFICE
 2710 SOUTH 2000 STREET
 SALT LAKE CITY, UTAH 84119

COMPARTELL CORP
 3115 SOUTH HUNTER LANE, SUITE 110
 OGDEN, UTAH 84203

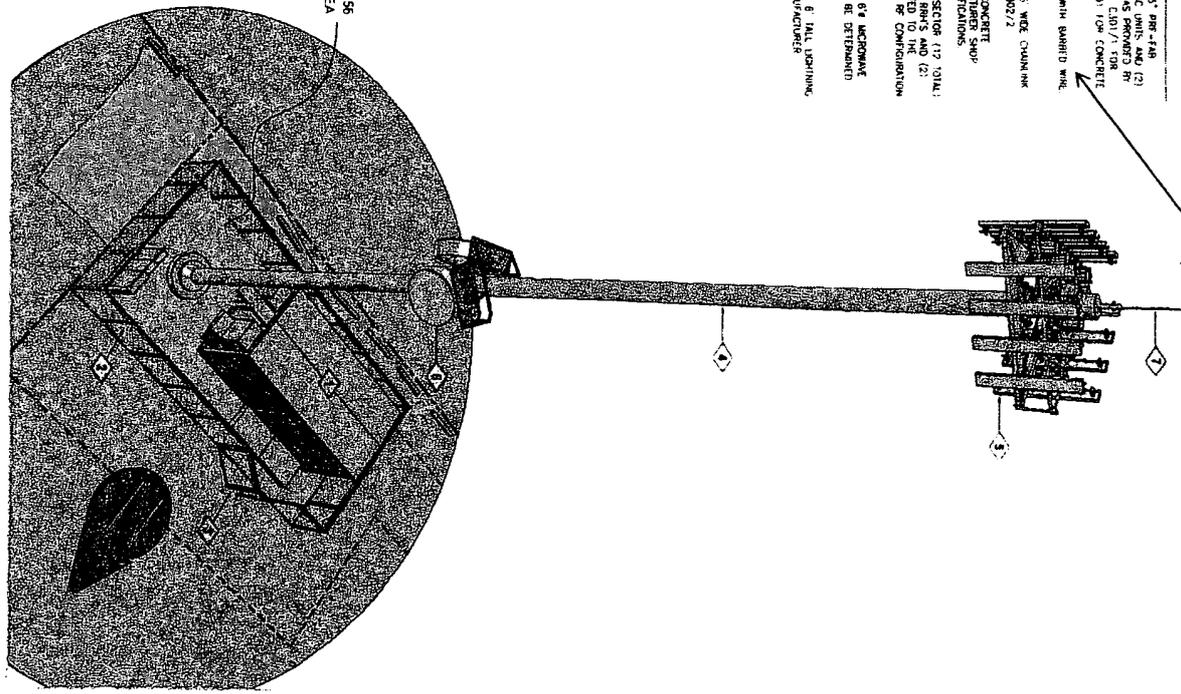
DATE: 01.23.2014 **TIME: 10:00 AM**

PROJECT: REPAIR SHOP

KEYED NOTES

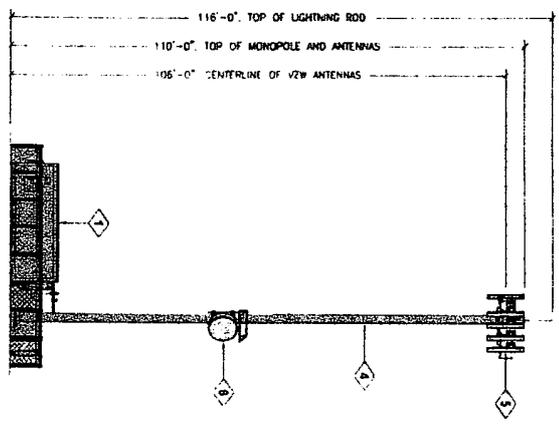
- 1- VZW REPAIRING 11'-6" x 7'-25" x 5.5' PER-FAB (2) ISOPHASED SPLITTER WITH (2) SMC PORTS AND (2) SMC ANTENNA PORTS. SEE SPECIFICATIONS FOR EQUIPMENT PARTS AND SUD/SUD FOR CONCRETE FOUNDATION.
- 2- VZW 6' TALL J-BRACKET EXTENDING WITH BARBED WIRE. SEE C200/1.
- 3- VZW 12' WIDE SIDE ACCESS (2) 6" WIDE CHAIN LINK GATES WITH BARBED WIRE. SEE C200/2.
- 4- VZW 110' TALL MONOPOLE WITH CONCRETE FOUNDATION. SEE TOWER MANUFACTURER SHOP DRAWINGS FOR DESIGN AND SPECIFICATIONS.
