

MINUTES
EAGLE MOUNTAIN CITY COUNCIL MEETING

August 6, 2013

Work Session 4:00 p.m. Policy Session 7:00 p.m.

Eagle Mountain City Council Chambers, 1650 East Stagecoach Run, Eagle Mountain, Utah 84005

4:00 P.M. WORK SESSION – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham, Ryan Ireland (arrived 4:12 p.m.), Nathan Ochsenhirt (arrived 4:30 p.m.) and Richard Steinkopf. John Painter was excused.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul Jerome, Finance Director; Steve Mumford, Planning Director; Kent Partridge, Building Official; Linda Peterson, Public Information Director; Eric McDowell, Sheriff's Deputy.

Mayor Jackson called the meeting to order at 4:09 p.m.

1. AGENDA REVIEW – The City Council will review items on the Consent Agenda and Policy Session Agenda.

17. Gas and Electric Revenue Refunding Bonds

The City proposes refunding (or refinancing) its gas and electric bonds for the purpose of reducing the interest rate. There would be a potential savings of \$1.1 million in interest charges. The parameters resolution authorizes Lewis Young Robertson & Burningham to represent the City in issuing new electric bonds at a lower interest rate.

Councilmember Ochsenhirt asked if the cost reduction would be in money not spent in the future or in money returned to the City. Mr. Deeter explained that the return would be money budgeted for future debt service that would not have to be paid.

Councilmember Burnham asked if it would be possible to leave the interest rate the same and shorten the term of the bonds. Mr. Deeter said that would be possible and the proposed parameters resolution could be used. It wouldn't have to be rewritten.

Councilmember Ireland asked for the current outstanding balance on the bond and the total outstanding principal and interest. Mr. Deeter said that the current principal balance is \$17.7 million. He anticipated that the City would issue \$17.6 in new bonds. The amount is lower because of the reserve fund that is accruing interest. The new bondholders are not requesting a reserve fund.

The amount the City would need to pay in interest from now until 2026, when the bonds will be paid off, is \$6.5 million. Under the refunding plan, the interest cost would be \$3.2 million.

Councilmember Ireland asked if the bond principal has already been spent. Mr. Deeter said it had. According to the IRS, bond funds should be spent within three years after issuance.

Councilmember Burnham asked about the lower rates Mr. Deeter referred to at the last Work Session. He explained that the lower interest rate would have required a public offering, which would have had to be initiated last September.

Councilmember Steinkopf asked if the City is locked into the current rate. Mr. Deeter said that most financial institutions are offering a definite rate. One is basing its rate on a credit rating.

18. SID 2000-1 Refunding Bonds

Mr. Deeter explained that the Utah Code used to allow the creation of Special Improvement Districts to fund infrastructure. Eagle Mountain created several SIDs between 1997 and 2000 to install infrastructure. SID bonds are secured by City assessments on the real properties benefitting from the infrastructure. SID payments release the lien on the property. Assessments need to be paid in full when the property is sold.

There is approximately \$2.5 million principal balance remaining in the bond. The refunding would change the security from real property to sales tax. If the debt isn't paid, the bond holder can require the payment to be made from sales tax revenue. The current interest rate is 8.25%, which the developers will continue to pay to the City. The City's interest rate on the bond would be approximately 2.5%. The interest differential will reduce the City's bond payments.

Councilmember Burnham asked when the decision of how to use the money would have to be made. Mr. Deeter said there are no regulations about when to decide how to spend the money.

Mayor Jackson asked if the SID funds are part of the General Fund. Finance Director Paul Jerome stated that SIDs are a separate fund. Revenues acquired from SIDs remain in the fund until the SID is closed out. The City pays its administrative fees from the SID fund to the General Fund.

Mr. Pili pointed out that the City proposes to replace the SID bonds with sales tax bonds. The money saved will go into the General Fund. Mr. Deeter recommends that the money saved, approximately \$300,000 per year, be put aside to pay City assessments. The final payment is currently due in 2021. Refunding will shorten the term by one year.

