



CITY OF OREM  
CITY COUNCIL MEETING  
56 North State Street, Orem, Utah  
September 9, 2014

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

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

1. **DISCUSSION – City Code Amendments (20 min)**
2. **UPDATE – Financial Sustainability (60 min)**
3. **DISCUSSION – CARE Tax Advisory Commission (30 min)**
4. **DISCUSSION – Ethics Commission (10 min)**

**5:30 P.M. STUDY SESSION – PUBLIC SAFETY TRAINING ROOM**

PREVIEW UPCOMING AGENDA ITEMS

5. **Staff will present to the City Council a preview of upcoming agenda items.**

AGENDA REVIEW

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

CITY COUNCIL - NEW BUSINESS

7. **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

8. **MINUTES of Special City Council Meeting – August 19, 2014**
9. **MINUTES of City Council Meeting – August 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](http://orem.org)**

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

**10. UPCOMING EVENTS**

**11. APPOINTMENTS TO BOARDS AND COMMISSIONS**

- CDBG Advisory Commission .....1 vacancy
- Library Advisory Commission .....1 vacancy
- Summerfest Advisory Commission.....1 vacancy
- Transportation Advisory Commission.....1 vacancy
- Recreation Allocation Advisory Commission .....7 vacancies

**12. RECOGNITION – NEW NEIGHBORHOODS IN ACTION OFFICERS**

CITY MANAGER'S APPOINTMENTS

**13. APPOINTMENTS TO BOARDS AND COMMISSIONS**

The City Manager does not have any appointments.

PERSONAL APPEARANCES – 15 MINUTES

- 14. 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

- 15. There are no consent items.**

SCHEDULED ITEMS

- 16. RESOLUTION – Establishing the parameters for authorizing the issuance and sale by the issuer of its approximately \$10,000,000 General Obligation refunding bonds, which bonds were issued for street construction in 2004, 2005, and 2006**

BACKGROUND: In 2004, 2005, and 2006 the City issued voter approved General Obligation debt for the purpose of repairing various streets throughout the community. Currently interest rates are low enough to warrant refunding the outstanding bonds. The original bonds were issued with interest rates between 3% and 5%. Current interest rates are projected to be between 1.5% and 2.5%, producing savings over the life of the refunding of up to \$1.1 Million.

A parameters resolution sets the outside limits within which the bonds can be issued. The maximum amount to be issued to refund the bonds is up to \$10,000,000 depending upon the interest rates at the time of closing. The outstanding bonds will be paid off through an escrow arrangement. The City will realize an estimated savings of \$1.1 million over the

life of the refunded bonds. The length of the refunding bonds will not exceed the length the original bonds would have been outstanding.

The bulk of the savings will be realized in fiscal year 2015 and will be utilized for needed repair work on Center Street between State Street and 800 West. This will allow the City to complete a much needed road repair for less money than would be necessary to pay off the original road bonds. Overall this appears to be a wise and prudent use of City resources.

RECOMMENDATION: The City Manager recommends that the City Council, by resolution, adopt a parameters resolution authorizing the refunding of outstanding General Obligation Bonds originally issued for street work at various locations throughout the community.

#### COMMUNICATION ITEMS

17. **There are no communication items.**

#### CITY MANAGER INFORMATION ITEMS

18. **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 CITY COUNCIL MEETING  
Orem Public Library  
58 North State Street, Orem, Utah  
August 19, 2014  
5:00 p.m.

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

## **5:00 P.M. SPECIAL SESSION**

CONDUCTING	Mayor Richard F. Brunst Jr.
ELECTED OFFICIALS	Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner
EXCUSED	Councilmember Margaret Black
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Steven Downs, Assistant to the City Manager; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Karl Hirst, Recreation Director; Richard Manning, Administrative Services Director
FIRST DIGITAL STAFF	Wesley McDougal, CEO FirstDigital; Alex Jackson
LINDON CITY STAFF	Adam Cowie, City Administrator
INVOCATION	Brenn Bybee

## **SCHEDULED ITEMS**

### **5:00 P.M. DISCUSSION** FirstDigital

Mayor Brunst explained that the meeting was a work session to discuss the FirstDigital fiber proposal and to decide if the City should support moving forward with Phase Two of FirstDigital's proposal. Mayor Brunst reported having been invited to an open house in Salt Lake by SCI Communications, a company that laid fiber within the state of Utah. The open house showcased the new methods and technologies in laying fiber within municipalities. Mayor Brunst introduced Wesley McDougal, FirstDigital CEO, to present to the Council.

Mr. McDougal said FirstDigital had been working on the UTOPIA/UIA network for some time. FirstDigital provided services to businesses on that network. FirstDigital had put together a proposal that they believed met the needs of the cities. He explained the following primary point to the proposal.

- 1 • Cities had a choice
- 2 ○ The cities could choose what service they wanted, and by what means the cities
- 3 would provide that service.
- 4 ○ No services would be force upon cities in the form of a utility fee.

5  
6 Mayor Brunst said Orem had previously investigated the possibility of gaining public input by  
7 way of a vote, and it was determined that a vote opportunity was not possible. Orem City then  
8 decided to carry out a citizen survey to gauge public opinion on the issue. Six of the cities that  
9 had opted in to the Macquarie proposal had determined that they wanted to have a public vote to  
10 determine if the citizens wanted a utility fee or not. After more investigation in the possibility of  
11 bringing the issue to vote it was determined that the legislature would have to approve what the  
12 opinion vote would be. Seeing as it was not approved by the legislature, the vote would not be  
13 allowed to go on the ballot.

14  
15 Mr. McDougal said FirstDigital had a utility fee model that could save the cities \$250 million  
16 dollars. That would be done by the cities becoming partners in the basic utility fee service in  
17 addition to the upgrade of service.

18  
19 Mayor Brunst asked where FirstDigital would get its funding to do that.

20  
21 Mr. McDougal said it would be a combination of FirstDigital's equity in addition to funds  
22 secured by the public markets.

23  
24 Mr. Macdonald asked about the amount of equity a small company could invest into the project.

25  
26 Mr. McDougal said FirstDigital, along with a sister company, was prepared to make the  
27 investment of \$50 million to \$100 million. FirstDigital had the capital to do it in-house.

28  
29 Mayor Brunst asked the name of the sister company.

30  
31 Mr. McDougal said FirstDigital worked with the Boyer Gardner group of companies. FirstDigital  
32 was already building in Orem and wanted to join forces to build the infrastructure together. Mr.  
33 McDougal said the UTOPIA network was a great asset but it was underperforming. UTOPIA  
34 was \$220 million in debt and lost about \$4 million per year in operation costs, and only did  
35 \$8 million per year in revenue. He noted that FirstDigital would indemnify the cities so the cities  
36 would not have to spend money toward operating loss. FirstDigital claimed to be able to stop the  
37 operating losses. Mr. McDougal said the operating loss would be eliminated with the following  
38 steps:

- 39 • FirstDigital already had a full management team – no cost would be expended to secure
- 40 management for the network.
- 41 • Cash flow to operate the partnership which over time would offset current debt
- 42 obligations to UIA.
- 43 • FirstDigital had the capital to enable connecting and/or building out to those wanting
- 44 service. UTOPIA and UIA had funds to do it on a limited basis, and FirstDigital would
- 45 supplement that.
- 46 • A success-based model would follow where the demand was the greatest.

47 Mr. McDougal said FirstDigital was in it for the long haul. It was expensive to build, but the  
48 demand was there to do it, which made the residential market attractive to FirstDigital.

# DRAFT

1 Mr. Sumner said one of the downfalls with UTOPIA was that, though there was demand,  
2 UTOPIA could not get the service to all those who wanted it. He asked if FirstDigital had the  
3 necessary capabilities and manpower to service all the demand.

4  
5 Mr. McDougal said it did. FirstDigital was a growing company and to hire the best people to  
6 make servicing the demand possible.

7  
8 Mr. Seastrand said he was looking for a definitive plan. He said it felt like FirstDigital's proposal  
9 had barriers and asked what was creating the barriers that prevented the details of FirstDigital's  
10 proposal to be public.

11  
12 Mr. McDougal said FirstDigital presented an eighty-page proposal. A lot of the information  
13 within that document was protected and confidential. He said that was a comprehensive market  
14 plan. The UTOPIA/UIA board controlled the network, and it appeared the control was coming  
15 from three cities: West Valley, Midvale, and Layton. Those three cities had not wanted to see  
16 another proposal because they wanted to run with the utility fee. FirstDigital had given those  
17 cities a proposal as well. FirstDigital was now asking the UTOPIA/UIA board to go to city  
18 councils. Mr. McDougal said there were options that did not include a utility fee, and FirstDigital  
19 was prepared with an option like that.

20  
21 Mr. Macdonald said 93-94 percent of FirstDigital's business was multifamily and asked where  
22 else FirstDigital had been providing service.

23  
24 Mr. McDougal said FirstDigital could build anywhere for business. FirstDigital serviced many  
25 businesses, including the entire Deseret Book chain.

26  
27 Mr. Macdonald said that, given the circumstances with the UTOPIA / UIA network, the Council  
28 was at the meeting intending to make recommendations that it did not have complete control  
29 over.

30  
31 Mayor Brunst said the UTOPIA cities were trying to solve a tough problem. He mentioned that  
32 there was a cash offer to buy the network. There was a credit swap that would cost the City  
33 money if the bonds were sold. In terms of the other UTOPIA / UIA cities, parity was an issue  
34 with the possibility of selling the bonds. He acknowledged that Orem was part of the UTOPIA  
35 body and that the City could not act on its own.

36  
37 Mr. Davidson said there was some interest in the part of the other cities with FirstDigital, but it  
38 all came down to parity. The cities that had opted to move forward with Macquarie were cities  
39 that had little, if any, infrastructure in the ground. Macquarie provided them with a date-specific  
40 build out. The success-based proposal that FirstDigital was proposing included mechanisms that  
41 would generate revenue which would allow the parity question to be answered, in part. He said  
42 he suspected Layton, West Valley and Midvale's unwillingness to move forward with other  
43 options was due to the parity issue.

44  
45 Mayor Brunst said it took ten years for the cities to get out of parity, and so to get back into  
46 parity in a thirty-month timeframe was not realistic. At the same time, the three cities had only  
47 500-600 customers on UTOPIA. West Valley had almost the same amount of fiber in the ground  
48 as Orem, but Orem had 3,100 customers signed up.

1 Mr. Davidson said FirstDigital was at a disadvantage because it did not have the same kind of  
2 information that Macquarie had. There was not a mechanism in place to have a conversation  
3 going forward unless there was an opportunity for the collective body, UTOPIA, to move it  
4 forward. Based on the way the interlocal was set up, it was based on a majority vote.

5  
6 Mr. McDougal said FirstDigital was looking for access to information that would enable them to  
7 tighten their proposal even more.

8  
9 Mr. Spencer said FirstDigital was requesting information from UTOPIA that had been given to  
10 Macquarie. The City Council was there to give FirstDigital an opportunity to have the  
11 information. It would not cost the City any money to go to Phase Two with FirstDigital.

12  
13 Mr. Seastrand asked if it was possible to look at an Orem central solution.

14  
15 Mr. Macdonald said the City was married to UTOPIA and UIA.

16  
17 Mr. Davidson said that was the fundamental problem.

18  
19 Mr. Seastrand asked what would be the barrier for FirstDigital to build within Orem and act as  
20 the service provider on the UTOPIA network.

21  
22 Mayor Brunst said there was a possibility that the City could access the asset to enable Orem to  
23 go the way it wanted to. He said he guessed if that was possible then Lindon would follow suit.  
24 He added that one of the biggest problems with UTOPIA was marketing.

25  
26 Mr. McDougal said over the last few years UTOPIA went over the revenues. There was not a lot  
27 of building going on for residential—it was mostly businesses that were being built out, and that  
28 was mainly due to revenue.

29  
30 Mr. Spencer asked for Mr. McDougal to give a summary of Phase Two.

31  
32 Mr. McDougal said FirstDigital would continue to vet its proposal. FirstDigital would invite the  
33 public to forums, and would hold an open house should the Council request it. FirstDigital  
34 wanted to take its proposal and take it to each of the individual city. FirstDigital wanted to ask  
35 the Council to provide feedback, so that FirstDigital could take it back to UTOPIA and solve the  
36 problems at the core level. FirstDigital would make sure it was fair and equitable, and that each  
37 city was having its needs met.

38  
39 Mayor Brunst said in Orem there were many citizens that wanted to get hooked up. Orem wanted  
40 to develop the residential side.

41  
42 Mr. McDougal said FirstDigital was not asking the cities to reimburse cost or to sign an  
43 agreement. They were simply asking if the cities were interested enough to move forward.

44  
45 The consensus of the Council was to get more information from FirstDigital.

DRAFT

1        ADJOURNMENT

2

3        Mr. Seastrand **moved** to adjourn the meeting. Mayor Brunst **seconded** the motion. The vote to  
4        adjourn was unanimous.

5

6        The meeting adjourned at 6:09 p.m.

DRAFT

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

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

- 1  
2  
3  
4  
5  
6  
7  
8 CONDUCTING Mayor Richard F. Brunst, Jr.  
9  
10 ELECTED OFFICIALS Councilmembers Hans Andersen, Tom Macdonald,  
11 Mark E. Seastrand, and David Spencer  
12  
13 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant  
14 City Manager; Richard Manning, Administrative Services  
15 Director; Greg Stephens, City Attorney; Chris Tschirki,  
16 Public Works Director; Karl Hirst, Recreation Director;  
17 Scott Gurney, Fire Department Director; Gary Giles, Police  
18 Department Director; Bill Bell, Development Services  
19 Director; Charlene Crozier, Library Director; Sam Kelly,  
20 City Engineer; Jason Bench, Planning Division Manager;  
21 Ryan Clark, Economic Development Manager; Steven  
22 Downs, Assistant to the City Manager; and Taraleigh Gray,  
23 Deputy City Recorder  
24  
25 EXCUSED Brent Sumner and Margaret Black  
26

27 UPDATE – Master Plans  
28

29 Chis Tschirki introduced the members serving on the Public Works Advisory Commission. Mike  
30 Collins, Bowen Collins and Associates, presented to staff and Council an update on the  
31 development of master plans for the City's utility systems.  
32

33 Mr. Collins indicated the intent was to analyze existing systems to look for ways to streamline  
34 and make them more efficient, in addition to developing ways for the City to plan for capital  
35 improvement.  
36

37 Orem was forecasted to have a 75 percent increase in water delivery by 2060. Currently Orem  
38 was using every drop of spring water and ground water. Water used within the city also came  
39 from Jordanelle reservoir. Water service within the city flowed from east to west, and the biggest  
40 challenge the City would have was finding ways to accommodate all the growth that was  
41 happening along the west side of Orem. The City would need to increase conveyance from east  
42 to west. The water transmission lines were already near capacity which also needed  
43 consideration.  
44

45 Mr. Collins said Orem's current water infrastructure system was valued at \$300 million. The  
46 industry standard was to replace that type of utility system every 50 years. In order to ensure a  
47 replacement plan every 50 years, the City would need to set aside \$6 million every year to reach

# DRAFT

1 that goal. The funds set aside for capital improvement over the last 8 years was \$400,000 which  
2 equated to a capital replacement plan of 600 years. Mr. Collins said that, similar to water flow,  
3 the existing sewer pipes in the city were small pipes on the east side with everything flowing  
4 west. Mr. Collins noted that there were good trunk lines on the west side, which was good for  
5 growth. The City's existing sewer system was valued at \$260 million, and a replacement plan of  
6 50 years would require the City to set aside \$5 million per year to reach that goal. Over the last 8  
7 years, the City had set aside only \$600,000 toward repair and replacement.

8  
9 Mr. Tschirki added that the major trunk lines in the southwest unincorporated part of Orem  
10 would be paid for as the area developed. The treatment plant expansion in Fiscal Year 2011 was  
11 made possible by a bonding opportunity through the State. He noted the higher amount on the  
12 PowerPoint presentation and said the treatment plan expansion was the reason for the larger  
13 figure.

14  
15 Mr. Collins discussed the City's Storm Water system. He said Orem had a unique system in that  
16 a lot of it was handled by sumps. There were also some conveyance pipes through the city.  
17 Because of the way the system was set up, it put storm water into the ground, which eventually  
18 would turn into ground water. One challenge was untreated storm water coming in contact with  
19 ground wells supplying drinking water. The City would need to protect the recharge and impact  
20 zones of those wells. In the future, the City should work toward getting areas out of sumps and  
21 into normal conveyance.

22  
23 Mayor Brunst asked if there were wells inside the city.

24  
25 Mr. Tschirki said there were approximately 9 wells in the city, of which 5 wells produced over  
26 4,000 gallons of water per minute. The wells ranged in depth to about 600-700 feet.

27  
28 Mr. Collins said the value of the City's storm system today was approximately \$100 million. To  
29 replace the system over a 50-year plan, the City would need to set aside \$1.6 million per year for  
30 capital improvements to uphold that plan. He reiterated that added growth within Orem would  
31 pay for itself.

32  
33 Mr. Macdonald asked what the increase would be per utility bill account in order to reach the  
34 overall to \$5.5 million deficit for capital improvement.

35  
36 Mr. Tschirki said it was about \$20 per month, if added to each existing utility account. Increases  
37 per rata, like the pipe diameter increase from FY13-14 going into FY14-16 would be about  
38 \$12 per month per utility account.

39  
40 Mr. Macdonald said the amount of increase in those methods was substantial.

41  
42 Mr. Collins said there were many ways to charge for water. Some municipalities charged the  
43 residents summer rates during the entire year, while others charged for water depending on the  
44 season. There were ways of making big users pay more which would leave the retired widow  
45 paying less.

# DRAFT

1 Mr. Andersen how much of the sump water got down into the wells and if anyone had tracked  
2 where the water was coming from.

3  
4 Mr. Collins said the recharge zones were at the mouth of the canyon, and it was hard to tell  
5 where the water came from. He said, in summary, that major improvements were needed, and  
6 that an adequate replacement budget needed to be defined for each of the three utility systems  
7 discussed.

8  
9 Mr. Macdonald asked about large complexes paying only two water base rates or two sewer base  
10 rates, when there were multiple units within the complex using the utilities. He asked what was  
11 being done to address the issue and how long it would take to fix it.

12  
13 Mr. Tschirki said there was a planned City Council work session in the near future to discuss  
14 that. He acknowledged that there were several hundred connections in the city where sewage  
15 conveyance came from multiple units. Mr. Tschirki said staff was collecting data to have  
16 accurate information to share in fixing the problem. The issue had been a decades old problem,  
17 and the staff was eager to look for ways to address the problem.

18  
19 Mr. Davidson said the current City Council's enthusiasm to address those types of citywide  
20 issues had exceeded the enthusiasm of previous councils. Staff was anxious to get information to  
21 the Council but wanted to do so in a way that the Council would have all the information  
22 upfront. Mr. Davidson explained that January 1st was when the information should be available.  
23 The discussion the Council should have would be to consider and determine how to move  
24 forward with an implementation plan, whether it was a step-in plan, or an abrupt increase. Due to  
25 the cost involved, the City could not do it all at once.

26  
27 Mayor Brunst said a vision and a plan should be put together. Addressing the issue should not  
28 just be a knee-jerk reaction.

29  
30 Mr. Tschirki said staff was sifting through 22,000 records from a utility billing perspective and  
31 sewer GIS (geographic information system) perspective to gather the information to present to  
32 the Council.

33  
34 Mr. Collins said he paid the same sewer charge in a condo as he did in the house he had lived in  
35 before. In comparison, Sandy City had a ten year step increase plan to get to where they needed  
36 to go in terms of utility billing rates.

37  
38 Mr. Davidson said Sandy had a ten year plan with a 6.5 percent rate per year, and Orem's was  
39 much different in that it was more.

40  
41 Mr. Collins said Orem was not the first city to be in this situation.

42  
43 Mr. Seastrand said there were three legs to the stool:

- 44 • The Council needed to consider what the plan was to the specific replacement
- 45 • Whether the ten-year plan would generate funding
- 46 • How maintenance and replacement would be implemented.

# DRAFT

1 Mr. Collins said the age of the utility system and its leak history were indicators of replacement  
2 need for the water system. For the sewer system, the length and age of the pipes and back-up  
3 occurrences were indicators of the need for replacement.

4  
5 Mr. Davidson said, if an earthquake happened here, the results would be terrifying due to the age  
6 of Orem's infrastructure.

7  
8 Mayor Brunst asked about lining the pipes.

9  
10 Mr. Collins said that was possible. More use could come from lining an existing pipe needing  
11 repair. He said Salt Lake City did something similar. Lining pipes can help keep costs lower.

12  
13 Mr. Tschirki said staff had toured a pipe plant in Lindon that manufactured a polypropylene pipe.  
14 They were looking at plastic pipe alternatives, where appropriate, because there was benefit in  
15 the noncorrosive material.

16  
17 In addition to the creation of a capital replacement plan, Mr. Davidson said the next phase was to  
18 create utility and transportation master plans. Once the documents were complete, then move to  
19 capital replacement plan, identify areas of concern, and then place on 5 year calendar and map  
20 out with anticipated revenue the projects that would be addressed.

21  
22 Mayor Brunst asked how Utah County rated for availability of water.

23  
24 Mr. Collins said the age of settlements yielded better water rights. Provo had the best water right  
25 and supply. Cities on the west side of Utah County typically had less supply.

26  
27 In regard to utility rates, Mr. Davidson said some communities were paying for access to  
28 treatment plants. Orem had its own treatment plant, and therefore did not have to charge for that  
29 access. Rates did not directly reflect a municipality's quality of infrastructure.

30  
31 Mr. Tschirki provided to the Council a tentative plan for future discussions regarding capital  
32 improvements.

## 33 34 DISCUSSION – CARE Ordinance

35  
36 Based on the recommendation of the City Council, a draft ordinance for the CARE Advisory  
37 Committee was presented. Mr. Downs reviewed the information provided by staff at the City  
38 Council premeeting held on July 8, 2014.

39  
40 Mayor Brunst asked about setting up one commission with one member serving from each of the  
41 existing Arts Council and the Recreation Advisory Commission.

42  
43 Mr. Hirst said he understood it differently, that the newly formed CARE Advisory Commission  
44 would be comprised of seven new members, with individuals serving on the commission who  
45 were involved in the recreation and arts communities, but who were not serving concurrently on  
46 either of the Arts Council or the Recreation Advisory Commission.

# DRAFT

1 Steven Downs said there would be a conflict of interest for someone to sit on both boards.

2  
3 Mr. Andersen asked if people could be added to the Recreation Allocation Advisory Commission  
4 (RAAC).

5  
6 Mayor Brunst said applications had been sent and filled out, and returned to the Council. He said  
7 he wanted to vote on the RAAC but wanted each of the Council members aware.

8  
9 Brenn Bybee, Assistant City Manager, said there had been some issues with the online  
10 applications that had been submitted. Some applications that were filled out online got lost in the  
11 code. Staff was working on locating them.

12  
13 Mr. Macdonald suggested staff create a list of names from the applications received to aid the  
14 Council in narrowing the lists down to select individuals to fill the vacancies.

15  
16 Mayor Brunst went over the RAAC. He said one City employee, three individuals from  
17 recreation groups, and three at-large citizens would serve on the commission. He said he wanted  
18 to have an application cut-off period for two weeks, and wanted the entire Council to be present  
19 to vote on it.

20  
21 UPDATE – Bus Rapid Transit (BRT) – Utah Transit Authority (UTA), Mountainland  
22 Association of Governments (MAG), and LYRB (Lewis & Young)

23  
24 Mr. Davidson said the opportunity to meet with the organizations involved was at the request of  
25 the City Council.

26  
27 Janelle Robertson, UTA Project Manager, gave an overview of the proposed Bus Rapid Transit  
28 (BRT) project.

29  
30 Mr. Andersen asked if University Parkway would be widened to facilitate the BRT.

31  
32 Mrs. Robertson said it would.

33  
34 Mr. Davidson added that it would be widened on both sides of the road along on the diagonal  
35 between Orem and Provo. The City had concerns about landscaping and that what was being  
36 proposed had not yet been approved by Orem. The plan being presented reflected the alignment  
37 that the Provo council had approved. The Federal Highway Administration (FHA) had approved  
38 the highways, but the Federal Transit Administration (FTA) had not yet approved the proposed  
39 plans.

40  
41 Mayor Brunst asked how many cars went by per day.

42  
43 Mrs. Robertson said there were around 40,000 to 50,000. She said UDOT and UTA wanted to  
44 make the necessary improvements all part of one project, as there were cost savings to do the  
45 projects all together.

46  
47 Mr. Andersen asked if the widening was in writing.

# DRAFT

1 Mrs. Robertson said there were certain requirements UTA had to follow in order to secure grant  
2 funding. UTA was working on the preliminary design.

3  
4 Mr. Andersen said he was worried about taking out trees and grass. He said he didn't see the  
5 ridership that UTA was suggesting.

6  
7 Mayor Brunst said there was similar concern with the light rail in Salt Lake City, as well as  
8 FrontRunner. But those concerns had been put to rest as ridership numbers were high.

9  
10 Mr. Davidson said the discussion was moving toward trying to understand the potential impacts.  
11 There were more conversations that would take place. He acknowledged Mr. Andersen's concern  
12 about trees, saying the City would need to allow the process of creating a proposal to move  
13 forward to come up with a proposal that would be to the City Council's liking.

14  
15 Mrs. Robertson explained that the bus facility would be expanded. UTA was doing what they  
16 could to get a grant to support the project. Federal funding was an estimated \$75 million of the  
17 project. There were many environmental documents necessary to prepare to ensure no fatal flaws  
18 existed in the proposal. Should UTA get the federal grant money, UTA would know for sure by  
19 February or March and proposed construction for the project would begin shortly thereafter.

20  
21 Mrs. Robertson explained that \$36 million would come from UDOT, \$75 million would be  
22 federal funds, \$65 million would come from Utah County, namely Mountainland Association of  
23 Governments (MAG), and the match in moneys would make up the rest of the funds needed to  
24 make the project happen.

25  
26 Mrs. Robertson allowed time for Andrew Jackson, Executive Director of MAG, to provide a  
27 presentation to the Council regarding the County's funds for the project. He distributed a "BRT  
28 Frequently Asked Questions document to the Council, which included the following information:

29  
30 *What is BRT?*

31 Bus Rapid Transit (BRT) was a bus-based mass-transit system. A true BRT system  
32 generally had specialized design, services and infrastructure to improve system quality and  
33 remove the typical causes of delay. Sometimes described as "surface subway," the BRT  
34 aimed to combine the capacity and speed of light rail or metro with the flexibility, lower  
35 cost, and simplicity of a bus system.

36  
37 *Why BRT?*

38 Simply put: It was the most cost-efficient and effective transit route in the system. It would  
39 connect the Frontrunner stations to Orem and Provo with each other and with UVU, BYU  
40 and the malls.

41  
42 *How was transit funded?*

43 In November of 1984, Provo and Orem put a measure on the general election ballot asking  
44 voters their opinion on enacting a ¼ cent sales tax for Mass Transit. The measure passed.  
45 The voters of Orem were just over 57% in favor of the tax. In subsequent years voters in  
46 other communities also approved the tax, with the final six communities coming on board  
47 by commission vote in 2011. Additionally, in 2006, 69% of voters approved an opinion

# DRAFT

1 question enacting a second ¼ cent tax with 87% for commuter rail, 5% for other transit  
2 (including BRT), and 8% for roads. In 2008, the Utah County Commission enacted a 3<sup>rd</sup> ¼  
3 cent that could be used for transit, but has traditionally been used for roads.  
4

5 *What is the financing plan for BRT?*

6 There were not enough funds in the second ¼ cent to pay for both Frontrunner and BRT as  
7 originally voted on by the public. Also, due to existing bonding and other obligations, the  
8 first ¼ cent would not have cash flow to pay for BRT until 2028. The financing plan was to  
9 bond in 2016, pledging third ¼ cent sales tax, then get paid back starting in 2028 with first  
10 and/or second ¼ cent sales tax as originally voted on. Also, the bond would go to 2039, but  
11 the transit tax would take over the bond payments starting in 2028.  
12

13 *Why not wait until 2028 when there was money in the first 1/4 cent to pay for it?*

14 The vote was in 2006, and if delayed until 2028 it would be 22 years after the vote before  
15 construction could be started. Those who voted it in and were paying for it now would not  
16 get the benefit from the tax. Additionally, costs would increase and there would still be a  
17 need to bond. Municipal finance theory discouraged negative arbitrage (taxing and  
18 investing long-term, which may return less than inflation). If people paid the tax, they  
19 should get the benefit.  
20

21 *If the tax dollars weren't used for BRT, could it be used for road construction?*

22 No, the first ¼ cent was voted on by the public and could only be used for transit. 92% Of  
23 the second ¼ cent was also voted on by the public to only be used for transit, and 5% of  
24 which was for BRT. It would require going back out for a vote of the public to use those  
25 funds, which would ultimately pay for BRT, for roads.  
26

27 *Was there a guarantee that UTA would start making payments after 2028?*

28 Nothing was guaranteed. A contract would be in place with UTA to pay back the third ¼  
29 cent with first ¼ cent funds before moving forward. Whether it was first, second, or third  
30 1.4 cent funds, it was still Utah County Tax payers who paid the tax, not UTA.  
31

32 *Was there a list of roads in Orem and Provo that BRT funds would be spend on to help  
33 widen or improve?*

34 Provo had placed a road tax on their utility bill which may not have happened if more  
35 county funds could be used to improve several roads. The federal transit dollars could only  
36 be used on those roads directly impacted by BRT as indicated in the environmental study,  
37 which could be found on the BRT website. The Provo road utility fee was for maintenance  
38 of local roads. Maintenance of roads was not an eligible use of the funds. The roads would  
39 have to be regional in nature to have these funds used on them.  
40

41 *How much did the fare box pay for the bonds, equipment, and operating expenses for the  
42 Frontrunner, BRT, and UTA bus system?*

43 System wide fare-box recovery was about 15% of the total cost. That was why the voters  
44 approved several ballot measures to use sales tax dollars to pay for transit.  
45

46 *How much in tax dollars were being spent on commuter rail, Frontrunner, and BRT  
47 currently?*

# DRAFT

1 In Utah County, each ¼ generated about \$15 million per year. The entire first ¼ cent and  
2 92% of the second ¼ cent were voted by the public to go toward transit. This equated to  
3 approximately \$28.8 million.  
4

5 *Why were Mayors in other cities giving up so much of the county funds that they had been*  
6 *spending in previous years?*

7 Like the majority of Utah County voters who voted in favor of the transit tax, the Mayors  
8 saw the value in the system and needed to connect these areas with Frontrunner. Some may  
9 see that 42% of the total county sales tax was generated in Provo and Orem, while less than  
10 30% of the tax would be used for BRT. The Mayors, along with other elected officials and  
11 the public, saw the value of a regional system whether it was roads or transit.  
12

13 *If bonding was taken to the limit and something came up before 2028, would taxes have to*  
14 *rise to cover it?*

15 Bonding would not go to the limit. To get the best interest rate, investors had to see  
16 1.5 times the revenue required to pay for the bonds. Additionally, there was cash flow in  
17 other sources (MPO funds, UDOT, second ¼ cent funds) to fund the programmed projects  
18 and additional funds for items that may come up.  
19

20 *Would the BRT only benefit students going to the universities?*

21 People not taking the BRT who drove on University Parkway and University Avenue  
22 would benefit from a less congested corridor. The useful life of these roadways would also  
23 be extended as BRT would take additional vehicles off the road.  
24

25 Mr. Macdonald asked about ridership and wondered who was on the hook if the ridership was  
26 not what was hoped for. He asked if there was a personal guarantor.  
27

28 Mr. Jackson said that with general obligation bonds, taxes were raised on all taxpayers in the  
29 community to make the payments. That differed from revenue bonds. If the money was not there,  
30 then it wasn't there to pay the revenue bond. There was no obligation to raise taxes to pay for it.  
31

32 Mr. Manning said there was a distinct portion of sales tax that would go to it.  
33

34 Jason Burningham, with Lewis and Young, said the third ¼ cent was sales tax revenue collected  
35 by Utah County for the purpose of transportation and transit. What would be pledged to a bond  
36 holder would be that revenue stream. The bond holder would be looking at the current coverage.  
37 Utah County had already issued bonds using third ¼ cent funds. There was plenty of coverage  
38 and the only recourse would be the revenue stream, as there was not a way to control the revenue  
39 stream.  
40

41 Mayor Brunst asked how ridership translated to cars on the road.  
42

43 Mr. Jackson restated that it could extend life of the road.  
44

45 Mrs. Robertson said it would increase capacity. Traffic may not go down due to latent demand,  
46 but that the corridor would increase in overall capacity to carry people.  
47

1 Mr. Jackson said Provo/Orem was an economic engine. There was importance in making sure no  
2 opportunity for failure existed with the proposed BRT project.

3  
4 Mr. Burningham said that initially the hope for the BRT was that UTA would have the resources  
5 in order to finance the project. Lewis & Young was brought in to help with equity of the process.  
6 Lewis & Young asked to help by looking at a way to fund the project. A major benefit for the  
7 project was the concept of working with UDOT concurrently. There was considerable cost  
8 savings in doing the project at the same time UDOT carried out roadway improvements. The  
9 third 1/4 tax could be used as a bridge.

10  
11 Mr. Burningham then explained the proposed funding plan assumptions as follows:

- 12 • \$65 million bond issued by either Utah County or a newly created interlocal agency.
- 13 • Utah County would issue subordinate debt, which was secured by third ¼ cent sales tax  
14 of \$65 million. Debt service would be paid by the third ¼ cent sales tax from 2016-2027.
- 15 • UTA would operate the BRT system with operating and maintenance expense (O&M)  
16 costs paid by the third ¼ cent sales tax from 2016-2027.
- 17 • UTA would purchase the asset in 2028, paying the debt service on the bonds through  
18 2039 and operating the system with O&M paid by the first 1/4 cent sales tax.
- 19 • Cost of O&M was expected to be \$2.5M in 2015 and was estimated to be inflated at 2.4%  
20 annually.

21  
22 Mr. Andersen asked when the County Commission would vote on the bond.

23  
24 Mr. Burningham said prior to September 9, the commission would enter into a memorandum of  
25 understanding, which expressed intent to issue the bonds. That would allow the application and  
26 grant to be further looked at. It was hoped that before the end of the year the county would  
27 formally issue the bond, or allow the interlocal to do so.

28  
29 General Obligation Bond Consideration

30  
31 Mr. Tschirki explained the background behind road construction needs in the City, particularly  
32 needs on Center Street. He said there were different methods used to lay asphalt, some being  
33 more advantageous than others. Each method had advantages and disadvantages when it came to  
34 cost and longevity. He shared images of current road conditions within the City to illustrate his  
35 point.

36  
37 Laura Lewis, Lewis & Young, explained that the City had three outstanding general obligation  
38 bonds (for the purpose of roads) from 2004, 2005, and 2006. All were refundable in order to  
39 actualize savings for the City. The Council would be asked to accept a resolution on  
40 September 9, 2014, to refund the bonds. Ms. Lewis distributed a packet to the Council explaining  
41 the preliminary estimated savings. The City was advised to structure the refunding of the bonds  
42 so that the City's debt payments were reduced in the current fiscal year, thereby freeing up  
43 monies to be used on the original project that the voters voted on, which project was roads. Ms.  
44 Lewis said State law did not dictate for any debt issue how those savings were taken. It was not  
45 uncommon to structure the savings upfront. If the Council took favorable action on  
46 September 9, 2014, it was anticipated that the bond refunding would be complete on or around  
47 October 22, 2014.

# DRAFT

1 Mr. Macdonald said the two bonds totaled about \$10 million. He said Lewis & Young was  
2 proposing that the payments stay the same, the City would get the \$500,000 up front to use for  
3 the necessary road project. He said he gathered that it was essentially more principal with less  
4 interest.

5  
6 Mr. Davidson said this was a mission critical road that needed improvement.

7  
8 Mayor Brunst said the timing on this was as best as it could be.  
9

10 Mr. Stephens said there was not a specific provision in State law that talked about using the  
11 savings in this manner. The bond counsel would not give a formal opinion on it but Mr. Stephens  
12 said he believed it was fair to say that bond counsel thought the City could do this. However, the  
13 City should be aware that there was a “worst-case” scenario. If someone successfully challenged  
14 the way the City used the savings, what would probably happen was the City would be required  
15 to reduce the property tax rate over a period of time that would act as a refund of savings used on  
16 the road project on Center Street. Mr. Stephens said that was not a likely scenario, and several  
17 other jurisdictions had restructured bonds in a similar way.  
18

19 Mr. Manning said the solution was for the same amount of money, but the City would get an  
20 extra road.  
21

## 22 **5:30 P.M. STUDY SESSION- PUBLIC SAFETY TRAINING ROOM**

### 23 CONDUCTING

Mayor Richard F. Brunst, Jr.

### 24 ELECTED OFFICIALS

Councilmembers Hans Andersen, Tom Macdonald,  
27 Mark E. Seastrand, and David Spencer

### 28 APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant  
30 City Manager; Greg Stephens, City Attorney; Chris  
31 Tschirki, Public Works Director; Karl Hirst, Recreation  
32 Director; Scott Gurney, Fire Chief; Gary Giles, Police  
33 Chief; Charlene Crozier, Library Director; Steve Earl,  
34 Deputy City Attorney; Sam Kelly, City Engineer; Jason  
35 Bench, Planning Division Manager; Ryan Clark, Economic  
36 Development Manager; Jason Adamson, Risk Manager;  
37 Steven Downs, Assistant to the City Manager; and  
38 Taraleigh Gray, Deputy City Recorder

### 39 EXCUSED

Councilmembers Margaret Black and Brent Sumner.

### 40 Agenda Review

41  
42  
43  
44 The City Council reviewed the items on the agenda.  
45  
46  
47

1 City Council New Business

2  
3 Mayor Brunst said there were a conversation between the Neighborhoods in Action and Orem  
4 Community Hospital to create a community garden using space at the Orem Community  
5 Hospital complex. The garden may be accompanied by the set-up of a farmers market.

6  
7 Mr. Davidson said the hospital had a contractual agreement with the city to use some of that  
8 green space for recreation purposes.

9  
10 Mayor Brunst said the idea was not meant to impact recreation at all.

11  
12 The Council adjourned at 5:55 p.m. to the City Council Chambers for the regular meeting.

13  
14 **6:00 P.M. REGULAR SESSION**

15  
16 CONDUCTING Mayor Richard F. Brunst, Jr.

17  
18 ELECTED OFFICIALS Councilmembers Hans Andersen, Tom Macdonald, Mark E  
19 Seastrand, David Spencer, and Brent Sumner

20  
21 APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant  
22 City Manager; Greg Stephens, City Attorney; Chris  
23 Tschirki, Public Works Director; Karl Hirst, Recreation  
24 Director; Scott Gurney, Fire Department Director; Gary  
25 Giles, Police Department Director; Charlene Crozier,  
26 Library Director; Steve Earl, Deputy City Attorney; Jason  
27 Bench, Planning Division Manager; Steven Downs,  
28 Assistant to the City Manager; Donna R. Weaver, City  
29 Recorder; and Taraleigh Gray, Deputy City Recorder

30  
31 EXCUSED Councilmember Margaret Black

32  
33 **INVOCATION /**

34 **INSPIRATIONAL THOUGHT** Wayne Burr

35 **PLEDGE OF ALLEGIANCE** James Fawcett

36  
37 **APPROVAL OF MINUTES**

38  
39 Mr. Macdonald **moved** to approve the minutes from the following meetings:

- 40 • Special City Council Meeting – June 19, 2014  
41 • Special City Council Meeting – June 24, 2014  
42 • Special City Council Meeting – June 26, 2014  
43 • City Council Meeting – July 8, 2014  
44 • City Council Meeting – July 22, 2014

45 Mr. Andersen **seconded** the motion. Those voting aye: Hans Andersen, Richard F. Brunst, Tom  
46 Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 6-0.

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

2  
3 Upcoming Events

4 The Mayor referred the Council to the following upcoming event, as listed in the agenda packet:

- 5 • Timpanogos Storytelling Festival
- 6 • Neighborhood Cleanup
- 7 • Employee Appreciation Lunch
- 8 • City of Orem Annual Safety Fair
- 9 • Veterans Day program

10  
11 Mr. Davidson mentioned the free community movie night at Brent Brown ballpark.

12  
13 Appointments to Boards and Commissions

14 Mr. Seastrand **moved** to reappoint Aaron Orullion to the Beautification Advisory Commission.  
15 Mr. Macdonald **seconded** the motion. Those voting aye: Hans Andersen, Richard F. Brunst, Tom  
16 Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 6-0.

17  
18 Recognition of New Neighborhoods in Action Officers

19 No new Neighborhood in Action officers were recognized.

20  
21 PROCLAMATION – Orem Senior Friendship Month

22 Mayor Brunst read a proclamation observing September as Orem Senior Friendship Month.

23  
24 Mr. Andersen **moved** to accept the proclamation. Mr. Seastrand seconded the motion. Those  
25 voting aye: Hans Andersen, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David  
26 Spencer, and Brent Sumner. The motion **passed**, 6-0.

27  
28 Gina Bertelsen, Senior Friendship Center Program Coordinator, offered appreciation on behalf of  
29 the senior center members for the recognition.

30  
31 **PERSONAL APPEARANCES**

32  
33 Time was allotted for the public to express their ideas, concerns, and comments on items not on  
34 the agenda. Those wishing to speak should have signed in prior to the meeting, and comments  
35 were limited to three minutes or less.

36  
37 Roger Scanland voiced concern about a developer, Matt Baker, who was in the process of  
38 developing a hospice facility on property at 375 East 2000 South which was near his home.

39  
40 Melody Andersen said Orem City should not be handing out corporate welfare in the form of a  
41 subsidy to University Mall.

42  
43 Ren Wightman said he was the voice of a large group showing opposition about the facility  
44 being built at 375 East 2000 South in Orem. He expressed frustration that City officials were not  
45 taking the issue seriously.

# DRAFT

1 Julie Coleman said she was concerned about the lack of communication with residents. She  
2 asked that the City find a different way of communicating with the neighborhoods.

3  
4 Becky Johnson asked the City Council for help to prohibit the food trucks from setting up on the  
5 property near Garden Park because of the constant loud vibrating noise. She said she had talked  
6 to Development Services about her concern, they said they were in the process of developing  
7 regulations.

8  
9 Wayne Burr spoke against the ideas of public subsidies. He asked the Council to vote against  
10 giving more money to the mall.

11  
12 Sharon Mead echoed Mr. Wightman's comments and spoke of concern for the lack of  
13 transparency. She said she was never given notice that the project being erected near her home  
14 was going to be a business. She said she was concerned that her curb would be occupied by  
15 individuals at the business, and that the business was a threat to young children. She said the  
16 neighbors had no recourse.