- 5- VZW 6' TALL ANTENNAS (4) PER SECTOR (12 TOTAL) AT A 100' CENTERLINE WITH (12) RHHS AND (2) MATCH GYM SOLES TO BE MOUNTED TO THE ANTENNA MOUNTS REFER TO VZW RF COMBINATION SHEET.
- 6- VZW CONTRACTOR TO INSTALL (2) 6" MICROWAVE DISHES (HEIGHT AND AZIMUTH TO BE DETERMINED DURING CONSTRUCTION).
- 7- VZW CONTRACTOR TO INSTALL THE 6' TALL LIGHTNING ROD AS SHOWN BY TOWER MANUFACTURER.

Barbed wire not permitted in this zone.

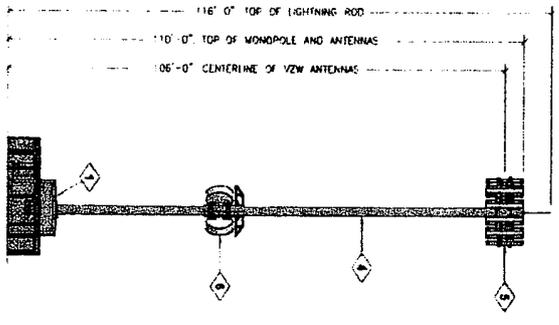


SITE ELEVATION
SHEET NUMBER: 414

SITE ELEVATION
LOOKING NORTH



SITE ELEVATION
LOOKING EAST



TA&C
Technology Associates
UTAH MARKET OFFICE
2710 SOUTH DEER STREET
SUD LAKE CITY, UTAH 84113