2. PRESENTATION – Assessment Area 2013-1, Ranches Parkway Extension (Presented by Cody Deeter, Lewis Young Robertson & Burningham)

An assessment area (formerly a special improvement district) is a mechanism established by State law for public entities to finance public improvements. All improvements financed through an assessment area must be publicly owned. The assessment is secured by a City lien on the privately owned real property that benefits from the improvements. Property owners pay off the assessments over a period of not more than twenty years. The proposed assessment area would improve Ranches Parkway north and west to Meadow Ranch, install all utility lines in the roadbed and install landscaping along the road. It includes approximately 130 acres. The assessments will be paid by three landowners. If there are early land sales, the assessments can be paid early.

Councilmember Ochsenhirt pointed out that these assessments affect only the concerned property owners, not any other residents.

Councilmember Burnham asked who the three property owners are. Mr. Deeter responded that they are Ralph Johnson, RCA 65 and Twelve Horse Ranch. If more than 51% of the affected property owners were to protest, the assessment area would not be created. With only three property owners, all of whom approve of the assessment area, that's not an issue.

An assessment area increases the City's total indebtedness, but bond raters consider it self-sustaining debt. Mr. Deeter explained that there will be a reserve fund to guarantee payments in the event property owners don't pay their assessments. In that scenario, the reserve fund would cover the payments while the City foreclosed on the property.

The improvements will cost approximately \$2.1 million. Cost of issuance will be approximately \$74,000. With the reserve fund, the total bonds issued are anticipated to be \$2.4 million.

The next step to be taken by the Council is to define the geographic area which will be used for the purpose of securing an assessment bond. In this case, the property owners are going to waive the notice and public hearing requirements. Then the parameters resolution needs to be adopted and the debt needs to be secured. The City will then purchase the improvements in increments as they are completed over time, after the improvements are inspected and meet City standards. The purchase price is paid from the assessments paid by the property owners. The bonds are the equivalent of a construction loan.

After the bonds are issued, the City adopts an assessment ordinance, which legally makes the assessments a lien on the property.

Mayor Jackson allowed Mr. Ralph Johnson to come to the microphone. Mr. Johnson said that the property owners are dedicating the ground for the project. None of the bond proceeds will be used to purchase real property for the improvements. Councilmember Burnham asked what the impact fees would be used for. Mr. Pili said, once this project is approved, the Capital Facilities Plan will have to be changed and the impact fees will have to be refunded to the owners or used to pay the assessments.

Mr. Pili explained that these improvements are in the City's Capital Facilities Plan. The City is already collecting impact fees for the projects.

Councilmember Ireland asked how these improvements would be built if these bonds are not issued. Mr. Pili said the improvements would have to wait until enough impact fees were collected or, if the City felt the project was urgent enough, pay for it out of the General Fund. If the developers believed it was to their advantage, they could pay for the project directly.

Councilmember Ireland asked how to collect impact fees on facilities that don't exist yet. Mr. Pili said the project is included in the Capital Facilities Plan, costs are calculated and developers pay impact fees with each lot. Impact fees lag behind construction of facilities, which is why facilities are funded by bonds. Impact fees reimburse the City for its infrastructure costs.

Mr. Deeter pointed out that the benefit of debt is that it locks in construction inflation for the length of the loan.

Mr. Johnson clarified that the other property owners think this is an opportunity to build a road which will enable them to sell commercial pads. Mr. Johnson's company will benefit by selling residential lots at the end of the road. All the sales are contingent on the construction of the road.

3. PRESENTATION – Adopt-A-Park and Adopt-A-Trail Programs (*Presented by Adonna Geddes and David Benight, Parks and Recreation Advisory Board*)

Ms. Geddes and Mr. Benight described the Adopt-A-Park and Adopt-A-Trail programs as opportunities for volunteer groups of residents to care for and enhance public recreational areas with the help of a City liaison. Volunteers would commit to a one-year period, with a major project to be completed every four months. Volunteers would be trained to care for the parks and trails appropriately and to work well with local residents. The Parks and Recreation Advisory Board has developed a training handbook. Ms. Geddes hoped that the program could eventually include a component recognizing volunteers for their service to the City.