17  
18 Rebecca Fawcett expressed gratitude for the Merry Christmas sign that was displayed last  
19 Christmas season. She asked for the Council to find a way to encourage the traditions of the  
20 seasons.

21  
22 Nicole Seegmiller asked for permission to display a nativity on the City Center property and said  
23 the City should be pleased with the faith within the community.

## 24 25 CITY MANAGER APPOINTMENTS

26  
27 Mr. Davidson asked for the City Council's advice and consent on his appointments of Gary Giles  
28 as Police Department Director and Scott Gurney as Fire Department Director.

29  
30 Mr. Seastrand **moved** to provide the Council's advice and consent on the appointments of Gary  
31 Giles and Scott Gurney. Mr. Andersen **seconded** the motion. Those voting aye: Hans Andersen,  
32 Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The  
33 motion **passed**, 6-0

34  
35 Donna Weaver, City Recorder, gave the oath of office to Mr. Giles and Mrs. Gurney.

## 36 37 CONSENT ITEMS

### 38 39 RESOLUTION – Accept Annexation Petitions for Further Consideration – Trail Head 40 Addition – 1250 E Cascade Drive

41  
42 Mr. Seastrand **moved**, by resolution, to accept the annexation petition. Mr. Andersen **seconded**  
43 the motion. Those voting aye: Hans Andersen, Richard F. Brunst, Tom Macdonald, Mark E.  
44 Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 6-0.

1 **SCHEDULED ITEMS**

2  
3 6:20 P.M. PUBLIC HEARING – Agricultural Overlay Zone  
4 ORDINANCE – Amending Section 22-12-6(D) pertaining to the location of barns, pens,  
5 and corrals in the Agriculture Overlay zone  
6

7 Mr. Bench presented to Council a request to amend section 22-12-6(D) of the Orem City Code.  
8 Animals such as horses, cattle, and sheep were currently allowed in residential zones on lots of  
9 one acre or larger. Section 22-6-1(C) outlined the distances that barns, pens and corrals in a  
10 residential zone must be set back from a dwelling or a public street.  
11

12 Section 22-12-6(D) also provided that animals were allowed in the Agriculture Overlay (AG)  
13 zone in accordance with the standards of Section 22-6-1(C). However, the AG zone had setback  
14 requirements for barns, pens and corrals that were different from those required under 22-6-1(C)  
15 for residential zones. For example, in the AG zone, a barn must be set back 200 feet from the  
16 nearest dwelling and 140 feet from any public street while a barn in a residential zone only had  
17 to be set back 100 feet from a dwelling or public street.  
18

19 The proposed amendment would modify Section 22-12-6(D) to make the setback requirements  
20 for barns, pens and corrals in the AG zone the same as in residential zones.  
21

22 The total area of the AG overlay zone in the City is 12.08 acres. The proposed change was as  
23 follows:  
24

25 **22-12-6. Agriculture Overlay Zone.**

26 D. **Animals.** Animals shall only be allowed in the agriculture overlay zone in accordance with  
27 the standards set forth in Section 22-6-10(C). Accessory structures for the keeping of animals and  
28 fowl such as barns, pens, and corrals shall be located at least one hundred feet (100') from the nearest  
29 dwelling and from any public street. The raising and sheltering of farm animals shall be limited to the  
30 buildable area of the lot and shall be permitted only where the use thereof and the products therefrom  
31 are primarily for the use or home consumption of the landowners or occupant of the lot. Appropriate  
32 fencing shall be provided to ensure that all animals are kept within the buildable area of the lot.  
33

34 **Advantages**

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

37  
38 **Disadvantages**

- 39 • None identified  
40

41 Mayor Brunst opened the public hearing. No one came forward so Mayor Brunst closed the  
42 public hearing.  
43

44 Mr. Seastrand **moved** that the City Council amend, by ordinance, amend Section 22-12-6(D)  
45 pertaining to the location of barns, pens, and corrals in the Agriculture Overlay zone. Mr.  
46 Spencer **seconded** the motion. Those voting aye: Hans Andersen, Richard Brunst, Tom  
47 Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 6-0.  
48  
49

# DRAFT

1 6:30 P.M. PUBLIC HEARING – Surplus Property - Midtown  
2 RESOLUTION - Declaring Unit P1 and Unit P2 of the Midtown Village First  
3 Supplemental Condominium Plat (the “City Parking Units”) surplus, approving the  
4 Conveyance of the City Parking Units to Coronado Village, LLC in accordance with the  
5 terms of a development agreement, and authorizing the City Manager to execute a  
6 development agreement with Coronado Village, LLC pertaining to the disposition of the  
7 City Parking Units

8  
9 Mayor Brunst recused himself from the discussion and vote. He left the meeting at 6:51 p.m.

10  
11 Steve Earl gave background on the agenda item and explained City staff’s request that the City  
12 Council declare Unit P1 and Unit P2 of the Midtown Village First Supplemental Condominium  
13 Plat (the “City Parking Units”) surplus, approve the conveyance of the City Parking Units to  
14 Coronado Village, LLC in accordance with the terms of a development agreement and authorize  
15 the City Manager to execute a development agreement with Coronado Village, LLC pertaining to  
16 the disposition of the City Parking Units.

17  
18 The Midtown Village project was originally conceived as a mixed-use condominium project at  
19 320 South State Street. In order to facilitate development of the project, the City created a special  
20 improvement district (SID) pursuant to which the City helped finance construction of the first  
21 level of underground parking. The first level of underground parking was divided into three  
22 separate condominium units—Unit P1 (under the south tower), Unit P2 (under the north tower)  
23 and Unit P3 (intended to go under the west tower)(hereinafter collectively referred to as the  
24 “City Parking Units”). The City was to own the City Parking Units although Unit P3 was never  
25 constructed.

26  
27 The City issued bonds to finance the City’s portion of the cost of the City Parking Units. The  
28 City then levied assessments against all of the residential and commercial condominium units in  
29 the project which required the owners of the units to make annual assessment payments which  
30 were used to pay off the City-issued bonds. Annual assessment payments had been made to the  
31 City beginning in 2008 and the last annual assessment payment is due in 2028.

32  
33 Coronado Village, LLC/The Ritchie Group (“Coronado Village”) had a contract to purchase the  
34 project and has proposed to modify the original concept plan to make completion of the project  
35 financially viable. The City Council approved amendments to the PD-23 zone on July 8, 2014,  
36 that would allow Coronado Village to proceed with its proposed plan.

37  
38 Coronado Village had also proposed to pay off the SID assessments in their entirety at the time  
39 of closing on the purchase of the property. That would be a significant benefit to the City as it  
40 would allow the City to retire the SID bonds and would relieve the City of the burden of  
41 administering the SID, managing the collection of assessments, and dealing with issues related to  
42 the bonds.

43  
44 Once the SID bonds were paid off and retired, City staff and Coronado Village believe that it  
45 would be in both parties’ interest for the City to convey its interest in the City Parking Units to  
46 Coronado Village. From the City’s perspective, conveyance of the City Parking Units to  
47 Coronado Village would relieve the City of the burden of operating and maintaining the City

# DRAFT

1 Parking Units. Although maintenance costs to date have been minimal, there was always the risk  
2 of incurring substantial structural maintenance costs as the project ages. Divesting itself of the  
3 City Parking Units would also relieve the City from future liability for injuries that might be  
4 made based on a claim of inadequate security, lighting maintenance, etc. In short, for the City,  
5 ownership of the City Parking Units could be seen as more of a liability than an asset.  
6

7 For Coronado Village, receiving ownership of the City Parking Units would allow them to  
8 consolidate their ownership of the entire project and would give them greater control and  
9 flexibility in managing the project.  
10

11 City staff had prepared a proposed development agreement (the “Development Agreement”) that  
12 set forth the terms under which staff proposed to convey the City Parking Units to Coronado  
13 Village. A copy of the proposed Development Agreement had been included with the agenda  
14 packet. The principal terms of the agreement were as follows:

- 15 1. Coronado Village agreed to place into escrow at the time of closing, an amount  
16 sufficient to retire the SID bonds including all interest and fees. This amount would  
17 be immediately released to the City and used to pay off the SID bonds. The amount  
18 required to retire the SID bonds was \$2,987,135.10. Coronado Village would be  
19 given a credit toward this amount for the amount held in the reserve fund  
20 (approximately \$296,315.60) and would also receive a credit for the sum held by the  
21 City in the operations and maintenance (O&M) fund (approximately \$177,255.54).
- 22 2. After the SID bonds had been retired, the City would convey the City Parking Units  
23 to Coronado Village by quit claim deed. The deed would contain a restriction that  
24 required the City Parking Units to be available for parking by the public free of  
25 charge between the hours of 6:00 a.m. and 8:00 p.m. This helps preserve the original  
26 intent of the SID that the City Parking Units be open to the public.
- 27 3. The agreement was made subject to the condition that Coronado Village close on the  
28 purchase of the Midtown property by October 31, 2014. If it did not close on the  
29 property by that date, the agreement would become null and void.
- 30 4. Coronado Village agreed to assume all operation, maintenance and security for the  
31 City Parking Units and agreed to indemnify the City from any claims that arise after  
32 the conveyance.
- 33 5. Coronado Village and the City were relieved from any obligation under the 2006  
34 development agreement with the original developer. This development agreement  
35 dealt with issues related to construction, operation, security, and maintenance of the  
36 City Parking Units and will be unnecessary if the City Parking Units are conveyed to  
37 Coronado Village.  
38

39 City staff believed the City would receive fair value for the conveyance through Coronado’s  
40 agreement to (1) pay off the entire remaining balance of the SID assessments and thereby allow  
41 the City to retire the SID bonds approximately 14 years ahead of schedule, (2) accept a deed  
42 restriction requiring the City Parking Units to be open to free public parking between 6:00 a.m.  
43 and 8:00 p.m., (3) assume all obligations related to operation, maintenance and security for the  
44 City Parking Units and (4) indemnify the City against any future claims that may arise after the  
45 conveyance.  
46

# DRAFT

1 Before disposing of any significant parcel of real property, the City was required to follow the  
2 procedures outlined in Orem City Code Section 2-7-10(D). That section required the City  
3 Council to declare the parcel surplus and to consider the proposed disposition of the property at a  
4 City Council meeting at which public comment is allowed. The City may dispose of real  
5 property by sale, trade, lease or other means deemed to be in the best interest of the City.  
6

7 City staff recommended that the City Council, by resolution, declare the City Parking Units at  
8 Midtown Village surplus, approve the conveyance of the City Parking Units to Coronado  
9 Village, LLC in accordance with the terms of the Development Agreement and authorize the  
10 City Manager to execute the Development Agreement with Coronado Village, LLC pertaining to  
11 the disposition of the City Parking Units.  
12

13 Mr. Macdonald asked about reserve fund credits and how the credits were created.  
14

15 Mr. Earl said reserve funds were created at the time the bonds were created.  
16

17 Mr. Macdonald said he understood that it did not come out of the City's pocket, and would not  
18 go back into the City's pocket.  
19

20 Mr. Earl said the bonds were paid by the owner of the property. Since the City was to own  
21 P1 and P2, the City was responsible for the operation and maintenance. He said the owner paid  
22 the City so the City could pay for the operation and maintenance.  
23

24 Mr. Macdonald asked if the new group would indemnify the City, and if there was a bond posted  
25 with the Ritchie's group indemnification.  
26

27 Mr. Ritchie said there was insurance in place for that purpose.  
28

29 Mr. Macdonald said he gathered that, as long as there was enough insurance in place, the Ritchie  
30 group could indemnify the City.  
31

32 Mr. Earl added that the indemnification provision was more out of an abundance of caution for  
33 the rare circumstance that the City could not anticipate or foresee.  
34

35 Mr. Sumner asked if annual bond payments were current.  
36

37 Mr. Earl said the 2014 payment had not been made, but all the prior years had. He said he  
38 believed the payment had not been made to that point because of the anticipation that the Ritchie  
39 group would pay it all off in its entirety when they closed on the property.  
40

41 Mr. Sumner asked if there were any extensions on the October 31, 2014, deadline.  
42

43 Mr. Ritchie said they were anticipating closing on September 30, 2014. The Ritchie Group asked  
44 for an extension so it would have enough time to get everything done correctly.  
45

# DRAFT

1 Mr. Earl said if the Ritchie Group had not closed on the property by October 31, 2014, then the  
2 entire arrangement would become null and void. Should the Ritchie Group need more time, they  
3 would have to come back to the City Council for another extension.

4  
5 Mr. Andersen opened the public hearing.

6  
7 Bret Swalberg asked what was in it for the Ritchie Group to have ownership of the parking  
8 structure that they only use for ten hours a day.

9  
10 Mr. Ritchie said from a lender perspective, a lender would rather have control of the entire asset.

11  
12 Mr. Earl said the assessments themselves were a lien against the property and were in first  
13 position. Banks preferred it when assessments were paid first so no one was in front of the bank  
14 where liens were concerned.

15  
16 Mr. Andersen closed the public hearing and called for questions from the Council. When there  
17 were no questions posed, Mr. Andersen called for a motion.

18  
19 Mr. Seastrand **moved** that the City Council, by resolution, (1) declare the City Parking Units,  
20 P1 and P2, of Midtown Village surplus; (2) approve the conveyance of the City Parking Units to  
21 Coronado Village, LLC in accordance with substantial conformance with the terms outlined in  
22 the Development Agreement; and (3) authorize the City Manager to execute the Development  
23 Agreement with Coronado Village, LLC pertaining to the disposition of the City Parking Units.  
24 Mr. Spencer **seconded** the motion.

25  
26 Mr. Sumner asked about what happened when City property was declared surplus.

27  
28 Mr. Stephens said declaring property “surplus” allowed for the City Council to decide how that  
29 property should be disposed of. In the current instance, it was not like raw ground where anyone  
30 could come in and develop it. Due to the existing restrictions on the property in question, the  
31 appraisal said the City had no real value, and the only entity that could realistically use the  
32 property was the developer of the project.

33  
34 Mr. Andersen called for a vote on the motion. Those voting aye: Hans Andersen, Tom  
35 Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 5-0.

36  
37 Mayor Brunst returned to the meeting at 7:11 p.m.

38  
39 ORDINANCE – Amending Article 2-7 of the Orem City Code – Audit & Procurement

40  
41 RESOLUTION – Authorizing the Amendments to the City of Orem Audit Policy

42  
43 The City Council chose to discuss the two agenda items in the same discussion, though separate  
44 motions were made for each corresponding agenda item.

45  
46 Richard Manning presented to Council a staff request to amend Article 2-7 of the Orem City  
47 Code, which outlined the process for procuring property and services for the benefit of the City

1 of Orem, and a request to approve a resolution authorizing amendments to the City of Orem  
2 Audit Policy.

3  
4 It was usually in the public's best interest to have a wide range of competitive bidders participate  
5 in the procurement process. In an attempt to facilitate a competitive bid process and in order to  
6 comply with state law, the following amendments were proposed:

- 7 1. The City, at the time, published notices inviting competitive sealed bids: (1) in a  
8 newspaper of general circulation; (2) on the City's bulletin board; and (3) to all  
9 suppliers on the bidders' list. See Orem City Code Section 2-7-4(A)(3)(1-3).  
10 Newspaper circulation was down nationwide so to ensure that an adequate number of  
11 potential bidders received notice of City projects, the Administrative Services Director  
12 proposed that competitive sealed bid notices be given either in a newspaper of general  
13 circulation or published with an outside sources entity whose purpose was to facilitate  
14 the advertisement and recruitment of competitive bidders. These outside source  
15 entities collect relevant data from municipalities as well as potential bidders and  
16 attempt to match bidders with municipalities and projects. It was anticipated that using  
17 these outside source entities to help provide notice would result in more potential  
18 bidders receiving notice of City projects. In addition, Orem City Code Section 2-7-  
19 4(A)(3)(b)(iii) would be amended to require the notice to be posted on the City's  
20 website. Finally, subsection J would be added to Orem City Code Section 2-7-3 to  
21 grant the City Manager the authority to establish relationships with and select  
22 appropriate outside source entities to assist in advertising competitive sealed bids.
- 23 2. In addition to providing more prolific notice to potential competitive sealed bidders,  
24 Article 2-7 would be amended to provide additional structure to bidders responding to  
25 requests for proposals. Orem City Code Section 2-7-4(B)(3) would be amended to  
26 require the City to post requests for proposals for no less than ten days.
- 27 3. State law required that the City have a certified public accountant (CPA) perform an  
28 annual fiscal year financial audit. Historically, the City had entered into contracts with  
29 a CPA or accounting firm to provide this service to the City for a 3-5 year period. The  
30 Administrative Services Director wanted to enlarge the potential service contract  
31 length to 5-7 years and give contract renewal authority to the City's Audit Committee  
32 instead of the City Council. As provided for in the City of Orem Audit Policy, the  
33 City's Audit Committee would include the following three individuals: (1) the City  
34 Manager or Assistant City Manager; (2) the Mayor; and (3) a member of the City  
35 Council.
- 36 4. Under state law, the City was required to follow certain bid procedures when seeking  
37 bids for building improvements and public works projects that exceeded a certain bid  
38 limit. State law required that the bid notice for building improvement and public  
39 works projects be published on the public notice website at least 5 days before  
40 opening bids pursuant to Utah Code Section 45-1-101. The Administrative Services  
41 Director proposed that Orem City Code 2-7-9(A)(4) be amended to reflect this  
42 noticing requirement.

43  
44 State law required the City to have a certified public accountant (CPA) perform an annual fiscal  
45 year financial audit. Orem City Code Section 2-7-6(A)(2) established the requirements for  
46 entering into an agreement with an auditor to perform the audit. In order to comply with State  
47 law and to provide better oversight of the audit process, the Administrative Services Director

# DRAFT

1 proposed that the City Council pass a resolution approving the following amendments to the City  
2 of Orem Audit Policy:

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

16  
17 Mayor Brunst asked what would happen after seven years, should the current audit firm want to  
18 serve the City again.

19  
20 Mr. Manning said that firm would be allowed to submit a proposal after it had been away from  
21 serving the City for at least one rotation, which was five to seven years.

22  
23 Mr. Macdonald said he gathered the City could end an agreement prior to its expiration date if  
24 unhappy with a provider.

25  
26 Mr. Sumner asked if the City would no longer use news services for advertisement.

27  
28 Mr. Manning said that, in the past several years, the notices were sent to the paper and were also  
29 sent directly to firms the City was aware of. Eliminating the advertisement via newspapers would  
30 be an option.

31  
32 Mr. Sumner asked whose decision it was to eliminate the use of newspapers for advertisement.

33  
34 Mr. Manning said it was ultimately the City Manager's decision, but it would rest with who was  
35 instigating the process, often times the City engineer. He said advertising in other ways would be  
36 a cost-saving measure.

37  
38 Mr. Sumner asked how much the legal notices cost.

39  
40 Mr. Manning said the least costly legal notice was \$100, and dozens of those legal notices were  
41 sent per year. Over the course of the year the City spent \$10,000 to \$15,000 per year on legal  
42 notices.

43  
44 Mr. Sumner said most businesses looked in newspapers because that was where the legal notices  
45 were published. He said his concern was that businesses would not know where to find the legal  
46 notices if the City did not run the advertisements in the newspapers.

# DRAFT

1 Mr. Manning said businesses were tuning in to electronic services.

2  
3 Bill Bell, Development Services Director, said the City had been using BidSync for the past year,  
4 and had seen success during that time and cost saving.

5  
6 Mr. Sumner said he was concerned about the transparency of the legal notice process.

7  
8 Mr. Davidson said Orem was trying to follow the State's example. The City's intent was two-  
9 fold: (1) the cost; and (2) the reach of the bid process, which would allow more individuals to  
10 bid. Staff was making the effort to formalize what was quickly becoming a common and  
11 preferred business practice.

12  
13 Mr. Seastrand **moved**, by ordinance, to amend Article 2-7 of the Orem City Code. Mr. Spencer  
14 **seconded** the motion. Those voting aye: Hans Andersen, Richard F. Brunst, Tom Macdonald,  
15 Mark E. Seastrand, and David Spencer. Those voting nay: Brent Sumner. The motion **passed**  
16 5-1.

17  
18 Mr. Andersen **moved**, by resolution, to approve the amendments to the City of Orem Audit  
19 Policy. Mr. Macdonald **seconded** the motion. Those voting aye: Hans Andersen, Richard F.  
20 Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion  
21 **passed**, 6-0.

## 22 23 **COMMUNICATION ITEMS**

24  
25 Mayor Brunst drew the Council's attention to the monthly financial summaries for June and July.

## 26 27 **CITY MANAGER INFORMATION ITEMS**

28  
29 Mr. Davidson drew the Council's attention to the upcoming Storytelling Festival and encouraged  
30 the Council to attend and participate in the activities.

31  
32 Mr. Davidson said staff had had an opportunity to work with Zion's Bank in the development of  
33 the Economic Strategic Plan for the City of Orem. Two open houses were held, in addition to a  
34 walk-in workshop. The purpose of the workshop and open houses was to gauge opinion and  
35 garner ideas for the plan moving forward.

36  
37 Mr. Davidson invited Mr. Downs to discuss possible rebranding opportunities for the City.

38  
39 Mr. Downs said the City had obtained a draft RFP in order to gauge what the cost would be in a  
40 rebranding process. He said there would be no financial obligation to go out to RFP, and that  
41 staff's intent was to determine if the Council was in favor of the idea to get more information.

42  
43 Mayor Brunst asked about the cost for consulting and the branding itself. Changing letterhead,  
44 signs, and banners could be expensive. Before considering it, he wanted to see the physical cost  
45 and the many areas it would affect.

# DRAFT

1 Mr. Downs said the cost was dependent on the RFP. Lehi City went through a similar process,  
2 and it cost approximately \$11,000.

3  
4 Mayor Brunst said to contact Provo and see what costs were entailed.

5  
6 Mr. Davidson added that the City was defining the course it would take in the future, and that it  
7 would be good to leverage the City's "brand." The City could do that in an economical way and  
8 that the present time seemed like an opportune time to consider it. He said implementation could  
9 be done incrementally, over time.

10  
11 Mr. Macdonald asked if the City should at least get some proposals in, which cost was only time.

12  
13 Mayor Brunst said to get a plan for the cost, the time, and ideas.

14  
15 Mr. Sumner echoed Mayor Brunst and said it would be good to have a price tag.

16  
17 Mr. Spencer said he thought an RFP would be "no harm, no foul." He said the City had to start  
18 somewhere, and an RFP was a good way to start.

19  
20 Mr. Davidson said his concern was directing staff down a path if the Council was not going to  
21 look at it.

22  
23 Mayor Brunst and Mr. Sumner said they were mainly concerned about the costs involved.

24  
25 Mr. Seastrand said his company just went through a rebranding experience, and it ended up  
26 being a positive exercise for the company to reanchor itself.

27  
28 Mayor Brunst asked when the last time the logo was done.

29  
30 Mr. Seastrand said he was not exactly sure but that he suspected it was late 1970s or early 1980s.

## 31 **ADJOURNMENT**

32  
33  
34 Mr. Seastrand **moved** to adjourn the meeting. Mr. Andersen **seconded** the motion. Those voting  
35 aye: Hans Andersen, Richard F. Brunst, David Spencer, and Brent Sumner. The motion **passed**.

36  
37 The meeting adjourned at 7:42 p.m.

## Citizen Commissions Names for Consideration

City staff requests the advice and consent of the City Council in the recommendation for **Karl Gadd** to be appointed to serve on the **Traffic Advisory Commission**. Should the Council give their advice and consent, this individual would be appointed at the September 23, 2014 City Council meeting.

CITY OF OREM  
CITY COUNCIL MEETING  
SEPTEMBER 9, 2014



<b>REQUEST:</b>	<b>RESOLUTION—Establishing the parameters for authorizing the issuance and sale by the issuer of its approximately \$10,000,000 General Obligation refunding bonds, which bonds were issued for street construction in 2004, 2005, and 2006</b>
<b>APPLICANT:</b>	City Manager
<b>FISCAL IMPACT:</b>	Savings of up to \$1.1 Million

**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:  
N/A
- Current Zone:  
N/A
- Acreage:  
N/A
- Neighborhood:  
N/A
- Neighborhood Chair:  
N/A

<b>PREPARED BY:</b> Richard Manning
--

**RECOMMENDATION:** The City Manager recommends that the City Council, by resolution, adopt a parameters resolution authorizing the refunding of outstanding General Obligation Bonds originally issued for street work at various locations throughout the community.

**BACKGROUND:** In 2004, 2005, and 2006 the City issued voter approved General Obligation debt for the purpose of repairing various streets throughout the community. Currently interest rates are low enough to warrant refunding the outstanding bonds. The original bonds were issued with interest rates between 3% and 5%. Current interest rates are projected to be between 1.5% and 2.5%, producing savings over the life of the refunding of up to \$1.1 Million.

A parameters resolution sets the outside limits within which the bonds can be issued. The maximum amount to be issued to refund the bonds is up to \$10,000,000 depending upon the interest rates at the time of closing. The outstanding bonds will be paid off through an escrow arrangement. The City will realize an estimated savings of \$1.1 million over the life of the refunded bonds. The length of the refunding bonds will not exceed the length the original bonds would have been outstanding.

The bulk of the savings will be realized in fiscal year 2015 and will be utilized for needed repair work on Center Street between State Street and 800 West. This will allow the City to complete a much needed road repair for less money than would be necessary to pay off the original road bonds. Overall this appears to be a wise and prudent use of City resources.

# DRAFT

## RESOLUTION \_\_\_\_\_

City of Orem, Utah

September 9, 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 September 9, 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
--------------	---------------

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 September 9, 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 September 9, 2014

---

## Table of Contents

	Page
ARTICLE I DEFINITIONS; AUTHORITY	
1.1	Definitions.....3
1.2	Authority for Resolution.....5
ARTICLE II AUTHORIZATION, TERMS AND ISSUANCE OF BONDS	
2.1	Authorization of Bonds, Principal Amount, Designation and Series .....6
2.2	Purpose.....6
2.3	Bond Details; Delegation of Authority .....6
2.4	Denominations and Numbers.....7
2.5	Paying Agent and Bond Registrar.....7
2.6	Redemption of Series 2014 Bonds.....8
2.7	Notice of Redemption .....8
2.8	Partially Redeemed Series 2014 Bonds .....10
2.9	Book-Entry System .....10
2.10	Sale of Series 2014 Bonds .....13
2.11	Continuing Disclosure Certificate.....13
2.12	Execution of Bonds.....13
2.13	Delivery of Bonds; Application of Proceeds .....15
2.14	Provisions for Refunding and Redemption of Refunded Bonds.....15
2.15	Authorization of Escrow Deposit Agreement.....15
2.16	Further Authority .....16
ARTICLE III TRANSFER AND EXCHANGE OF BONDS; BOND REGISTRAR	
3.1	Transfer of Bonds .....17
3.2	Exchange of Bonds .....17
3.3	Bond Registration Books .....18
3.4	List of Registered Owners .....18
3.5	Duties of Bond Registrar .....18
ARTICLE IV COVENANTS AND UNDERTAKINGS	
4.1	Covenants of Issuer .....19
4.2	Levy of Taxes .....19
4.3	Bonds in Registered Form .....19
4.4	Tax Covenants .....20

ARTICLE V  
FORM OF BONDS

5.1 Form of Bonds .....21

ARTICLE VI  
MISCELLANEOUS

6.1 Official Statement .....29  
6.2 Preliminary Official Statement Deemed Final.....29  
6.3 Changes to Forms .....29  
6.4 Notice of Bonds to be Issued .....29  
6.5 Ratification.....29  
6.6 Severability .....30  
6.7 Conflict .....30  
6.8 Captions .....30  
6.9 Certification of Fulfillment of Conditions .....30  
6.10 Maintenance of Records; Copies .....30  
6.11 Effective Date .....30  
6.12 Resolution Irrepealable .....30

EXHIBIT A CERTIFICATE OF COMPLIANCE WITH  
OPEN MEETING LAW ..... A-1  
EXHIBIT B LETTER OF REPRESENTATIONS.....B-1  
EXHIBIT C FORM OF CONTINUING DISCLOSURE CERTIFICATE .....C-1  
EXHIBIT D FORM OF BOND PURCHASE AGREEMENT ..... D-1  
EXHIBIT E FORM OF OFFICIAL STATEMENT .....E-1  
EXHIBIT F FORM OF ESCROW AGREEMENT.....F-1  
EXHIBIT G FORM OF TERMS CERTIFICATE ..... G-1  
EXHIBIT H NOTICE OF BONDS TO BE ISSUED ..... H-1

## 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 September 9, 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: \_\_\_\_\_

## ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM – as tenants in common  
TEN ENT – as tenants by the entireties  
JT TEN – as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_  
(Minor)

Under Uniform Gifts to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

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 September 9, 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 September 9, 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 September 9, 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](http://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 September 9, 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 September 9, 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 September \_\_\_\_, 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 September \_\_\_\_, 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 September 9, 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 September 9, 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.

NOTICE IS FURTHER GIVEN that a period of thirty (30) days from and after the date of the publication of this notice is provided by law during which any person in interest shall have the right to contest the legality of the Resolution or the Bonds, or any provision made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause whatsoever.

DATED this September 9, 2014.

/s/ Donna Weaver

City Recorder

(attach Proof of Publication of  
Notice of Bonds to be Issued)

## BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT, dated this \_\_\_\_\_, 2014, between the CITY OF OREM, UTAH (the "Issuer"), and GEORGE K. BAUM & COMPANY (the "Underwriter"), with respect to the sale and purchase of the Issuer's General Obligation Refunding Bonds, Series 2014 (the "Bonds") in the aggregate principal amount of \$\_\_\_\_\_ on the terms and subject to the conditions herein set forth:

1. Recitals.

(a) The Issuer has authorized the issuance and sale of the Bonds to the Underwriter and the execution of this Bond Purchase Agreement by resolution duly adopted on [September 9], 2014 (the "Resolution") and by the execution of a Terms Certificate executed simultaneously herewith (the "Terms Certificate").

(b) The Bonds are more fully described in an Official Statement of the Issuer relating to the Bonds prepared by the Issuer (the "Official Statement").

(c) In this Bond Purchase Agreement, the term "Issuer Financing Documents" means the Resolution, the Bonds, the hereinafter defined Continuing Disclosure Undertaking and Escrow Agreement, and this Bond Purchase Agreement.

2. Purchase of Bonds.

(a) Subject to the terms and conditions and upon the basis of the representations hereinafter set forth, the Issuer hereby agrees to sell the Bonds to the Underwriter and the Underwriter hereby agrees to purchase the Bonds from the Issuer, at the purchase price of \$\_\_\_\_\_ (being the principal amount of the Bonds, plus a reoffering premium of \$\_\_\_\_\_ and less an underwriter's discount of \$\_\_\_\_\_). The Bonds shall be in the amounts, mature on the dates, bear interest and shall be in the form as set forth in the Resolution and the Terms Certificate. The Bonds shall be in the authorized denominations and shall be registered as directed by the Underwriter.

(b) The Issuer will deliver the Bonds to the Underwriter at 9:00 a.m. on \_\_\_\_\_, 2014, or at such later date and time as the parties shall mutually agree upon (the "Closing Date") in book-entry only form duly executed, authenticated, and delivered by the Issuer and against payment therefor by the Underwriter, payable in federal funds for the account of the Issuer. The payment for the Bonds by, and the delivery thereof to, the Underwriter shall be made at the offices of Ballard Spahr LLP, Salt Lake City, Utah, or at such other place as shall be mutually agreeable to the Issuer and the Underwriter.

3. The Issuer hereby covenants, represents and warrants that:

(a) The Issuer is a political subdivision of the State of Utah and is authorized to act for the purpose of exercising the powers contained in the

Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Act"). Under the Act, the Issuer is authorized to issue the Bonds and use the proceeds thereof to refund and retire certain of the Issuer's outstanding General Obligation Bonds (the "Refunded Bonds"). The Issuer shall deposit moneys sufficient to refund the Refunded Bonds with U.S. Bank National Association acting as escrow agent (the "Escrow Agent") for the Refunded Bonds pursuant to an Escrow Deposit Agreement between the Issuer and the Escrow Agent, dated as of \_\_\_\_\_ 1, 2014 (the "Escrow Agreement").

(b) The Issuer has complied with the provisions of the Act and has full power and authority pursuant to the Act to consummate and act with respect to all transactions contemplated by the Issuer Financing Documents, and to issue, sell, and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated hereby and by each of the aforesaid documents.

(c) By the Resolution duly adopted by the Issuer on [September 9], 2014, and still in force and effect, the Issuer has duly authorized the execution, delivery, and due performance of the Issuer Financing Documents, and the taking of any and all such action as may be required on the part of the Issuer to carry out, give effect to, and consummate the transactions contemplated thereby, and all approvals necessary in connection with the foregoing have been received.

(d) The Issuer has complied, and will be in compliance as of the Closing Date, in all respects insofar as related to the transactions contemplated hereby, with the Resolution and the Constitution and laws of the State of Utah, including the Act.

(e) When delivered to and paid for by the Underwriter in accordance with the terms of this Bond Purchase Agreement, the Bonds will have been duly authorized, issued, executed, authenticated, and delivered and will constitute the legal, valid, and binding obligations of the Issuer.

(f) The execution and delivery of the Issuer Financing Documents, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Issuer a violation of the Constitution of the State of Utah or a violation of, breach of or default under any statute, indenture, mortgage, deed of trust, lease, bond, note, loan agreement, or other agreement or instrument to which the Issuer is a party or by which the Issuer or any of its property or may be bound, or any order, rule, or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of their activities or properties. All consents, approvals, authorizations, and orders of governmental or regulatory authorities which are required or necessary for the consummation of the transactions contemplated by the Issuer Financing Documents have been obtained.

(g) The Issuer will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution.

(h) The Issuer hereby ratifies the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement of the Issuer dated \_\_\_\_\_, 2014, relating to the Bonds provided by the Issuer to the Underwriter (which, together with all appendices and exhibits thereto is herein called “Preliminary Official Statement”) for customary purposes in connection with the public offering of the Bonds. The Issuer confirms that, as of its date, the Preliminary Official Statement was “deemed final” by the Issuer for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission.

(i) The Issuer hereby authorizes the delivery of the final Official Statement of the Issuer dated as of the date hereof and any amendment or supplement thereto (the “Official Statement”) by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer will deliver to the Underwriter copies of the Official Statement in sufficient quantities or in an electronic format to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission and Rules of the Municipal Securities Rulemaking Board not later than the seventh business day after execution of this Bond Purchase Agreement.

(j) If after the date hereof and until twenty-five (25) days after the “end of the underwriting period” (as such term is defined in Rule 15c2-12(e)(2) of the Securities and Exchange Commission), any event shall occur as a result of which it is necessary to supplement the Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, the Issuer shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Official Statement necessary, in the Underwriter’s opinion, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

(k) There is no action, suit, proceeding, or investigation at law or in equity by or before any court or public board, body, or agency pending or threatened against or affecting the Issuer, the Official Statement or any of the Issuer Financing Documents, nor, to the best of the knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the issuance or sale of the Bonds, or the validity of Official Statement or the Issuer Financing Documents, or the transactions contemplated thereby, or any other agreement or instrument which is used or contemplated for use in the consummation of the transactions contemplated thereby.

(l) This Agreement has been duly authorized, executed, and delivered by the Issuer and, assuming due authorization, execution, and delivery hereof by the Underwriter, constitutes a valid, binding, and enforceable obligation of the Issuer, and as of the Closing Date, the Issuer Financing Documents and any and

all other agreements and instruments required to be executed and delivered by the Issuer in connection with the Bonds and the transactions contemplated by the Issuer Financing Documents will be in full force and effect and each will constitute a valid, binding and enforceable obligation of the Issuer.

(m) The Issuer will provide such information with respect to the Issuer as may be reasonably requested by the Underwriter for inclusion in the Official Statement to enable the Underwriter to market the Bonds to the public, and such information will be true and correct in all material respects and will not contain on the date thereof or on the Closing Date, any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

(n) The Issuer will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement or any part thereof.

(o) The Issuer agrees to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or “Blue Sky” laws of such jurisdictions of the United States as the Underwriter may request, but shall not be required to consent to service of process in any jurisdiction outside of the State of Utah. The Issuer consents to the use of the Official Statement and drafts thereof prior to the availability of the Official Statement by the Underwriter in obtaining such qualification.

(p) The Issuer will not take any action from the date hereof through the Closing Date which would cause the information in the Official Statement to be untrue or incorrect in any material respect.

(q) Any certificate signed by an authorized officer of the Issuer and delivered to the Underwriter shall be deemed, in accordance with its terms, a representation and warranty by the Issuer, as applicable, to the Underwriter as to the statements made therein.

(r) The representations, covenants, and warranties of the Issuer set forth in the Issuer Financing Documents and herein are, and will be on the Closing Date, true and correct in all material respects.

(s) Except as otherwise disclosed in the Official Statement, the Issuer is currently and for the previous five years has been in compliance with all continuing disclosure undertakings pursuant to Rule 15c2-12 in all material respects. The Issuer will undertake, pursuant to a Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”), to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12. A form of the Continuing Disclosure Undertaking is set forth as Appendix D to the Official Statement.

4. The Issuer's obligation to deliver the Bonds and to accept payment therefor will be conditioned upon the purchase of and payment for the Bonds in accordance herewith on the Closing Date and upon the delivery to the Issuer of the approving opinion of Ballard Spahr LLP, Bond Counsel, in substantially the form attached as Appendix C to the Official Statement, and will be subject to the further condition that all documents, certificates, opinions and other items to be delivered at the closing pursuant hereto not be unsatisfactory in form and substance to Bond Counsel.

5. The Underwriter's obligations hereunder to purchase and pay for the Bonds will be subject to:

(a) the receipt of the documents described in paragraph 6 hereof at or prior to the Closing Date,

(b) the performance by the Issuer of its obligations to be performed hereunder at or prior to the Closing Date,

(c) the continued accuracy in all material respects of the representations and warranties of the Issuer contained herein as of the date hereof and as of the Closing Date, and

(d) the following conditions:

(i) No litigation shall be threatened or pending in any court:

(A) seeking to restrain or enjoin the issuance or delivery of the Bonds or the payment, collection, or application of the proceeds thereof or other receipts and moneys pledged or to be pledged under the Resolution;

(B) in any way questioning or affecting the validity of the Bonds or any provisions of the Issuer Financing Documents, or any proceedings taken by the Issuer with respect to the foregoing; or

(C) questioning the Issuer's creation, organization, or existence or the titles to office of any of its officers, or its power to enter into the Issuer Financing Documents.

(ii) No legislation, ordinance, rule, or regulation shall be introduced in or enacted by any governmental body, department, or agency in the State of Utah or in any other state or in the federal government, or a decision by any court of competent jurisdiction of the State of Utah or any other state or the federal government shall be rendered that, in the opinion of the Underwriter, might materially and adversely affect the market price of the Bonds.

(iii) The marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Bond Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Issuer, or the status of the interest on bonds or notes or obligations of the general character of the Bonds.

(iv) No legislation shall be enacted by the Congress of the United States or adopted by the House of Representatives or the Senate of the Congress of the United States of America, or recommended to the Congress of the United States of America for passage by the President of the United States of America, or favorably reported for passage to either the House of Representatives or the Senate by any Committee of either such body to which such legislation has been referred for consideration, or a decision by a court of the United States of America established under Article III of the Constitution of the United States shall be rendered, or a ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, in each case to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or of the Resolution, is in violation or would be in violation, unless registered or otherwise qualified, of any provision of the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect.

(v) No committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it

legislation introduced previous to or on or after the date hereof, which legislation if enacted in its form as introduced or as amended, would have the effect that the issuance, offering, or sale of obligations of the general character of the Bonds or of the Resolution is in violation or would be in violation, unless registered or otherwise qualified, of any provision of the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect or the Trust Indenture Act of 1939, as amended and then in effect.

(vi) No stop order, action, ruling, regulation, proposed regulation, or statement by or on behalf of the Securities and Exchange Commission shall be taken, issued or made to the effect that the issuance, offering, or sale of obligations of the general character of the Bonds is in violation or would be in violation, unless registered or otherwise qualified, or are not exempt from registration, regulations, qualifications, or other requirements of, any provision of the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect.

(vii) No event shall have occurred which, in the opinion of the Underwriter, makes untrue, incorrect, or inaccurate, in any material respect, any statement or information contained in any financial statements or other information concerning the Issuer which is furnished to the Underwriter or which, if not reflected in such information, should be reflected therein in order to make the statements and information contained therein not misleading in any material respect.

(viii) None of the following events shall have occurred if, in the opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, may be adversely affected thereby:

- (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;
- (B) the New York Stock Exchange or other national securities exchange or the National Association of Securities Dealers, Inc., or other national securities association, the Municipal Securities Rulemaking Board, or other similar national self-regulatory rulemaking Board, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect

to the extension of credit by, or the charge to the net capital requirements of, underwriters;

- (C) a general banking moratorium shall have been established by federal, New York or Utah authorities;
- (D) a war involving the United States of America shall have been declared, or any other conflict involving the armed forces of the United States of America has escalated to such a magnitude as to materially adversely affect the Underwriter's ability to market the Bonds;
- (E) an adverse change in the condition of the securities markets, or any other adverse change, whether of an economic, military, or political nature or otherwise, shall have occurred; or
- (F) any other event or circumstances shall have occurred which shall be beyond the reasonable control of the Underwriter and, in the opinion of the Underwriter, might in any way have a material adverse effect on the marketability of the Bonds.

6. At or prior to the Closing Date the Underwriter or the other persons indicated below must have received the following documents:

(a) Executed counterparts of the Issuer Financing Documents.

(b) The legal opinions of the following, dated the Closing Date, addressed to the Underwriter and/or the Issuer in forms satisfactory to the Underwriter:

(i) Ballard Spahr LLP, Bond Counsel to the Issuer, in substantially the form attached as Appendix C to the Official Statement;

(ii) Greg Stephens, Esq., City Attorney; and

(iii) Ballard Spahr LLP, Disclosure Counsel to the Issuer, relating to certain disclosure matters.

The respective forms of such opinions are subject, in each case, only to such changes therein as the Underwriter approves.

(c) The Official Statement, executed by the Mayor of the Issuer, including each amendment or supplement thereto.

(d) The Resolution certified by the City Recorder of the Issuer as having been duly adopted by the Issuer and as being in effect.

(e) A certificate of an authorized official of the Issuer, dated the Closing Date, to the effect that (i) on and as of the Closing Date, each of the representations and warranties of the Issuer set forth in paragraph 3 hereof is true, accurate, and complete and all agreements and obligations of the Issuer herein provided and contemplated to be performed on or prior to the Closing Date have been so performed; (ii) the executed copies of the Issuer Financing Documents and the certified copies of the Resolution authorizing the Bonds are true, correct, and complete copies of such documents and, except as described in the Official Statement, have not been modified, amended, superseded, or rescinded but remain in full force and effect as of the Closing Date; (iii) the Bonds have been duly authorized, executed, and delivered by the Issuer; (iv) the Issuer Financing Documents and any and all other agreements and documents required to be executed and delivered by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Resolution have each been duly authorized, executed, and delivered by the Issuer, and as of the Closing Date each is in full force and effect; and (v) no litigation is pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity or affecting the authority of the Issuer to issue and sell the Bonds, the authorization, execution, or performance of the Issuer Financing Documents.