CORPORATE OFFICE
3115 SOUTH WILSON DRIVE, SUITE #110
OAKS BLVD, OGDEN, UTAH 84203

DRAWN BY: AM C
CHECKED BY: PATE S

0 01.03.2014 ZONING DRAWINGS
REV DATE DESCRIPTION

PRO - REPAIR SHOP
NE SEC 26, T6S, R2E
134S SOUTH STATE ST
OREM, UTAH 84057
RAVENS LAKE SITE

SHEET NUMBER
C200

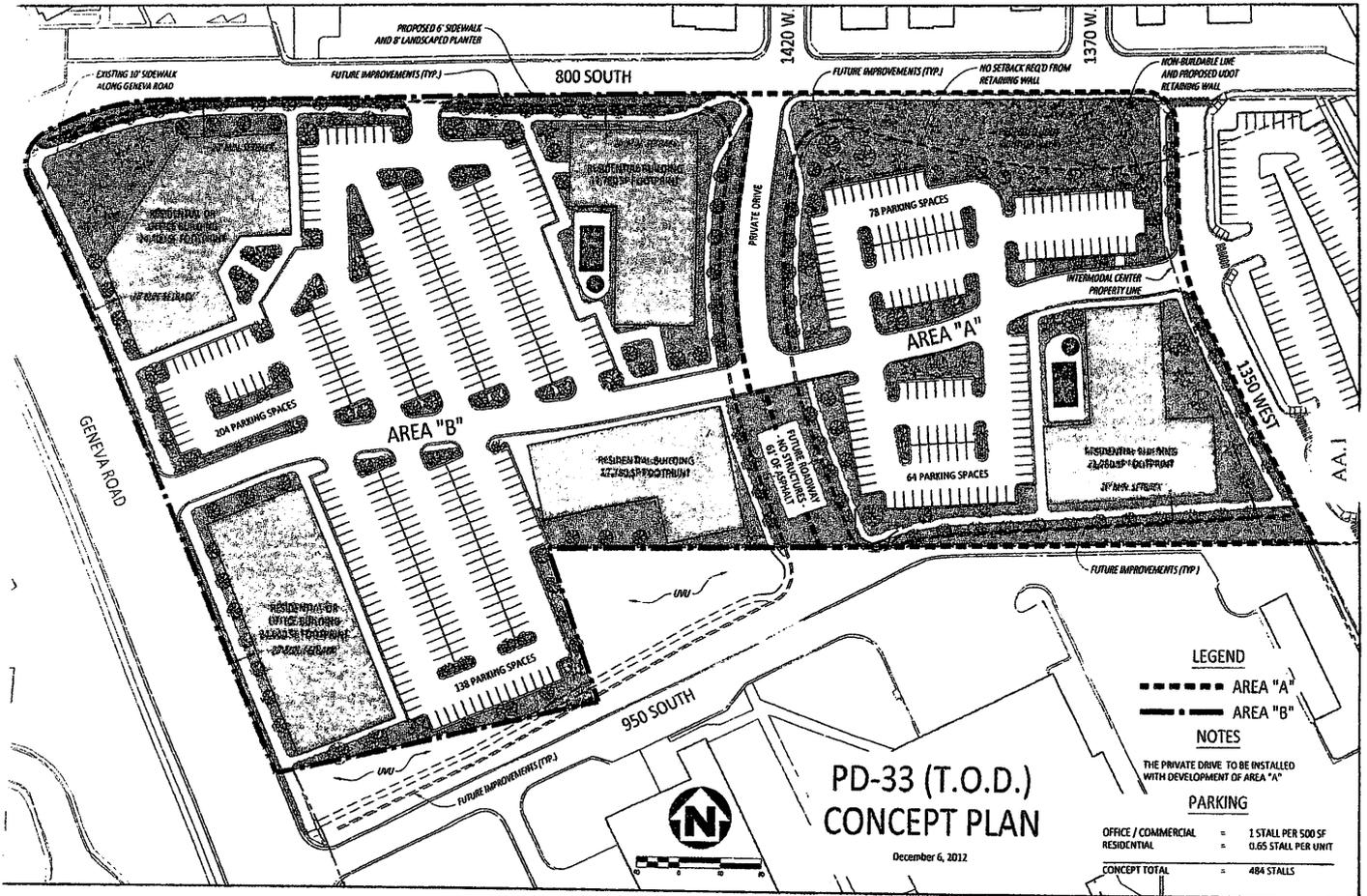
SITE ELEVATIONS

PD-33 Zone (Transit Oriented Development – 800 South Geneva Road)

22-14-16(G)

4. Lot Size. The minimum lot size for any development in Area A or Area B shall be ~~three (3) acres. The minimum lot size for any development in Area B shall be one and one-half (1-1/2~~1.5) acres.

APPENDIX "AA"



LEGEND

- AREA "A"
- AREA "B"