Mr. Benight added that a number of groups have approached the Board asking for help with improving their neighborhood parks. The Board wanted to come up with a proactive program to meet those needs.

Mayor Jackson asked who the City liaison should be, and suggested it be a member of the Board. Mr. Benight responded that the liaison should be someone who is available daily.

4. CITY ADMINISTRATOR INFORMATION ITEMS – This is an opportunity for the City Administrator to provide information to the City Council. These items are for information and do not require action by the City Council.
5. ADJOURN TO A CLOSED EXECUTIVE SESSION – The City Council will adjourn into a Closed Executive Session for the purpose of discussing reasonably imminent litigation and the purchase, lease or exchange of real property pursuant to Section 52-4-205(1) of the Utah Code, Annotated.

MOTION: *Councilmember Burnham moved to adjourn into a Closed Executive Session for the purpose of discussing reasonably imminent litigation and the purchase, lease or exchange of real property, pursuant to Section 52-4-205(1) of the Utah Code, Annotated. Councilmember Ochsenhirt seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

POLICY SESSION – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt, John Painter (arrived 7:13 p.m.) and Richard Steinkopf.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul Jerome, Finance Director; Steve Mumford, Planning Director; Kent Partridge, Building Official; Linda Peterson, Public Information Director; Eric McDowell, Sheriff's Deputy.

6. CALL TO ORDER

Mayor Jackson called the meeting to order at 7:00 p.m.

7. PLEDGE OF ALLEGIANCE

Dan Lilly led the Pledge of Allegiance.

8. INFORMATION ITEMS/UPCOMING EVENTS

- **Mayoral Candidates' Debate** – The Crossroads Journal will be moderating a debate event for candidates for Mayor in the 2013 Municipal Primary Election on Thursday, August 8 from 7:00-9:00 p.m. in the City Council chambers. The event will be recorded and posted on the City's YouTube channel if you are unable to attend in person.
- **Primary Election** – The Municipal Primary Election will be held on Tuesday, August 13. For complete election information, please visit the link on the City website, News section.
- **I-15 Construction** – The Utah Department of Transportation (UDOT) will be completing bridge maintenance on Interstate 15 at various locations between Lehi Main Street and 2100 North. During construction, I-15 will be reduced to two lanes. To minimize traffic delays, the work is scheduled to take place on weekends (excluding holidays and BYU football home game days) through September. Lane closures on I-15 are scheduled to begin at 8:00 p.m. each Friday and continue through 6:00 a.m. the following Monday. In addition, the I-15 northbound on-ramp and southbound off-ramp at Lehi Main Street are scheduled to close for two weekends in mid- to late August. Drivers should plan ahead for potentially heavy traffic delays by allowing extra travel time and using alternate routes to avoid the work zone.
- **Ribbon Cutting** – A ribbon cutting will be held on Monday, August 12 at 2:00 p.m. for a new business in the City, The Little Corner Café, located in the retail center in The Ranches across from Chevron.
- **Citywide Yard Sale** – The first city-wide yard sale will be held on Saturday, September 14. Register your sale now on the City website, Events page. A map of all sale locations will be published online for residents and visitors who want to do all of their bargain shopping in one day. Clean-up dumpsters will also be provided by the City on this date.

9. **PUBLIC COMMENTS** – Time has been set aside for the public to express their ideas, concerns and comments. *(Please limit your comments to three minutes each.)*

Luke Pannell thanked the Mayor and Council for having the Public Works Department take care of issues in his neighborhood. He asked that similar issues like crack sealing and weeds be taken care of in other areas. He also asked that debris left from the crack sealing be cleaned up.