(f) A certificate, satisfactory in form and substance to the Underwriter, of one or more duly authorized officers of the Issuer, dated the Closing Date, as to the due execution of the Resolution by the authorized officers of the Issuer and the due authentication and delivery of the Bonds by U.S. Bank National Association, as Paying Agent, thereunder.

(g) A certificate, dated the Closing Date, in form and substance satisfactory to the Underwriter, signed by an authorized officer of the Issuer satisfactory to the Underwriter, stating the Issuer's reasonable expectations, on such date as to future events regarding the amount and use of proceeds of the Bonds, which certification shall set forth the facts, estimates, and circumstances on which such expectations are based, which shall be sufficient to establish that it is not expected that the proceeds of the sale of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). Such certificate shall also state that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds and that, to the best of the knowledge and belief of such officers, the expectations set forth in such certificate are reasonable.

(h) Evidence that the federal tax information form 8038-G has been prepared for filing.

(i) Copies of a rating letter from \_\_\_\_\_ assigning a rating of “\_\_\_\_\_” to the Bonds.

(j) The verification report of [Grant Thornton LLP] with respect to the sufficiency of the amounts placed in escrow for the refunding of the Refunded Bonds with a portion of the proceeds of the Bonds.

(k) Such additional certificates, opinions, instruments, or other documents as the Underwriter or Bond Counsel may reasonably require to evidence the accuracy, as of the Closing Date, of the representations and warranties herein contained, and the due performance and satisfaction at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the parties in connection with the Resolution; all such certificates, instruments, and documents to be satisfactory in form and substance to the Underwriter and Bond Counsel.

7. If the Issuer shall fail or be unable to satisfy the conditions of its obligations contained in this Bond Purchase Agreement, or if the Underwriter’s obligations hereunder shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Issuer nor the Underwriter shall be under any further obligation hereunder.

8. The Issuer agrees that all representations, warranties, and covenants made by it herein, and in certificates or other instruments delivered or to be delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter notwithstanding any investigation heretofore or hereafter made by the Underwriter or on its behalf, and that all representations, warranties, and covenants made by the Issuer herein and therein and all of the Underwriter’s rights hereunder and thereunder shall survive the delivery of and payment for the Bonds.

9. All expenses and costs incident to the authorization, preparation, issuance, offer, sale, or delivery, recording and filing as the case may be, of the Bonds, the Resolution, the Preliminary Official Statement, the Official Statement, and this Bond Purchase Agreement, including, without limitation (a) the costs of preparation, printing, signing, and shipping the Bonds, the Preliminary Official Statement and the Official Statement; (b) the initial fees and expenses of the Underwriter; (c) financial advisor fees; and (d) the fees and expenses of Bond Counsel; shall be paid by the Issuer on the Closing Date from proceeds of the Bonds, except for such fees and expenses for which the respective payees are unable to submit statements at the Closing, which shall be paid promptly upon receipt thereof by the Issuer from proceeds of the Bonds. The foregoing undertakings shall survive the delivery of the Bonds and (insofar as applicable) shall be effective whether or not any transaction hereby contemplated is consummated.

10. All notices or other communications to be given hereunder shall be in writing and, unless otherwise directed in writing, shall be addressed as follows: if to the Issuer, at 56 North State Street, Orem, Utah 84057; Attention: Mayor; if to the

Underwriter at George K. Baum & Company, 15 West South Temple, Suite 1090, Salt Lake City, Utah 84101; Attention: John Crandall.

11. This Bond Purchase Agreement shall be construed and enforceable in accordance with the laws of the State of Utah.

12. This Bond Purchase Agreement shall inure to and is made solely for the benefit of the Issuer and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

13. This Bond Purchase Agreement may be executed in any number of counterparts with each executed counterpart constituting an original but all of which together shall constitute one and the same instrument.

14. The Issuer's obligations hereunder are subject to the performance of the obligations of the Underwriter, and the further condition that at the Closing Date the Issuer and the Underwriter shall receive the opinions of counsel and other documents required to be delivered hereby.

15. The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the Issuer, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters) and the Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter is not acting as municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), and (v) the Issuer consulted its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

DATED this \_\_\_\_\_, 2014.

CITY OF DRAPER, UTAH

(SEAL)

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

ATTEST:

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

GEORGE K. BAUM & COMPANY, as  
Underwriter

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT A

\$ \_\_\_\_\_  
CITY OF DRAPER, UTAH  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014

<u>Maturity</u> <u>(December 1)</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
--	-------------------------	-----------------------

## PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2014

## NEW ISSUE—Issued in Book-Entry-Only Form

Ratings: S&P “\_\_\_\_\_”  
 Fitch “\_\_\_\_\_”  
 (See “RATINGS” herein.)

In the opinion of Ballard Spahr LLP, Bond Counsel to the City, interest on the Series 2014 Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2014 Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax (“AMT”); however, interest paid to corporate holders of the Series 2014 Bonds may be indirectly subject to AMT under circumstances described under “TAX MATTERS” herein. Bond Counsel is also of the opinion that interest on the Series 2014 Bonds is exempt from State of Utah individual income taxes under currently existing law. See “TAX MATTERS” herein

**\$9,615,000\***

**CITY OF OREM, UTAH**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2014**

**Dated: Date of Delivery**

**Due: December 1, as shown below**

The \$9,615,000\* General Obligation Refunding Bonds, Series 2014 (the “Bonds”) are issuable by the City of Orem, Utah (the “City”) as fully registered bonds and, when initially issued, will be in book-entry form only, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on such Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM” herein.

Principal of and interest on the Bonds (interest payable June 1 and December 1 of each year, commencing June 1, 2015) are payable by U.S. Bank National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. The Bonds will be issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. See “THE BONDS” herein.

The Bonds are [not] subject to optional redemption prior to maturity. See “THE BONDS—Redemption” herein.

The Bonds are being issued to refund certain outstanding bonds of the City and to pay costs of issuing the Bonds.

**THE BONDS WILL BE GENERAL OBLIGATIONS OF THE CITY PAYABLE FROM THE PROCEEDS OF AD VALOREM TAXES TO BE LEVIED WITHOUT LIMITATION AS TO RATE OR AMOUNT ON ALL OF THE TAXABLE PROPERTY IN THE CITY, FULLY SUFFICIENT TO PAY THE BONDS AS TO BOTH PRINCIPAL AND INTEREST.**

Due (December 1)	Principal Amount*	Interest Rate	Yield	CUSIP 686101†	Due (December 1)	Principal Amount*	Interest Rate	Yield	CUSIP 686101†
2015	\$455,000				2020	\$975,000			
2016	1,225,000				2021	1,005,000			
2017	890,000				2022	1,030,000			
2018	920,000				2023	1,070,000			
2019	945,000				2024	1,100,000			

† The City is not responsible for the use of CUSIP Numbers, nor is a representation made as to the accuracy of the CUSIP Numbers. The CUSIP Numbers are contained herein solely for the convenience of the readers of this Official Statement.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of their legality by Ballard Spahr LLP, Bond Counsel to the City, and to certain other conditions. Certain matters relating to disclosure will be passed upon for the City by Ballard Spahr LLP, Disclosure Counsel to the City. Certain legal matters will be passed on for the City by Greg Stephens, Esq., City Attorney. It is expected that the Bonds will be available for delivery to DTC or its agent on or about \_\_\_\_\_, 2014.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement is dated \_\_\_\_\_, 2014, and the information contained herein speaks only as of that date.

**George K. Baum & Company**

\* Preliminary; subject to change.

The information contained in this Official Statement has been furnished by the City, DTC, and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date of this Official Statement.

In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect the market prices of the Bonds. Such transactions, if commenced, may be discontinued at any time.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. Forward-looking statements are included in the Official Statement under the captions “ESTIMATED SOURCES AND USES OF FUNDS,” and “DEBT STRUCTURE OF THE CITY OF OREM—Outstanding Obligations of the City” and “—Future Bond Issues.” The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

**\$9,615,000\***  
**CITY OF OREM, UTAH**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2014**

**56 North State**  
**Orem, Utah 84057**  
**(801) 229-7004**  
**(801) 229-7169–Facsimile**

**MAYOR AND CITY COUNCIL**

Richard F. Brunst, Jr..... Mayor  
Hans Andersen..... Councilmember  
Margaret Black ..... Councilmember  
Tom Macdonald..... Councilmember  
Mark E. Seastrand..... Councilmember  
David Spencer ..... Councilmember  
Brent Sumner..... Councilmember

**CITY ADMINISTRATION**

Jamie Davidson ..... City Manager  
Brenn Bybee ..... Assistant City Manager  
Richard Manning ..... Administrative Services Director  
Donna R. Weaver ..... City Recorder  
Kathy Bunnell..... City Treasurer

**PAYING AGENT, BOND REGISTRAR AND  
ESCROW AGENT**

U.S. Bank National Association  
170 South Main Street, Suite 200  
Salt Lake City, Utah 84101  
(801) 534-6083

**CITY ATTORNEY**

Greg Stephens, Esq.  
56 North State Street  
Orem, Utah 84057  
(801) 229-7035

**BOND COUNSEL**

Ballard Spahr LLP  
201 South Main Street, Suite 800  
Salt Lake City, Utah 84111  
(801) 531-3000

**FINANCIAL ADVISOR**

Lewis Young Robertson & Burningham, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700

**UNDERWRITER**

George K. Baum & Company  
15 West South Temple, Suite 1090  
Salt Lake City, Utah 84101  
(801) 538-0351

---

\* Preliminary; subject to change.

**Table of Contents**

	<b>Page</b>
INTRODUCTION .....	1
The City .....	1
Authority and Purpose .....	1
Security .....	1
Redemption Provisions .....	2
Registration, Denominations, Manner of Payment.....	2
Tax-Exempt Status.....	2
Conditions of Delivery, Anticipated Date, Manner, and Place of Delivery.....	2
Basic Documentation .....	2
Contact Persons.....	3
THE BONDS .....	3
General.....	3
Security and Sources of Payment.....	3
Redemption Provisions .....	3
Book-Entry-Only System.....	4
Registration and Transfer.....	4
PLAN OF REFUNDING.....	5
ESTIMATED SOURCES AND USES OF FUNDS .....	6
DEBT SERVICE SCHEDULE FOR THE BONDS .....	7
THE CITY OF OREM .....	7
General.....	7
Form of Government.....	7
Employee Workforce and Retirement System.....	8
OPEB Liabilities .....	9
Additional Information .....	9
Risk Management .....	9
Investment of Funds.....	9
DEBT STRUCTURE OF THE CITY OF OREM... 11	11
Outstanding Obligations of the City .....	11
Future Bond Issues.....	12
No Defaulted Bonds.....	12
Other Financial Considerations.....	12
Overlapping General Obligation Debt .....	13
General Obligation Legal Debt Limit and Additional Debt Incurring Capacity .....	13
Debt Ratios .....	14
FINANCIAL INFORMATION REGARDING THE CITY OF OREM.....	14
Fund Structure; Accounting Basis .....	14
Budget and Appropriation Process .....	14
Financial Controls.....	15
Sources of General Fund Revenues .....	16
Management’s Discussion and Analysis.....	16
Financial Summaries.....	16
AD VALOREM TAX SYSTEM .....	20
Certain Property Tax Matters.....	20
Uniform Fees .....	20
Tax Levy and Collection.....	20
Public Hearing on Certain Tax Increases.....	21
Comparative Total Property Tax Rates of the City and Surrounding Cities.....	22
Taxable Value and Estimated Fair Market Value of Property in City (Including Fee- In-Lieu Valuation).....	22
Historical Property Tax Rates—Direct and Overlapping Governments .....	23
Assessed and Estimated Fair Market Value of Taxable Property (Locally Assessed Only) ..	23
Summary of All Taxable Values.....	23
Property Tax Levies and Collections .....	24
Principal Property Taxpayers in the City .....	24
SALES AND USE TAX.....	24
Sales Tax.....	24
Utility Franchise Taxes and Fees .....	26
LEGAL MATTERS .....	26
Absence of Litigation.....	26
General.....	26
TAX MATTERS .....	26
UNDERWRITING .....	27
RATINGS.....	27
CONTINUING DISCLOSURE UNDERTAKING .....	28
MISCELLANEOUS.....	28
Independent Accountants.....	28
Financial Advisor.....	28
Additional Information .....	28
APPENDIX A AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013 .....	A-1
APPENDIX B DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF OREM AND UTAH COUNTY .....	B-1
APPENDIX C PROPOSED FORM OF OPINION OF BOND COUNSEL .....	C-1
APPENDIX D PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING .....	D-1
APPENDIX E PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM .....	E-1

**OFFICIAL STATEMENT**  
**RELATED TO**  
**\$9,615,000\***  
**CITY OF OREM, UTAH**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2014**

**INTRODUCTION**

This Official Statement, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by City of Orem, Utah (the “City”) of its \$9,615,000\* General Obligation Refunding Bonds, Series 2014 (the “Bonds”). This introduction is only a brief description of the Bonds, as hereinafter defined, the security and source of payment for the Bonds and certain information regarding the City. The information contained herein is expressly qualified by reference to the entire Official Statement, including the appendices hereto. Investors are urged to make a full review of the entire Official Statement.

See the following appendices that are attached hereto and incorporated herein by reference: APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013; APPENDIX B—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF OREM AND UTAH COUNTY; APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL; APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING; and APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.

**The City**

The City was incorporated in 1919 and covers an area of approximately 18 square miles. It is located in Utah County, Utah (the “County”), approximately 40 miles south of Salt Lake City, Utah, and adjacent to Provo City, Utah. The U.S. Census Bureau estimated the City’s 2013 population to be 91,648 residents, making it the fifth most populous city in the State of Utah (the “State”). For more complete information about the City, see “THE CITY OF OREM”; “FINANCIAL INFORMATION REGARDING THE CITY OF OREM”; “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013”; and “APPENDIX B—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF OREM AND UTAH COUNTY.”

**Authority and Purpose**

The Bonds are being issued pursuant to (i) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Act”), (ii) a resolution of the City adopted on September 9, 2014 (the “Resolution”), which provides for the issuance of the Bonds, and (iii) other applicable provisions of law.

The Bonds are being issued for the purpose of (i) refunding certain outstanding bonds of the City and (ii) paying expenses incurred in connection with the issuance of the Bonds. See “PLAN OF REFUNDING,” and “ESTIMATED SOURCES AND USES OF FUNDS.”

**Security**

The Bonds will be general obligations of the City payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the City, fully sufficient to pay the Bonds as to both principal and interest. See “THE BONDS—Security and Sources of Payment,” “FINANCIAL INFORMATION REGARDING THE CITY OF OREM” and “AD VALOREM TAX SYSTEM” below.

---

\* Preliminary; subject to change.

## **Redemption Provisions**

The Bonds are [not] subject to redemption prior to maturity. See “THE BONDS—Redemption” herein.

## **Registration, Denominations, Manner of Payment**

The Bonds are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Purchases of Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds.

Principal of and interest on the Bonds (payable December 1 and June 1 of each year, commencing June 1, 2015, are payable by U.S. Bank National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners of the Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the Bonds, as described under “APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM” below.

## **Tax-Exempt Status**

Federal Income Tax. In the opinion of Ballard Spahr LLP, Bond Counsel to the City, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax (“AMT”); however, interest paid to corporate holders of the Bonds may be indirectly subject to AMT under circumstances described under “TAX MATTERS” herein.

Bond Counsel expresses no opinion regarding any other federal tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Bonds.

State Income Tax. Bond Counsel is also of the opinion that, under currently existing laws, interest on the Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” herein.

## **Conditions of Delivery, Anticipated Date, Manner, and Place of Delivery**

The Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriter, subject to the approval of legality by Ballard Spahr LLP, Bond Counsel to the City, and certain other conditions. Certain matters relating to disclosure will be passed upon for the City by Ballard Spahr LLP, Disclosure Counsel to the City. Certain legal matters will be passed on for the City by Greg Stephens, Esq., the City Attorney. It is expected that the Bonds, in book-entry form only, will be available to DTC or its agent on or about \_\_\_\_\_, 2014.

## **Basic Documentation**

The “basic documentation,” which includes the Resolution, the closing documents, and other documentation authorizing the issuance of the Bonds and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

## Contact Persons

As of the date of this Official Statement, the chief contact person for the City concerning the Bonds is:

Jamie Davidson  
City Manager  
City of Orem  
56 North State  
Orem, Utah 84057  
Telephone: (801) 229-7035  
email: jpdavidson@orem.org

Additional requests for information may be directed to the following:

Laura D. Lewis, Principal  
Lewis Young Robertson & Burningham, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700  
email: laura@lewisyoung.com

## THE BONDS

### General

The Bonds will be dated the date of their initial delivery and will mature on December 1 of the years and in the amounts as set forth on the cover page of this Official Statement.

The Bonds shall bear interest from their date at the rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable semi-annually on December 1 and June 1 of each year, commencing June 1, 2015. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. U.S. Bank National Association is the Bond Registrar and Paying Agent for the Bonds under the Resolutions (in such respective capacities, the “Bond Registrar” and “Paying Agent”).

The Bonds will be issued as fully registered bonds initially in book-entry form only, in the denomination of \$5,000 or any integral multiple thereof, not exceeding the amount of each maturity.

The Bonds are being issued within the constitutional debt limit imposed on municipalities in the State. See “DEBT STRUCTURE OF THE CITY OF OREM—General Obligation Legal Debt Limit and Additional Debt Incurring Capacity” below.

### Security and Sources of Payment

The Bonds will be general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the City, fully sufficient to pay the Bonds as to both principal and interest. See “FINANCIAL INFORMATION REGARDING THE CITY OF OREM” and “AD VALOREM TAX SYSTEM” below.

### Redemption Provisions

[Optional Redemption]. The Bonds maturing on or prior to December 1, 20\_\_ are not subject to redemption prior to maturity. The Bonds maturing on or after December 1, 20\_\_ are subject to redemption at the option of the City on December 1, 20\_\_, and on any date thereafter prior to maturity, in whole or in part, from such

maturities of parts thereof as may be selected by the City at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption.]

Selection for Redemption. If fewer than all of the Bonds of any maturity are to be redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed shall be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate, each \$5,000 of principal amount of the Bonds being counted as one Bond for this purpose.

Notice and Effect of Redemption. Notice of redemption shall be given by the Bond Registrar by first class mail, postage pre-paid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to the registered owner thereof (the "Bondowner"), as of the Record Date (described below) of each bond that is subject to redemption, at the address of such Bondowner as it appears in the registration books of the City kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such Bondowner on or prior to the Record Date, which Record Date shall be not less than fifteen (15) calendar days before the mailing of such notice. Each notice of redemption shall state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the Bonds are to be redeemed, the distinctive numbers of the Bonds or portion of Bonds to be redeemed and that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of such Bonds the principal thereof and interest accrued thereon to the redemption date.

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 and interest on such 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 City shall not be required to redeem such bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Bondowner 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.

### **Book-Entry-Only System**

The Bonds originally will be issued solely in book-entry form to The Depository Trust Company ("DTC"), New York, New York, or its nominee, Cede & Co., to be held in DTC's book-entry system. So long as such Bonds are held in the book-entry-only system, DTC or its nominee will be the registered owner or Holder of such Bonds for all purposes of the Bonds and this Official Statement. Purchases of beneficial ownership interests in the Bonds may be made in denominations described above. For a description of the book-entry-only system for the Bonds, see "APPENDIX E—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM" herein.

### **Registration and Transfer**

In the event the book-entry-only system is discontinued, any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, 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 will be effective until entered on the registration books kept by the Bond Registrar. Whenever any Bond is surrendered for transfer, the Bond Registrar will certify as to registration and authenticate (if applicable) and deliver a new Bond or Bonds of the same series, designation, maturity and interest rate of other authorized denominations duly executed by the City, for the same aggregate principal amount. Bonds may be exchanged at the principal corporate office of the Bond Registrar for the same aggregate principal amount of Bonds of the same series, designation, maturity, and interest rate of other authorized denominations.

For every such exchange or transfer of the Bonds, the Bond Registrar must assess a charge sufficient to reimburse it for any tax or other charge assessed by the government required to be paid with respect to such exchange or transfer of the Bonds.

The Bond Registrar shall not be required to transfer or exchange any Bond after the Record Date with respect to any interest payment date (the fifteenth day next preceding such interest payment date) to and including such interest payment date or after the Record Date with respect to any redemption of such Bond. The Record Date, in the case of each redemption is the date specified by the Bond Registrar in the notice of redemption, but in any event is not less than 15 calendar days before the mailing of such notice of redemption.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered (initially DTC) in the registration books kept by the Bond Registrar as the holder and absolute owner of such Bonds for the purpose of payment of principal, premium and interest with respect to such Bond and for all other purposes whatsoever.

### PLAN OF REFUNDING

The Bonds are being issued to redeem prior to their scheduled maturity (i) the outstanding City of Orem, Utah General Obligation Refunding Bonds, Series 2004, maturing on and after December 1, 2015 (the “Series 2004 Refunded Bonds”); (ii) the outstanding City of Orem, Utah General Obligation Bonds, Series 2005, maturing on and after December 1, 2015 (the “Series 2005 Refunded Bonds”); and (iii) the outstanding City of Orem, Utah General Obligation Bonds, Series 2006, maturing on and after December 1, 2016 (the “Series 2006 Refunded Bonds,” and together with the Series 2004 Refunded Bonds and the Series 2005 Refunded Bonds, the “Refunded Bonds”). The Refunded Bonds are being refunded to produce an economic savings.

The following table sets forth the maturity dates, maturity amounts, redemption price, and respective redemption dates of the Refunded Bonds:

#### THE SERIES 2004 REFUNDED BONDS

Maturity Date (December 1)	Amount	Redemption Price <sup>(1)</sup>	Redemption Date
2015	\$445,000	100%	12/1/2014
2016	460,000	100	12/1/2014

<sup>(1)</sup> Calculated as a percentage of par.

#### THE SERIES 2005 REFUNDED BONDS

Maturity Date (December 1)	Amount	Redemption Price <sup>(1)</sup>	Redemption Date
2015	\$440,000	100%	12/1/2014
2016	460,000	100	12/1/2014
2017	480,000	100	12/1/2014
2018	510,000	100	12/1/2014
2019	535,000	100	12/1/2014
2020	560,000	100	12/1/2014
2021	585,000	100	12/1/2014
2024 <sup>(2)</sup>	1,930,000	100	12/1/2014

<sup>(1)</sup> Calculated as a percentage of par.

<sup>(2)</sup> Term bond which includes mandatory sinking fund payments.

THE SERIES 2006 REFUNDED BONDS

Maturity Date (December 1)	Amount	Redemption Price <sup>(1)</sup>	Redemption Date
2016	\$300,000	100%	12/1/2015
2017	310,000	100	12/1/2015
2018	320,000	100	12/1/2015
2019	335,000	100	12/1/2015
2020	345,000	100	12/1/2015
2021	360,000	100	12/1/2015
2022	375,000	100	12/1/2015
2023	400,000	100	12/1/2015
2024	420,000	100	12/1/2015

<sup>(1)</sup> Calculated as a percentage of par.

A portion of the proceeds from the Bonds [along with moneys on deposit for the Refunded Bonds] will be deposited with U.S. Bank National Association, as escrow agent (the “Escrow Agent”), pursuant to an Escrow Deposit Agreement dated as of \_\_\_\_\_ 1, 2014 (the “Escrow Agreement”) to establish an irrevocable trust escrow account (the “Escrow Account”), consisting of cash and noncallable direct full faith and credit obligations of the United States of America. Funds in the Escrow Account shall be used to refund the Refunded Bonds prior to their stated maturities on their respective redemption dates.

Amounts in the Escrow Account shall be sufficient (i) to pay principal of and interest on the Refunded Bonds as the same become due and (ii) to pay the redemption price of the Refunded Bonds on their respective redemption dates, at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Account will be verified by [Grant Thornton LLP, Minneapolis, Minnesota]. See “ESCROW VERIFICATION” herein.

**ESTIMATED SOURCES AND USES OF FUNDS**

The sources and uses of funds in connection with the issuance of the Bonds are estimated to be as follows:

**Sources of Funds**

Par Amount of Bonds .....	\$
Reoffering [Premium/Discount] .....	
[Refunded Bonds debt service monies .....	]
Total .....	\$

**Uses of Funds**

Deposit to Escrow Account .....	\$
Costs of Issuance <sup>(1)</sup> .....	
Total .....	\$

<sup>(1)</sup> Includes underwriter’s discount, legal fees, rating agency fees, registrar and paying agent fees, escrow agent fees, financial advisor fees, and other miscellaneous costs of issuance.

**DEBT SERVICE SCHEDULE FOR THE BONDS**

<u>Payment Date</u>	<u>Principal*</u>	<u>Interest</u>	<u>Period Total</u>
06/01/2015	—		
12/01/2015	\$455,000.00		
06/01/2016	—		
12/01/2016	1,225,000.00		
06/01/2017	—		
12/01/2017	890,000.00		
06/01/2018	—		
12/01/2018	920,000.00		
06/01/2019	—		
12/01/2019	945,000.00		
06/01/2020	—		
12/01/2020	975,000.00		
06/01/2021	—		
12/01/2021	1,005,000.00		
06/01/2022	—		
12/01/2022	1,030,000.00		
06/01/2023	—		
12/01/2023	1,070,000.00		
06/01/2024	—		
12/01/2024	<u>1,100,000.00</u>		
<b>Total</b>	<b><u>\$9,615,000.00*</u></b>		

\* Preliminary; subject to change.  
 (Source: The Underwriter.)

**THE CITY OF OREM**

**General**

The City, incorporated on May 5, 1919, covers an area of approximately 18 square miles and is located in the north central portion of Utah County, Utah. The City is located approximately 40 miles south of Salt Lake City, Utah and adjacent to Provo City, Utah. The U.S. Census Bureau estimated the City’s 2013 population to be approximately 91,648 residents, making it the fifth most populous city in the State. The County comprises an area of approximately 2,000 square miles and had approximately 551,891 residents in 2013 according to the U.S. Census Bureau. Utah Lake, the State’s largest body of fresh water is located in the center of the County.

The City can best be characterized as primarily residential with a commercial center which serves central Utah. The City is one of 12 cities located along Interstate Highway I-15 in the County which create a continuous area of development from the north to the south end of the County. Utah Valley University, which has more than [28,000] students, is also located in the City.

**Form of Government**

The State statutes detail the functions to be performed by State municipalities. Title 10 of the Utah Code Annotated 1953, as amended (the “Utah Code”), generally sets out laws to provide for the incorporation, organization, and classification of cities and towns in proportion to population. The City is organized under the Council-Manager form. The City Council of the City (the “City Council”) consists of six councilmembers elected at large for staggered four-year terms, and the Mayor, who is a voting member of the City Council. The Mayor presides at all City Council meetings. The Chief Executive Officer of the City is the City Manager who is appointed by the City Council.

Department heads are full-time employees of the City and are responsible for day-to-day operations within the policy framework of the City Council. They report to the City Manager, who in turn, reports to the Mayor and the City Council.

The principal powers and duties of Utah municipalities are to maintain law and order, abate nuisances, guard public health and sanitation, promote recreation, provide fire protection, and to construct and maintain streets, sidewalks, waterworks, and sewers. Municipalities may also operate electric, natural gas, and telecommunications systems. Municipalities also regulate commercial and residential development within their boundaries by means of zoning ordinances, building codes, and licensing procedures.

The current members of the City Council, the Mayor and the City Administration, their respective tenures with the City and the expiration dates of their current terms are as follows: [*Years & Terms to be confirmed by the City*]

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor	Richard F. Brunst, Jr.	1	January 2018
Councilmember	Hans Anderson	2	January 2016
Councilmember	Margaret Black	6	January 2016
Councilmember	Tom MacDonald	1	January 2018
Councilmember	Mark E. Seastrand	8	January 2016
Councilmember	David Spencer	1	January 2018
Councilmember	Brent Sumner	4	January 2018
City Manager	Jamie Davidson	4	Appointed
Assistant City Manager	Brenn Bybee		Appointed
Administrative Services Director	Richard Manning	21	Appointed
City Attorney	Greg Stephens		Appointed
City Recorder	Donna R. Weaver	17	Appointed
[City Treasurer]	[Kathy Bunnell]	[9]	Appointed

(Source: The City.)

### **Employee Workforce and Retirement System**

The City currently employs approximately [408] full-time employees, approximately [30] part-time employees, and approximately [552] part-time (non-benefited) positions for a total employment of approximately [990] employees.

The City participates in cost-sharing multiple-employer public employee retirement plans which are defined benefit retirement plans covering public employees of the State and employees of participating local governmental entities (the “Systems”). The Systems are administered under the direction of the Utah State Retirement Board whose members are appointed by the Governor of the State. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM FOR THE FISCAL YEAR ENDED JUNE 30, 2013—Notes to Financial Statements— Note 5—Other Information—C.—Employee Retirement Systems and Pension Plans.”

Beginning with the fiscal year beginning July 1, 2014, the City will be required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of the Systems due to the implementation of GASB 68. The Systems in its 2013 Comprehensive Annual Financial Report (available at [www.urs.org](http://www.urs.org)) estimated that the City’s proportionate share of the net pension liability at December 31, 2013 was \$12,874,641 (assuming a 7.5% discount rate) and that its proportionate share of plan pension expense at December 31, 2013 was \$2,135,467 (unaudited). The City has not determined at this time what its actual net pension liability will be for fiscal year 2015.

## **OPEB Liabilities**

The City has previously participated in and sponsored other post-employment programs for its employees. [No new participants have been admitted to those programs since December 31, 2011.] The City reports that as of June 30, 2014, those programs apply to [22] people and that the amount of the unfunded liability for those programs equals approximately [\$100,000] (unaudited). The annual cost to the City for those programs until their termination will be approximately [\$50,000] (unaudited).

## **Additional Information**

For additional information with respect to the City and its finances see “FINANCIAL INFORMATION REGARDING THE CITY OF OREM,” and “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013.”

## **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a self-insurance fund to account for and finance its uninsured risks of loss. Under this program, the self-insurance fund provides coverage for up to a maximum of \$400,000 for each worker’s compensation claim, \$15,000 for general liability claims, and property damage claims of \$10,000. The City is insured through the Utah Risk Management Mutual Association (“URMMA”) for liability and property damage claims in excess of coverage provided by the self-insurance fund for liability and property claims. While URMMA pays for any liability and property claims exceeding the deductible amount, these claims are repaid by the City through a five-year recapture program. Thus, each year the City pays its annual premium plus a recapture component. As of June 30, 2013, the outstanding recapture program liability was \$797,672, and as of June 30, 2014, \$\_\_\_\_\_ (unaudited). The City is insured by Safety National Insurance Company for worker’s compensation claims in excess of coverage provided by the self-insurance fund. Settled claims have not exceeded such coverage in any of the past three fiscal years. As of the date of this Official Statement, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the types of services the City provides. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013—Notes to Financial Statements—Note 5. Other Information—A. Risk Management.”

## **Investment of Funds**

Investment of Operating Funds: The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code (the “Money Management Act”) governs the investment of all public funds held by public treasurers in the State. The Money Management Act establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, approved government agency securities, and investments in corporate securities carrying “top credit ratings.” The Money Management Act also requires all securities to be delivered via payment to the treasurer’s safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited.

The City is currently complying with all of the provisions of the Money Management Act for all City operating funds. Approximately [68%] of the City funds are invested in the Utah Public Treasurers’ Investment Fund (the “Utah Treasurers’ Fund”), approximately [31%] of the City funds are invested with the Zion Liquid Asset Management Fund and approximately [1%] of the City funds are invested in money market accounts and certificates of deposit that the City has selected. A more detailed description of the Utah Treasurers’ Fund is set forth below. For more information with respect to the City’s investments, please see “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013—Notes to the Financial Statements—Note 4. Detailed Notes for All Funds—A. Deposits and Investments.”

The Utah Public Treasurers' Investment Fund.

The Utah Treasurers' Fund is a public treasurers' investment fund, established in 1981, and is managed by the Treasurer of the State of Utah. The Utah Treasurers' Fund invests to ensure safety of principal, liquidity and competitive rate of return on short-term investments. All moneys transferred to the Utah Treasurers' Fund are promptly invested in securities authorized by the Money Management Act. Safe-keeping and audit controls for all investments owned by the Utah Treasurers' Fund must comply with the Money Management Act.

All investments in the Utah Treasurers' Fund must comply with the Money Management Act and rules of the Money Management Council. The Utah Treasurers' Fund invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the Utah Treasurers' Fund is limited to three years, except for a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the Utah Treasurers' Fund are completely segregated from securities owned by the State. The State has no claim on assets owned by the Utah Treasurers' Fund except for any investment of State moneys in the Utah Treasurers' Fund. Deposits are not insured or otherwise guaranteed by the State.

Securities in the Utah Treasurers' Fund include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated "first tier" ("A-1," "P1," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service, Inc. or Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. These securities represent limited risks to governmental institutions investing with the Utah Treasurers' Fund. Variable rate securities in the Utah Treasurers' Fund must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the Utah Treasurers' Fund is reviewed monthly by the Money Management Council and is audited by the State Auditor.

Moneys from the sale of obligations issued by the City or pledged to the payment therefore are also on deposit in funds and accounts of the City. Investment policies regarding such moneys are governed by the specific instruments pursuant to which such obligations were issued.

See "APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED June 30, 2013—Notes To The Financial Statements—Note 4. Detailed Notes for All Funds—Deposits and Investments" below.

**DEBT STRUCTURE OF THE CITY OF OREM**

(as of August 1, 2014)

**Outstanding Obligations of the City**

**OUTSTANDING GENERAL OBLIGATION BONDS**

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2004 <sup>(1)</sup>	Roads – Refunding	\$3,975,000	December 1, 2014*	\$425,000 *
2005 <sup>(1)</sup>	Roads	8,985,000	December 1, 2014*	420,000 *
2006 <sup>(1)</sup>	Roads	5,515,000	December 1, 2015*	565,000 *
2009	Roads – Refunding	2,865,000	December 1, 2018	1,570,000
2011 <sup>(2)</sup>	Refunding	9,615,000*	December 1, 2024*	<u>9,615,000 *</u>
Total .....				<u>\$12,595,000*</u>

<sup>(1)</sup> A portion of these bonds will be refunded by the Bonds. Final maturity and balance outstanding reflects refunding of the Refunded Bonds.

<sup>(2)</sup> For purposes of the Official Statement, the Bonds will be considered issued and outstanding and the Refunded Bonds will be considered refunded.

\* Preliminary; subject to change.

**OUTSTANDING SALES TAX REVENUE BONDS<sup>(1)</sup>**

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2007	Refunding	\$5,720,000	April 15, 2023	\$5,570,000
2012	Refunding	1,814,000	April 15, 2015	<u>278,000</u>
Total .....				<u>\$5,848,000</u>

<sup>(1)</sup> The City has a contingent liability in connection with its participation in the Utah Telecommunications Open Infrastructure Agency (the “UTOPIA Obligation”). The UTOPIA Obligation is payable from a subordinate pledge of the sales tax revenues received by the City. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013—Notes to the Financial Statements—Note 5. Other Information—B. Contingent Liabilities” herein.

**OUTSTANDING FRANCHISE TAX REVENUE BONDS<sup>(1)</sup>**

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2010A	MBA Refunding	\$4,375,000	March 15, 2018	<u>\$2,300,000</u>
Total .....				<u>\$2,300,000</u>

<sup>(1)</sup> The City has a contingent liability in connection with its participation in the Utah Infrastructure Agency (the “UIA Obligation”). The UIA Obligation is payable from franchise tax revenues received by the City on a subordinate basis to the above-referenced bonds. The maximum annual amount of the UIA Obligation is \$1,223,786.

OUTSTANDING REVENUE BONDS<sup>(1)</sup>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
1994	Sewer	\$3,500,000	February 1, 2015	
2005A	Water and Storm Sewer	17,390,000	July 15, 2015	805,000
2005B	Water	3,000,000	July 15, 2025	1,758,000
2008	Water and Storm Sewer	5,590,000	July 15, 2028	5,200,000
2010 <sup>(1)</sup>	Sewer	11,889,000	February 12, 2032	
	Water & Storm Sewer			
2013	Refunding	12,801,000	July 15, 2025	12,544,000
Total .....				

<sup>(1)</sup> These bonds are draw-down bonds and the City is entitled to draw up to a maximum principal amount of \$11,889,000. As of August 1, 2014, the City had drawn [\$10,908,000] of the maximum amount.

OUTSTANDING SPECIAL ASSESSMENT BONDS

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
2001	Canyon River	\$3,680,000	March 15, 2016	\$770,000
2009	Midtown	3,943,000	December 1, 2028	3,511,000
2010	Northgate	1,915,000	November 1, 2025	1,680,000
Total .....				\$5,961,000

**Future Bond Issues**

[The City does not have any current plans to issue additional general obligation bonds, but may choose to do so in the future.]

**No Defaulted Bonds**

The City has never failed to pay principal and interest when due on any of its bonds, notes or other financial obligations (other than industrial revenue bonds, as to which the City makes no representation).

**Other Financial Considerations**

The City has entered into various other agreements to finance its capital needs including capital leases. The City estimated the present value of its net minimum lease payments at June 30, 2013 to be \$478,299.

(The remainder of this page intentionally left blank.)

### Overlapping General Obligation Debt

Entity	G.O. Debt Outstanding <sup>(1)</sup>	Percentage Applicable to the City	The City's Portion of Overlapping G.O. Debt <sup>(2)</sup>
Direct Debt:			
City of Orem	\$12,595,000*	100.00%	\$12,595,000
Overlapping Debt:			
Alpine School District <sup>(3)</sup>	412,085,000	27.00	111,262,950
Central Utah Water Conservancy District <sup>(4)</sup>	<u>259,970,000</u>	4.00	<u>10,398,800</u>
Total Overlapping Debt			<u>121,661,750</u>
Total Direct and Overlapping Debt			\$134,256,750

\* Preliminary; subject to change.

(1) For purposes of this Official Statement, the Bonds are considered issued and outstanding and the Refunded Bonds will be considered refunded.

(2) Amounts rounded to the nearest dollar.

(3) As of June 30, 2014.

(4) Based on official statement of the Central Utah Water Conservancy District dated June 2013.

(Sources: The City, Alpine School District, and Central Utah Water Conservancy District.)

General obligation debt of the State is not shown in the table above because no property taxes are currently levied for the payment of such debt. Such debt is currently paid from revenue sources other than property taxes.

### General Obligation Legal Debt Limit and Additional Debt Incurring Capacity

The amount of general obligation indebtedness of the City is limited by State law to 8% of the taxable property in the City (4% for general purposes and an additional 4% for sewer, water and electric purposes) as computed from the last equalized assessment rolls for State or County purposes prior to incurring the general obligation debt. The legal general obligation debt limit and additional general obligation debt incurring capacity of the City are based on the estimated fair market value for the taxable property and estimated uniform fees for calendar year 2013 and are calculated as follows:

2013 Fair Market Value			\$6,327,381,161
Valuation from uniform fees <sup>(1)</sup>			<u>44,814,165</u>
Fair Market Value for Debt Incurring Capacity			<u>\$6,372,195,326</u>
	<u>4% General Purposes</u>	<u>4% Water &amp; Sewer</u>	<u>8% Total</u>
General Obligation Debt Limit	\$254,887,813	\$254,887,813	\$509,775,626
Less Amount of Debt Applicable to General Obligation Debt Limits <sup>(2)</sup>	<u>12,595,000*</u>	<u>-0-</u>	<u>12,595,000*</u>
Additional Debt Incurring Capacity	<u>\$242,292,813*</u>	<u>\$254,887,813</u>	<u>497,180,626*</u>

\* Preliminary; subject to change.

(1) For debt incurring capacity only, in computing the fair market value of taxable property in the City the taxable value used to determine uniform fees on tangible personal property is included as a part of the fair market value of the taxable property in the City. See "AD VALOREM TAX SYSTEM—Uniform Fees" and "—Taxable Value and Estimated Fair Market Value of Property in the City (Including Fee-In-Lieu Valuation)" herein.

(2) For purposes of this Official Statement, the Bonds are considered issued and outstanding and the Refunded Bonds will be considered refunded.

**Debt Ratios**

The following table sets forth the ratios of the direct and overlapping general obligation debt over the taxable value of property within the City, the estimated fair market value of such property and the population of the City. The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of its general obligation debt.

	To 2013 <u>Taxable Value</u> <sup>(1)</sup>	To 2013 Estimated <u>Fair Market Value</u> <sup>(2)</sup>	To 2013 Population Estimate Per <u>Capita</u> <sup>(3)</sup>
Direct General Obligation Debt <sup>(4)</sup>	0.29%	0.20%	\$137
Direct and Overlapping General Obligation Debt <sup>(4)</sup>	3.06%	2.12%	\$1,465

- (1) Based on calendar 2013 total Taxable Value of \$4,386,475,277.
- (2) Based on an estimated calendar 2013 total Estimated Market Value of \$6,327,381,161.
- (3) Based on the City’s 2013 population estimate of 91,648,000 reported by the U.S. Census Bureau.
- (4) Based on preliminary par amount of the Bonds, which is subject to change.

See “AD VALOREM TAX SYSTEM—Uniform Fees” and “—Taxable Value and Estimated Fair Market Value of Property in the City (Including Fee-In-Lieu Valuation)” herein.

**FINANCIAL INFORMATION REGARDING THE CITY OF OREM**

**Fund Structure; Accounting Basis**

The accounting policies of the City conform to all generally accepted accounting principles for governmental units in general and the City in particular.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures or expenses. The various funds are grouped by type in the combined financial statements. See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED June 30, 2013—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies.”

Revenues and expenditures are recognized using the modified accrual basis of accounting in all governmental funds. Revenues are recognized in the accounting period in which they become both measurable and available. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost-reimbursement grants are accrued when the related expenditures are incurred.

In proprietary funds, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

**Budget and Appropriation Process**

The budget and appropriation process of the City is governed by the Uniform Fiscal Procedures Act for Utah Cities (the “Fiscal Procedures Act”). Pursuant to the Fiscal Procedures Act, the budget officer of the City is

required to prepare budgets for the general fund, special revenue funds, debt service funds, and capital improvement funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures.

On or before the first regular meeting of the City Council in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 22 of each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council from making any appropriation in the final budget of any fund in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the City Council during the fiscal year. However, in order to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year. See the section "AD VALOREM TAX SYSTEM—Tax Levy and Collection" below for a description of certain matters relating to the City's ability to levy and collect general property taxes and the procedures applicable to such levy and collection.