NOTES

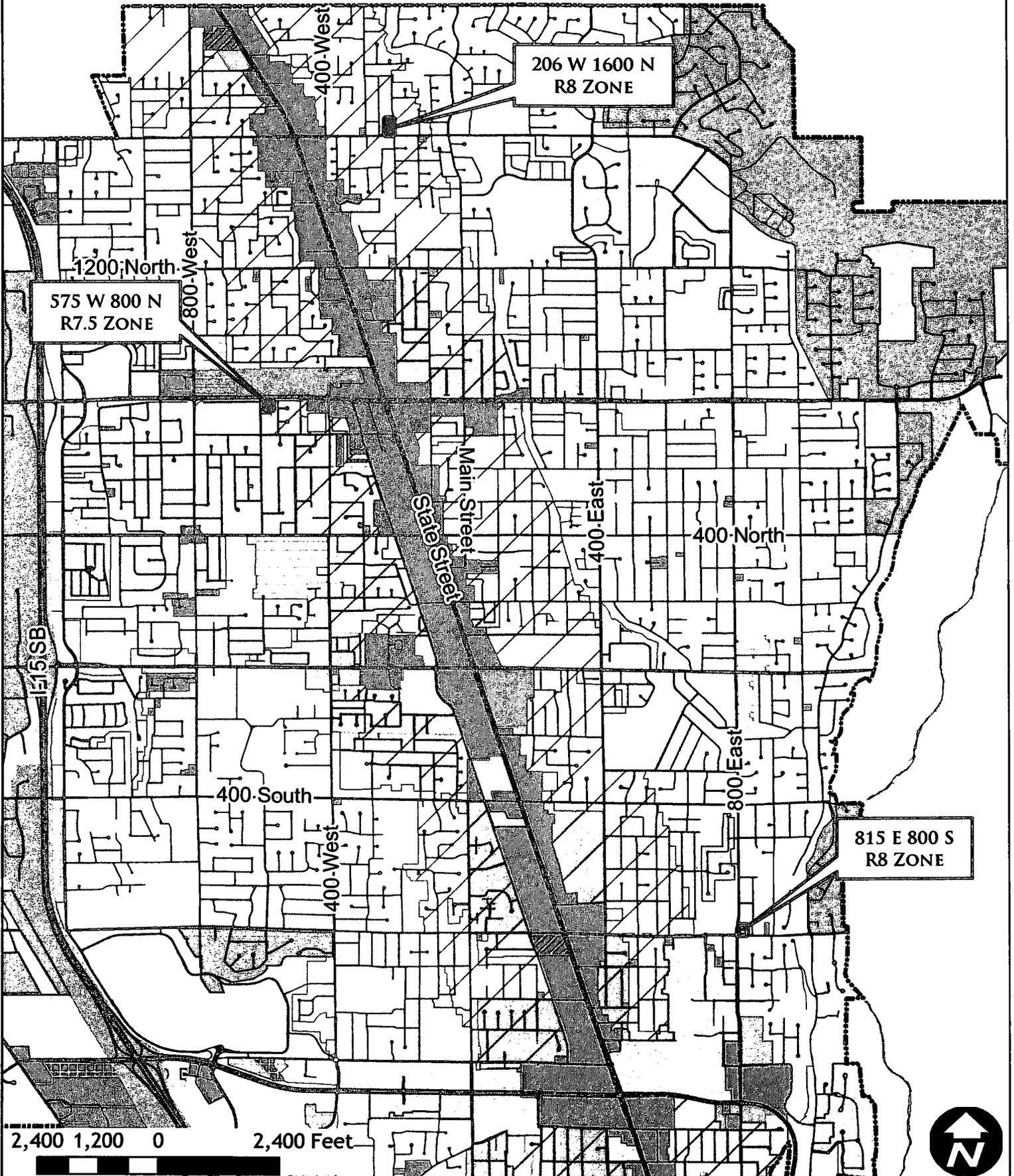
THE PRIVATE DRIVE TO BE INSTALLED WITH DEVELOPMENT OF AREA "A"

PARKING

OFFICE / COMMERCIAL	=	1 STALL PER 500 SF
RESIDENTIAL	=	0.65 STALL PER UNIT
CONCEPT TOTAL	=	484 STALLS

AA.1

HISTORICAL HOMES



14. Conditional uses shall be limited to the following Standard Land Use Codes:

<u>Standard Land Use Code</u>	<u>Category</u>
5393	Arts, Crafts & Hobbies*
5394	Musical Instruments*
5410	Groceries &/or Food*
5600	Clothing, Accessories & Apparel*
5710	Furniture & Home Furnishings*
5730	Music Supplies*
5931	Antiques*
5932	Gold and Silver*
5933	Secondhand Merchants*
5934	Secondhand Precious Metal Dealer*
5941	Books*
5942	Stationary*
5946	Cameras & Photographic Supplies*
5947	Gifts, Novelties & Souvenirs*
5948	Florists*
5953	Toys*
5970	Computer Goods & Services*
6120	Security & Commodity Brokers, Dealers & Exchanges
6130	Insurance Agents, Brokers & Related Services
6150	Real Estate Agents, Brokers & Related Services
6152	Title Abstracting
6153	Real Estate Operative Builders
6154	Combination Real Estate, Insurance Loan & Law
6212	Custom Tailoring*
6216	House Cleaning*
6220	Photographic Services – Including Commercial
6231	Beauty & Barber Shops
6233	Message Therapy
6251	Apparel Repair, Alterations, Laundry/Dry Cleaning Services (pick-up only)*
6291	Catering Services*
6310	Advertising Services (General)*
6320	Consumer & Mercantile Credit Reporting Services – Adjustment & Collection Services
6330	Travel Arranging Services
6332	Blueprint and Photocopying