Cory Dochier commented on the Lone Tree West development. He saw the quit claim deed on the property and felt that it might be fraudulent. The original owner of the property was dissolved. He asked that the deed be researched before the project moves forward. City Attorney Jeremy Cook said he is aware of this issue and has been working on it. He's informed the developer that the issue has to be resolved before the project is developed.

Mr. Dochier said he spoke with the original owner and was told that he forgot about the property when he filed bankruptcy. Mr. Cook asked him to provide any information he had about the quit claim deed. Mr. Cook explained that the plat will not be recorded without the resolution of the issue, so the Council can safely approve tonight's agenda item.

10. **CITY COUNCIL/MAYOR'S ITEMS** – Time has been set aside for the City Council and Mayor to make comments. *(Comments are limited to three minutes each.)*

Councilmember Steinkopf

Councilmember Steinkopf quoted a tax comparison chart from an article in The Daily Herald.

- American Fork, 27,000 population, \$21.1 million budget, \$777 per capita
- Orem, 91,000 population, \$46.4 million budget, \$509 per capita
- Lehi, 50,000 population, \$24.3 million budget, \$486 per capita
- Saratoga Springs, 18,000 population, \$10 million budget, \$555 per capita
- Eagle Mountain, 23,000 population, \$7.5 million budget, \$326 per capita

He read a quote from Orem city manager Bruce Chesnut in the Orem 2014 budget report. "With the sales tax growth and personnel and operational cuts, the budget is balanced and is not drawing upon reserves as it has in the past two years. This budget is not considered sustainable for a variety of reasons including: no provision in the budget for salary increases, replacement of public safety equipment, proper levels of care for parks and other infrastructure,"

In another Daily Herald article, Val Hale wrote that festivals help fund local economies and define community identities. Councilmember Steinkopf commended those who volunteer for the City, including youth, senior citizens and library volunteers.

Councilmember Painter

No comment.

Councilmember Ochsenhirt

Councilmember Ochsenhirt said he has spoken to many residents lately. Some have requested that the library have a book drop in The Ranches. He encouraged residents to water their lawns without wasting water, and water their trees enough to keep them alive.

Councilmember Ireland

No comment.

Councilmember Burnham

Councilmember Burnham thanked everyone attending the meeting and asked when the Council will review the animal ordinance, administrative hearing program and the tiered water billing program. She also asked if other stores have expressed an interest in locating near the new grocery store. Mr. Pili said the developer has had discussions with several retailers some of them are very interested in opening in Eagle Mountain.

Mayor Jackson

No comment.

11. APPOINTMENTS

- A. Cemetery Board – Marianne Smith, term ending December, 2015.
- B. Parks and Recreation Board – Tyler Shimakonis, term ending December, 2014.

MOTION: *Councilmember Ochsenhirt moved to approve the appointments as indicated. Councilmember Steinkopf seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt, John Painter and Richard Steinkopf. The motion passed with a unanimous vote.*

City Recorder Fionnuala Kofoed administered the oath of office to Ms. Smith and Mr. Shimakonis.

CONSENT AGENDA

12. MINUTES
 - A. July 16, 2013 – Regular City Council Meeting
13. FINAL PLATS
 - A. Lone Tree West, Phase A, Plat 1
 - B. SilverLake, Phase 9
 - C. Meadow Ranch 5, Plat 1
14. DEVELOPMENT AGREEMENTS
 - A. Southmoor, Phase 2
15. BOND RELEASE – EXITING WARRANTY
 - A. Northmoor, Phase 2B
 - B. Northmoor, Phase 2C
 - C. Sweetwater, Phase 2

After discussion, Lone Tree West was removed from the Consent Agenda and added to the Scheduled Items.