#### **Financial Controls**

The City utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the City has also implemented additional controls to enhance fiscal responsibility. Among other things, those controls will not permit a requisition to be entered into the purchasing system unless the appropriated funds are available. Furthermore, an official of the City must check for sufficient funds again prior to the purchase order being issued and again before the payment check is issued. Voucher payments are also controlled by City officials for sufficient appropriations.

(The remainder of this page left intentionally blank.)

## Sources of General Fund Revenues

Set forth below are brief descriptions of the various sources of revenues available to the City's general fund. The percentage of total general fund revenues represented by each source is based on the City's 2013 fiscal year period.

Sales Taxes. Approximately 35.2% of general fund revenues are from sales taxes.

Property Taxes. Approximately 12.7% of general fund revenues are from property taxes.

Franchise and Other Taxes. Approximately 16.2% of general fund revenues are from franchise and other taxes.

Licenses and Permits. Approximately 2.4% of general fund revenues are from licenses and permits.

Intergovernmental Revenue. Approximately 7.0% of general fund revenues are from intergovernmental revenues.

Charges for Services. Approximately 11.6% of general fund revenues are from charges for services.

Fines and Forfeitures. Approximately 2.8% of general fund revenues are collected from fines and forfeitures.

Charges for Services—Other Funds. Approximately 9.1% of general fund revenues from charges for services to other funds.

Interest Income. Less than 1.0% of general fund revenues are from interest income.

Miscellaneous Income. Approximately 3.0% of general fund revenues are from miscellaneous income.

## Management's Discussion and Analysis

In accordance with government accounting standards, the City prepares a discussion and analysis of its operations. The management's discussion and analysis of its operations for the fiscal year ended June 30, 2013 is included in the City's audit. See "APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013—Management's Discussion and Analysis" herein.

## Financial Summaries

The following tables set forth a summary of certain financial information regarding the City and have been extracted from the City's audited basic financial statements for the fiscal years ended June 30, 2006 through 2010. The summary itself is unaudited. A copy of the City's audited basic financial statements for fiscal year ended June 30, 2013 is appended hereto as "APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF OREM, UTAH FOR THE FISCAL YEAR ENDED JUNE 30, 2013."

(The remainder of this page left intentionally blank.)

CITY OF OREM  
Balance Sheet—General Fund  
(This summary has not been audited.)

	<u>Fiscal Year Ended June 30,</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:					
Cash and cash equivalents	\$8,984,593	\$4,680,301	\$5,415,442	\$6,834,027	\$6,926,653
Receivables (net of uncollectibles)	374,855	325,367	309,102	381,317	368,529
Property taxes receivable	4,684,702	6,369,557	4,639,108	4,555,334	4,426,919
Other taxes receivable	4,191,543	4,113,929	3,802,173	4,557,918	3,756,097
Special assessments receivable	5,000,876	5,733,255	7,508,650	7,923,803	8,631,280
Intergovernmental receivables	193,952	205,315	141,105	386,643	—
Due from other funds	150,995	448,464	337,606	443,337	418,156
Prepays	183,807	97,590	107,041	51,604	26,745
Restricted assets/cash and cash equivalents:					
Debt service	2,863,752	2,807,596	2,699,956	—	—
Capital improvement projects	2,346,744	2,105,123	2,515,256	1,777,523	2,317,520
Other purposes	10,145	24,995	9,446	—	—
Restricted receivables:					
Capital improvement projects	<u>531,431</u>	<u>461,437</u>	<u>488,434</u>	<u>—</u>	<u>—</u>
Total Assets	<u>\$29,517,395</u>	<u>\$27,372,929</u>	<u>\$27,973,319</u>	<u>\$26,911,506</u>	<u>\$26,871,899</u>
Liabilities					
Accounts payable	900,649	766,582	338,037	397,755	402,472
Customer deposits	2,933,406	1,692,621	2,722,194	1,660,556	1,715,954
Accrued liabilities	1,248,585	864,880	818,914	1,588,880	1,733,379
Unearned revenues	6,145,774	12,933,905	13,077,612	13,385,716	13,906,151
Liabilities payable from restricted assets					
	<u>30,744</u>	<u>33,171</u>	<u>273,829</u>	<u>70,699</u>	<u>570,402</u>
Total Liabilities	<u>11,259,158</u>	<u>16,291,159</u>	<u>17,230,586</u>	<u>17,103,606</u>	<u>18,328,358</u>
Deferred Inflows of Revenues					
Deferred property tax revenues	<u>4,684,702</u>	—	—	—	—
Total Deferred Inflows of Resources	<u>4,684,702</u>	—	—	—	—
Fund Balances:					
Nonspendable	183,807	97,590	107,041	—	—
Restricted	5,721,516	5,367,461	5,439,904	—	—
Committed	75,000	75,000	497,768	—	—
Assigned	1,500,374	2,145,703	1,226,527	—	—
Unassigned	6,092,838	3,396,016	3,471,493	—	—
Reserved for					
Class "C" Road	—	—	—	1,704,425	1,743,596
Prepays	—	—	—	51,604	26,745
Unreserved, reported in General Fund	—	—	—	8,051,871	6,773,200
Total Fund Balances	<u>13,575,535</u>	<u>11,081,770</u>	<u>10,742,733</u>	<u>9,807,900</u>	<u>8,543,541</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$29,517,395</u>	<u>\$27,372,929</u>	<u>\$27,973,319</u>	<u>\$26,911,506</u>	<u>\$26,871,899</u>

(Source: Information taken from the City's audited basic financial statements for the fiscal years ended June 30, 2009 through June 30, 2013. This summary itself is not audited)

CITY OF OREM  
Statement of Net Position  
Primary Government  
(Governmental and Business-Type Activities)  
(This summary has not been audited.)

	Fiscal Year Ended June 30,				
	2013	2012	2011	2010	2009
<b>Assets:</b>					
Cash and cash equivalents	\$28,329,211	\$21,426,759	\$19,414,598	\$31,232,941	\$32,323,843
Receivables (net of allowance for uncollectibles)	3,686,232	3,664,048	3,040,582	3,287,233	2,493,392
Property and other taxes receivable	8,876,245				
Property taxes receivable <sup>(1)</sup>		6,369,557	4,639,108	10,003,963	4,426,919
Other taxes receivable		4,113,929	3,802,173	4,819,114	4,003,685
Special assessments receivable	5,000,876	5,733,255	7,508,650	7,923,803	8,631,280
Inventory	406,380	403,042	381,813	358,980	364,475
Notes receivable	356,229	364,589	391,023	339,254	434,598
Prepaid expenses	183,807	98,270	107,041	69,306	26,745
Unamortized charges	579,904	624,439	822,291	846,697	834,434
<b>Restricted assets:</b>					
Cash and cash equivalents:					
Debt service	3,711,797	3,709,914	4,507,633	1,285,330	2,854,535
Capital improvement projects	13,508,680	11,972,815	12,469,643	6,095,980	7,365,382
Other purposes	4,963,154	5,001,106	4,149,220	-	-
Intergovernmental Receivables	288,723	301,994	242,568	459,497	-
<b>Receivables:</b>					
Debt service	4,407,482	6,290,596	5,344,471	-	-
Capital improvement projects	4,576,431	4,481,437	4,153,434	-	-
Other purposes	1,332,396	1,193,590	282,476	-	-
Receivables - debt service	-	-	-	1,442,352	-
<b>Capital assets:</b>					
Non-depreciable capital assets	63,338,453	74,327,036	73,771,946	63,461,771	64,069,528
Depreciable capital assets (net)	<u>167,905,232</u>	<u>163,126,852</u>	<u>162,959,167</u>	<u>170,262,540</u>	<u>171,104,460</u>
Total Assets	<u>\$311,451,232</u>	<u>\$313,203,228</u>	<u>\$307,987,837</u>	<u>\$301,888,761</u>	<u>\$298,933,276</u>
<b>Liabilities:</b>					
Accounts payable	\$3,120,721	\$2,957,764	\$1,665,731	\$1,999,269	\$1,799,858
Customer deposits	2,997,516	1,745,467	2,734,767	1,676,139	1,725,312
Accrued liabilities	1,121,491	1,138,942	1,331,778	2,019,207	2,865,552
Unearned revenue <sup>(1)</sup>	2,443,355	15,044,350	12,230,580	11,882,399	6,577,767
Accrued interest payable	789,033	824,944	907,843	915,831	946,317
Liabilities payable from restricted assets	30,942	533,171	273,829	70,699	570,402
<b>Noncurrent liabilities:</b>					
Due within one year	7,541,666	7,545,173	6,693,139	8,471,577	8,630,963
Due in more than one year	<u>59,679,722</u>	<u>64,505,086</u>	<u>66,978,067</u>	<u>61,587,947</u>	<u>63,754,524</u>
Total Liabilities	<u>77,724,445</u>	<u>94,294,896</u>	<u>92,815,734</u>	<u>88,623,068</u>	<u>86,870,695</u>
<b>Deferred Inflows of Resources</b>					
Deferred Property Tax Revenues	<u>10,663,652</u>	-	-	-	-
Total Deferred Inflows of Resources	<u>10,663,652</u>	-	-	-	-
<b>Net Position:</b>					
Invested in capital assets	168,557,344	169,834,061	170,483,435	169,278,180	172,344,972
<b>Restricted for:</b>					
Debt Service	3,321,577	5,243,669	5,213,847	2,727,121	2,853,975
Construction	16,974,667	14,758,861	15,412,504	6,023,442	2,041,001
Other purposes	5,238,370	4,969,244	4,511,078	69,306	26,745
Unrestricted	<u>28,971,177</u>	<u>24,102,497</u>	<u>19,551,239</u>	<u>35,167,644</u>	<u>34,795,888</u>
Total Net Position	<u>\$223,063,135</u>	<u>\$218,908,332</u>	<u>\$215,172,103</u>	<u>\$213,265,693</u>	<u>\$212,062,581</u>

<sup>(1)</sup> Increase in 2010 is due to an accounting change beginning with fiscal year 2010 whereby the City began reporting receivable taxes from other funds (such as the Redevelopment Agency) that had not previously been included. This accounting change also accounts for a corresponding increase in unearned revenue.

(Source: Information taken from the City's audited basic financial statements for the fiscal years ended June 30, 2009 through June 30, 2013. This table itself is unaudited.)

CITY OF OREM  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
All Governmental Fund Types  
(This summary has not been audited.)

	Fiscal Year Ended June 30,				
	2013	2012	2011	2010	2009
Revenues					
Taxes and special assessments	\$40,595,860	\$40,286,108	\$36,999,164	\$36,955,125	\$37,312,000
Licenses and permits	1,147,855	1,093,859	1,213,994	1,080,748	1,027,151
Intergovernmental	3,886,244	4,642,518	5,221,007	4,670,355	3,836,399
Charges for services	6,026,996	5,789,061	5,744,989	5,621,965	5,819,384
Fines and forfeitures	1,358,345	1,343,329	1,073,523	618,992	608,103
Charges for services-other funds	4,447,898	4,478,369	4,239,346	4,347,299	4,081,747
Interest income	274,439	340,125	259,815	209,311	732,444
Miscellaneous revenue	1,889,659	2,256,723	1,892,229	2,977,428	1,540,954
Total Revenues	<u>59,627,296</u>	<u>60,230,092</u>	<u>56,644,137</u>	<u>56,481,223</u>	<u>54,958,182</u>
Expenditures:					
Current:					
General government	11,093,324	10,348,586	11,562,870	10,843,565	11,433,442
Public safety	20,332,951	20,371,289	20,098,983	19,729,088	19,338,116
Highways and public improvements	2,974,008	3,707,727	4,285,166	5,322,963	4,188,647
Parks, recreation and arts	7,558,171	7,730,925	7,510,159	7,785,452	8,052,037
Economic and physical development	707,403	1,588,116	630,073	667,883	676,049
Redevelopment	1,128,457	1,562,238	950,536	940,879	939,909
Debt Service:					
Principal retirement	3,130,714	3,834,833	4,877,352	4,200,905	6,860,871
Interest and fiscal charges	6,233,296	3,793,509	1,924,544	2,097,744	2,333,452
Bond issuance costs		27,750	59,248	99,706	102,923
Capital leases - principal	98,213	31,132	34,028	37,200	87,660
Capital leases - interest	12,099	1,989	1,718	2,259	4,755
Capital Outlay	<u>1,963,153</u>	<u>4,435,299</u>	<u>4,712,497</u>	<u>3,606,664</u>	<u>5,985,800</u>
Total Expenditures	<u>55,231,789</u>	<u>57,433,393</u>	<u>56,647,174</u>	<u>55,334,308</u>	<u>60,003,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,395,507</u>	<u>2,796,699</u>	<u>(3,037)</u>	<u>1,146,915</u>	<u>(5,045,479)</u>
Other Financing Sources (Uses):					
Gain (loss) on asset disposals	48,275	45,598	25,000	-	-
Issuance of bonds	-	1,814,000	1,915,000	4,375,000	6,808,000
Capital leases	-	525,147	783,078	-	34,977
Payment to bond refunding agent	-	(1,785,000)	-	(4,703,082)	(2,905,000)
Bond issuance premium	-	-	-	434,811	118,936
Transfers in	7,199,980	5,933,470	4,018,147	12,735,609	6,902,301
Transfers out	<u>(7,788,821)</u>	<u>(6,031,510)</u>	<u>(3,925,610)</u>	<u>(12,790,590)</u>	<u>(7,875,273)</u>
Total Other Financing Sources and Uses	<u>(540,566)</u>	<u>501,705</u>	<u>2,105,615</u>	<u>51,748</u>	<u>3,083,941</u>
Net Change in Fund Balances	3,854,941	3,298,404	2,102,578	1,198,663	(1,961,538)
Fund Balance – Beginning	30,831,034	27,532,630	25,430,052	24,186,603	26,148,141
Prior Period Adjustment <sup>(1)</sup>	-	-	-	44,786	-
Fund Balance Beginning – as Restated	-	-	-	<u>24,231,389</u>	<u>26,148,141</u>
Fund Balance – Ending	<u>\$34,685,975</u>	<u>\$30,831,034</u>	<u>\$27,532,630</u>	<u>\$25,430,052</u>	<u>\$24,186,603</u>

<sup>(1)</sup> In fiscal year 2010, the prior period adjustment was to account for unbilled utility-related revenues that had not previously been accrued.

(Source: Information taken from the City's audited basic financial statements for the fiscal years ended June 30, 2009 through June 30, 2013.)

## AD VALOREM TAX SYSTEM

### Certain Property Tax Matters

The Property Tax Act, Title 59, Chapter 2, Utah Code (the "Property Tax Act"), provides that all taxable property within the taxing entity is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its "fair market value" as of January 1 of each year, unless otherwise provided by law. "Fair market value" is defined in the Property Tax Act as "the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts." Determinations of "fair market value" shall take into account the current zoning laws applicable to the property in question. Section 2 of Article XIII of the State of Utah Constitution (the "State Constitution") provides that the State Legislature may by law exempt from taxation up to 45% of the fair market value of residential property as defined by law. Pursuant to this provision, the State Legislature enacted legislation which became effective on January 1, 1995 providing that the "fair market value" of primary residential property will be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The Property Tax Act provides that the Utah State Tax Commission (the "Tax Commission") shall assess certain types of property ("centrally assessed property"), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal properties, and (v) mines, mining claims and appurtenant machinery, furnishings and improvements, including oil and gas properties. All other taxable property ("locally assessed property") is required to be assessed by the county assessor of the county in which such locally assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data. Each county assessor must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its "fair market value."

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation, or accepted practice, to determine the "fair market value" of taxable property.

### Uniform Fees

An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on either the age or the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age-based fee, and motor homes, for which the uniform fee is 1.0% of the fair market value. Motor vehicles weighing 12,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger-type vehicles and ranges from \$10 to \$150, depending on the age of the vehicle. Recreational vehicles (except motor homes), motorcycles, watercraft (except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are also subject to an aged-based fee that ranges from \$10 to \$700, depending on the age of the vehicle. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

### Tax Levy and Collection

The State Tax Commission must assess all centrally assessed property by May 1 of each year and shall immediately notify the owners or operators of such property, and the county assessors, of such assessment. County assessors must assess all taxable property other than centrally assessed property before May 22 of each year. Before May 25 the State Tax Commission apportions the value of centrally assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a final tax rate before June 22 except as described below for rates in excess of the certified tax

rate. County auditors must forward to the State Tax Commission a statement prepared by the governing body of each taxing entity showing the amount and purpose of each levy.

If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum level permitted by law, notify the taxing entity that the rate has been lowered, and notify the county auditor of the county in which the taxing entity is located to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by the county assessors may file an application with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county boards of equalization must render a decision on each appeal. Such decisions may be appealed to the State Tax Commission, which must decide all appeals by March 1 of the following year. Owners of centrally assessed property, or any county with a showing of reasonable cause, may apply to the State Tax Commission for a hearing. The State Tax Commission must render a written decision no later than 120 days following completion of the hearing and submission of all post hearing briefs. The county auditors must make a record of all changes, corrections, and orders and, before November 1, must deliver the corrected assessment rolls to their respective county treasurers. By November 1, the county treasurer is to furnish to each taxpayer a notice containing, among other things, the amount of the tax levied on the property and the year that the property is subject to a detailed review as described under "AD VALOREM TAX SYSTEM" above. Taxes are due November 30 or, if a Saturday, Sunday, or holiday, the next business day following.

Each county treasurer is responsible for collecting all taxes levied on real property within that county. As taxes are collected, each county treasurer must pay the State and each taxing entity within the county its proportionate share of the taxes, on the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater. However, the penalty is 1% of the amount of the delinquent taxes or \$10, whichever is greater, if all delinquent taxes and the penalty are paid on or before the January 31 immediately following the delinquency date. Unless the delinquent taxes and penalty are paid on or before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target in effect on the January 1 immediately following the date of delinquency, plus 6% from January 1 until paid; provided, however, that such interest rate may not be less than 7% or more than 10%. If any property is not redeemed by March 15 following the lapse of four years from the date when the property tax became delinquent, the affected county may advertise and sell the property at a tax sale.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under "Public Hearing on Certain Tax Increases" below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the proposed increase in the certified tax rate, the tax impact of the proposed increase on the property and the time and place of the public hearing described in "Public Hearing on Certain Tax Increases" below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. If a resolution levying a tax in excess of the certified tax rate is not forwarded to the county auditor by August 17, the county auditor must forward the certified tax rate to the State Tax Commission. The final tax notice is then mailed by November 1.

### **Public Hearing on Certain Tax Increases**

Each taxing entity that proposes to levy a tax rate that exceeds the certified tax rate may do so, by resolution, only after holding a public hearing. Generally, the "certified tax rate" is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, exclusive of collections from interest and penalties.

For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from

the previous calendar year to the current year less the amount of increase to locally assessed real property taxable values resulting from factoring, reappraisal, or any other adjustments. For debt service voted on by the public, the certified rate shall be the actual levies imposed for such purposes. Consequently, no hearing is necessary for debt service levies.

On or before July 22 of the year in which such an increase is proposed, notice of the public hearing must be mailed to all property owners and, in most cases, must be advertised by publication. The notice of the hearing must state, among other things, the value of the property, the date, time, and place of the public hearing, and the tax impact of the proposed increase.

**Comparative Total Property Tax Rates of the City and Surrounding Cities<sup>(1)(2)</sup> [Table completion in progress]**

<u>City</u>	2013 Tax Rate	2012 Tax Rate	2011 Tax Rate	2010 <u>Tax Rate</u>	2009 <u>Tax Rate</u>
American Fork				1.2591%	1.1591%
Lehi				1.2343	1.0966
Lindon				1.1808	1.0830
<i>Orem</i>				<i>1.1710</i>	<i>1.0855</i>
Payson				1.2160	1.1517
Pleasant Grove				1.2046	1.1111
Provo				1.0815	1.0549
Spanish Fork				1.2022	1.1380

<sup>(1)</sup> Tax rates are the total of all taxing districts within each city per \$100.

<sup>(2)</sup> Calendar year.

(Source: Utah County Treasurer.)

**Taxable Value and Estimated Fair Market Value of Property in City (Including Fee-In-Lieu Valuation)**

<u>Calendar Year<sup>(1)</sup></u>	<u>Taxable Value<sup>(2)</sup></u>	<u>Percent Change Over Prior Year</u>	<u>Estimated Fair Market Value</u>	<u>Percent Change Over Prior Year</u>
2013	\$4,431,289,442	2.49%	\$6,372,195,327	2.89%
2012	4,323,818,407	-1.11	6,193,015,165	-1.23
2011	4,372,422,504	-11.36	6,269,939,562	-9.54
2010	4,932,819,256	-1.64	6,931,550,009	-2.18
2009	5,015,179,129	n/a	7,086,322,536	n/a

<sup>(1)</sup> Assessed values are reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.

<sup>(2)</sup> Taxable value determined by class of property: 45% of fair market value of primary residential property; 100% of fair market value of all other real and personal property. This table also includes age-based and fee-in-lieu motor vehicle valuations. See "AD VALOREM TAX SYSTEM—Certain Property Tax Matters" and "—Uniform Fees" above.

(Source: Utah State Tax Commission.)

(The remainder of this page intentionally left blank.)

## Historical Property Tax Rates—Direct and Overlapping Governments<sup>(1)</sup>

Calendar Year	City of Orem Total	Alpine School District	Utah County	Central Utah Water Conservancy District	Metropolitan Water District of Orem	Total
2013	0.001871	0.008699	0.001259	0.000446	0.000039	0.012314
2012	0.001921	0.008828	0.001324	0.000455	0.000040	0.012568
2011	0.001879	0.008812	0.001342	0.000436	0.000039	0.012508
2010	0.001739	0.008220	0.001294	0.000421	0.000036	0.011710
2009	0.001676	0.007541	0.001203	0.000400	0.000035	0.010855
2008	0.001578	0.007057	0.001105	0.000286	0.000033	0.010059

<sup>(1)</sup> The tax rate is applied directly to the taxable value of the property.

(Source: For calendar years 2008-2013, information taken from the City's audited basic financial statements for the fiscal year June 30, 2013; for calendar year 2013, Utah State Tax Commission.)

## Assessed and Estimated Fair Market Value of Taxable Property (Locally Assessed Only)

Calendar Year <sup>(1)</sup>	Real Property	Personal Property <sup>(2)</sup>	Taxable Value	Estimated Fair Market Value	Ratio of Total Taxable Value to Total Estimated Fair Market Value
2013	\$3,960,906,763	\$373,048,732	\$4,333,955,495	n/a	n/a
2012	3,877,034,587	353,569,041	4,230,603,628	\$6,103,133,090	69.32%
2011	3,935,052,937	338,443,046	4,273,495,983	6,220,745,765	68.70
2010	4,180,893,802	309,317,427	4,490,211,229	6,488,942,072	69.19
2009	4,251,655,213	318,173,580	4,569,828,793	6,713,137,262	68.07
2008	4,409,079,038	307,086,716	4,716,165,754	7,046,499,261	66.93
2007	4,127,748,994	285,319,902	4,413,068,896	6,729,133,809	65.58
2006	3,255,333,647	263,904,195	3,519,237,842	5,280,078,727	66.65

<sup>(1)</sup> Assessed values are reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.

<sup>(2)</sup> Includes Fee-in-lieu Property.

(Source: The City for years 2006 through 2012 and based on data from the Utah State Tax Commission for the year 2013.)

## Summary of All Taxable Values

[Table completion in progress]

Property Type	Calendar Year				
	2013 Taxable Value	2012 Taxable Value	2011 Taxable Value	2010 Taxable Value	2009 Taxable Value
Primary Residential					
Other Residential					
Commercial and Industrial					
Agricultural					
Unimproved Real Property					
Personal Property					
Total Locally Assessed					
Motor Vehicle est. value					
State Assessed					
Total Taxable Value					

(Source: Utah State Tax Commission.)

## Property Tax Levies and Collections

Calendar Year <sup>(1)</sup>	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2012	7,370,522	6,788,600	92.10	457,915	7,246,515	98.32
2011	7,301,643	6,644,493	91.00	483,203	7,127,696	97.62
2010	7,075,315	6,381,759	90.20	536,035	6,917,794	97.77
2009	6,953,441	6,216,940	89.41	597,811	6,814,751	98.01
2008	6,760,841	6,077,279	89.89	587,291	6,664,570	98.58
2007	6,797,960	6,247,920	91.91	482,966	6,730,886	99.01
2006	6,628,909	6,136,638	92.57	433,655	6,570,293	99.12
2005	6,184,713	5,689,452	91.99	400,587	6,090,039	98.47
2004	5,418,232	4,992,684	92.15	343,356	5,336,040	98.48

<sup>(1)</sup> Taxes are collected and reported by the County on a calendar year basis rather than July 1 to June 30 fiscal year.  
(Source: The City.)

## Principal Property Taxpayers in the City

The following table sets forth the principal property taxpayers in the City for calendar year 2012:

Taxpayer	Type of Business	2012 Taxable Value	Percentage of Total Taxable Value <sup>(1)</sup>
University Mall <sup>(2)</sup>	Retail	\$114,769,075	2.71%
TCU Properties	Real Estate	56,757,000	1.34
Timpanogos Regional Hospital	Medical Services	42,824,700	1.01
University Crossing Shopping Ctr	Retail	17,876,300	0.42
Boyer Lake Point Shopping Ctr	Retail	17,819,200	0.42
Wolverine Crossing LLC	Real Estate	17,791,600	0.42
Retail Trust III (Walmart)	Retail	15,672,200	0.37
Dickson Properties LLC	[Real Estate]	15,458,900	0.37
Pinnacle Apartments (Hart)	Real Estate	12,738,825	0.30
Security Metrics	Data Security & Compliance	<u>12,444,700</u>	<u>0.29</u>
Total		<u>\$324,152,500</u>	<u>7.66%</u>

<sup>(1)</sup> Percentage of total locally assessed taxable value.

<sup>(2)</sup> Entity is a retail mall consisting of multiple retail stores.

(Source: The City.)

## SALES AND USE TAX

### Sales Tax

The Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended (the "Local Sales and Use Tax Act"), provides that each county, city and town in the State may levy a local sales and use tax. Pursuant to the Local Sales and Use Tax Act, cities and towns may levy a local sales and use tax of up to 1.00% on the purchase price of taxable goods and services for general purposes. The City currently levies sales and use taxes at the full rate of 1.00%. In addition, the voters of the City approved a City Cultural Arts &

Recreation Enhancement Tax (“CARE”) at a rate, of 0.10%, which went into effect on April 1, 2006. The CARE tax is authorized to be levied for eight years from its effective date and may only be used for cultural arts and recreation purposes. The overall sales and use tax levied by the City equals 1.10%.

In addition to the sales and use taxes described above, the counties and cities in the State are authorized to impose sales and use taxes to fund a public transportation system. Furthermore, counties may also impose a sales and use tax for general fund purposes of up to 0.25%. The County currently imposes sales and use taxes of 0.80% consisting of a 0.25% for general fund purposes, plus an 0.30% for a fixed guideway system and 0.25% for airport, highway and public transportation.

The local sales and use tax is levied in addition to a statewide sales and use tax (the “Statewide Tax”) which as of January 1, 2009 is imposed at a rate of 4.70% of the purchase price of taxable goods and services (except that only 1.75% is levied on unprepared food and food ingredients), with sales of natural gas, electricity and fuel oil for residential use being taxed at an additional statewide rate of 2.00%. The taxable transactions and the exemptions under the Local Sales and Use Tax Act conform to those of the statewide sales and use tax. The total sales tax rate within the City is 6.85 %.

Sales tax is imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. Use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State or the tangible personal property is stored, used or otherwise consumed in the State.

Local sales and use taxes are collected by the Utah State Tax Commission and distributed on a monthly basis to each county, city and town. The distributions are based on a formula, which provides generally, with certain exceptions, that (1) 50% of sales tax collections will be distributed on the basis of the population of the local government and (2) 50% of sales tax collections will be distributed on the basis of the point of sale (the “50/50 Distribution”). The 50/50 Distribution formula is subject to the provision that through fiscal year 2012-13, any local government that imposes a sales and use tax at the rate of 1.00% will receive a distribution of not less than 0.75% of the taxable sales within its boundaries for fiscal year 2008-09 (the “Minimum Distribution”). However, any local government not receiving the Minimum Distribution for three consecutive fiscal years shall receive the 50/50 Distribution for the following fiscal year. Beginning in fiscal year 2013-14 and ending with fiscal year 2015-16, a local government shall receive the Minimum Distribution for such fiscal year if for fiscal year 2012-13 the 50/50 Distribution is less than or equal to the product of the Minimum Distribution and 0.9.

A sales and use tax due and unpaid constitutes a debt due from the vendor and may be collected, together with interest, penalty, and costs, by appropriate judicial proceeding within three years after the vendor is delinquent. Furthermore, if a sales and use tax is not paid when due and if the vendor has not followed the procedures to object to a notice of deficiency, the Utah State Tax Commission may issue a warrant directed to the sheriff of any county commanding him to levy upon and sell the real and personal property of a delinquent taxpayer found within such county for the payment of the tax due. The amount of the warrant shall have the force and effect of an execution against all personal property of the delinquent taxpayer and shall become a lien upon the real property of the delinquent taxpayer in the same manner as a judgment duly rendered by any district court.

The Utah State Legislature enacted legislation in 2006 effecting a three-year rate reduction of State’s (not the City’s) portion of the sales tax on unprepared food and food ingredients, which became effective January 1, 2007. The latest rate reduction took place effective January 1, 2008, reducing the portion of the sales tax on unprepared food and food ingredients from the then current rate of 2.75% to 1.75%. Other legislation raised the State Sales and Use Tax (except on food and food ingredients) by 0.05% to 4.7%, effective January 1, 2009.

The City cannot predict whether or not the Utah Legislature will again adjust or change sales and use tax categories and distributions, including adjustments and changes that could affect Sales and Use Taxes at some point in the future.

The following table shows the amounts of Local Sales and Use Taxes received by the City from the Utah State Tax Commission in the last five fiscal years:

<u>Fiscal Year</u>	<u>Local Sales and Use Taxes</u>	<u>Percent Change From Prior Year</u>
2013	\$18,944,647	4.63%
2012	18,106,273	5.91
2011	17,096,224	1.89
2010	16,779,177	(6.73)
2009	17,989,751	n/a

(Source: the City.)

### **Utility Franchise Taxes and Fees**

Under Utah law, municipalities have the authority to impose a tax, license, fee, energy sales and use tax or similar charge at a rate not exceeding 6% of gross revenues of public utilities collected within the boundaries of the municipality (or, in the case of gas and electric service providers, not exceeding 6% of the “delivered value” of “taxable energy”). Utilities upon which these taxes and fees may be levied include telephone, natural gas, electric energy service companies and city public utilities. Utility franchise taxes and fees are collected by the utility and remitted on a monthly basis to the local government. Energy sales and use taxes are, in certain circumstances, remitted by the energy service provider to the State Tax Commission and then to the municipality.

The City has previously levied a combination of utility franchise fees and privilege taxes on certain utilities doing business within its boundaries equal in the aggregate to (i) 3.5% telecommunication tax or gross receipts for all entities engaged in telecommunications, including CenturyLink, Inc. and AT&T Communications, Inc.; (ii) 6% energy sales and use tax on gross receipts from Rocky Mountain Power and Questar Gas; and (iii) a 5% cable television franchise tax from Comcast.

## **LEGAL MATTERS**

### **Absence of Litigation**

The City Attorney has officially advised that, to the best of his knowledge after due inquiry, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the Bonds.

### **General**

The authorization and issuance of the Bonds are subject to the approval of Ballard Spahr LLP, Bond Counsel to the City. Certain matters relating to disclosure will be passed upon for the City by Ballard Spahr LLP, Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Greg Stephens, Esq., City Attorney. The approving opinion of Bond Counsel will be delivered with the Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in APPENDIX B of this Official Statement will be made available upon request from the contact person as indicated under “INTRODUCTION—Contact Persons” above.

## **TAX MATTERS**

*Federal Income Tax.* In the opinion of Ballard Spahr LLP, Bond Counsel to the City, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the City and continuing compliance by the City with the requirements of the Internal Revenue Code of 1986 (the “Code”). Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax

("AMT"); however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

*Original Issue Premium.* Certain of the Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such Bond through reductions in the holder's tax basis for such Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

*Original Issue Discount.* Certain of the Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. Original issue discount on a Bond accrues as tax-exempt interest periodically over the term of the Bond. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Bondholders should consult their tax advisors for an explanation of the accrual rules.

*State of Utah Income Tax.* Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of Utah individual income taxes under currently existing law.

#### *Changes in Federal and State Tax Laws*

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

### **UNDERWRITING**

George K. Baum & Company, as underwriter of the Bonds (the "Underwriter"), has agreed, subject to certain conditions, to purchase all of the Bonds from the City at a purchase price of \$ \_\_\_\_\_ (being the par amount thereof [plus/less] a [net] reoffering [premium/discount] of \$ \_\_\_\_\_ and less an Underwriter's discount of \$ \_\_\_\_\_) and to make a public offering of the Bonds. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the cover page of this Official Statement and such public offering prices may be changed from time to time.

### **RATINGS**

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "\_\_\_\_" and "\_\_\_\_," respectively, to the Bonds.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given the Bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

### **CONTINUING DISCLOSURE UNDERTAKING**

The City, for the benefit of the beneficial owners of the Bonds, will execute a continuing disclosure undertaking (the “Undertaking”) pursuant to which the City will send certain information annually and provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission. See “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING” below.

A failure by the City to comply with the Undertaking will not constitute a default under the Resolution, and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. [The City has never failed to comply with any continuing disclosure undertaking that it has entered into pursuant to the Rule.]

### **MISCELLANEOUS**

#### **Independent Accountants**

The financial statements of the City as of June 30, 2013, and for the year then ended, included in this Official Statement, have been audited by Keddington & Christensen, LLC, Certified Public Accountants, Salt Lake City, Utah (“Keddington & Christensen”), as stated in their report in APPENDIX A to this Official Statement. Keddington & Christensen has not been asked regarding the use of its name and its report on the financial statements of the City for fiscal year ended June 30, 2013, in this Official Statement.

Copies of the City’s comprehensive annual financial report may be obtained upon request from the City’s Finance Division, 56 North State Street, Orem, Utah 84057.

#### **Financial Advisor**

The City has engaged Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah (the “Financial Advisor”), to provide financial recommendations and guidance to the City with respect to preparation for sale of the Bonds, timing of sale, bond market conditions, costs of issuance and other factors relating to the sale of the Bonds. The Financial Advisor has read and participated in the drafting of certain provisions of this Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Financial Advisor fees are contingent upon the sale and delivery of the Bonds.

#### **Additional Information**

All quotations contained herein from and summaries and explanations of, the State Constitution, statutes, programs and laws of the State, court decisions and the Resolution, do not purport to be complete, and the reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution for full and complete statements of their respective provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

This Preliminary Official Statement is in a form “deemed final” by the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

This Official Statement and its distribution and use have been duly authorized by the City.

CITY OF OREM, UTAH

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

**APPENDIX A**

**AUDITED BASIC FINANCIAL STATEMENTS  
OF THE CITY OF OREM, UTAH  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The Audited Basic Financial Statements of the City of Orem, Utah for the Fiscal Year Ended June 30, 2013, are contained herein. Copies of current and prior financial reports are available upon request from the contact person as indicated under “INTRODUCTION—Contact Persons” above.

## APPENDIX B

### DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF OREM AND UTAH COUNTY

#### THE CITY

##### Demographic Statistics

The following table sets forth the population for the City for the years shown:

<u>Year</u>	<u>Population</u>
2010	88,328
2000	84,420
1990	67,561
1980	52,399

---

(Source: U.S. Census Bureau, decennial census.)

#### THE COUNTY

##### General

##### General

Utah County (the "County") is situated in the north central portion of the State. Incorporated in 1850, the County is bordered on the north by Salt Lake County and encompasses approximately 2,000 square miles of land.

##### Population

<u>Year</u>	<u>County</u>	<u>% Change</u>	<u>State of Utah</u>	<u>% Change</u>
2013	551,891	2.2%	2,900,872	1.6%
2012	539,888	1.8	2,854,871	1.4
2011	530,126	2.0	2,814,784	1.5
2010	519,605	(4.6)	2,774,424	(0.2)
2009	544,538	2.9	2,780,871	2.1
2008	529,344	3.2	2,724,685	2.3
2007	513,006	6.4	2,662,908	3.1
2006	481,994	6.0	2,582,234	3.3
2005	454,913	4.8	2,498,863	2.5
2004	434,114	6.4	2,438,195	2.5
2003	408,185	2.7	2,378,255	1.9
2002	397,345	2.5	2,334,425	1.9
2001	387,589	4.3	2,290,966	2.1
2000	371,606	n/a	2,244,207	n/a

---

(Source: U.S. Census Bureau estimates as of July 1 of the years indicated. )

### Rate of Unemployment—Annual Average

Year	County	State of Utah	United States
2013	4.3%	4.4%	7.4%
2012	5.2	5.4	8.1
2011	6.6	6.8	8.9
2010	8.0	8.1	9.6
2009	7.4	7.8	9.3
2008	3.3	3.3	5.8
2007	2.5	2.6	4.6
2006	2.8	2.9	4.6
2005	4.0	4.1	5.1
2004	4.8	5.1	5.5

(Source: Utah Department of Workforce Services, and U.S. Bureau of Labor Statistics.)

### Economic Indicators of the County

LABOR FORCE	2013	2012	2011	2010	2009
Labor Force	241,401	229,645	221,984	221,315	224,252
Employed	231,132	217,718	207,313	203,683	207,547
Unemployed	10,269	11,927	14,671	17,632	16,705
<i>Rate</i>	<i>4.30%</i>	<i>5.20%</i>	<i>6.60%</i>	<i>8.00%</i>	<i>7.40%</i>
Non-Farm Jobs	200,363	190,112	181,044	174,667	175,387
<i>% Change Prior Year</i>	<i>5.39</i>	<i>5.01</i>	<i>3.65</i>	<i>-0.41</i>	<i>-5.12</i>
Mining	103	126	76	56	59
Construction	14,772	12,447	10,558	9,675	10,737
Manufacturing	17,482	16,538	15,824	15,667	16,315
Trade/Transportation/Utilities	32,606	31,047	30,021	29,033	29,879
Information	9,346	8,604	8,017	7,867	7,735
Financial Activities	6,819	6,320	5,901	6,066	6,307
Professional/Business Services	25,856	24,676	23,401	21,526	21,378
Education/Health/ Social Services	44,846	43,132	41,742	40,341	39,322
Leisure/Hospitality	15,710	14,981	14,149	13,651	13,373
Other Services	4,566	4,380	4,276	4,185	4,144
Government	28,248	27,860	27,077	26,589	26,138
Total Establishments	13,250	12,500	12,232	12,120	12,298
Total Wages (\$Millions)	7,459.9	6,973.8	6,439.0	6,051.9	5,986.1
INCOME AND WAGES	2013	2012	2011	2010	2009
Total Personal Income	n/a	14,930,878	14,045,077	13,068,917	12,823,780
Per Capita Income	n/a	58,167	58,077	54,385	57,471
Median Household Income Estimate	n/a	27,624	26,495	25,141	25,404
Average Monthly Nonfarm Wage	3,103	3,057	2,964	2,887	2,844
SALES AND BUILDING	2013	2012	2011	2010	2009
Gross Taxable Sales (\$M)	7,186.9	6,886.1	6,250.5	5,832.3	6,425.9
Dwelling Unit Permits	3,240	2,464	1,865	1,893	1,484
Total Permit Authorized	1,484.0	835.7	718.9	727.4	509.5
Construction (\$M)					
New Residential	911.9	535.0	405.1	378.8	277.7
Construction (\$M)					
New Nonresidential	360.6	171.9	202.9	251.1	130.0
Construction (\$M)					

(Source: Utah Department of Workforce Services website; last updated July 2014.)

## Major Employers

The following is a list of the largest employers in the County based on 2013 annual averages.

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
Brigham Young University	Higher Education	15,000-19,999
Alpine School District	Public Education	5,000-6,999
Utah Valley State University	Higher Education	4,000-4,999
Utah Valley Regional Medical Center	Health Care	4,000-4,999
Nebo School District	Public Education	3,000-3,999
State of Utah	State Government	2,000-2,999
Vivint	Electrical Contractors	2,000-2,999
Wal-Mart	Warehouse Clubs and Supercenters	2,000-2,999
Bluefin Office Group	Office Supplies	2,000-2,999
Provo School District	Public Education	1,000-1,999
ESG	Human Resources Management Services	1,000-1,999
IM Flash Technologies	Electronic Product Manufacturing	1,000-1,999
Provo College	Higher Education	1,000-1,999
Nexeo Staffing	Employment Services	1,000-1,999
Nestle USA	Food Manufacturing	1,000-1,999
Payday Resources	Human Resources Management Services	1,000-1,999
Utah County	Local Government	1,000-1,999
Provo City	Local Government	1,000-1,999
Central Utah Medical Clinic	Health Care	1,000-1,999
Macey's	Grocery Stores	1,000-1,999
Nu Skin	Wholesale Skin Care Products	500-999
Adobe Systems	Software Publishers	500-999
Universal Contracting	Residential Construction	500-999
Myfamily.com	Internet and Web Services	500-999
US Synthetic Corp	Nonmetallic Mineral Product Manufacturing	500-999
Smith's Marketplace	Grocery Stores	500-999
Orem City	Local Government	500-999
Chrysalis Utah	Individual and Family Services	500-999
Convergys	Telephone Call Centers	500-999
Lehi City	Local Government	500-999
Bluehost.Com	Data Processing and Hosting Services	500-999
Costco	Warehouse Clubs and Supercenters	500-999
RBD Acquisition Sub	Services to Buildings and Dwellings	500-999
Alliance Resource Services	Human Resources Management Services	500-999
SOS Staffing Services	Temporary Help Services	500-999
Timpanogos Regional Medical	Health Care	500-999
Novell	Software Publishers	500-999
US Postal Service	Federal Government	500-999
Young Living Essential Oils	Direct Selling Retailer	500-999
Home Depot	Home Improvement Centers	500-999

(Source: Utah Department of Workforce Services; based on 2013 average annual employment; last updated July 2014.)

## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL

*Upon the issuance of the Bonds, Ballard Spahr LLP, Bond Counsel to the City, proposes to issue its approving opinion in substantially the following form:*

We have acted as bond counsel for City of Orem, Utah (the "Issuer"), in connection with the issuance by the Issuer of \$\_\_\_\_\_ General Obligation Refunding Bonds, Series 2014 (the "Bonds") pursuant to (i) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Act"); (ii) a resolution of the Issuer adopted on September 9, 2014 (the "Resolution"), which provides for the issuance of the Bonds; and (iii) other applicable provisions of law. The Bonds are being issued for the purpose of (a) refunding certain outstanding bonds of the Issuer and (b) paying issuance expenses incurred in connection with the Bonds.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Utah and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Issuer is a political subdivision and body politic of the State of Utah, created and validly existing under the laws of the State of Utah.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds are valid and binding general obligations of the Issuer for the payment of which the full faith and credit of the Issuer are pledged, and for the payment of which ad valorem taxes may be levied on all taxable property within the boundaries of the Issuer without limit as to rate or amount.
4. Interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Issuer and continuing compliance by the Issuer with the requirements of the Internal Revenue Code of 1986. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.
5. Interest on the Bonds is exempt from State of Utah individual income tax.