6334	Stenographic Services, Duplicating & Mailing, NEC
6342	Locksmithing*
6360	Employment Services
6381	Internet Services
6391	Research, Development & Testing Services*
6392	Business & Management Consulting
6393	Detective and Protective Services
6396	Photofinishing*
6397	Stamp Trading
6493	Watch, Clock & Jewelry Repair*
6513	Medical Clinics – Outpatient
6514	Chiropractic & Osteopaths Services
6520	Legal Services
6530	Professional Office
6531	Authors – Books, Magazines, Newspapers & Computer Software
6591	Engineering & Architectural
6592	Educational & Scientific Research
6593	Accounting, Auditing & Bookkeeping
6594	Urban Planning
6597	Family & Behavioral Counseling; (Except alcohol or drug counseling for more than one (1) family at a time shall be prohibited)
6598	Genealogical; and
6599	Interior Design
6711	Non-City of Orem Governmental Services, Executive, Legislative and Judicial Functions
6921	Adoption Agencies*
6991	Business Associations

SLU codes marked with an (*) are not permitted in the Professional Office (PO) zone.

species shall be reduced to one-half (1/2). If three species are desired, then the number of each species shall be reduced to one-third (1/3), etc.

6. No animal shall be kept in a residential zone for the purpose of commercial production.

7. The keeping of hen chickens (no roosters) shall be permitted in a residential zone on a single-family lot less than one (1) acre provided the following are met:

<u>Lot Size:</u>	<u>Maximum number of chickens:</u>
5000 square feet	2
7000 square feet	3
8000 square feet	4
9000 square feet	5
10,000 square feet	6
20,000 square feet	10
30,000 square feet	12

b. Chickens must be kept in a predator resistant coop or chicken tractor at night which shall be set back at least 10 feet from all property lines. The enclosure shall provide sufficient light, air, and space for the chickens. The enclosure shall not be located in a front yard.

c. The enclosure shall be cleaned regularly to prevent offensive odors from becoming a nuisance.

d. Chickens shall not be permitted to roam free unless in an enclosed rear yard.

e. Chickens shall not be considered household pets.

f. Slaughtering of chickens is prohibited.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-99-0057, Amended 12/19/1999; Ord. No. O-01-0021, Amended 06/12/2001; Ord. No. O-2010-0005, Amended 02/23/2010)

D. Temporary Building. A temporary building or yard for the storage of construction materials and equipment incidental and necessary to the construction of homes or other permitted structures may be permitted, provided such temporary building or yard is located on the same tract of land on which the home or other building is to be constructed. No temporary building may be used without first obtaining the appropriate permit from the City Manager. A permit therefore shall be issued only to the contractor or builder and shall be valid for not more than one (1) year, at which time the building or yard shall be removed from the premises.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-01-0021, Amended 06/12/2001)

E. Temporary Parking of a Trailer House. Temporary parking of a trailer house on a lot on which

a dwelling unit is being constructed is permitted, subject to the following conditions:

1. A permit to construct a permanent residence on such lot has been obtained from the City Manager.

2. The period of time that the trailer house is placed on the lot shall not exceed one (1) year.

3. The trailer house shall be removed from the lot before the building is occupied.

4. Water and sewerage facilities shall comply with the requirements of the City-County Health Department.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-01-0021, Amended 06/12/2001)

F. Utility substations. Utility substations or similar facilities are permitted in residential zones subject to the following standards:

1. the primary access must be from an arterial or collector street;

2. an 8-foot high masonry fence shall be constructed and maintained on the property line of all adjoining parcels;

3. the fence shall be set back at least 20 feet from dedicated streets;

4. the setback area from streets shall be landscaped with a combination of grass, shrubs, and trees (both deciduous and conifer); and

5. all structures (excluding the required masonry fence) shall be set back from the property lines a distance of at least equal to the height of the structure and in no case less than 20 feet.