MOTION: *Councilmember Ireland moved to remove Lone Tree West, Phase A, Plat 1, from the Consent Agenda and approve the remainder of the Consent Agenda. Councilmember Ochsenhirt seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt, John Painter and Richard Steinkopf. The motion passed with a unanimous vote.*

SCHEDULED ITEMS

13A. FINAL PLAT – Lone Tree West, Phase A, Plat 1

Questions have been raised as to whether the signer of a quit claim deed on a portion of this property was authorized to sign the deed. As the issue has not been resolved, the Council discussed whether to proceed with the approval. They determined to have staff continue to investigate the issue. The plat will not be recorded until after the City Attorney is satisfied that the deed is legally adequate.

MOTION: *Councilmember Ireland moved to approve Lone Tree West, Plat 1, with the requirement that City staff is satisfied that the owners have valid legal title to the three-foot strip of land between the two properties before recording the final plat. Councilmember Ochsenhirt seconded the motion.*

Councilmember Steinkopf asked Mr. Cook what would happen if the City was unable to find the correct owner of the property. Mr. Cook said in that case the City wouldn't record the plat.

Mayor Jackson invited the applicant, Nate Shipp, to come forward. Mr. Shipp explained that his company has had the ownership reviewed by two title companies and Utah County. They felt that the deed is adequate and would like to have the plat approved so they can go forward with the project.

Councilmember Painter asked about construction access. Mr. Shipp said that the access is through the existing Lone Tree subdivision.

Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. Those voting no: John Painter, The motion passed with a vote of 4:1.

PUBLIC HEARING

16. ORDINANCE – Consideration and Adoption of an Ordinance of Eagle Mountain City, Utah, Adding the Equine Overlay Zone to Valley View.

This item was presented by Planning Director Steve Mumford. The proposed Equine Overlay Zone is for the Valley View Ranch Development, which is located north of SR 73 between the North Ranch and Meadow Ranch subdivisions. The applicant is requesting the overlay to allow lots between ½ acre and one acre to have equine animal rights.

Mr. Mumford explained that the overlay zone was designed to create consistent animal rights among adjacent lots of various sizes. The overlay allows the property to retain its base zoning, with additional animal rights.

A resident in Valley View requested the overlay zone for Valley View. Several other residents, prospective residents and realtors have asked about it in the past few years.

Councilmember Painter asked why the overlay zone exists if the animal rights it provides are already consistent with the City's animal ordinance. Mayor Jackson stated that the overlay zone is designed to allow equine animal rights in lots smaller than one acre. Several years ago, a City Code change took animal rights from some areas that had them. The Equine Overlay Zone was designed to allow animal rights on half-acre lots in areas compatible with those rights.

Mayor Jackson opened the public hearing at 7:55 p.m. As there were no comments, she closed the hearing.

MOTION: *Councilmember Ireland moved to adopt an ordinance of Eagle Mountain City, Utah, adding the Equine Overlay Zone to Valley View. Councilmember Painter seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt; John Painter and Richard Steinkopf. The motion passed with a unanimous vote.*

17. RESOLUTION – Consideration and Adoption of a Resolution of Eagle Mountain City, Utah, Authorizing the Issuance and Sale of Not More Than \$18,000,000 Aggregate Principal Amount of Gas and Electric Revenue Refunding Bonds, Series 2013; and Related Matters.

This item was presented by Cody Deeter of Lewis Young Robertson & Burningham. The proposed Resolution authorizes the City to refinance the 2005 Gas and Electric bonds to reduce the interest rate and total interest expense.

The interest rate is expected to be reduced from 4.986% to 2.565%. The term of the bonds will remain the same, ending in 2025. The reduction will save the City about \$3 million.

Councilmember Ireland asked how much sooner the bonds could be paid off if the interest rate was reduced but the payments remained the same. Mr. Deeter responded that it would be about two years sooner. Councilmember Ireland asked how such a motion would read.

Mayor Jackson said the motion would set the bond parameters such that the maximum dollar amount is x , the maximum interest rate is y , and the maximum term is z . An option would be to keep the annual payment the same, but reduce the bond term. She suggested that Councilmember Ireland ask to be on the pricing committee. The pricing committee consists of the Mayor, City Administrator and Finance Director. Another member may be added.