In rendering our opinion, we wish to advise you that:

(a) The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds; and

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

## APPENDIX D

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Orem, Utah (the “City”), in connection with the issuance of the City’s General Obligation Refunding Bonds, Series 2014 in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”). The Bonds are being issued pursuant to (i) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the “Act”); (ii) a resolution of the City adopted on September 9, 2014 (the “Resolution”), which provides for the issuance of the Bonds; and (iii) other applicable provisions of law. The Bonds are being issued for the purpose of (a) refunding certain outstanding bonds of the City and (b) paying issuance expenses incurred in connection with the Bonds.

Section 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Bonds and to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolutions or parenthetically defined herein, which apply to any capitalized terms used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean, initially, the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5 of this Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1900 Duke Street, Suite 600, Alexandria, VA 22314; Telephone (703) 797-6600; Fax (703) 797-6700.

“Official Statement” shall mean the Official Statement of the City dated \_\_\_\_\_, 2014, relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Utah.

“Tax-exempt” shall mean that interest on the Bonds is excludable from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 3. Provision of Annual Reports.

(a) The City shall prepare an Annual Report of the City and shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of each fiscal year of the

City (presently June 30), commencing with the fiscal year ended June 30, 2014, provide to the MSRB and any bond insurer of the Bonds, the Annual Report of the City which is consistent with the requirements of Section (4) of this Disclosure Undertaking. Not later than fifteen (15) Business Days prior to said date, the City shall provide the Annual Report of the City to the Dissemination Agent. In each case, the Annual Report of the City may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section (4) of this Disclosure Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section (5)(a).

(b) If by fifteen (15) Business Days prior to the date specified in Section (3)(a) for providing the Annual Report of the City to Repositories, the Dissemination Agent has not received a copy of the Annual Report of the City, the Dissemination Agent shall contact the City to determine if the City is in compliance with Section (3)(a).

(c) If the City is unable to provide to the MSRB by the date required in subsection (a), the City shall, in a timely manner, send a notice to the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) if the Dissemination Agent is other than an officer of the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

#### Section 4. Content of Annual Reports.

(a) The City's Annual Report shall contain or incorporate by reference the following:

(i) A copy of the City's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the City's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(ii) An update of the information of the type contained in the Official Statement under the headings "DEBT STRUCTURE OF CITY OF OREM—Outstanding Municipal Debt of the City," "—Overlapping General Obligation Debt," "—General Obligation Legal Debt Limit and Additional Debt Incurring Capacity," "FINANCIAL INFORMATION REGARDING CITY OF OREM—Financial Summaries," and "AD VALOREM TAX SYSTEM—Assessed and Estimated Fair Market Value of Taxable Property," "—Summary of Taxable Value," "—Historical Property Tax Rates," "—Property Tax Levies and Collections," "—Principal Property Taxpayers in the City."

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such document incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings; or
- (ix) Rating changes.

(b) Pursuant to the provisions of this Section 5, the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Bonds;
- (v) Bond calls; or
- (vi) Release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under 5(b), whether because of a notice from the Trustee or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event 5(b) would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the City determines that a Listed Event under 5(b) would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in a timely manner but in no case not more than ten (10) Business Days after the Listed Event.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist the City in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The Undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Undertaking, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Resolution, and the sole remedy under this Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence, gross negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: \_\_\_\_\_, 2014.

CITY OF OREM, UTAH

(SEAL)

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

ATTEST & COUNTERSIGN:

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

## APPENDIX E

### PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

ESCROW DEPOSIT AGREEMENT

THIS ESCROW DEPOSIT AGREEMENT is entered into as of \_\_\_\_\_, 2014, between the City of Orem, Utah (the "Issuer") and U.S. Bank National Association, as escrow agent (the "Escrow Agent").

WITNESSETH:

WHEREAS, the Issuer is a political subdivision of the State of Utah; and

WHEREAS, the Escrow Agent is a national banking corporation duly organized and existing under the laws of the United States, authorized by law to accept and execute trusts and having its principal office in Salt Lake City, Utah; and

WHEREAS, the Issuer has previously issued its General Obligation Bonds, Series 2005 (the "Series 2005 Bonds"); and

[WHEREAS, the Issuer has determined to provide for the refunding and defeasance of that portion of the Series 2005 Bonds as evidenced by bonds in the currently outstanding principal amounts, with maturity dates and interest rates as shown below:

Maturity Date

(\_\_\_\_\_)

Maturity Amount

Interest Rate

WHEREAS, in order to provide for such payment and advance refunding and for certain other purposes, the Issuer is issuing its General Obligation Refunding Bonds, Series 2014 (the "Series 2014 Bonds") pursuant to a resolution adopted by the Issuer on August 26, 2014 (the "Resolution"); and

WHEREAS, the refunding of all the Refunded Bonds will be accomplished by causing to be deposited with the Escrow Agent proceeds of the Series 2014 Bonds in the amount of \$\_\_\_\_\_ [along with \$\_\_\_\_\_ of moneys held in the debt service fund related to the Refunded Bonds], which [together with investment income thereon] will be sufficient to pay the principal and interest requirements on the Refunded Bonds when due and to redeem the Refunded Bonds as provided herein; and

WHEREAS, the Issuer and the Escrow Agent desire to enter into this Escrow Deposit Agreement to provide for the taking of certain actions so as to accomplish the advance refunding and redemption of the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

Section 1. The Escrow Agent hereby accepts the Escrow Account (hereinafter described) created hereunder and acknowledges receipt from the Issuer of the sum of \$ \_\_\_\_\_ (representing proceeds received from the issuance and sale of the Series 2014 Bonds in the amount of \$ \_\_\_\_\_, [along with \$ \_\_\_\_\_ of moneys held in the debt service fund related to the Refunded Bonds]), \$ \_\_\_\_\_ of which is to be used for the purchase of certain United States Government Obligations as described on Exhibit A hereto (the "SLGS") and \$ \_\_\_\_\_ of which shall be deposited as a beginning cash balance. The maturing principal of and interest on the SLGS and the cash will produce amounts verified in writing by \_\_\_\_\_, to be sufficient to pay when due the principal of and interest on the Refunded Bonds to August 1, 2015, and to redeem all Refunded Bonds by calling such bonds for redemption on August 1, 2015. The SLGS and the cash shall be deposited in the Escrow Fund hereinafter defined, in accordance with the terms of Section 2 hereof and the Resolution.

Section 2. There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the "City of Orem, Utah General Obligation Refunding Bonds, Series 2014 Escrow Fund (the "Escrow Fund") to be held by the Escrow Agent, acting as escrow agent, as a trust fund for the benefit of the holders of the Refunded Bonds. The Escrow Fund shall be held by the Escrow Agent separate and apart from other funds of the Issuer or the Escrow Agent.

Section 3. All costs and expenses related to the issuance of the Series 2014 Bonds and the refunding of the Refunded Bonds shall be paid by the Issuer as provided in the Resolution.

Section 4. The Escrow Agent, acting in its capacity as escrow agent, agrees that the total principal amount of and interest on the SLGS will be held in trust for the holders of the Refunded Bonds and irrevocably agrees to apply said principal amount and interest, as the same become due, to the payment of the principal, premium, if any, and interest requirements on the Refunded Bonds through their final maturities or prior redemption date.

Section 5. (a) The Escrow Agent agrees to pay principal of and interest on the Refunded Bonds as aforesaid notwithstanding any failure by the Issuer to pay when due any further fees or expenses of the Escrow Agent or any Paying Agent relating to the Refunded Bonds. It is expressly understood that any such fees or expenses incurred by the Escrow Agent acting as escrow agent will be reimbursed by the Issuer as provided in this Section 5 and in Section 11 hereof.

(b) The Issuer agrees to pay to the Escrow Agent upon the execution and delivery of this Agreement such amounts as may be necessary to pay the fees and expenses of the Escrow Agent acting as escrow agent.

Section 6. Except as provided in Section 7 hereof, the Escrow Agent shall not have power or duty to invest any funds held under this Agreement.

Section 7. (a) This Agreement may be amended or supplemented, the SLGS or any portion thereof or proceeds thereof sold, redeemed, invested or reinvested, or proceeds thereof disbursed, in any manner (any such amendment, supplement or direction to sell, redeem, invest or disburse to be referred to as a "Subsequent Action"), upon submission to the Escrow Agent of each of the following:

(i) A certified copy of the proceedings of the Issuer authorizing the Subsequent Action and a copy of the document effecting the Subsequent Action signed by duly designated officers of the Issuer.

(ii) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds to the effect that the Subsequent Action will not cause the interest on the Series 2014 Bonds or Refunded Bonds to become includable in gross income for Federal income tax purposes.

(iii) An independent report of certified public accountants to the effect that the amounts (which will consist of cash or deposits on demand held in trust or receipts from direct full faith and credit obligations of the United States of America, not callable or redeemable at the option of the issuer thereof), available or to be available for payment of the Refunded Bonds will remain sufficient to pay when due all principal of and interest on the Refunded Bonds after the taking of the Subsequent Action.

(b) Except as provided in Paragraph (a) hereof, all of the rights, powers, duties and obligations of the Escrow Agent hereunder shall be irrevocable and shall not be subject to amendment by the Escrow Agent and shall be binding on any successor to the Escrow Agent during the term of this Agreement.

(c) Except as provided in Paragraph (a) hereof, all of the rights, powers, duties and obligations of the Issuer hereunder shall be irrevocable and shall not be subject to amendment by the Issuer and shall be binding on any successor to the officials now comprising the City Council of the Issuer during the term of this Agreement.

Section 8. The Issuer hereby irrevocably instructs the Escrow Agent to mail to the holders of the Refunded Bonds on behalf of the Issuer, a notice, in substantially the form attached hereto as Exhibit B, that provision for the refunding, redemption and retirement of the Refunded Bonds has been made as provided in this Escrow Agreement. Such notice shall be mailed by first class mail, postage prepaid as soon as practicable after the execution and delivery hereof to the holders of the Refunded Bonds and the Municipal Securities Rulemaking Board.

Section 9. (a) The Refunded Bonds will be called for redemption on August 1, 2015, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date of redemption.

(b) The Issuer hereby irrevocably directs the Escrow Agent, on behalf of the Issuer, to instruct the paying agent of the Refunded Bonds to mail notice of redemption of the Refunded Bonds as provided in the bond resolution adopted by the Issuer authorizing the issuance of the Refunded Bonds. All moneys on deposit in the Escrow Fund shall be transferred by the Escrow Agent to the paying agent of the Refunded Bonds to effectuate such redemption. Thereafter, all remaining moneys and securities in the Escrow Fund shall be transferred by the Escrow Agent to the Bond Fund established under the Resolution. The Escrow Agent shall not invest or reinvest any of the funds or securities so transferred.

Section 10. The Escrow Fund created hereby shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on and security interest in all amounts deposited in the Escrow Fund, including all amounts representing principal and all amounts representing interest on the SLGS in the Escrow Fund until used and applied in accordance herewith .

Section 11. (a) The Escrow Agent shall be compensated for its reasonable fees, expenses and disbursements, including legal fees, incurred with respect to services rendered hereunder, based upon itemized invoices submitted to the Issuer for payment. This right to receive compensation notwithstanding, the Escrow Agent acknowledges that it has no claim for any such payment under the Resolution, and that it has no lien on the moneys in the Escrow Fund for any such payment.

(b) The Escrow Agent may act in reasonable reliance upon any signature believed by it to be genuine, and may assume that any person purporting to give any notice or receipt of advice or make any statements in connection with the provisions hereof has been duly authorized to do so.

(c) The Escrow Agent may act relative hereto in reliance upon advice of nationally recognized bond counsel in reference to any matter connected herewith, and shall not be liable for any mistake of fact or error of judgment, or for any acts or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(d) The Escrow Agent may resign and be discharged of its duties hereunder provided that: (i) it has given thirty (30) days written notice to the Issuer of such resignation; (ii) the Issuer has appointed a successor to the Escrow Agent hereunder; (iii) the Escrow Agent and the Issuer have received an instrument of acceptance executed by the successor to the Escrow Agent hereunder; and (iv) the Escrow Agent has delivered to its successor hereunder all of the escrowed documents, SLGS, moneys and investments held by the Escrow Agent in the Escrow Fund. Such resignation shall take effect only upon the occurrence of all of the events listed in clauses (i) through (iv) above. Upon receipt by the Issuer of the written notice described in clause (i) above, the Issuer shall use its best efforts to obtain a successor to the Escrow Agent hereunder as soon as possible.

Section 12. This Agreement shall terminate when amounts sufficient to pay the principal of and interest and redemption premium, if any, on all Refunded Bonds has been paid and all remaining funds and securities have been returned to the Issuer.

Section 13. Except as otherwise provided in Section 7 hereof, this Agreement shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without (i) the written consent of the holders of 100% in principal amount of the unpaid Refunded Bonds at the time such action is made, and (ii) the written consent of the Escrow Agent; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to the holders of the unpaid Refunded Bonds enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders hereunder and shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement; or

(b) to grant to or confer upon the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of nationally recognized bond counsel with respect to compliance with this Section 13, including the extent, if any, to which any change, modification, addition or elimination affects the rights of such holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions or provisions of this Section 13.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers as of the date first above written.

CITY OF OREM, UTAH

(SEAL)

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

ATTEST AND COUNTERSIGN:

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

U.S. Bank National Association,  
as Escrow Agent

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

SLGS

Principal Amount

Interest Rate

Maturity Date

EXHIBIT B

FORM OF NOTICE OF REFUNDING  
CITY OF OREM, UTAH  
GENERAL OBLIGATION BONDS,  
SERIES[ 2005]  
(MATURING ON AND AFTER \_\_\_\_\_)

NOTICE IS HEREBY GIVEN that for the payment of the principal of, and interest on such of the bonds of the above-described series (the "Bonds"), there have been irrevocably deposited in escrow with U.S. Bank National Association, Salt Lake City, Utah, moneys which, except to the extent maintained in cash, if any, have been invested in certain direct obligations of the United States of America. The projected principal payments to be received from such securities and the projected interest income therefrom and such cash have been calculated to be sufficient to pay the interest requirements on the Bonds when due through and including the prior redemption on \_\_\_\_\_ (the "Redemption Date") the date on which the City of Orem, Utah has elected to redeem the Bonds maturing thereafter at a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the Redemption Date.

DATED this \_\_\_ day of \_\_\_\_\_, 2014.

U.S. Bank National Association, as Escrow  
Agent

By: \_\_\_\_\_

TERMS CERTIFICATE  
OF THE CITY OF OREM, UTAH

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014

Pursuant to the authority delegated in the resolution adopted by the City Council (the "Council") of the City of Orem, Utah (the "Issuer") on August 26, 2014 (the "Resolution"), authorizing the issuance and sale of a series of the Issuer's general obligation refunding bonds, (the "Bonds"), the Designated Officer (as defined in the Resolution) hereby approves the following terms of the Bonds and related matters as delegated by the Resolution:

1. The final principal amount of \$ \_\_\_\_\_ for the Bonds;
2. The maturity dates, principal amounts, and interest rates for the Bonds as set forth in Schedule A attached hereto;
3. The aggregate price to be paid by George K. Baum & Company, as the Underwriter for the Bonds pursuant to the Bond Purchase Agreement dated of even date herewith by and between the Issuer and the Underwriter, shall be \$ \_\_\_\_\_ (representing the par amount of the Bonds, [plus/less] a reoffering [premium/discount] of \_\_\_\_\_, and less an Underwriter's discount of \$ \_\_\_\_\_);
4. The final redemption provisions for the Bonds as set forth in Schedule B attached hereto;
5. The Refunded Bonds are determined to be as set forth in Schedule C; and
6. Interest Payment Date means each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, 20\_\_\_\_; and
7. The closing date is currently anticipated to be on or around \_\_\_\_\_, 2014.

All capitalized terms used, but not defined herein, shall have the meanings assigned by the Resolution unless the context hereof requires otherwise;

IN WITNESS WHEREOF, we have hereunto subscribed our official signature,  
this \_\_\_\_\_, 2014.

CITY OF OREM, UTAH

---

Designated Officer

SCHEDULE A

CITY OF OREM, UTAH  
GENERAL OBLIGATION REFUNDING BONDS, SERIES, 2014

<u>Year</u> <u>(February 1)</u>	<u>Principal</u> <u>Maturing</u>	<u>Interest Rate</u>
------------------------------------	-------------------------------------	----------------------

SCHEDULE B

FINAL TERMS OF REDEMPTION OF THE BONDS

[The Bonds maturing on or before \_\_\_\_\_, are not subject to optional redemption prior to maturity. The Bonds maturing on or after \_\_\_\_\_ are subject to redemption at the option of the Board on \_\_\_\_\_, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Board, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date. ]

SCHEDULE C

REFUNDED BONDS

The following table sets forth the maturity dates, maturity amounts and interest rates of the Refunded Bonds:

Maturity Date (_____)	<u>Maturity Amount</u>	<u>Interest Rate</u>
--------------------------	------------------------	----------------------

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF OREM  
ADOPTING AN OFFICIAL PROJECT AREA PLAN FOR THE UNIVERSITY  
PLACE COMMUNITY DEVELOPMENT PROJECT AREA.**

**WHEREAS**, the City of Orem created the Redevelopment Agency of the City of Orem (the "Agency") pursuant to an ordinance dated August 14, 1984 (O-84-0031); and

**WHEREAS** the Agency continues to operate under applicable prior law and Title 17C of the Utah Code as amended, known as the Limited Purpose Local Government Entities – Community Development and Renewal Agencies Act (the "Act"); and

**WHEREAS**, the City of Orem has a planning commission and has adopted a general plan pursuant to applicable law; and

**WHEREAS**, the Agency, by Resolution, has authorized the preparation of a draft project area plan as provided in Section 17C-4-101 of the Act; and

**WHEREAS**, pursuant to Section 17C-4-103 of the Act, the Agency has (a) prepared a draft University Place Community Development Project Area Plan (the "Project Area Plan" or "Plan") and (b) made the draft Project Area Plan available to the public at the Agency's offices during normal business hours; and

**WHEREAS**, the Agency provided notice of the public hearing in strict compliance with Sections 17C-4-106, 401, and 402; and

**WHEREAS**, the Agency has held a public hearing on the draft Project Area Plan and at that Plan hearing (a) allowed public comment on the draft Project Area Plan and whether the draft Project Area Plan should be revised, approved or rejected, and (b) received all written and heard all oral objections to the draft Project Area Plan; and

**WHEREAS**, after holding the public hearing, and at the same meeting, the Agency considered the oral and written objections to the draft Project Area Plan, on whether to revise, approve or reject the draft Project Area Plan;

**WHEREAS**, less than one year has passed since the date of the public hearing.

**NOW, THEREFORE, BE IT RESOLVED** by the Agency:

**Section 1. Adoption of Project Area Plan.** It has become necessary and desirable to adopt the draft Project Area Plan as the official Project Area Plan for the Project Area. The draft Project Area Plan, in the form attached hereto as **Exhibit C**, and together with any changes to the draft Project Area Plan as may be indicated in the minutes of this meeting (if any), is hereby designated and adopted as the official Project Area Plan for the Project Area. The Agency shall submit the Project Area Plan, together with a copy of this Resolution, to the City Council of the City of Orem requesting that the Project Area Plan be adopted by ordinance of the legislative body of City of Orem in accordance with the provisions of the Act.

**Section 2. Legal Description of the Project Area Boundaries.** The legal description of the boundaries of the Project Area covered by the Project Area Plan is attached hereto and

incorporated herein as **Exhibit A**. A map of the Project Area is attached and incorporated herein as **Exhibit B**.

**Section 3. Agency's Purposes and Intent.** The Agency's purposes and intent with respect to the Project Area are to accomplish the following:

- A. Provide essential governmental services to the Project Area by providing a mechanism to develop public infrastructure within or to serve the Project Area.
- B. Encourage and accomplish appropriate private development and community development activities within the Project Area.
- C. Provide for the strengthening of the tax base and economic health of the community.

**Section 4. Project Area Plan Incorporated by Reference.** The Project Area Plan, together with supporting documents, in the form attached as **Exhibit C**, and together with any changes to the draft Project Area Plan as may be indicated in the minutes of this meeting (if any), is hereby incorporated herein by reference, and made a part of this Resolution. Copies of the Project Area Plan shall be filed and maintained in the office of the Agency and the City Recorder for public inspection.

**Section 5. Agency Board Findings.** The Agency Board hereby determines and finds as follows:

The adoption of the Project Area Plan will:

- A. Satisfy a public purpose by, among other things, encouraging and accomplishing appropriate community development activities within the Project Area;
- B. Provide a public benefit in the form of, among other things, increased development activity within the boundaries of the Agency, including in particular within the Project Area, that is desirable and will enhance the tax base of all taxing entities within the Project Area;
- C. Be economically sound and feasible; in that the revenue needed for the implementation of the Project Area Plan will come from incremental property taxes generated by new private development within the Project Area, all as further shown and supported by the analysis contained in the Project Area Plan;
- D. Conform to the City of Orem's general plan in that, among other things, the Project Area Plan provides that all development in the Project Area is to be in accordance with the City of Orem's zoning ordinances and requirements, and the development activities contemplated by the Project Area Plan are in harmony with the City of Orem's general plan; and
- E. Promote the public peace, health, safety and welfare of the citizens of the City of Orem.

**Section 6. Financing.** Subject to any limitations required by currently existing law (unless a limitation is subsequently eliminated), this Resolution hereby specifically incorporates all of the provisions of the Act that authorize or permit the Agency to receive funding for the Project

Area and that authorize the various uses of such funding by the Agency, and to the extent greater (or more beneficial to the Agency) authorization for receipt of funding by the Agency or use thereof by the Agency is provided by any amendment of the Act or by any successor provision, law or act, those are also specifically incorporated herein. It is the intent of this Resolution that the Agency shall have the broadest authorization and permission for receipt of and use of sales tax, tax increment and other funding as is authorized by law, whether by existing or amended provisions of law. This Resolution also incorporates the specific provisions relating to funding of community development project areas permitted by Chapter 4 of the Act.

**Section 7. Effective Date.** This Resolution shall take effect immediately upon adoption, and pursuant to the provisions of the Act, the Project Area Plan shall become effective upon adoption by Ordinance of the legislative body of the City of Orem.

**IN WITNESS WHEREOF**, the Governing Board of the Redevelopment Agency of the City of Orem has approved, passed and adopted this Resolution this \_\_\_\_ day of September, 2014.

**R F**

Richard F. Brunst, Jr.  
Agency Chairman

ATTEST:

Donna R. Weaver, Secretary

BOARD MEMBERS VOTING "AYE"

BOARD MEMBERS VOTING "NAY"

---

---

---

---

---

---

---

---

---

---

---

---

---

---

EXHIBIT A – LEGAL DESCRIPTION OF THE PROJECT AREA

DRAFT

EXHIBIT B – MAP OF THE PROJECT AREA

REF

EXHIBIT C: PROJECT AREA PLAN

DRAFT

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF OREM, UTAH APPROVING AN INTERLOCAL COOPERATION AGREEMENT BETWEEN THE AGENCY AND THE CITY OF OREM.**

**WHEREAS**, pursuant to the provisions of the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Interlocal Act"), and the provisions of Title 17C of the Utah Code as amended, known as the Limited Purpose Government Entities – Community Development and Renewal Agencies Act (the "CDRA Act"), public agencies, including political subdivisions of the State of Utah as therein defined, are authorized to enter into mutually advantageous agreements for joint and cooperative actions, including the sharing of tax and other revenues; and

**WHEREAS**, the Redevelopment Agency of the City of Orem, Utah (the "Agency") and the City of Orem (the "City") are "public agencies" for purposes of the Interlocal Act; and

**WHEREAS**, after careful analysis and consideration of relevant information, the Agency desires to enter into an Interlocal Agreement with the City whereby the City would remit to the Agency a portion of the property tax increment generated within the University Place Community Development Project Area (the "Project Area") which would otherwise flow to the City, for the purpose of encouraging development activities through the payment for certain public infrastructure, land assembly, and other uses that directly benefit the Project Area as permitted under the CDRA Act; and

**WHEREAS**, Section 11-13-202.5 of the Interlocal Act requires that certain Interlocal Agreements be approved by resolution of the legislative body of a public agency.

**THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF OREM, UTAH AS FOLLOWS:**

1. The Interlocal Cooperation Agreement between the Agency and the City, substantially in the form attached hereto as **Exhibit A** (the "Agreement"), is approved in substantially final form and shall be executed for and on behalf of the Agency by the Chair and countersigned by its Secretary.
2. Pursuant to Section 11-13-202.5 of the Interlocal Act, the Agreement has been submitted to legal counsel of the Agency for review and approval as to form and legality.
3. Pursuant to Section 11-13-209 of the Interlocal Act, a duly executed original counterpart of the Agreement shall be filed immediately with the Secretary, the keeper of records of the Agency.
4. The Agency is hereby directed to publish or cause to be published a notice of the Agreement in accordance with Section 11-13-219 of the Interlocal Act and make a copy of the



EXHIBIT A – INTERLOCAL AGREEMENT

DRAFT

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE APPROVING AND ADOPTING THE UNIVERSITY PLACE COMMUNITY DEVELOPMENT PROJECT AREA PLAN, AS APPROVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF OREM, UTAH, AS THE OFFICIAL COMMUNITY DEVELOPMENT PROJECT AREA PLAN FOR THE UNIVERSITY PLACE COMMUNITY DEVELOPMENT PROJECT AREA AND DIRECTING NOTICE OF SAID ADOPTION BE GIVEN AS REQUIRED BY STATUTE.

WHEREAS the City of Orem can best serve the needs of its residents and business owners by continuing to foster and support quality economic development within its borders. Development of the University Place Community Development Project Area will promote job growth and increase tax revenues which can then be used to benefit the public. Pursuant to Title 17C, Chapter 4 of the Utah Code, this Ordinance formally adopts the University Place Community Development Project Area Plan as approved by the Board of the Redevelopment Agency of the City of Orem, Utah.

WHEREAS, the Redevelopment Agency of the City of Orem, Utah (the "Agency") having prepared a draft Project Area Plan (the "Draft Plan") for the University Place Community Development Project Area pursuant to the Utah Community Development and Renewal Agencies Act (the "Act") as set forth in Title 17C, Chapter 4 of the Utah Code (as amended), and having held the required public hearing on the Draft Plan, has approved the proposed Draft Plan as the official Community Development Plan for the University Place Community Development Project Area; and

WHEREAS, Section 17C-4-105 of the Act mandates that before a community development project area plan approved by resolution of an agency may take effect, said plan must be adopted by ordinance of the legislative body of the community that created the agency; and

WHEREAS, the Act also requires that certain notice be given by the community legislative body upon its adoption of a community development project area plan;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, AS FOLLOWS:

1. The Orem City Council hereby adopts and designates the proposed University Place Community Development Project Area Plan (attached hereto as **Exhibit A** and incorporated herein by this reference), as approved by the Agency, as the official Community Development Plan for the University Place Community Development Project Area;
2. City staff is hereby authorized and directed to publish or cause to be published the notice required by Utah Code § 17C-4-106, substantially in the form attached hereto as **Exhibit B**, whereupon the University Place Community Development Project Area Plan shall become effective pursuant to Utah Code § 17C-4-106 ; and

3. Pursuant to Utah Code § 17C-3-107, the Agency may proceed to carry out the official University Place Community Development Project Area Plan as of the effective date of this ordinance.

EFFECTIVE DATE: This ordinance takes effect immediately upon publication and recording.

PASSED, APPROVED, AND ORDERED PUBLISHED this day of 2014.

**PASSED**

\_\_\_\_\_  
Richard Brunst, Mayor

ATTEST:

\_\_\_\_\_  
Donna R. Weaver, City Recorder

COUNCIL MEMBERS VOTING "AYE"

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

COUNCIL MEMBERS VOTING "NAY"

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

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY OF OREM, UTAH APPROVING AN INTERLOCAL COOPERATION AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF OREM, UTAH AND THE CITY OF OREM.

WHEREAS pursuant to the provisions of the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Interlocal Act"), and the provisions of Title 17C of the Utah Code as amended, known as the Limited Purpose Government Entities – Community Development and Renewal Agencies Act (the "CDRA Act"), public agencies, including political subdivisions of the State of Utah as therein defined, are authorized to enter into mutually advantageous agreements for joint and cooperative actions, including the sharing of tax and other revenues; and

WHEREAS the Redevelopment Agency of the City of Orem, Utah (the "Agency") and the City of Orem (the "City") are "public agencies" for purposes of the Interlocal Act; and

WHEREAS after careful analysis and consideration of relevant information, the City desires to enter into an Interlocal Agreement with the Agency whereby the City would remit to the Agency a portion of the property tax increment generated within the University Place Community Development Project Area, (the "Project Area") which would otherwise flow to the City, for the purpose of encouraging development activities through the payment for certain public infrastructure, land assembly, and other uses that directly benefit the Project Area as permitted under the CDRA Act; and

WHEREAS Section 11-13-202.5 of the Interlocal Act requires that certain Interlocal Agreements be approved by resolution of the legislative body of a public agency.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH AS FOLLOWS:

1. The Interlocal Cooperation Agreement between the City and the Agency, substantially in the form attached hereto as **Exhibit A** (the "Agreement"), is approved in substantially final form and shall be executed for and on behalf of the City by the Mayor.
2. Pursuant to Section 11-13-202.5 of the Interlocal Act, the Agreement has been submitted to legal counsel of the City for review and approval as to form and legality.
3. Pursuant to Section 11-13-209 of the Interlocal Act, a duly executed original counterpart of the Agreement shall be filed immediately with the City Recorder.
4. The City is hereby directed to publish or cause to be published a notice of the Agreement in accordance with Section 11-13-219 of the Interlocal Act and make a copy of the Agreement available for public inspection and copying at the City's offices during regular business hours for a period of at least 30 days following publication of the notice.

5. The Agreement shall be effective immediately upon execution.

6. This Resolution shall take effect upon adoption.

PASSED AND APPROVED this \_\_\_\_ day of September, 2014.

\_\_\_\_\_  
Richard F. Brunst, Jr.  
Mayor, City of Orem

ATTEST:

\_\_\_\_\_  
Donna R. Weaver, City Recorder

CITY COUNCIL MEMBERS VOTING "AYE"

CITY COUNCIL MEMBERS  
VOTING "NAY"

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

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

**EXHIBIT A – INTERLOCAL AGREEMENT**

**RRR**

**INTERLOCAL COOPERATION AGREEMENT**

THIS INTERLOCAL COOPERATION AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2014, by and between **THE REDEVELOPMENT AGENCY OF OREM CITY**, a community development and renewal agency and political subdivision of the State of Utah (the "Agency"), and **OREM CITY**, a political subdivision of the State of Utah (the "City") in contemplation of the following facts and circumstances:

A. **WHEREAS**, the Agency was created and organized pursuant to the provisions of the Utah Neighborhood Development Act, Utah Code Annotated ("UCA") §17A-2-1201 *et seq.* (2000), and continues to operate under the provisions of its extant successor statute, the Community Development and Renewal Agencies Act, Title 17C of the UCA (the "Act"), and is authorized and empowered under the Act to undertake, among other things, various community development activities pursuant to the Act, including, among other things, assisting the City in development activities that are likely to advance the policies, goals and objectives of the City's general plan, contributing to capital improvements which substantially benefit the City, creating economic benefits to the City, and improving the public health, safety and welfare of its citizens; and

B. **WHEREAS**, this Agreement is made pursuant to the provisions of the Act and the Interlocal Cooperation Act (UCA Title 11, Chapter 13) (the "Cooperation Act"); and

C. **WHEREAS**, the Agency has created the University Place Community Development Project Area (the "Project Area"), through the adoption of the University Place Community Development Project Area Plan (the "Project Area Plan"), located within the City, which Project Area is described in Exhibit "A" attached hereto and incorporated herein by this reference; and

D. **WHEREAS**, the Project Area contains the University Mall, which is anticipated to be revitalized, with encouragement and planning by the Agency, into residential, retail, hotel, and office uses. The Agency has not entered into any participation or development agreements with developers but anticipates that prior to development of the Project Area, the City and the Agency may enter into one or more Development/Participation Agreements with one or more developer(s) which will provide certain terms and conditions upon which the Project Area will be developed using, in part, increased property taxes, referred to as "Tax Increment" (as that term is defined in the Act), generated from the Project Area; and

E. **WHEREAS**, as explained further in the Plan, significant infrastructure improvements are needed, including structured parking, asphalt, sewer, sidewalk, curb and gutter, water, storm drain, and park/open space; and the City may assemble land within the Project Area to incentivize development activity and to promote higher and more beneficial uses of land within the Project Area; and

F. **WHEREAS**, historically, the Project Area has generated a total of \$1,590,821 per year in property taxes for the various taxing entities, including the City, Utah County (the "County"), Alpine School District (the "School District"), and other Special Service Districts ("SSD"); and

G. **WHEREAS**, upon full development as contemplated in the Project Area Plan, property taxes produced by the Project Area for the City, the County, the School District, and other SSDs are projected to total approximately \$6,510,910 per year; and

H. **WHEREAS**, the Agency has requested the City, the County, the School District, and other taxing entities to participate in the promotion of development in the Project Area by agreeing to remit to the Agency for a specified period of time specified portions of the increased property tax which will be generated by the Project Area; and

I. **WHEREAS**, it is in the best interest of the citizens of the City for the City to remit such payments to the Agency in order to permit the Agency to provide assistance as an incentive for the construction of the Project Area; and

J. **WHEREAS**, the Agency has retained Lewis Young Robertson & Burningham, Inc., an independent financial consulting firm with substantial experience regarding community development and tax increment projects across the State of Utah, to prepare the Project Area Plan and to provide a report regarding the need and justification for the remittance of tax increment revenues within the Project Area. A copy of the report is included in the Project Area Plan attached as Exhibit "B"; and

K. **WHEREAS**, the Agency has also prepared the University Place Community Development Project Area Budget (the "Project Area Budget"), a copy of which is attached as Exhibit "C", which Project Area Budget, generally speaking, outlines the anticipated generation, payment and use of Tax Increment within the Project Area;

L. **WHEREAS**, the parties desire to set forth in writing their agreements regarding the nature and timing of such assistance;

NOW, THEREFORE, the parties agree as follows:

1. **Additional Tax Revenue.** The City has determined that significant additional property tax revenue (*i.e.*, Tax Increment) will likely be generated by the development of the Project Area as described in further detail in the Project Area Plan and Project Area Budget. Each of the parties acknowledge, however, that the development activity required for the generation of the Tax Increment is not likely to occur within the foreseeable future or to the degree possible or desired without Tax Increment participation in order to induce and encourage such development activity.

2. **Offset of Development Costs and Expenses.** The City has determined that it is in the best interests of its citizens to pay specified portions of the Tax Increment to the Agency in order for the Agency to offset costs and expenses which will be incurred by Agency in the construction and installation of infrastructure improvements and other development related costs needed to serve the Project Area, to the extent permitted by the Act, as amended from time to time.

3. **Base Year and Base Year Value.** The base year, for purposes of calculation of the Base Taxable Value (as that term is defined in the Act), shall be 2013, meaning the Base Taxable Value shall, to the extent and in the manner defined by the Act, be equal to the equalized taxable value shown on the 2013 Utah County assessment rolls for all property located within the Project Area (which is currently estimated to be \$129,187,998, but is subject to final adjustment and verification by the County and Agency).

4. **Agreement with Developers.** The Agency is authorized to enter into one or more agreements with developers which may provide for the payment of certain amounts of Tax Increment to the Developer based upon the Developer's meeting of certain performance measures as outlined in said agreement. Such agreement shall be consistent with the terms and conditions of this Agreement, shall require as a condition of the payment to the Developer that the Developer, or its approved successors in title as owners of the Property, shall pay any and all taxes and assessments which shall be assessed against the Property in accordance with levies made by applicable municipal entities in accordance with the laws of the state of Utah applicable to such levies.

5. **Payment Trigger.** The first year ("Year One") of payment of Tax Increment from the City to the Agency shall be determined by the Agency, but shall be no later than 2018. Each subsequent year, beginning with the first year after Year One, shall be defined in sequence as Year Two through Year Twenty.

6. **Total Payment to Agency.** The City shall remit to the Agency, beginning with property tax receipts in Year One, and continuing through Year Twenty, 75% of the annual Tax Increment generated from the Project Area. The County is authorized and instructed to pay all of the Tax Increment to the Agency annually, and the Agency will then distribute to the City the City's 25% portion of the Tax Increment, and the Agency will retain the 75% balance.

7. **Property Tax Increase.** This Agreement provides for the payment of the increase in real and personal property taxes collected from the Project Area by the County acting as the tax collection agency for the City. Real and personal property taxes which are the subject of this Agreement shall not include taxes collected from the Project Area by the County, acting in its capacity as the tax collection agency for the City, which are to be paid to or utilized by abatement districts, special service or improvement districts or other entities for which the County acts as the tax collection agency, nor shall it include any component of real property taxes retained by the County as payment for costs incurred in the collection of real property taxes for itself or other applicable agencies. It is expressly understood that the real property taxes which are the subject of this Agreement are only those real and personal property taxes actually collected by the County from the Project Area.

8. **No Independent Duty.** The City shall be responsible to remit to the Agency only Tax Increment actually received by the County. The City shall have no independent duty to pay any amount to the Agency other than the Tax Increment actually received by the City on an annual basis from and including Year One through and including Year Twenty.

9. **Authority to Bind.** Each individual executing this Agreement represents and warrants that such person is authorized to do so, and, that upon executing this Agreement, this Agreement shall be binding and enforceable in accordance with its terms upon the party for whom such person is acting.

10. **Further Documents and Acts.** Each of the parties hereto agrees to cooperate in good faith with the others, and to execute and deliver such further documents and perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions contemplated under this Agreement.

11. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered to an officer or duly authorized representative of the other party in person or by Federal Express, private commercial delivery or courier service for next business day delivery, or by United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to City:  
Orem City  
Attn: City Council  
56 N. State Street  
Orem, UT 84057  
Facsimile: (801) 229-7031

If to Agency:  
Redevelopment Agency of Orem City  
Attn: Agency Board  
56 N. State Street  
Orem, UT 84057  
Facsimile: (801) 229-7031

Any party may from time to time, by written notice to the others as provided above, designate a different address which shall be substituted for that specified above. Notice sent by mail shall be deemed served or

delivered seventy-two (72) hours after mailing. Notice by any other method shall be deemed served or delivered upon actual receipt at the address or facsimile number listed above. Delivery of courtesy copies noted above shall be as a courtesy only and failure of any party to give or receive a courtesy copy shall not be deemed to be a failure to provide notice otherwise properly delivered to a party to this Agreement.

12. **Entire Agreement.** This Agreement is the final expression of and contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein.

13. **No Third Party Benefit.** The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto. There are no intended third party beneficiaries to this Agreement.

14. **Construction.** Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to paragraphs and subparagraphs are to this Agreement. In the event the date on which any of the parties is required to take any action under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day.

15. **Partial Invalidity.** If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

16. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing executed by each of the parties hereto.

17. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

18. **Waivers.** No waiver of any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

19. **Governing Law.** This Agreement and the exhibits attached hereto shall be governed by and construed under the laws of the State of Utah. In the event of any dispute hereunder, it is agreed that the sole and exclusive venue shall be in a court of competent jurisdiction in Utah County, Utah, and the parties hereto agree to submit to the jurisdiction of such court.

20. **Declaration of Invalidity.** In the event that a court of competent jurisdiction declares that the County cannot pay and/or that the Agency cannot receive payments of the Project Area Property Tax, declares that the Agency cannot pay the Project Area Property Tax to developers, or takes any other action which has the effect of eliminating or reducing the payments of Project Area Property Tax received by the Agency, the Agency's obligation to pay the Project Property Tax Payments to developers shall be reduced or

eliminated accordingly, the Agency, and the City shall take such steps as are reasonably required to not permit the payment and/or receipt of the Property Tax to be declared invalid.

21. **No Separate Legal Entity.** No separate legal entity is created by this Agreement.
22. **Duration.** This Agreement shall terminate after the final payment of Tax Increment to the Agency for Year Twenty.
23. **Assignment.** No party may assign its rights, duties or obligations under this Agreement without the prior written consent first being obtained from all parties. Notwithstanding the foregoing, such consent shall not be unreasonably withheld or delayed so long as the assignee thereof shall be reasonably expected to be able to perform the duties and obligations being assigned.
24. **Termination.** Upon any termination of this Agreement resulting from the uncured default of any party, the order of any court of competent jurisdiction or termination as a result of any legislative action requiring such termination, then any funds held by the Agency and for which the Agency shall not be required to disburse to developers in accordance with the agreements which govern such disbursement, then such funds shall be returned to the party originally remitting same to the Agency and upon such return this Agreement shall be deemed terminated and of no further force or effect.
25. **Interlocal Cooperation Act.** In satisfaction of the requirements of the Cooperation Act in connection with this Agreement, the Parties agree as follows:
  - a. This Agreement shall be authorized and adopted by resolution of the legislative body of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Cooperation Act;
  - b. This Agreement shall be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of each Party pursuant to and in accordance with the provisions of Section 11-13-202.5(3) of the Cooperation Act;
  - c. A duly executed original counterpart of this Agreement shall be filed immediately with the keeper of records of each Party pursuant to Section 11-13-209 of the Cooperation Act;
  - d. The Chair of the Agency is hereby designated the administrator for all purposes of the Cooperation Act, pursuant to Section 11-13-207 of the Cooperation Act; and
  - e. Should a party to this Agreement desire to terminate this Agreement, in part or in whole, each party to the Agreement must adopt, by resolution, an amended Interlocal Cooperation Agreement stating the reasons for such termination. Any such amended Interlocal Cooperation Agreement must be in harmony with any development/participation agreement(s) entered into by the Agency as described in this Agreement.
  - f. Immediately after execution of this Agreement by both Parties, each of the Parties shall cause to be published notice regarding this Agreement pursuant to Section 11-13-219 of the Cooperation Act.
  - g. This Agreement makes no provision for the parties acquiring, holding and disposing of real and personal property used in the joint undertaking as such action is not contemplated as part of this Agreement nor part of the undertaking. Any such provision would be outside the parameters of the current undertaking. However, to the extent that this Agreement may be construed as providing for the acquisition, holding or disposing of real and/or personal property, all such property shall be owned by the Agency upon termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day specified above.