(Ord. No. 661, Revised 04/10/1990; Ord. No. O-96-0002, Amended 01/02/1996; Ord. No. O-01-0021, Amended 06/12/2001; Ord. No. O-06-0014, Amended 7/25/2006)

G. Conditional Uses in Certain Historic Buildings. Notwithstanding any other provision to the contrary contained in Chapter 22, the professional services specifically enumerated below may be allowed as a conditional use in certain historic buildings in a residential zone. In order to be eligible for a conditional use permit for the enumerated professional services, the following criteria must be met:

1. The property must be designated on the City of Orem local historic site landmark register and the National Register of Historic Places.

2. The historic building property must be located adjacent to a minor arterial or principal arterial as defined in the Orem Street Classification Map, as amended.

3. The City Council finds that the building has an architecture, design or style that is historically significant, unique and aesthetically pleasing.

4. The owner commits to completing significant restoration/remodeling of the historic

structure that will result in the beautification and preservation of the historical structure. As part of the conditional use application, the owner shall submit information to the City detailing the restoration, remodeling and other improvements that the owner intends to make to the property. The completion of such restoration, remodeling or other improvements may be made as an express condition of the conditional use permit and failure to complete such required improvements within the time designated by the City Council shall be grounds for revocation of the conditional use permit.

5. The proposed use will not negatively impact the historic character or the defining characteristics of the building and surroundings. The proposed use and any remodeling, renovation or construction must be consistent with the provisions of Section 22-14-25(C).

6. The lot on which the historic building is located is at least 12,000 square feet.

7. Landscaping is provided and maintained on at least seventy percent (70%) of the area contained within the front yard setback and the side yard setback areas.

8. The number of individuals that may be employed on the premises at any one time shall be limited to the number of off-street parking spaces that are provided on the site multiplied by eighty percent (80%)(rounded down to the lowest whole number). In other words, if eight off-street parking stalls are provided, no more than six individuals (8 x .80 = 6.40) may be employed on the premises at any one time. However, no more than ten (10) off-street parking stalls may be allowed on the property, and no more than eight (8) individuals may be employed on the premises at any one time.

9. The applicant shall submit a landscape plan that shows the existing landscaping on the site (including trees, shrubs, bushes and other vegetation) and also shows any landscaping that the applicant proposes to add or remove. The City Council may require alterations to the landscape plan in order to preserve existing landscaping where desirable and to enhance the buffer between the property and adjacent residential properties. The owner shall maintain the property in conformity with the landscape plan that is approved by the City Council as part of the conditional use permit.

10. A sight-obscuring fence at least six feet (6') in height is installed and maintained along all shared boundaries with adjoining residential

properties. No chain link fences shall be allowed.

11. The City Council determines that a conditional use permit is appropriate after consideration of all criteria and after compliance with all requirements of Article 22-4.

12. Permitted signage shall be restricted to one of the following:

a. A wall sign or projecting sign no greater than twelve square feet in size.

b. A monument sign that is no greater than four feet high and sixteen square feet in size and that otherwise complies with the requirements of Section 14-3-2 of the Orem City Code.

No interior lighting of any sign shall be permitted.

13. The Orem City Historical Preservation Advisory Commission (HPAC) shall review any application for a conditional use permit hereunder and shall give its recommendation to the City Council. The HPAC shall review the application for compliance with this Section 22-6-10(G) and shall also consider the standards and criteria of Section 22-14-25 (Historical Preservation) to determine the historic value of the application.

14. Conditional uses shall be limited to the following Standard Land Use Codes:

<u>Standard Land Use Code</u>	<u>Category</u>
6520	Legal Services;
6591	Engineering & Architectural;
6592	Educational & Scientific Research;
6593	Accounting, Auditing & Bookkeeping;
6594	Urban Planning;
6597	Family & Behavioral Counseling; (Except alcohol or drug counseling for more than one (1) family at a time shall be prohibited)
6598	Genealogical; and
6599	Interior Design.