Mr. Deeter said the City can take the savings as zero payments next year or reduce the payments by approximately \$180,000 per year over the life of the bonds.

Councilmember Ochsenhirt said he would prefer to shorten the time frame for paying down the bonds.

MOTION: *Councilmember Painter moved to adopt a resolution of Eagle Mountain City, Utah, authorizing the issuance and sale of not more than \$18,000,000 aggregate principal amount of Gas and Electric Revenue Refunding Bonds, Series 2013; and related matters. Councilmember Steinkopf seconded the motion.*

After additional discussion, an amended motion was proposed.

AMENDED MOTION: *Councilmember Painter moved to adopt a resolution of Eagle Mountain City, Utah, authorizing the issuance and sale of not more than \$18,000,000 aggregate principal amount of Gas and Electric Revenue Refunding Bonds, Series 2013, at an interest rate not to exceed 3%; for a term of not more than 15 year; adding Councilmember Ireland to the pricing committee; and related matters. Councilmember Steinkopf seconded the amended motion.*

After continued discussion, Councilmember Ochsenhirt called the question.

Those voting aye: Ryan Ireland, Nathan Ochsenhirt, John Painter and Richard Steinkopf. Those voting no: Donna Burnham. The motion passed with a vote of 4:1.

18. RESOLUTION – Consideration and Adoption of a Resolution of Eagle Mountain City, Utah (the “Issuer”), Authorizing the Issuance and Sale of \$3,000,000 Aggregate Principal Amount of Sales Tax Revenue Refunding Bonds, Series 2013.

This item was presented by Cody Deeter. The proposed Resolution authorizes the City to refinance the 2000-1 SID Bonds to reduce the interest rate and total interest expense. The bonds will be restructured to be secured by sales tax revenue. The interest rate will be reduced from 8.25% to 2.6%. This will save the City approximately \$900,000. The actual bond payments are covered by payments made to the City by developers; however, by securing the bonds with sales tax, the bonds are enhancing and the City is charged less interest.

MOTION: *Councilmember Burnham moved to adopt a resolution of Eagle Mountain City, Utah, authorizing the issuance and sale of not more than \$2,500,000 aggregate principal amount of Sales Tax Revenue Refunding Bonds, Series 2013 and direct*

the staff to use the savings to pay assessments on properties owned by the City or to pay other City obligations. Councilmember Ochsenhirt seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt, John Painter and Richard Steinkopf. The motion passed with a unanimous vote.

19. CITY COUNCIL/MAYOR'S BUSINESS – This time is set aside for the City Council's and Mayor's comments on City business.

Councilmember Ochsenhirt

No comment.

Councilmember Ireland

No comment.

Councilmember Burnham

Councilmember Burnham explained that she voted no on the first bond refunding as she feels strongly that it is better to get out of debt even one year earlier. Without that being specified in the motion, she didn't feel that she could approve the motion.

Mayor Jackson

No comment.

Councilmember Steinkopf

No comment.

Councilmember Painter

No comment.

20. CITY COUNCIL BOARD LIAISON REPORTS – This time is set aside for Councilmembers to report on the boards they are assigned to as liaisons to the City Council.

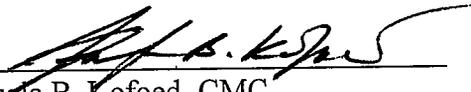
None.

21. COMMUNICATION ITEMS
- a. Upcoming Agenda Items
 - b. Financial Report

22. ADJOURNMENT

MOTION: *Councilmember Ochsenhirt moved to adjourn the meeting at 8:37 p.m. Councilmember Ireland seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt, John Painter and Richard Steinkopf. The motion passed with a unanimous vote.*

APPROVED BY THE CITY COUNCIL ON AUGUST 20, 2013.



Fionnuala B. Kofoed, CMC
City Recorder