City: OREM CITY

Attest:

By: \_\_\_\_\_

Richard Brunst  
Its: Mayor

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

Approved as to form:

\_\_\_\_\_  
Attorney for Orem City

Agency: REDEVELOPMENT AGENCY OF OREM CITY

Attest:

By: \_\_\_\_\_

Richard Brunst  
Its: Chair

\_\_\_\_\_  
Secretary

Approved as to form:

\_\_\_\_\_  
Attorney for Agency

RR

**EXHIBIT "A"**  
**to**  
**INTERLOCAL AGREEMENT**

Legal Description of Project

An area of real property located in the NE Quarter of Section 26 and the SE Quarter of Section 23, T. 6 S. R. 2 E. S.L.B. & M., more particularly described as follows:

Commencing at a point which is S. 89°18'03" E. 142.38 feet along the Section Line and from the North 1/4 Corner of Section 26, T. 6 S., R. 2 E., S.L.B. & M. to the point of beginning, (which point is +/- on the Westerly Right of Way Line of State Street); thence along said Westerly Right of Way Line S. 18°29'52" E, 582.92 feet to the Northerly Right of Way Line +/- of University Parkway; thence along said Northerly Right of Way Line for the next eight calls, N. 88°20'55" E. 489.31 feet; thence S 89°21'02" E. 315.94 feet; thence along a Curve to the Right, the Radius is 766.62 feet, the Arc Length is 177.24 feet, the Chord Bearing is S. 86°40'38" E. the Chord Length is 176.85 feet; thence along a Compound Curve to the Right, the Radius is 10889.46 feet, the Arc Length is 265.96 feet, the Chord Bearing is S. 81°07'54" E. the Chord Length is 265.95 feet; thence S. 78°55'57" E. 202.90 feet; thence along a Curve to the Left, the Radius is 3599.59 feet, the Arc Length is 484.04 feet, the Chord Bearing is S. 81°28'08" E. the Chord Length is 483.68 feet; thence S. 89°21'22" E. 339.25 feet; thence along a curve to the Left, the Radius is 33.72 feet, the Arc Length is 51.39 feet, the Chord Bearing is N. 43°36'28" E. the Chord Length is 46.56 feet; thence along the Westerly side of 800 East Street for the next five calls, N. 0°02'59" E. 981.25 feet; thence West 15.02 feet; thence N. 3°35'49" W. 339.03 feet; thence East 35.20 feet; thence N. 0°23'52" W. 1938.15 feet; thence along the Southerly Right of Way Line +/- of 800 South for the next three calls, N. 88°49'10" W. 602.03 feet; thence S. 30°13'24" W. 25.21 feet; thence West 696.26 feet; thence South 133.07 feet; thence West 176.56 feet; thence South 326.41 feet; thence East 95.74 feet; thence South 219.18 feet; thence West 14.74 feet; thence South 81.45 feet; thence West 56.34 feet; thence S. 54'18" W. 277.32 feet; thence West 38.62 feet; thence South 97.40 feet; thence S. 83°14'59" E. 119.41 feet; thence South 90.25 feet; thence S. 85°48'17" E. 26.30 feet; thence S. 0°45'03" W. 685.85 feet; thence N. 89°17'31" W. 773.46 feet; thence N. 0°27'31" W. 7.77 feet; thence N. 88°59'39" W. 33.40 feet; thence N. 0°44'23" W. 53.42 feet; thence N. 89°22'23" W. 111.23 feet; thence S. 0°58'02" W. 203.19 feet; thence N. 88°44'39" W. 344.36 feet to the Easterly Right of Way Line +/- of State Street; thence S. 18°25'51" E. 554.20 feet along said Right of Way Line to the point of beginning.

Containing 133.6 Acres more or less.

**EXHIBIT "B"**  
**To**  
**INTERLOCAL AGREEMENT**

Project Area Plan

**DRAFT**

**EXHIBIT "C"**  
**To**  
**INTERLOCAL AGREEMENT**

Project Area Budget

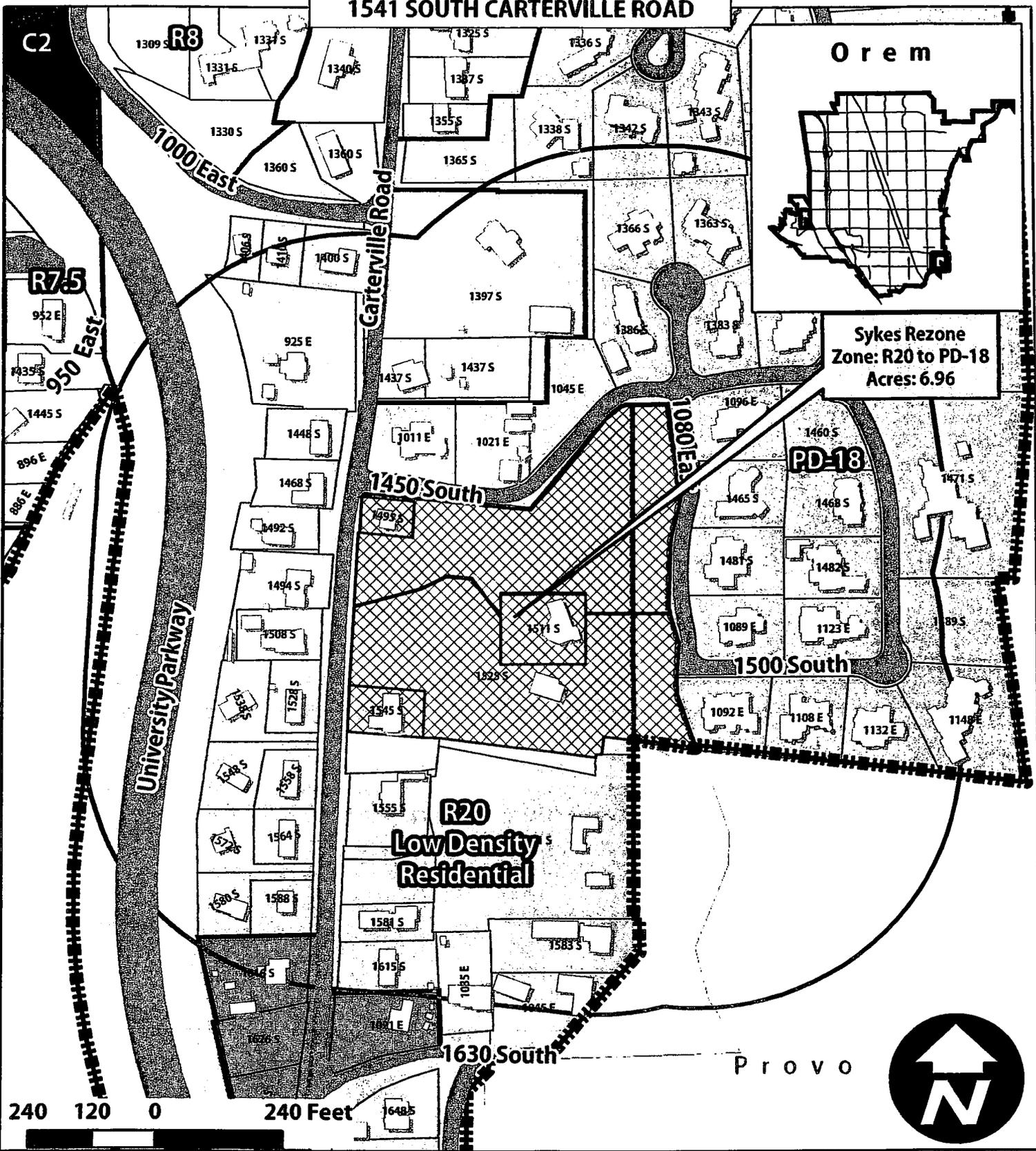
RRR

## **Items to be considered on September 23, 2014**

1. **Sykes Rezone** – 1541 South Carterville Road – Rezoning 6.96 acres from the R20 zone to the PD-18 zone.
2. **Verizon Wireless Monopole Cell Tower** – 1545 South State Street – Conditional Use Permit for a 110 foot tall tower with a 293 square foot equipment shelter.
3. **PD-33 Zone (Transit Oriented Development – 800 Geneva Road)** – Amending Section 22-14-16(G)(4) by changing the minimum lot size from 3 acres to 1.5 acres.

# Sykes Rezone

1541 SOUTH CARTERVILLE ROAD



Orem

Sykes Rezone  
Zone: R20 to PD-18  
Acres: 6.96

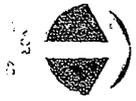
240 120 0 240 Feet



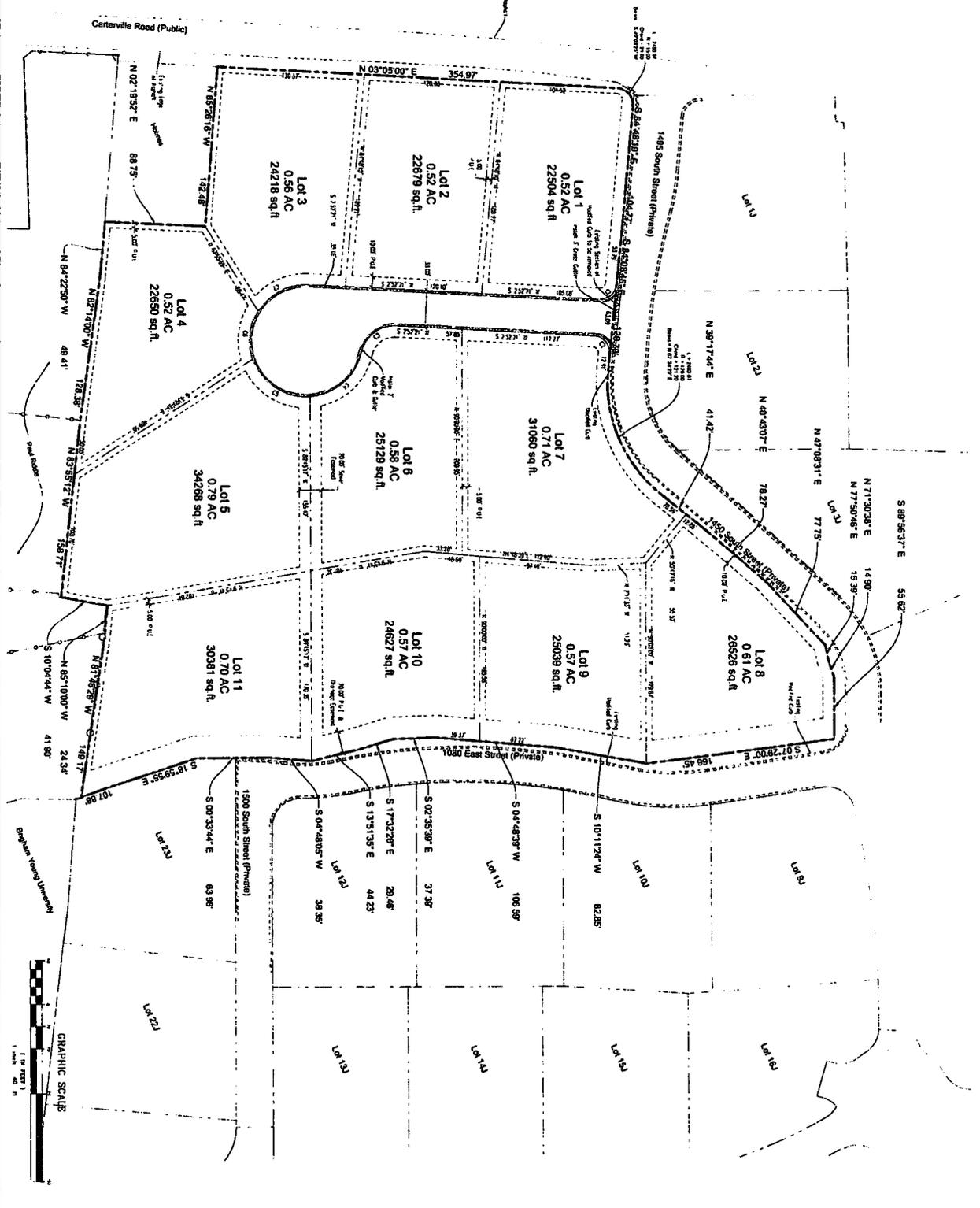
◆ Sykes Rezone:  
R20 to PD-18 Zone; 6.96 Acres

**NIA CONTACT:**  
Hillcrest Neighborhood  
Dewon Holt

- Legend**
- Buildings
  - Sykes Rezone
  - Notification Boundary
  - Parcels



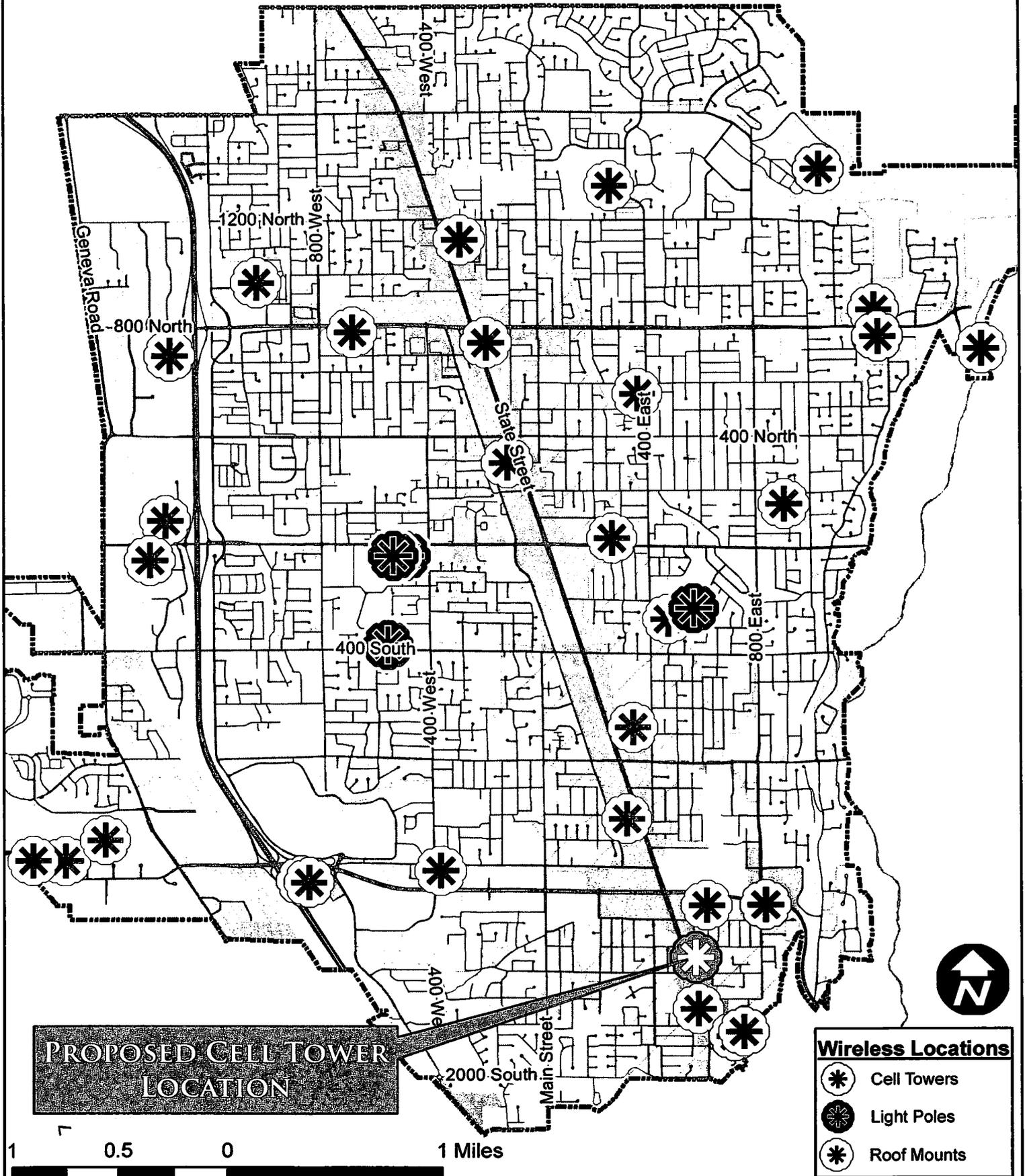
**Know what's below.**  
**Call 811 before you dig.**  
 CALLER SERVICE OF OREGON  
 www.calleroregon.com  
 1-800-465-4111

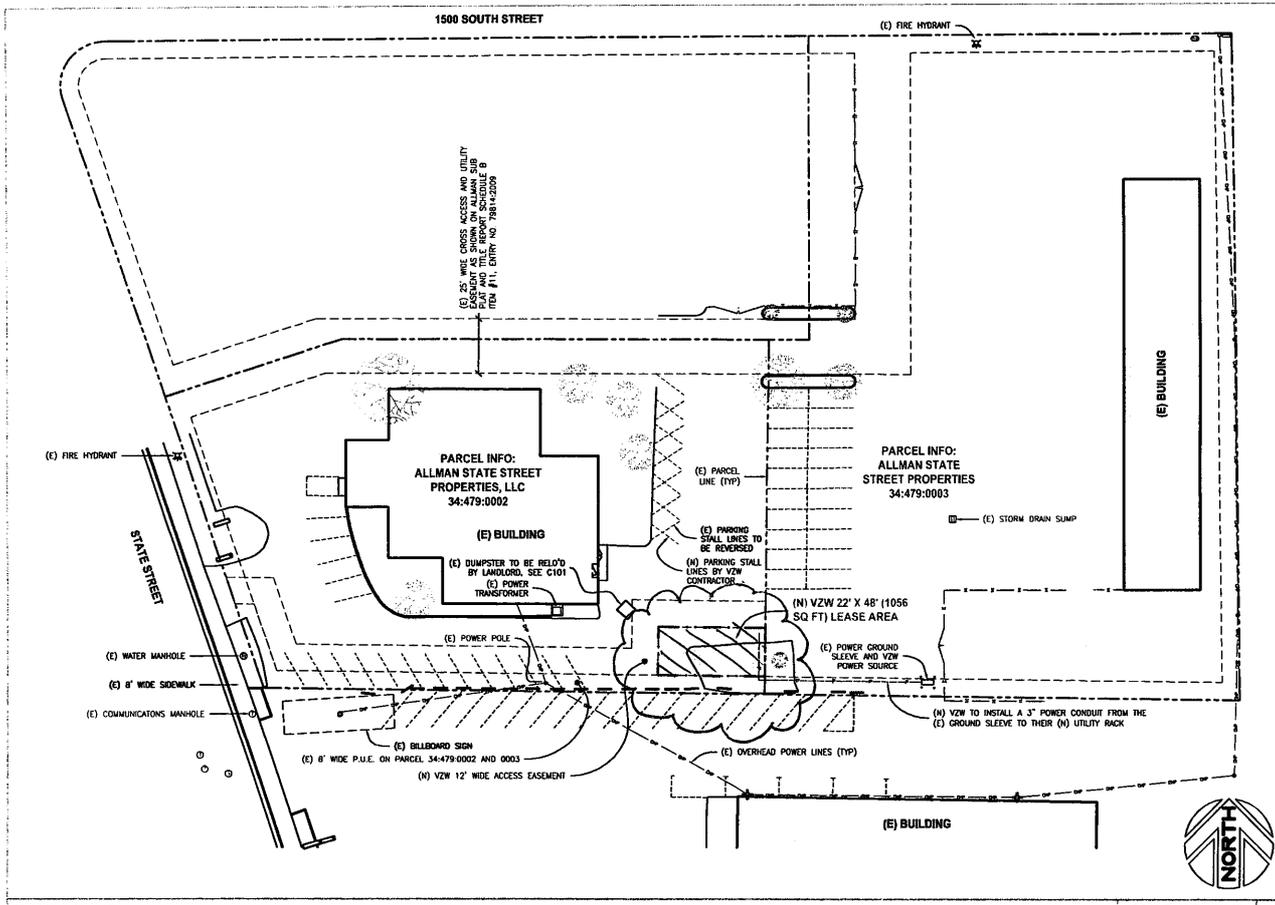


Sheet No. <b>C-2</b>	Date 8-18-2014 Scale 1" = 40' BHPT 1-12085	Revisions _____ _____ _____	Berkshires Phase II <b>Preliminary Plat</b> Orem City, Utah	<b>DUDLEY AND ASSOCIATES</b> ENGINEERS PLANNERS SURVEYORS 353 EAST 1200 SOUTH, OREM, UTAH 801-224-1252
		_____ _____ _____		

By  
**RECEIVED**  
 AUG 18 2014  
 CITY OF OREM

# WIRELESS LOCATIONS





**verizon  
wireless**

VERIZON WIRELESS  
8854 SOUTH PROSPERITY ROAD  
WEST JORDAN, UTAH 84095

**TARC**

Technology Associates Engineering Corporation Inc.  
TECHNOLOGY ASSOCIATES

UTAH MARKET OFFICE  
6710 SOUTH GREEN STREET  
SALT LAKE CITY, UTAH 84123

CORPORATE OFFICE  
3115 SOUTH WEDGE DRING SUITE #110  
COLUMBIA, CALIFORNIA 95710

DRAWN BY: JWC  
CHECKED BY: PETE S

REV	DATE	DESCRIPTION
1	08.07.2014	REVISIONS PER CITY
0	01.23.2014	ZONING ORDINANCES

PRO - REPAIR SHOP  
NE SEC 26, T15S, R22E  
1545 SOUTH STATE ST  
OREM, UTAH 84097  
--- RAWLAND SITE ---

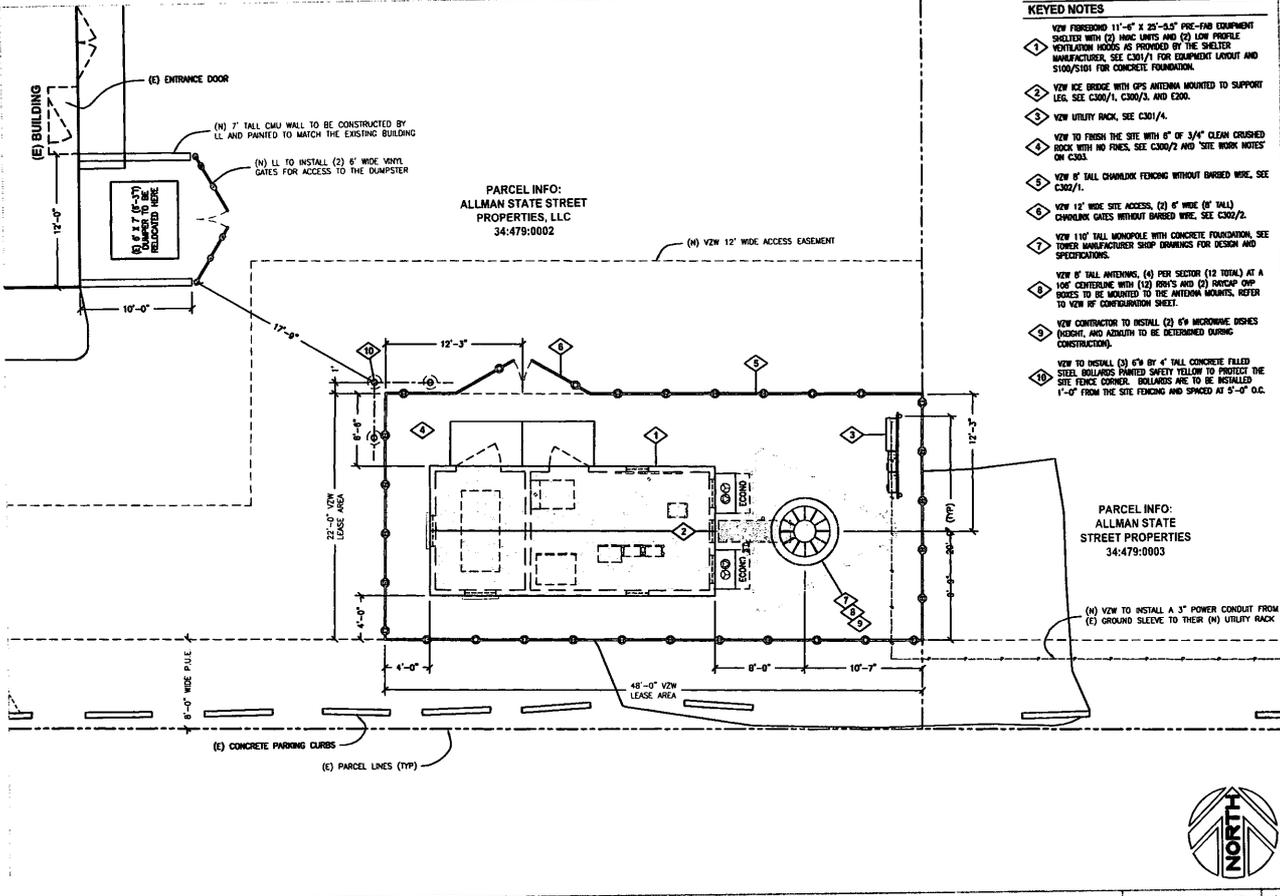
SHEET TITLE  
**OVERALL SITE PLAN**

SHEET NUMBER  
**C100**

OVERALL SITE PLAN

SCALE: 1/4" = 10'-0" 1

1545 South State Street



PARCEL INFO:  
ALLMAN STATE STREET  
PROPERTIES, LLC  
34:479:0002

PARCEL INFO:  
ALLMAN STATE  
STREET PROPERTIES  
34:479:0003

**KEYED NOTES**

- 1 VZW FIBERCORD 11'-0" X 20'-0.5" PVC-FIB EQUIPMENT SHELTER WITH (2) HANG UNITS AND (2) LOW PROFILE VENTILATION HOODS AS PROVIDED BY THE SHELTER MANUFACTURER. SEE C301/1 FOR EQUIPMENT LAYOUT AND S100/S101 FOR CONCRETE FOUNDATION.
- 2 VZW ICE BRIDGE WITH GPS ANTENNA MOUNTED TO SUPPORT LEG. SEE C300/1, C300/3, AND E200.
- 3 VZW UTILITY RACK, SEE C301/4.
- 4 VZW TO FINISH THE SITE WITH 6" OF 3/4" CLEAN CRUSHED ROCK WITH NO FINES, SEE C300/2 AND "SITE WORK NOTES" BY C301.
- 5 VZW 6' TALL CHAINLINK FENCING WITHOUT BARBED WIRE, SEE C302/1.
- 6 VZW 12' WIDE SITE ACCESS, (2) 6' WIDE (6' TALL) CHAINLINK GATES WITHOUT BARBED WIRE, SEE C302/2.
- 7 VZW 11' TALL MONOPILE WITH CONCRETE FOUNDATION, SEE TOWER MANUFACTURER SHOP DRAWINGS FOR DESIGN AND SPECIFICATIONS.
- 8 VZW 6' TALL ANTENNAS, (4) PER SECTION (13 TOTAL) AT A 100' CENTERLINE WITH (1)2 BOSS'S AND (2) BRICK ON BOXES TO BE MOUNTED TO THE ANTENNA MOUNTS, REFER TO VZW RF CONFIGURATION SHEET.
- 9 VZW CONTRACTOR TO INSTALL (2) 6" MICROWAVE DISHES (ROOFIE, AND ADJUTIN) TO BE DETERMINED DURING CONSTRUCTION).
- 10 VZW TO INSTALL (3) 6" BY 4" TALL CONCRETE FILLED STEEL BOLLARDS PAINTED SAFETY YELLOW TO PROTECT THE SITE FENCE CORNER. BOLLARDS ARE TO BE INSTALLED 1'-0" FROM THE SITE FENCING AND SPACED AT 5'-0" O.C.



VERIZON WIRELESS  
1600 SOUTH HIGHTOWER ROAD  
WEST JORDAN, UTAH 84086

**TAEC**  
Technology Associates Engineering Corporation Inc.  
TECHNOLOGY ASSOCIATES

UTAH MARKET OFFICE  
5750 SOUTH GREEN HERRICK  
SALT LAKE CITY, UTAH 84133

CORPORATE OFFICE  
3115 SOUTH MELISSA DRIVE, SUITE #110  
CHESBRO, CALIFORNIA 92510

DRAWN BY: JULY C  
CHECKED BY: PETER S

1 05.07.2014 REVISIONS PER CITY  
0 01.03.2014 ZONING DRAWINGS  
NEW DATE DESCRIPTION

PRO - REPAIR SHOP  
NE SEC 26, T8S, R2E  
1545 SOUTH STATE ST  
OREM, UTAH 84097  
--- RAWLAND SITE ---



SHEET TITLE  
ENLARGED SITE PLAN

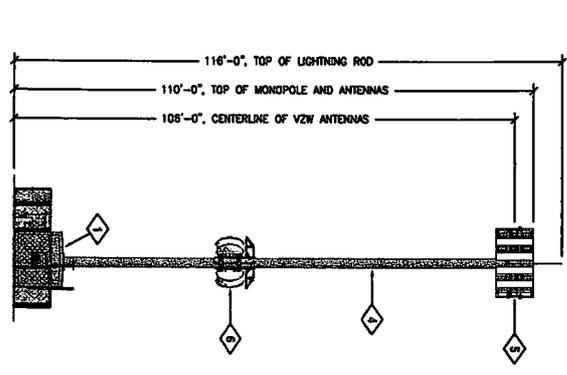
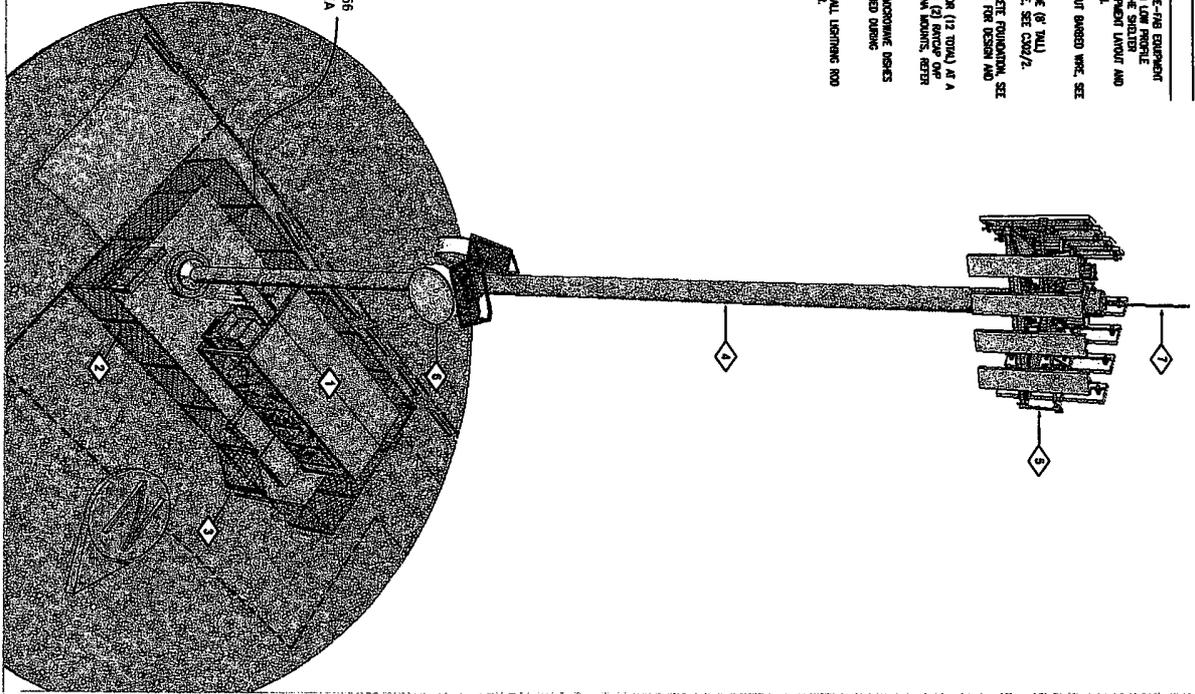
SHEET NUMBER  
**C101**

ENLARGED SITE PLAN

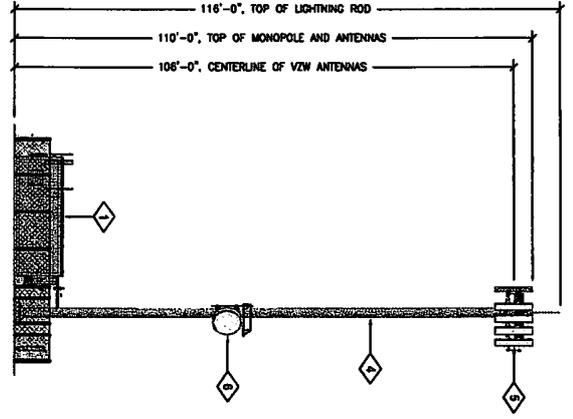
SCALE: 1/8" = 1'-0" 1

**KEYED NOTES**

- VIEW 100: 11'-0" TALL MONOPOLE WITH CONCRETE FOUNDATION. SEE TOWER MANUFACTURER SHOP DRAWINGS FOR DESIGN AND SPECIFICATIONS.
- VIEW 101: TALL MONOPOLE WITH CONCRETE FOUNDATION. SEE TOWER MANUFACTURER SHOP DRAWINGS FOR DESIGN AND SPECIFICATIONS.
- VIEW 102: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/1.
- VIEW 103: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/2.
- VIEW 104: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/3.
- VIEW 105: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/4.
- VIEW 106: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/5.
- VIEW 107: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/6.
- VIEW 108: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/7.
- VIEW 109: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/8.
- VIEW 110: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/9.
- VIEW 111: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/10.
- VIEW 112: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/11.
- VIEW 113: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/12.
- VIEW 114: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/13.
- VIEW 115: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/14.
- VIEW 116: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/15.
- VIEW 117: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/16.
- VIEW 118: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/17.
- VIEW 119: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/18.
- VIEW 120: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/19.
- VIEW 121: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/20.
- VIEW 122: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/21.
- VIEW 123: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/22.
- VIEW 124: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/23.
- VIEW 125: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/24.
- VIEW 126: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/25.
- VIEW 127: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/26.
- VIEW 128: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/27.
- VIEW 129: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/28.
- VIEW 130: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/29.
- VIEW 131: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/30.
- VIEW 132: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/31.
- VIEW 133: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/32.
- VIEW 134: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/33.
- VIEW 135: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/34.
- VIEW 136: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/35.
- VIEW 137: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/36.
- VIEW 138: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/37.
- VIEW 139: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/38.
- VIEW 140: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/39.
- VIEW 141: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/40.
- VIEW 142: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/41.
- VIEW 143: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/42.
- VIEW 144: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/43.
- VIEW 145: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/44.
- VIEW 146: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/45.
- VIEW 147: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/46.
- VIEW 148: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/47.
- VIEW 149: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/48.
- VIEW 150: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/49.
- VIEW 151: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/50.
- VIEW 152: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/51.
- VIEW 153: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/52.
- VIEW 154: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/53.
- VIEW 155: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/54.
- VIEW 156: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/55.
- VIEW 157: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/56.
- VIEW 158: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/57.
- VIEW 159: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/58.
- VIEW 160: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/59.
- VIEW 161: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/60.
- VIEW 162: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/61.
- VIEW 163: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/62.
- VIEW 164: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/63.
- VIEW 165: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/64.
- VIEW 166: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/65.
- VIEW 167: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/66.
- VIEW 168: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/67.
- VIEW 169: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/68.
- VIEW 170: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/69.
- VIEW 171: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/70.
- VIEW 172: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/71.
- VIEW 173: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/72.
- VIEW 174: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/73.
- VIEW 175: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/74.
- VIEW 176: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/75.
- VIEW 177: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/76.
- VIEW 178: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/77.
- VIEW 179: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/78.
- VIEW 180: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/79.
- VIEW 181: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/80.
- VIEW 182: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/81.
- VIEW 183: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/82.
- VIEW 184: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/83.
- VIEW 185: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/84.
- VIEW 186: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/85.
- VIEW 187: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/86.
- VIEW 188: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/87.
- VIEW 189: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/88.
- VIEW 190: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/89.
- VIEW 191: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/90.
- VIEW 192: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/91.
- VIEW 193: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/92.
- VIEW 194: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/93.
- VIEW 195: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/94.
- VIEW 196: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/95.
- VIEW 197: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/96.
- VIEW 198: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/97.
- VIEW 199: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/98.
- VIEW 200: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/99.
- VIEW 201: 12" WIDE GATES WITHOUT BARBED WIRE. SEE C200/100.



SITE ELEVATION  
LOOKING EAST



SITE ELEVATION  
LOOKING NORTH

**verizon**  
wireless  
VERIZON WIRELESS  
500 S. SOUTH UNIVERSITY BLVD  
WEST DES MOINES, IOWA 50309

**TARC**  
Technology Associates  
UTAH MARKET OFFICE  
300 S. WEST 2ND ST. 2ND FLOOR  
SALT LAKE CITY, UT 84101

CORPORATE OFFICE  
3118 SOUTH WINDYBROOK DRIVE, SUITE #110  
OREM, UTAH 84057

DESIGNED BY: JWC  
CHECKED BY: PFC  
DATE: 01/20/14

1 01/20/14 KENSUNG FOR CITY  
0 01/20/14 JONAS DRAWINGS  
REV DATE DESCRIPTION

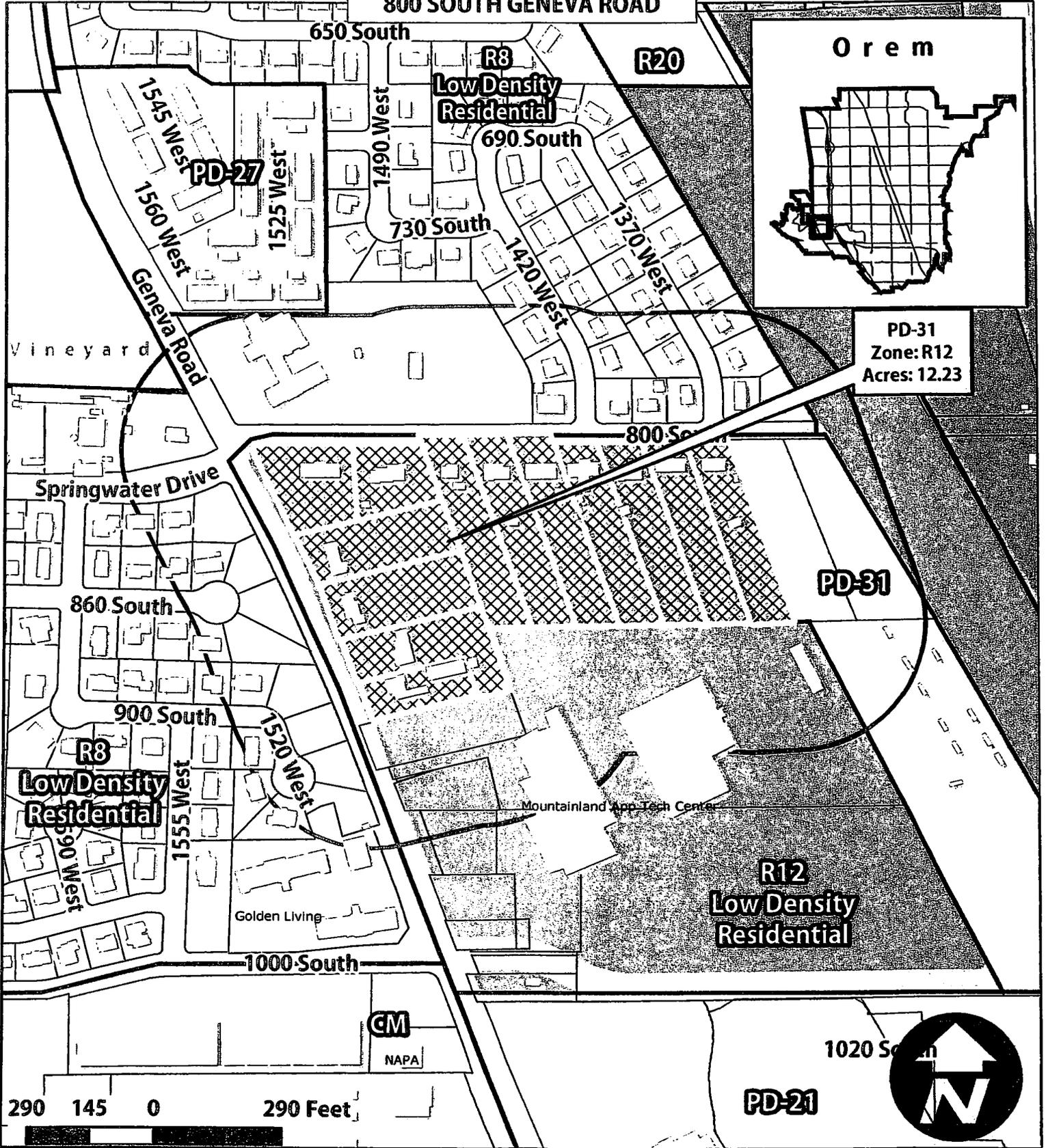
PRO - REPAIR SHOP  
NE SEC 28, T8S, R2E  
1545 SOUTH STATE ST  
ORFEL, UTAH 84097  
--- RAYLAND SITE ---

SHEET TITLE  
SITE ELEVATIONS  
SHEET NUMBER  
**C200**

SITE ELEVATION  
SOUTHWEST VIEW

# PD-33 Rezone

800 SOUTH GENEVA ROAD



◆ PD-31 Rezone;  
R12 Zone; 12.23 Acres.

**NIA CONTACT:**  
Sunset Heights  
West

- Legend**
- Buildings
  - PD-31 Intermodal
  - Notification Boundary
  - Parcels

PD-33 Zone (Transit Oriented Development – 800 South Geneva Road)

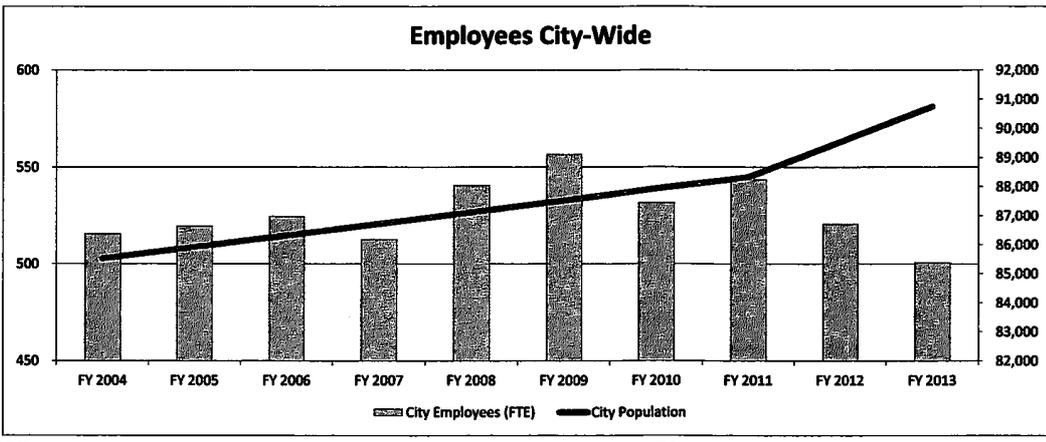
Section 22-14-16(G)

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.