(Ord. No. 661, Revised, 04/10/1990; Ord. No. O-96-0002, Amended, 01/02/1996; Ord. No. O-99-0057, Amended, 12/14/1999; Ord. No. O-01-0021, Amended 06/12/2001; Ord. No. O-03-0020, Amended, 07/22/2003)

H. Cemeteries. Cemeteries are permitted in the R8, R12, R20, and OS5/ROS zones subject to the following standards:

1. landscaping shall be maintained in all areas not covered by markers, structures or other improvements; and

Proposed Ordinance Amendment

Orem City Code Article 2-7

Purpose of Purchasing Process

- ❖ The purchasing process is intended to obtain needed goods and services in the most efficient, legal and open manner
- ❖ This requires notifying the widest possible number of vendors about the City's needs

Issue Addressed

- ❖ The current ordinance requires the publishing of requests in a newspaper
- ❖ Nation-wide newspaper circulation is declining
- ❖ Technology advances have created an option that is not addressed in the current ordinance

Proposed Amendments

- ❖ Allow posting a notice of bids, etc. in the newspaper or with an outside "sources" entity
- ❖ Require the City to post bid notices, etc. on the City web page
- ❖ Grant the City Manager authority to select an appropriate outside sources entity to assist with advertising City needs

Additional Amendments

- ❖ The minimum advertising time frame for an RFP will be 10 days (2-7-4 B-3)
- ❖ Allow an auditing firm to be under agreement for five-years with potential extension to seven-years. (2-7-6 A-2)



Proposed Audit
Policy
Amendments
Resolution



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Certificate of Achievement
for Excellence
in Financial Reporting

Presented to
City of Orem
Utah

Background

- ❖ The City has long required the changing of auditors every three to five years
- ❖ The State and City have set standards governing the auditor's expertise
- ❖ Oversight of the auditor is provided by a committee

Proposed Changes

- ❖ Extend the maximum term of an agreement with an audit firm
- ❖ Initial term extended from three to five years
- ❖ Potential extension of two more years

Audit Committee Composition

- ❖ Committee comprised of three individuals
- ❖ Mayor, Councilmember and the City Manager or the Assistant City Manager

Audit Committee Duties

- ❖ Select an audit firm
- ❖ Review the Audit prior to presentation to the full Council

Non-substantive Changes

- ❖ The governing bodies of accounting have evolved over the years
- ❖ American Institute of Certified Public Accountants (AICPA) is an authoritative body
- ❖ Governmental Accounting Standards Board (GASB) is a governing body

Public Hearing – Amending Section 22-12-6(D) pertaining to the location of barns, pens, or corrals for the keeping of animals in the Agricultural Overlay zone

D. Animals. Animals shall only be allowed in the agriculture overlay zone in accordance with the standards set forth in Section 22-6-10(C). Accessory structures for the keeping of animals and fowl such as barns, pens, and corrals shall be located at least ~~two~~ one hundred feet (~~2100'~~ 2100') from the nearest dwelling and at least ~~one hundred forty feet (140')~~ from any public street. The raising and sheltering of farm animals shall be limited to the buildable area of the lot and shall be permitted only where the use thereof and the products therefrom are primarily for the use or home consumption of the landowners or occupant of the lot. Appropriate fencing shall be provided to ensure that all animals are kept within the buildable area of the lot.

22-6-10 (C)

Animals. Animals are allowed in residential zones only if the following conditions are met:

1. The area of the lot on which the animals are kept must be at least one (1) acre except for rabbits, pigeons, ducks, and household pets.
2. Permitted animals shall include:

	<u>Maximum No./Acre</u>	<u>Minimum distance of barns, pens, or corrals from any dwelling or public street</u>
Cattle:	5	100 ft.
Horses:	5	100 ft.
Sheep or Goats:	6	40 feet from any dwelling on the same lot and 85 feet from any neighboring dwelling
Poultry, Fowl, and Turkeys:	20	40 feet from any dwelling on the same lot and 85 feet from any neighboring dwelling.
Rabbits:	4	20 ft.
Pigeons:	Unlimited	20 ft.
Ducks:	2	20 ft.

RECOMMENDATION: The Planning Commission and Staff recommend the City Council amend, by ordinance, Section 22-12-6(D) pertaining to the location of a barn, pen, or corral for the keeping of animals in a residential zone.