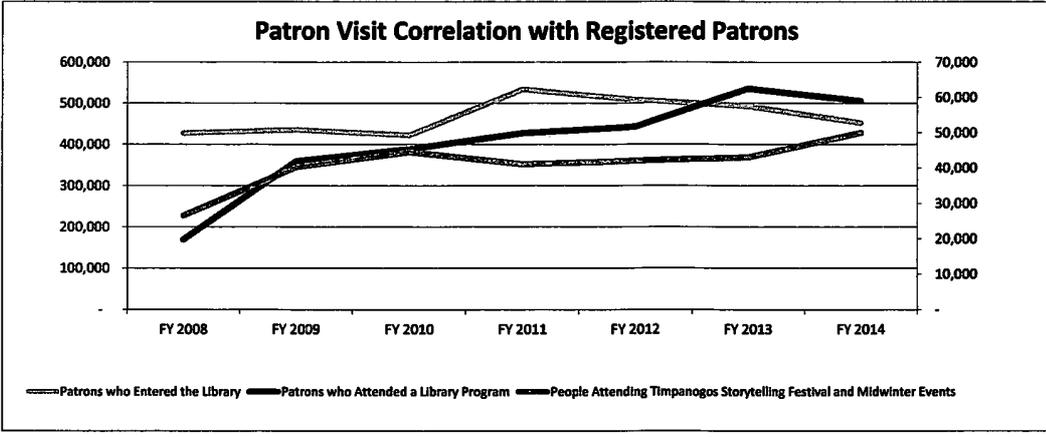


# Orem Level of Service History

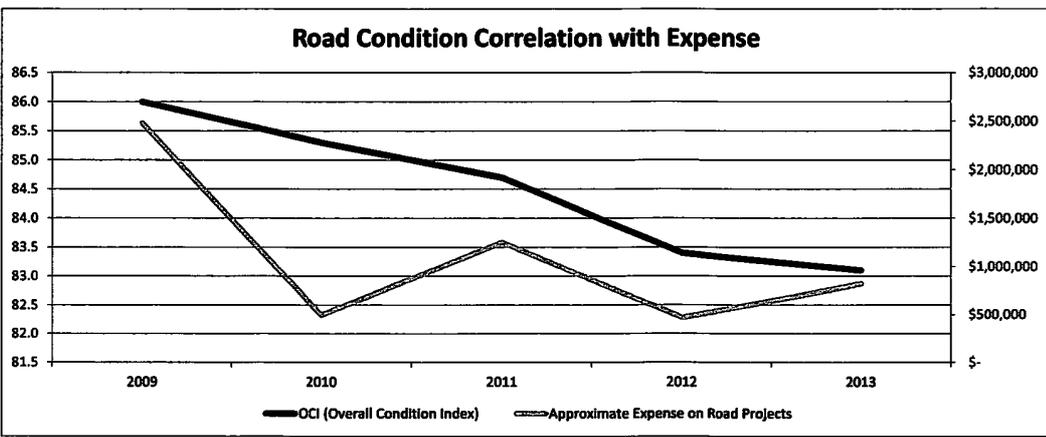
## City in General



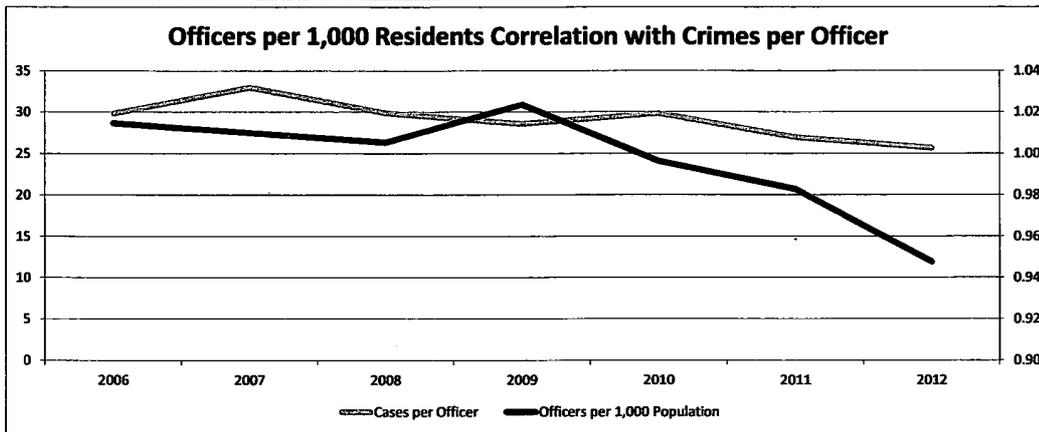
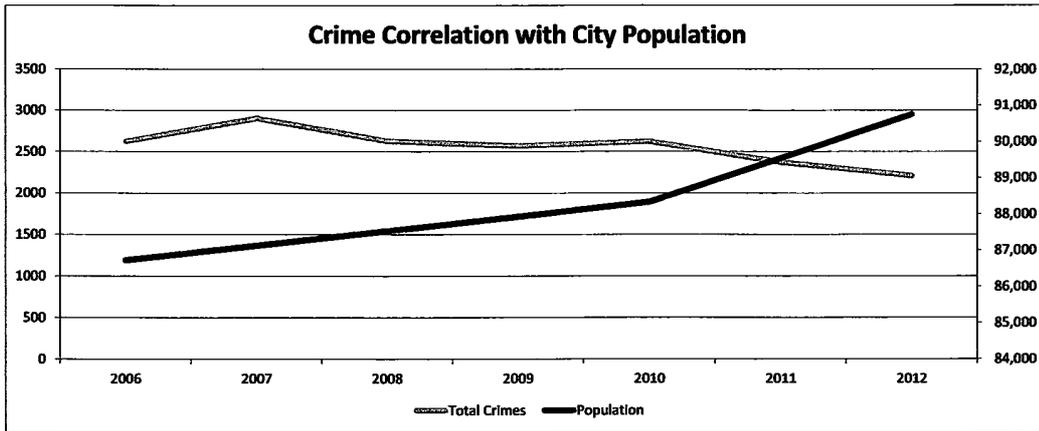
## Library



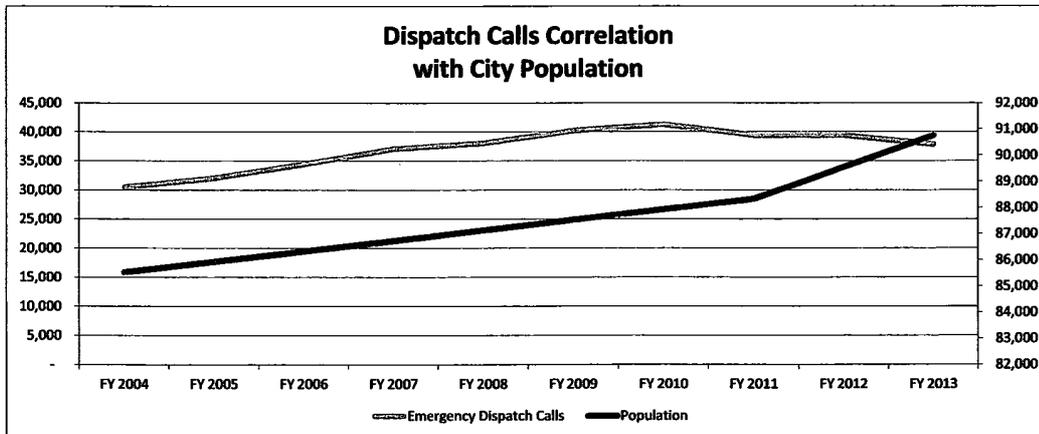
## Streets



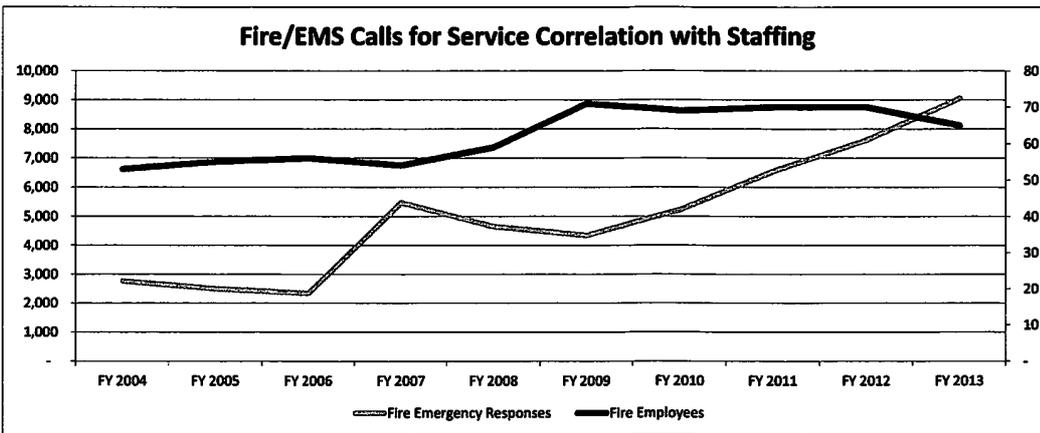
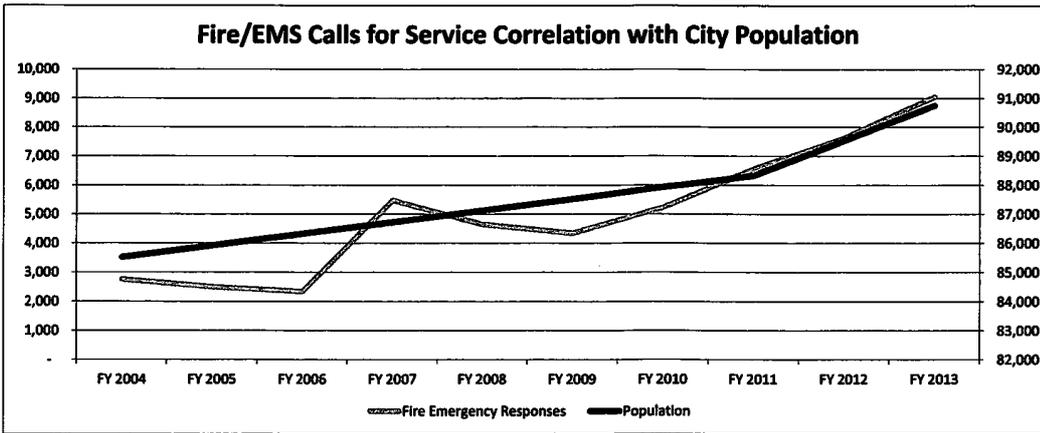
Police



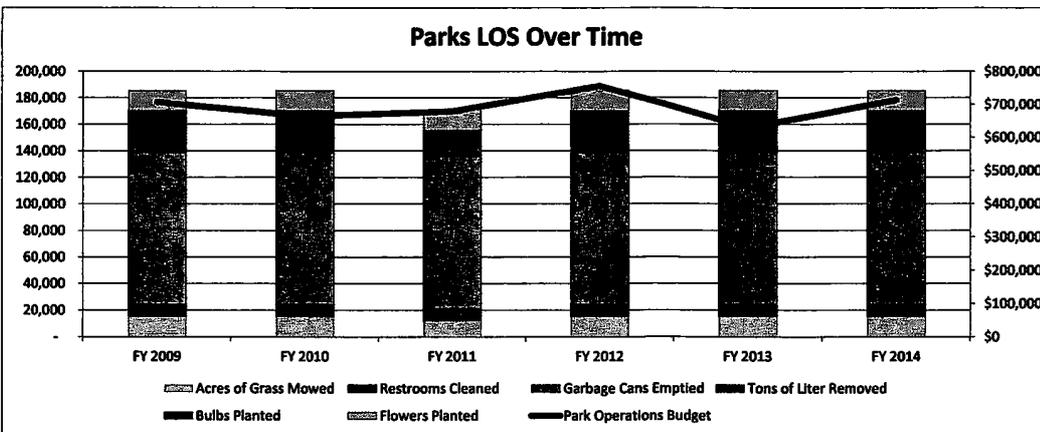
Dispatch

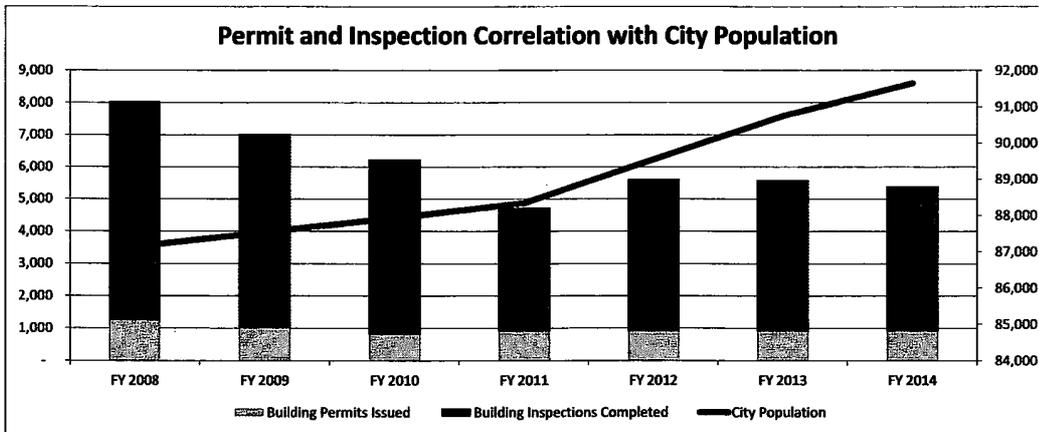
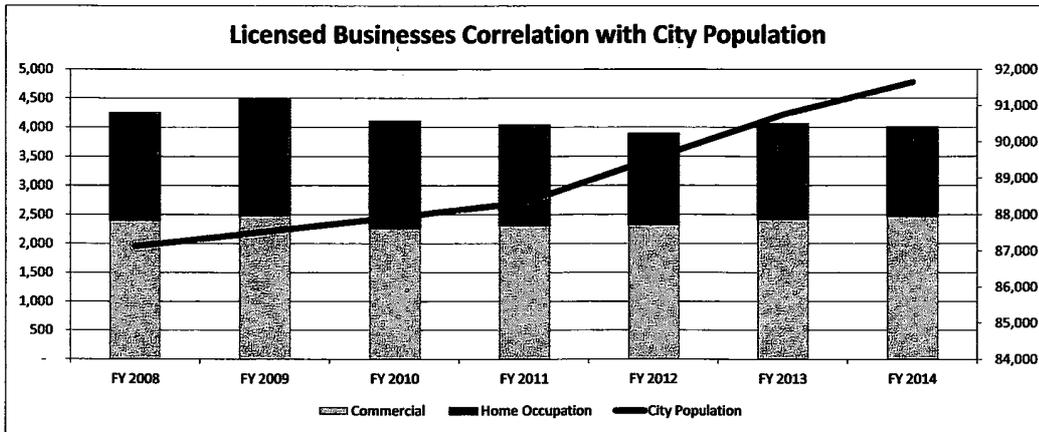
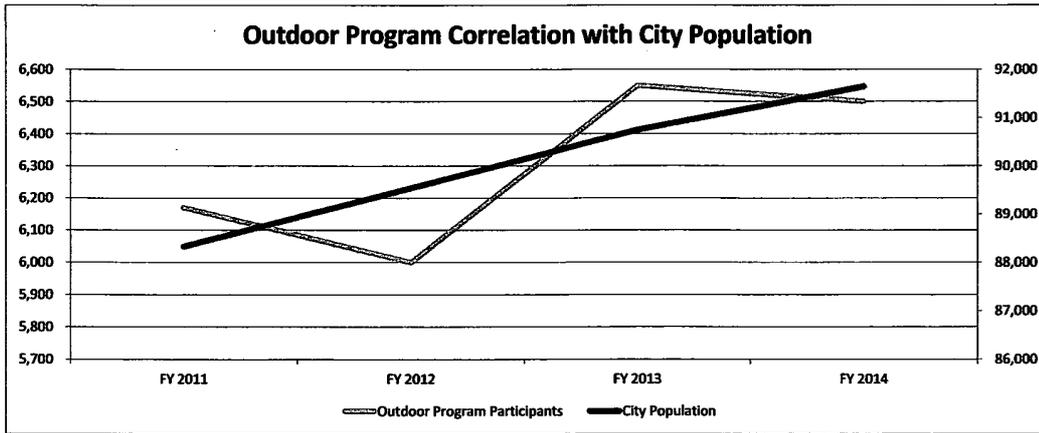


Fire



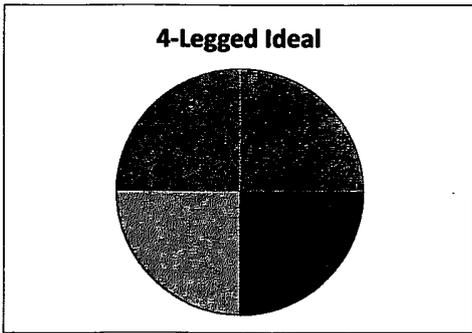
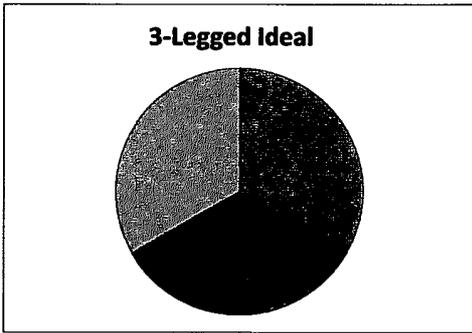
Parks



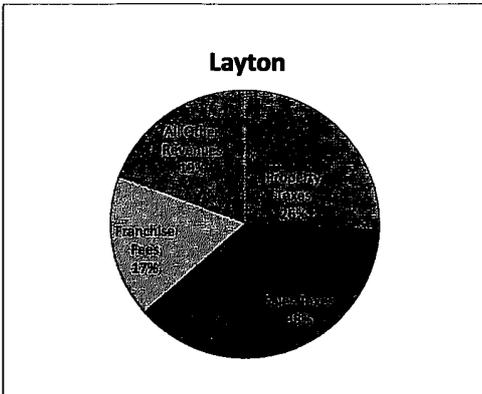
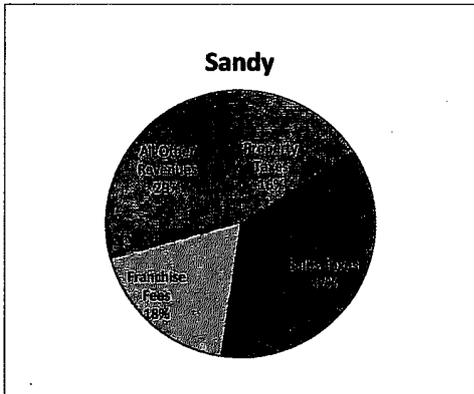
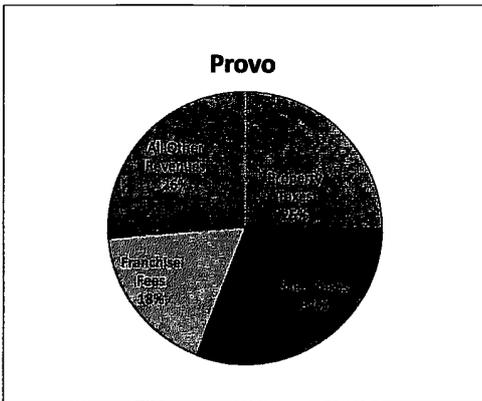
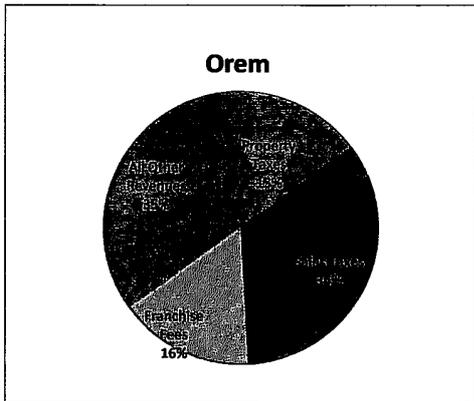


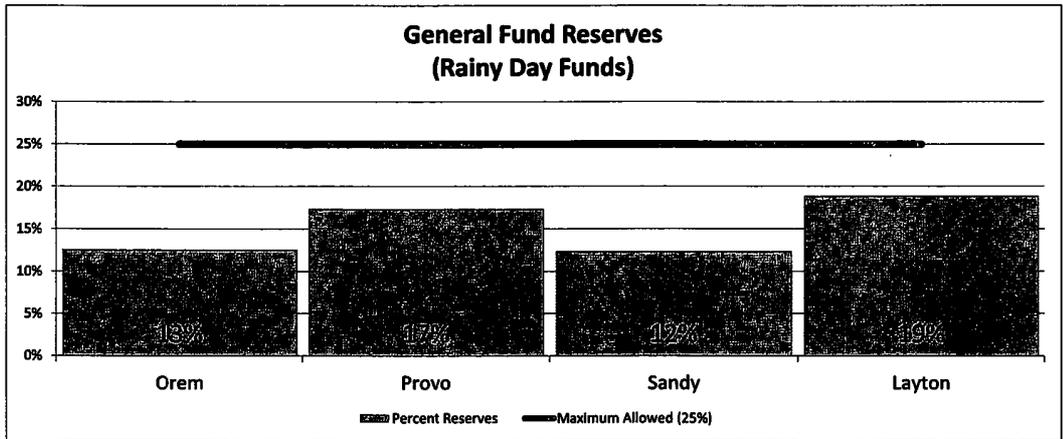
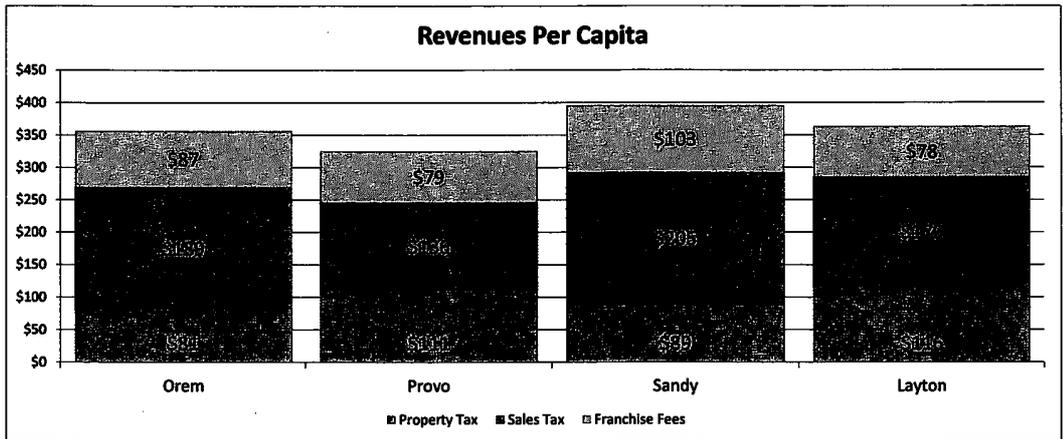
# Orem Budget Management Practices

## Ideal Revenue Mixes



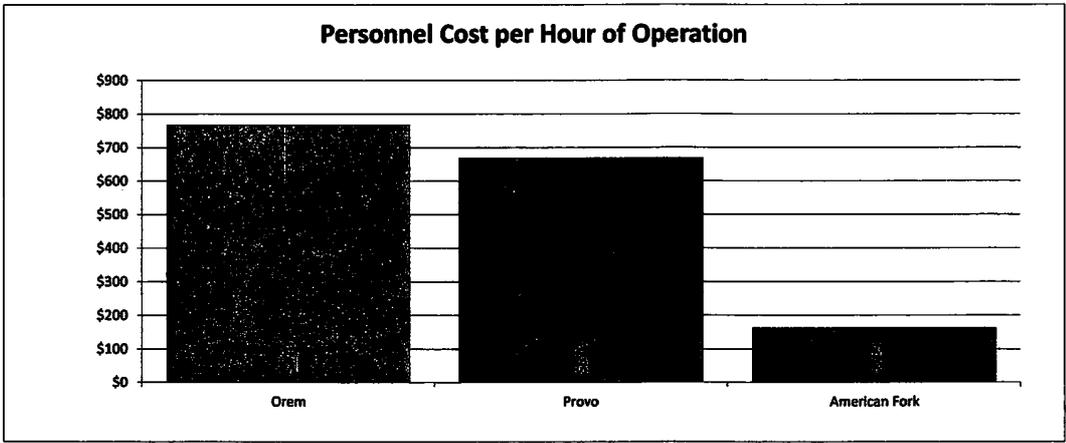
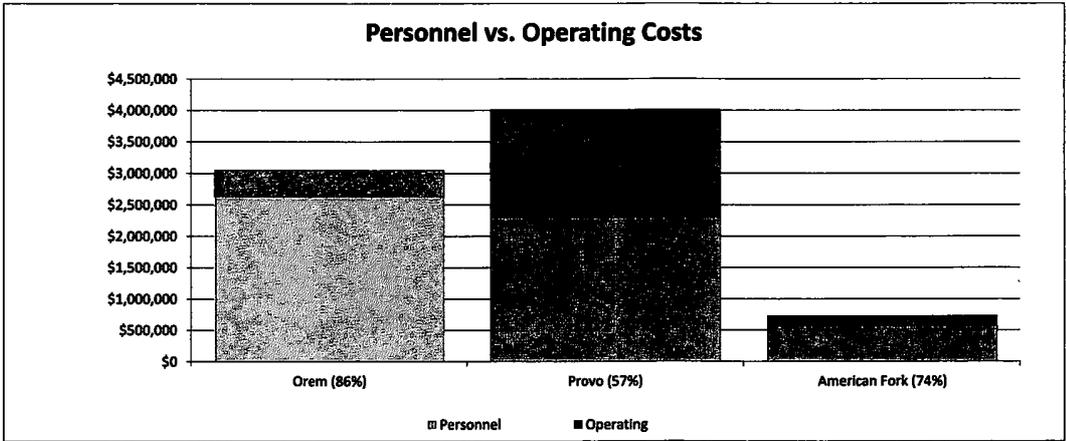
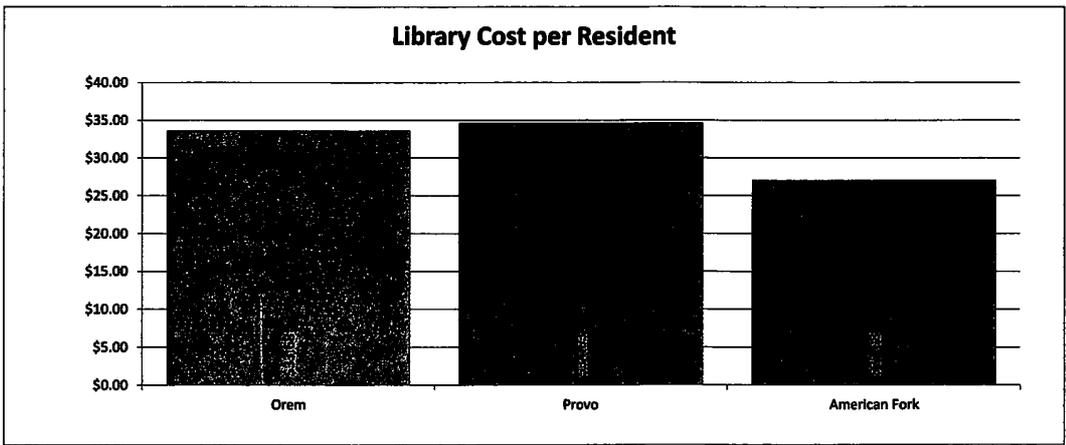
## Actual Revenue Mixes

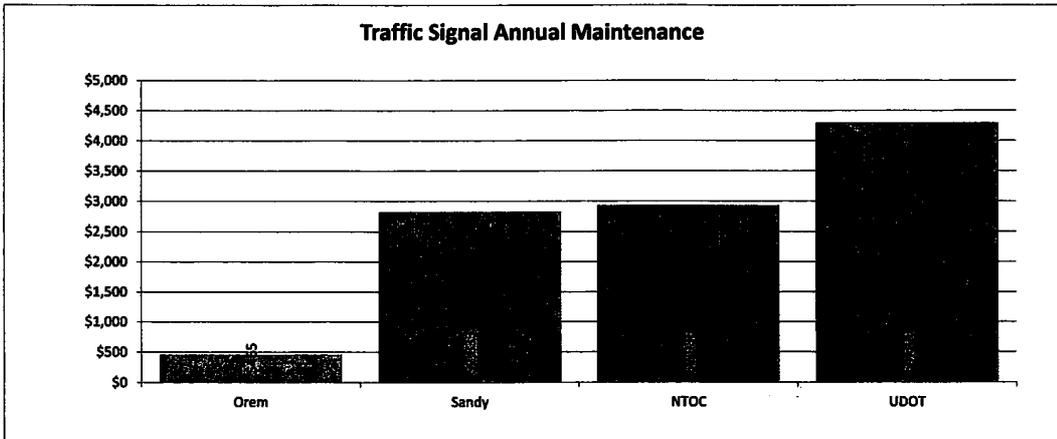
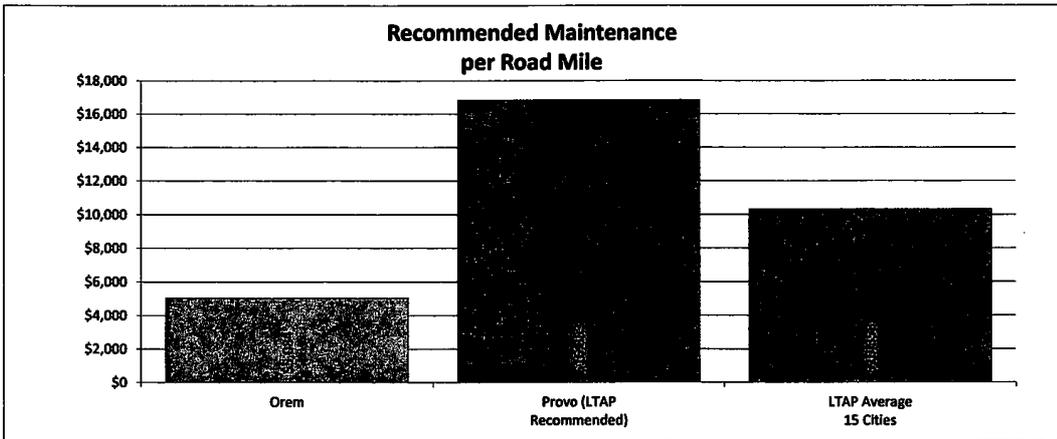
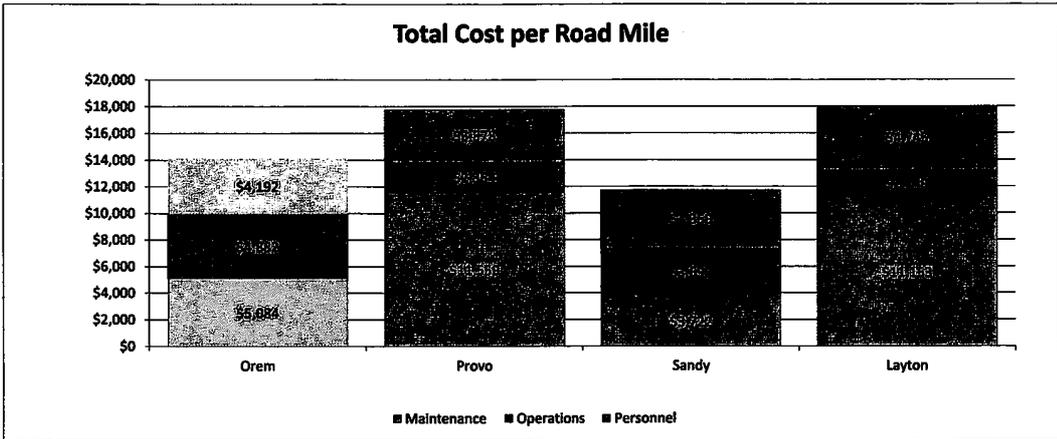




# Orem Level of Service Indicators

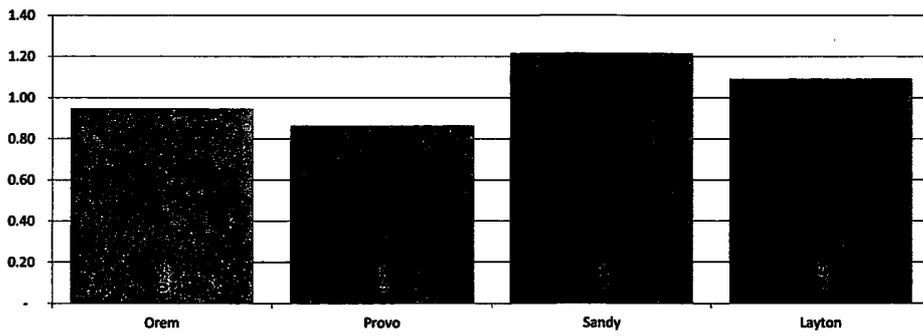
Library



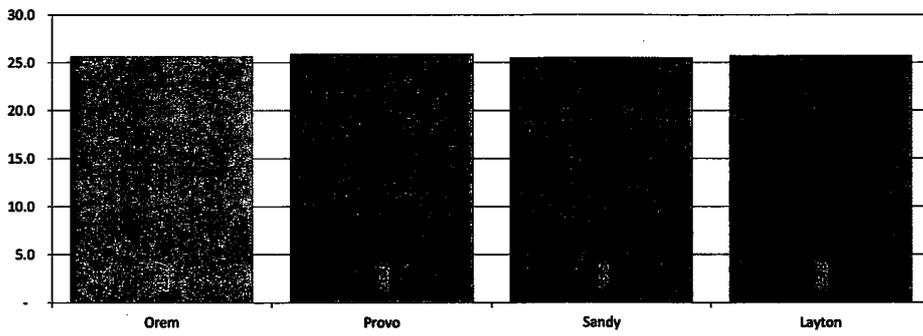


Note: NTOC is the National Traffic Operations Coalition. UDOT is the Utah Department of Transportation.

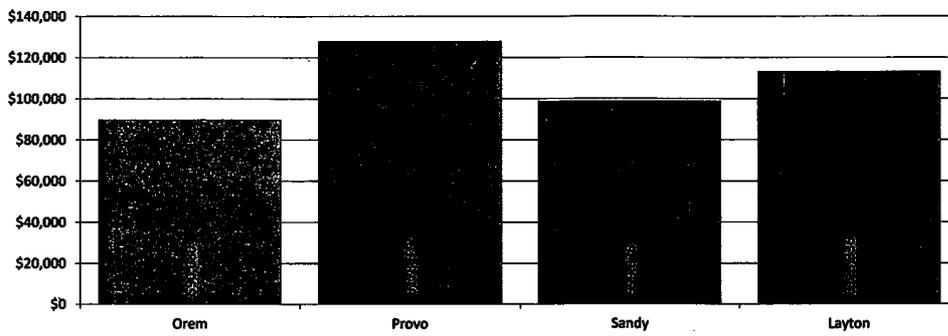
**Officers per 1,000 Residents**



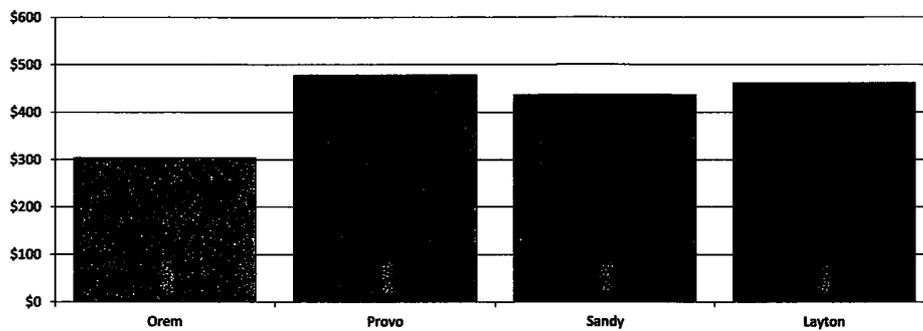
**Reported Crimes per Officer**

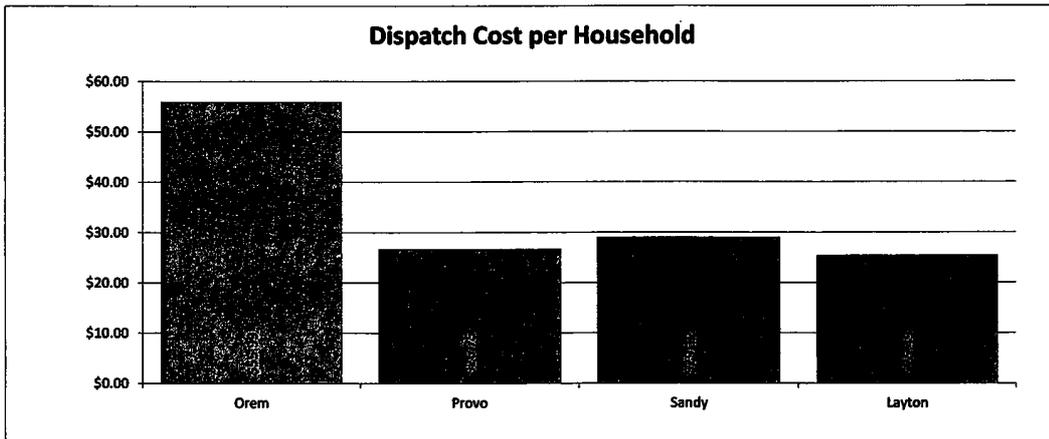


**Total Personnel Cost per Officer**

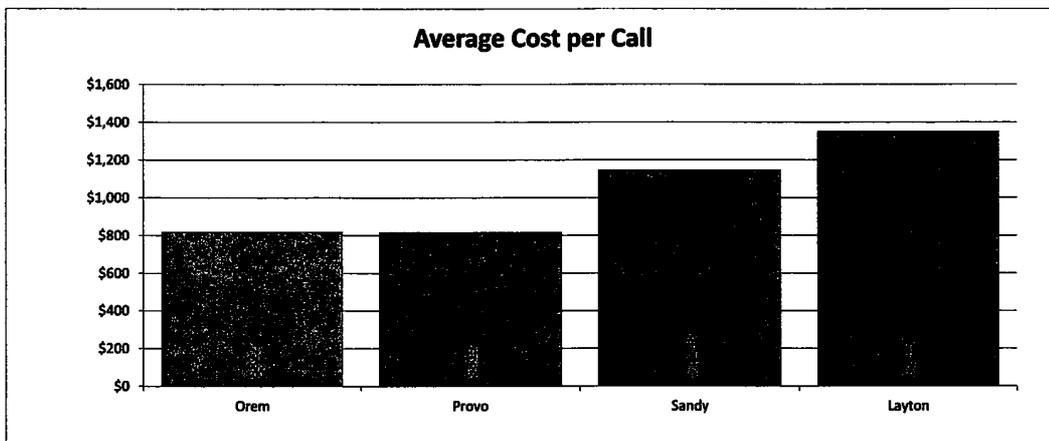
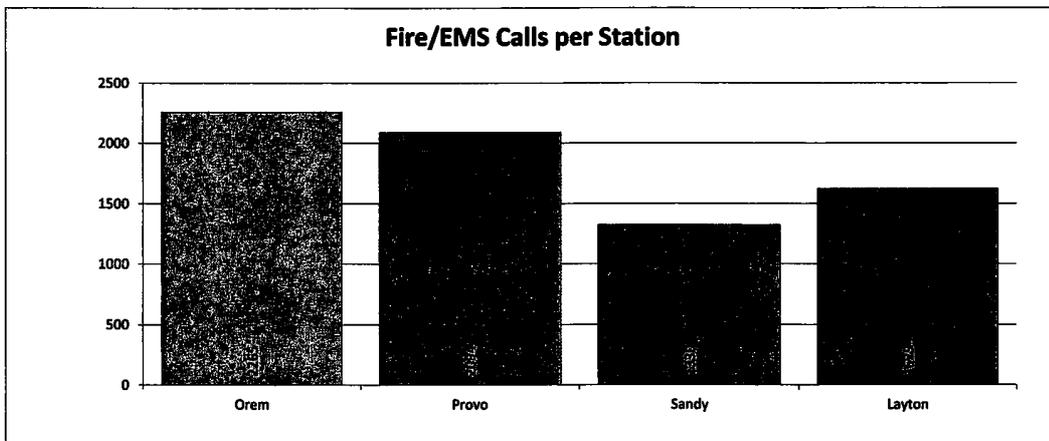


**Police Cost per Household**

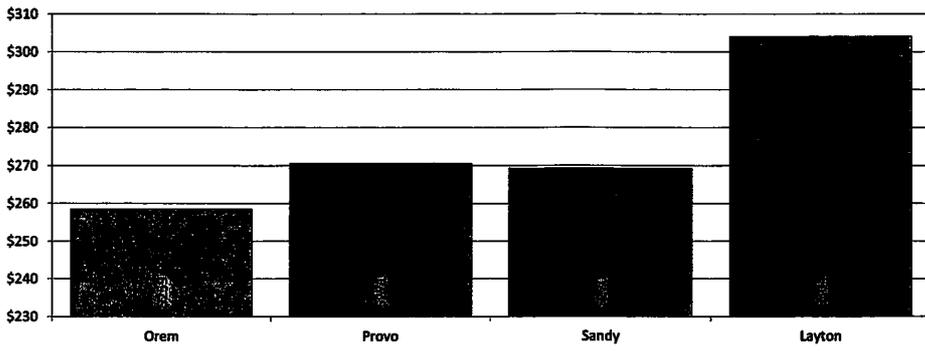




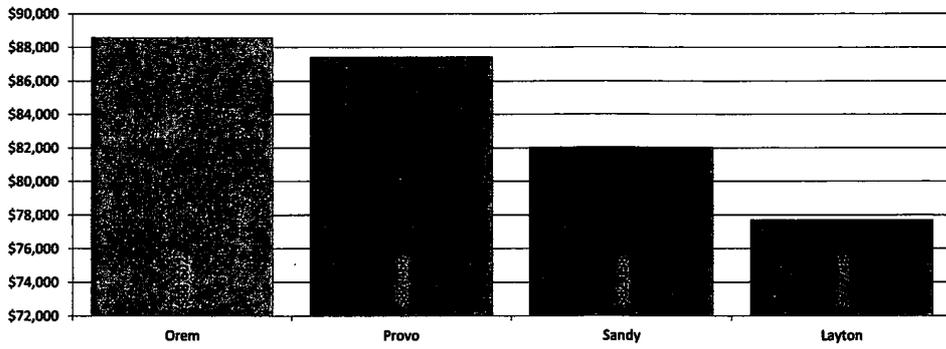
Note: Provo Dispatch budget only includes 9 FTEs, although they have 24 FTE dispatchers. Sandy's 911 Surcharge revenues go directly to the dispatch center which offsets their costs.



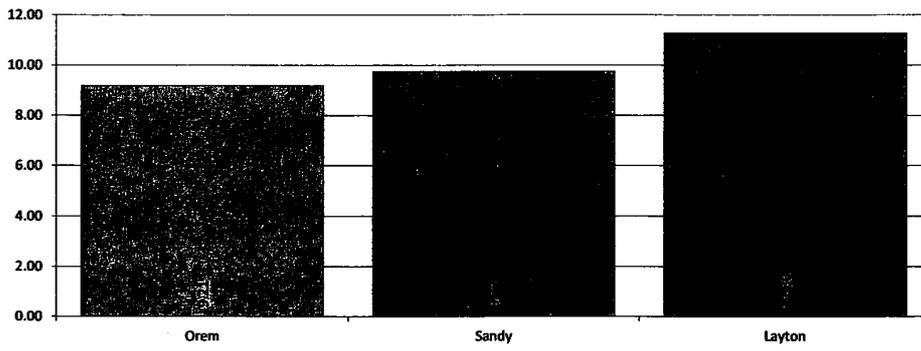
**Average Fire/EMS Cost per Household**



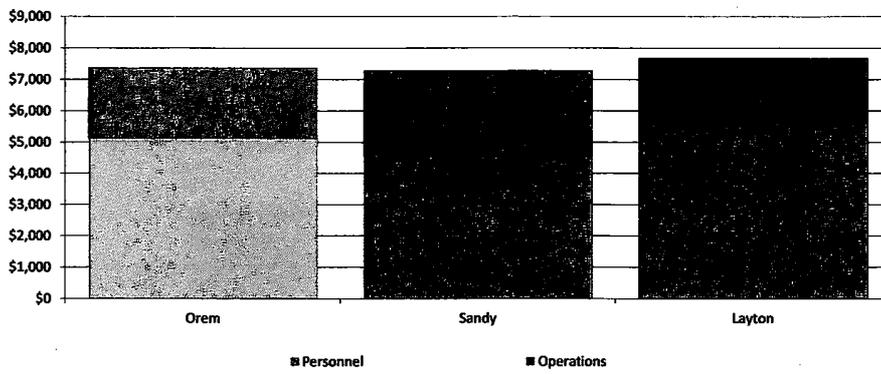
**Fire/EMSPersonnel cost per FTE**

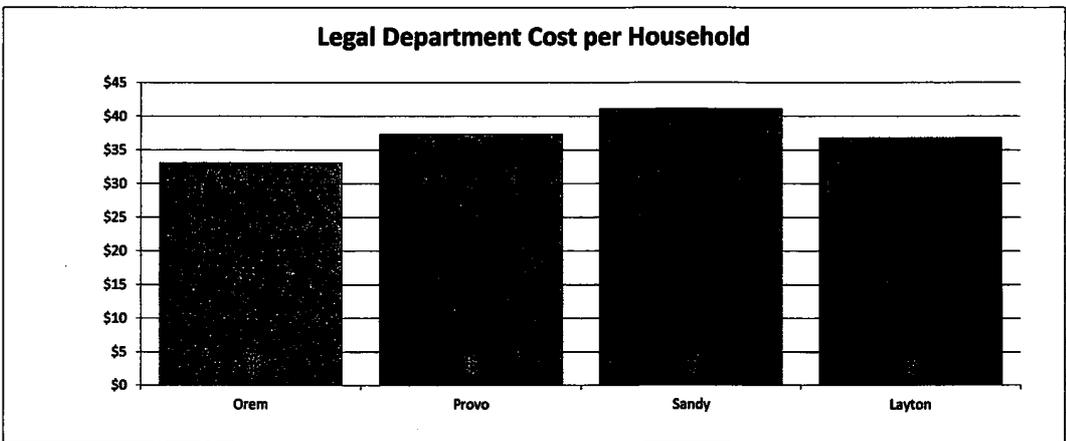
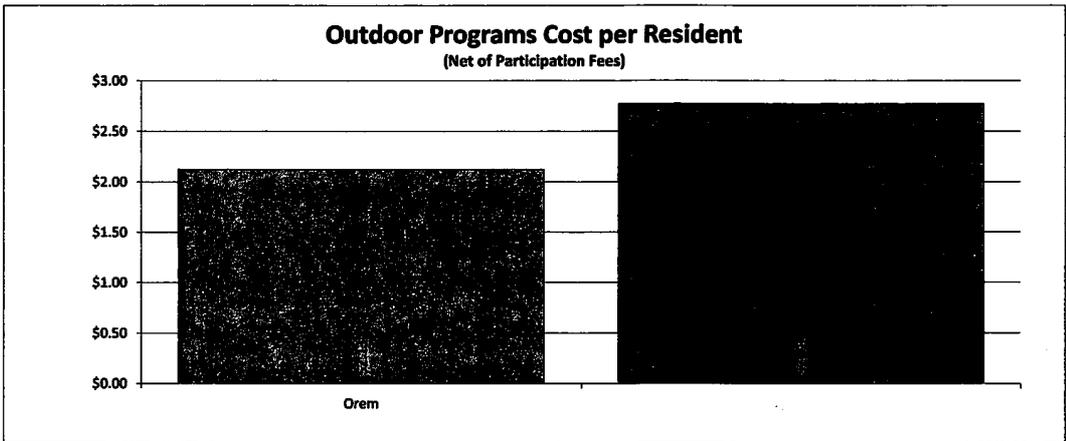
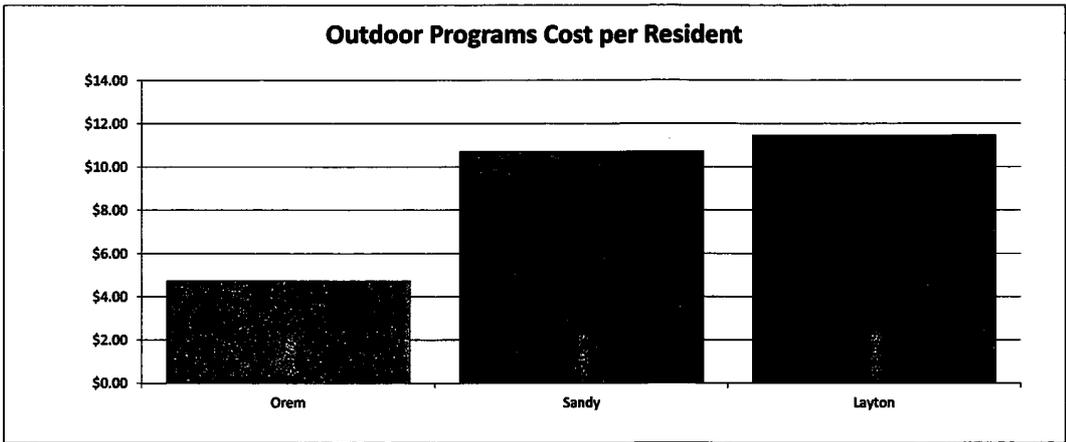


### Acres Maintained per FTE

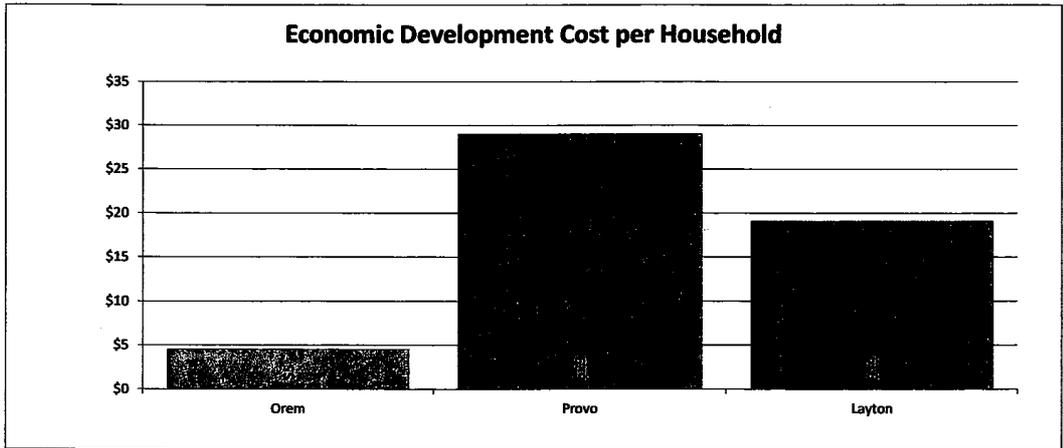


### Cost per Acre

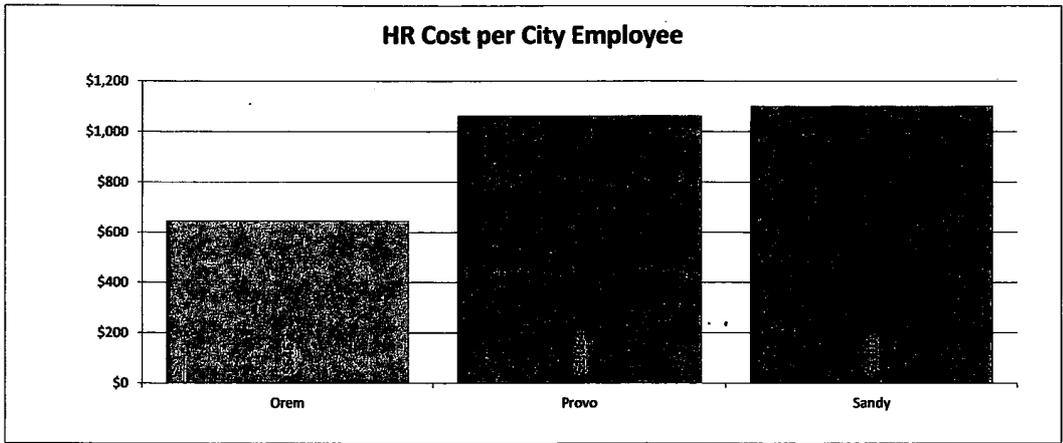




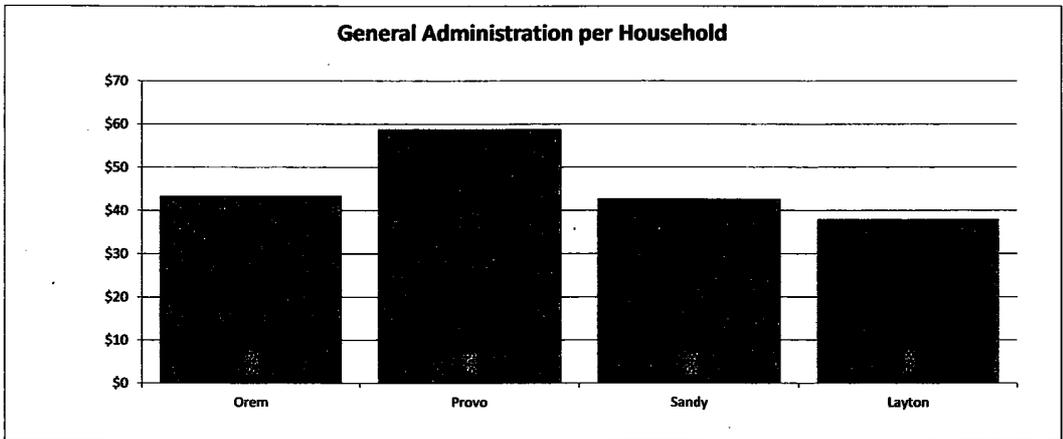
Economic Development



Human Resources



General Administration (Mayor, Council, Manager, Recorder)



# 2014 OREM CITY CODE UPDATE



# 2014 OREM CITY CODE UPDATE - 5 TYPES OF UPDATES

1. Remove obsolete provisions;
2. Bring the City Code into compliance with changes in state law;
3. Resolve inconsistencies within the City Code;
4. Make substantive changes; and
5. Correct formatting and scrivener's errors.



# OBSOLETE PROVISIONS

Article 2-15 (portions pertaining to the  
Committee)

Article 2-16

Section 9-3-2



REPEAL the following:

- Youth City Council Advisory Committee – Orem City Code 2-15 (no longer functioning – Youth City Council will remain)
- Media Review Commission – Orem City Code 2-16 (no longer functioning)
- Submission of Certain Movies for Review Before Exhibition – Orem City Code 9-3-2 (no longer functioning)

## OBSOLETE PROVISIONS



# CONFORMANCE WITH STATE LAW

Section 2-27-6 Court Facilities & Hours of Operation

Article 2-30 Records Access & Management

Section 7-2-8 Discharge of Fireworks

Section 12-5-13 Towing & Parking Enforcement  
Companies

Chapter 18 Taxation



## CONFORMATION WITH STATE LAW

- Justice Court holidays to mirror state holidays – Orem City Code § 2-27-6
- City may restrict the use of certain ignition sources in mountainous, brush-covered, or forested areas or in a wild land urban interface area when a hazardous environmental condition is present - Orem City Code § 7-2-8.C.
- Type of ignition sources (fireworks) are restricted by state law – Orem City Code § 7-2-8.D.
- Updates the definition of an "abandoned vehicle" as a vehicle that is left on the public roadway in excess of 48 hours. Former ordinance required seventy-two hours which is inconsistent with current state law – Orem City Code § 12-5-13 now follows Utah Code § 41-6a-1408.





## Updates to Records Management Provisions – Article 2-30:

- Numerous changes reflecting amendments to the state law (see e.g. adding definitions, expanding definitions, clarifying additional records entitled to GRAMA protection, updating citations to the Utah Code)
- Increasing the time to respond to GRAMA requests from 5 to 10 days (this comports with state law)
- Changing the appeal procedure. The Utah Code will now govern the appeal of the City Manager's GRAMA determination. The appellate body will be the State Records Committee or the judiciary.

CONFORMANCE WITH STATE LAW  
CONTINUED . . .

# CONFORMANCE WITH STATE LAW CONTINUED . . .



**Changes to the City Tax Code, Article 18-1 - Reflects changes that were made in Utah Code and that have already been fiscally implemented and included in the annual budget:**

- Reflect the correct sales & use tax levy of 1% (instead of 63/64 of 1%)
- Remove any reference to  $\frac{1}{4}$  of 1% tax levy for public transportation (Utah County now collects this tax)
- Include an exemption for sales & uses that have been taxed in other jurisdictions under the Local Sales & Use Tax Act
- Include language defining when a sale is consummated within the City.



# CONFORMANCE WITH STATE LAW (TAXES CONTINUED . . .)



## **Changes to Article 18-2 and Article 18-4:**

- Adopt definition of "taxable energy" found in Utah Code § 10-1-303  
Municipal Energy Sales and Use Tax Act – Orem City Code § 18-2-2
- Modify the Telecommunication License Tax Levy to 3.5% as reflected  
in state law (fiscally implemented in 2007 – formerly 4%) – Orem City  
Code § 18-3-2

# RESOLUTION OF INCONSISTENCIES WITHIN THE OREM CITY CODE

Chapter 5 Animal Control

Chapter 22 Zoning - Residential



## Animal Control vs. Residential Zoning

Amend Orem City Code § 5-6-1 (animal control) and § 22-2-1 (zoning ordinance) to clarify that there are allowed up to two (2) dogs and two (2) cats four months of age or older in every "dwelling". These ordinances formerly limited the number of cats and dogs by "person" or "lot" making application and enforcement of these provisions inconsistent.

A "dwelling" is defined as: any building, structure, or portion thereof which is occupied as or designed or intended for occupancy as a residence by one or more families, but not including hotels, motels, or bed and breakfast establishments.

## RESOLUTION OF INCONSISTENCIES WITHIN THE OREM CITY CODE



# SUBSTANTIVE CHANGES

Section 19-7-5 Regulation of Nonconsensual  
Towing & Booting Practices

# SUBSTANTIVE CHANGES

## Amendment to Orem City Code § 19-7-5.D - Regulation of Nonconsensual Towing and Booting Practices

Does not penalize private property owners with 4 or more parking spaces if the owner has a vehicle towed that has remained on the private property owner's property for more than 48 hours regardless of any signage posted.



# CORRECTION OF SCRIVENER'S ERRORS OR FORMATTING CHANGES

Throughout the Orem City Code amendments already reviewed:

- Make citation forms consistent
- Correct paragraph numbering
- Correct punctuation

# Water, Sewer, and Storm Drainage Master Planning

---

OREM CITY COUNCIL

AUGUST 26, 2014



# Outline

---

- Scope of Services
  - Summary of Existing Facilities
    - Water
    - Sewer
    - Storm Drain
  - Challenges
    - Regulations
    - Growth
    - Funding
- 

Water

---

# Scope of Services-Water

---

Task 1 Collect, Review, and Organize Data

Task 2 Evaluate Current Water Use Patterns and Project Future Use

Task 3 Evaluate Supplies, Existing and Future

Task 4 Develop and Calibrate a Hydraulic Model

Task 5 Identify Existing Operating Deficiencies

Task 6 Identify Projected Future Operating Deficiencies

Task 7 Evaluate Improvements to Resolve Identified Deficiencies

Task 8 Evaluate Alta Springs Power Generation

Task 9 Evaluate Automatic Meter Reading (AMR)

Task 10 Evaluate Water Source Optimization

Task 11 Develop Water Reuse Plan

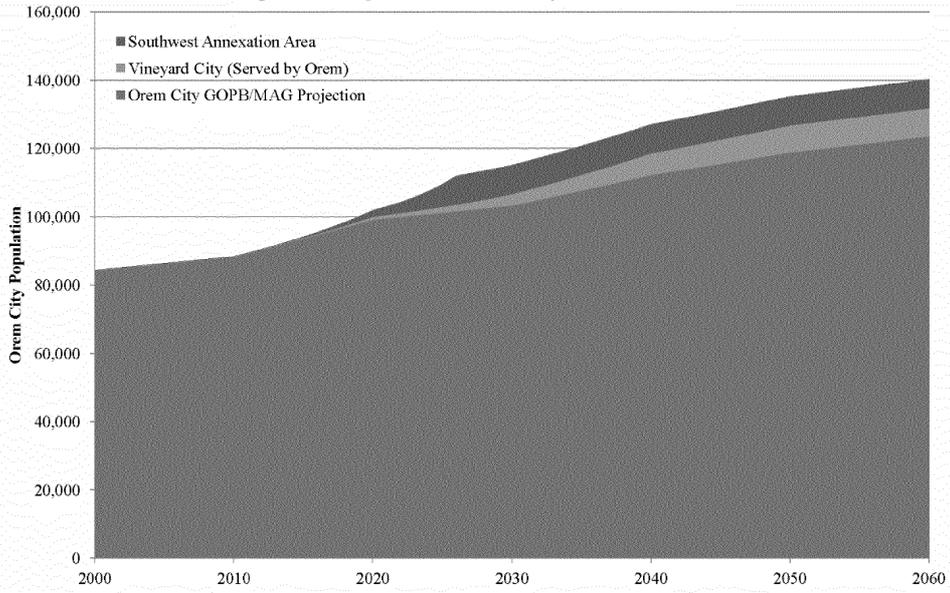
Task 12 Develop a Water System Capital Facilities Plan

Task 13 Water Right Impact Fee and Connection Fee Analysis

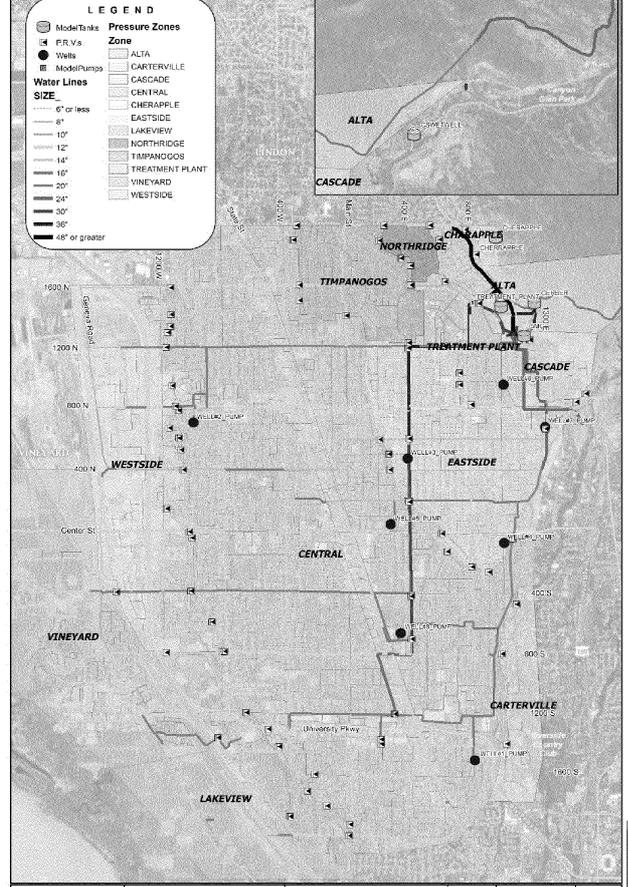
Task 14 Water Rate Analysis

Task 15 Document Results

**Figure 3-1**  
**Population Projections for Orem City Water Service Area**



# Existing System



# Water Deficiencies at Buildout?

---

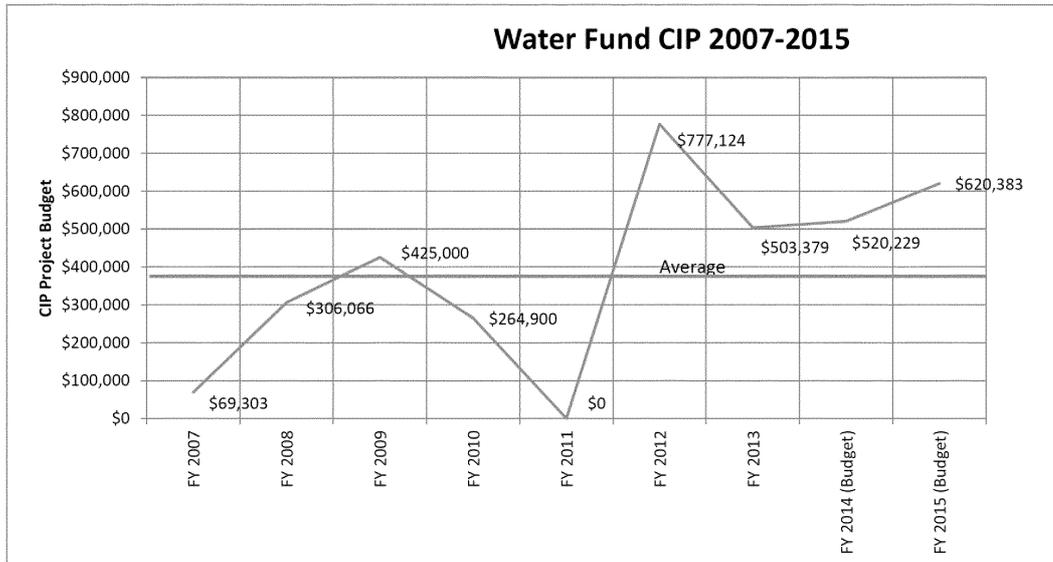
- ❖ Need Major Conveyance Improvements From East To West
- ❖ Source is in the East, Growth is in the West
  - Geneva Road, Lindon, Southwest Annexation
  - Existing Transmission mains are already near capacity

# Water System Valuation and Replacement

---

- ❖ System Valued at \$300,000,000
  - ❖ Replacement in Fifty Years-Industry Standard
  - ❖ Annual Capital Program Needed for Replacement, \$6,000,000 per year in CIP
  - ❖ Does Not Include System Costs for Added Growth
- 

# Water Fund Capital Improvements



# Sewer

---

# Scope of Services-Sewer

---

Task 1 Collect, Review, and Organize Data

Task 2 Evaluate Current Sewer Production Patterns and Project Future Production

Task 3 Develop and Calibrate a Hydraulic Model of the Existing Sewer Collection System

Task 4 Identify Existing Operating Deficiencies

Task 5 Identify Projected Future Operating Deficiencies

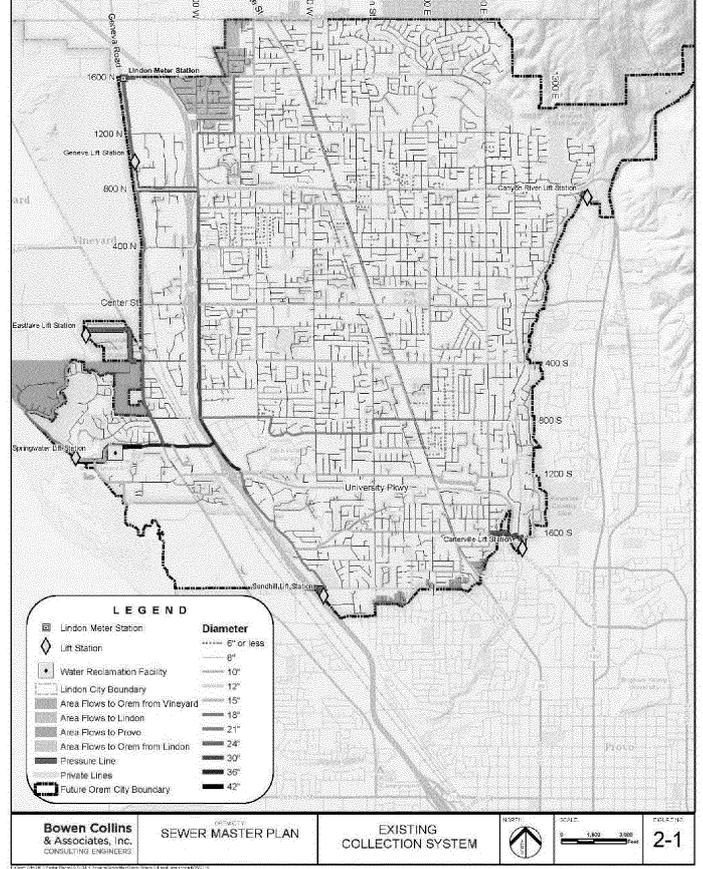
Task 6 Evaluate Improvements to Resolve Identified Deficiencies

Task 7 Develop a Sewer System Capital Facilities Plan

Task 8 Analyze Existing Struvite Problem and Provide Recommendation

Task 9 Connection Fee and Base Rate Analysis

# Sewer System



# Wastewater Deficiencies at Buildout?

---

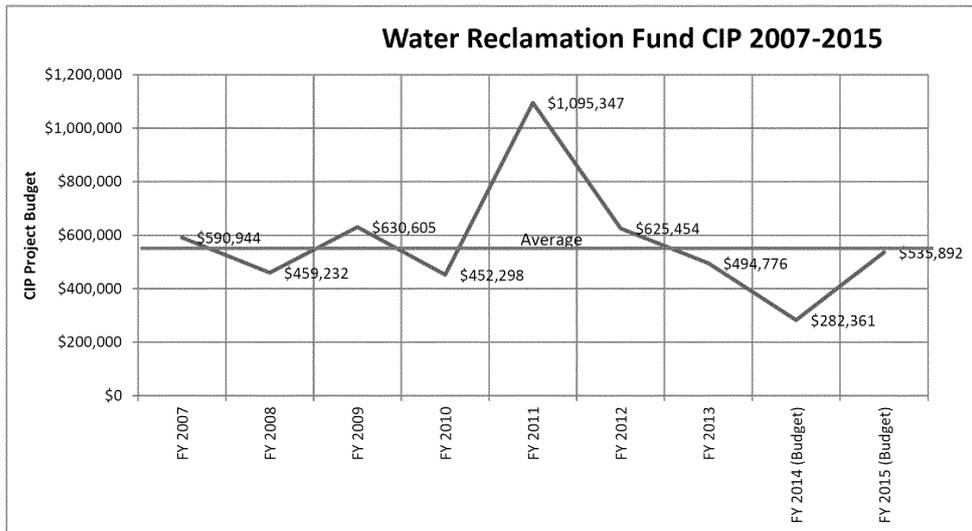
- System accumulates flow east to west
  - Small pipes east, larger to west
- Majority of Growth is in West
  - Geneva Road, Lindon, Southwest Annexation
  - These areas are served by large trunk lines already

# Sewer System Valuation and Replacement

---

- ❖ System Valued at \$260,000,000
  - ❖ Replacement in Fifty Years-Industry Standard
  - ❖ Annual Capital Program Needed for Replacement, \$5,200,000 per year
  - ❖ Does Not Include System Costs for Added Growth
- 

# Sewer System Capital Improvements



# Storm Drainage

---

# Scope of Services-Storm Drainage

---

Task 1 Collect Existing Data and Information

Task 2 Preliminary Assessment and Conceptual Solutions for Existing Drainage Problem Areas

Task 3 Collect Supplemental Data Necessary for Modeling, Incorporate into City's GIS & InfoSWMM

Task 4 Develop Hydrologic and Hydraulic Model

Task 5 Develop Capital Improvement Program (CIP)

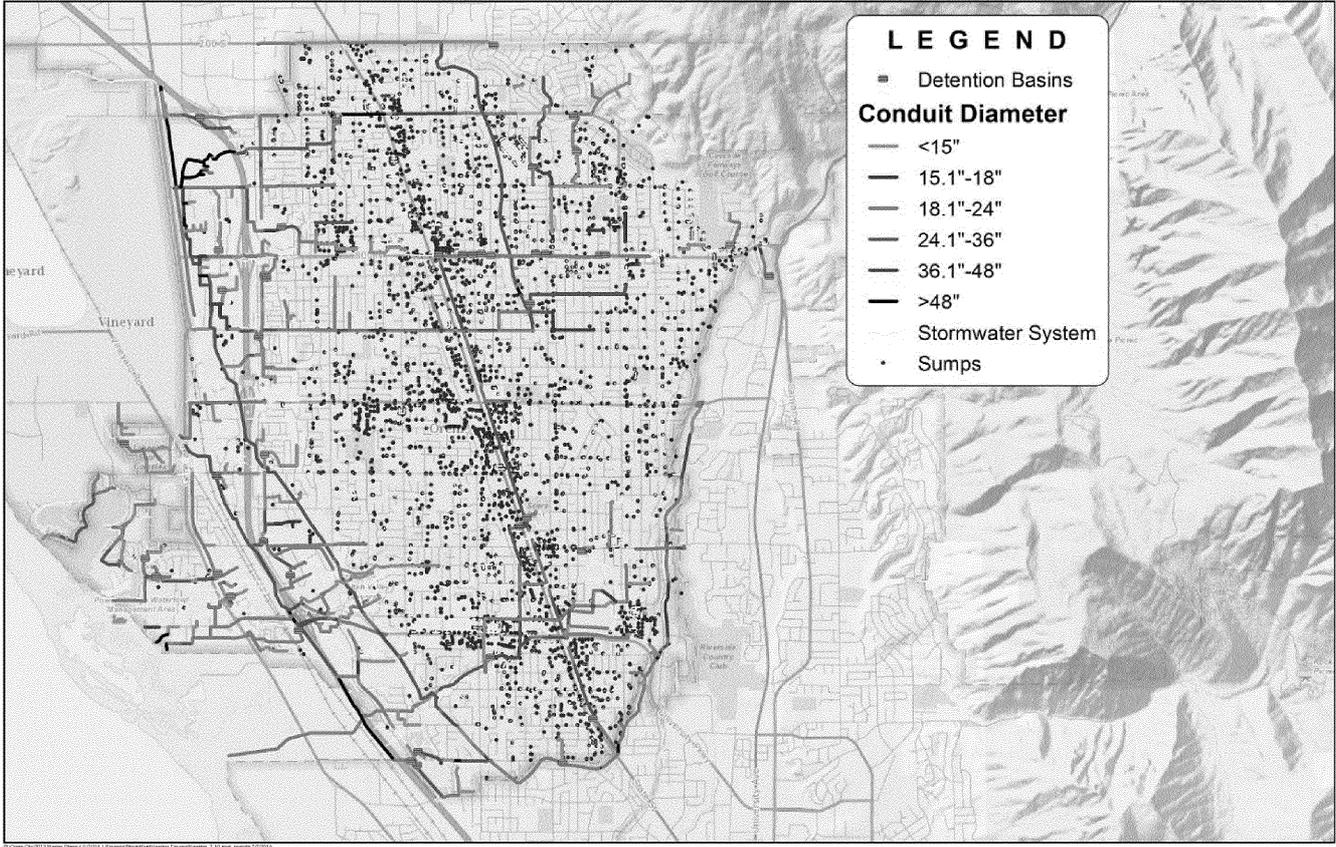
Task 6 Update Storm Water Program

Task 7 Develop a City of Orem Stormwater Standards Manual

Task 8 Stormwater Rate Analysis

Task 9 Public Involvement

Task 10 Document Final Results



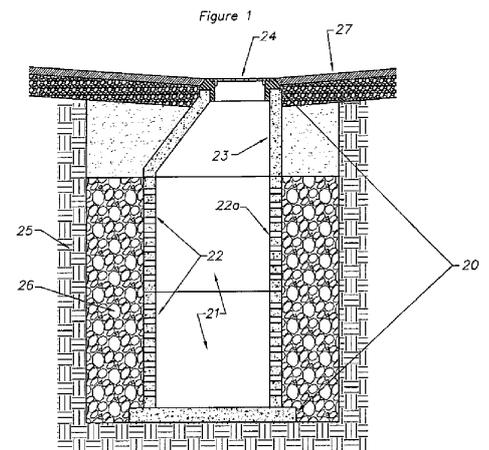
© 2014 City of San Francisco. All rights reserved. 10/14/14

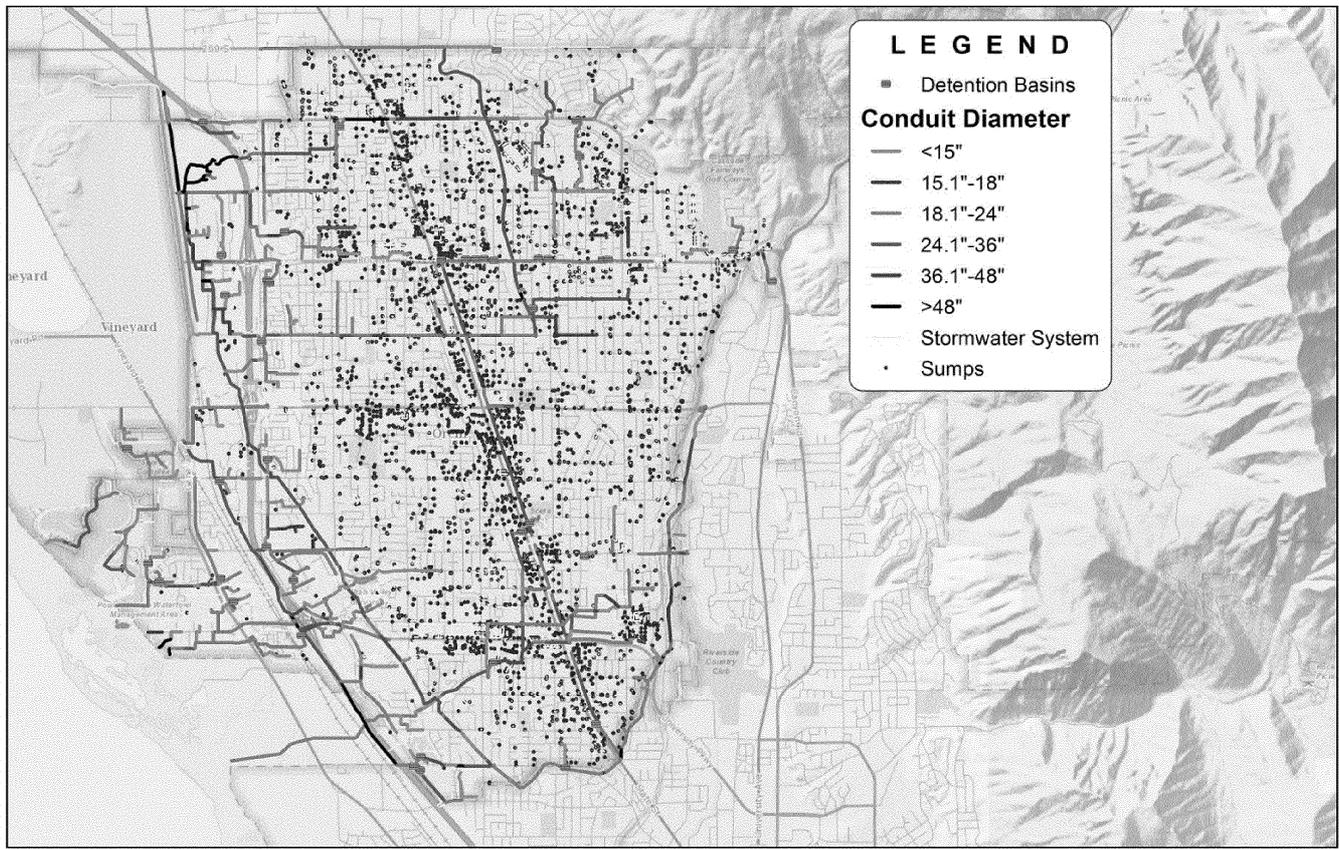
# Sumps

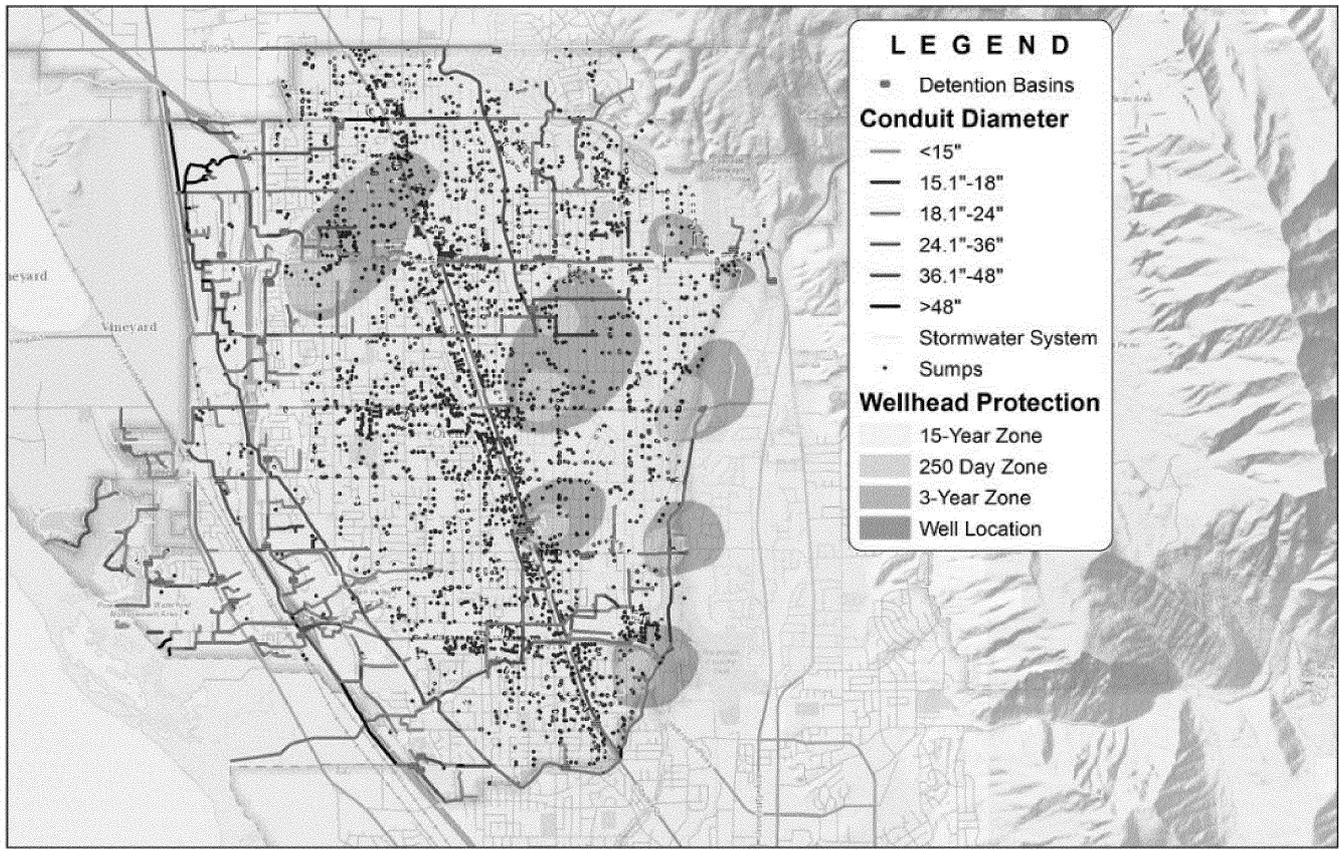
- Used to inject stormwater into groundwater

## Benefits

- Reduces the need for large trunklines to convey runoff to rivers
- Recharge groundwater aquifer







Source: 2013 New York State Department of Environmental Conservation, 1/10/13, page 11/12



# Storm Drainage Deficiencies?

---

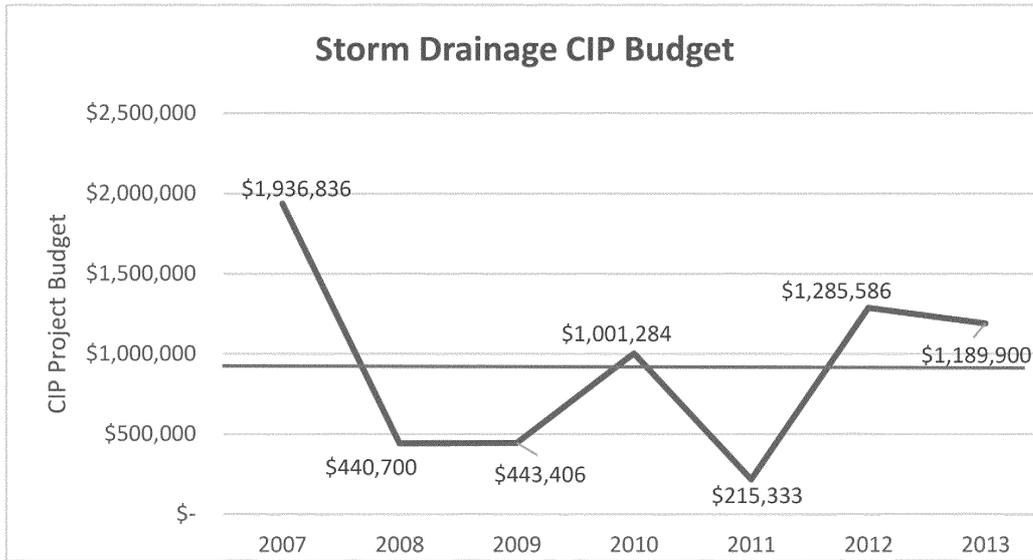
- Well Protection Zones
  - Reducing the use of sumps
- Construction of East West Trunklines

# Storm Drainage System Valuation and Replacement

---

- ❖ System Valued at \$100,000,000 (without new conveyance in sump areas)
- ❖ Replacement in Fifty Years-Industry Standard, \$2,000,000
- ❖ Annual Capital Program Needed for Replacement
- ❖ **Does Not Include System Costs for Added Growth or New Conveyance System in Sump Areas**

# Storm System Capital Improvements



# Orem's Utility Rates

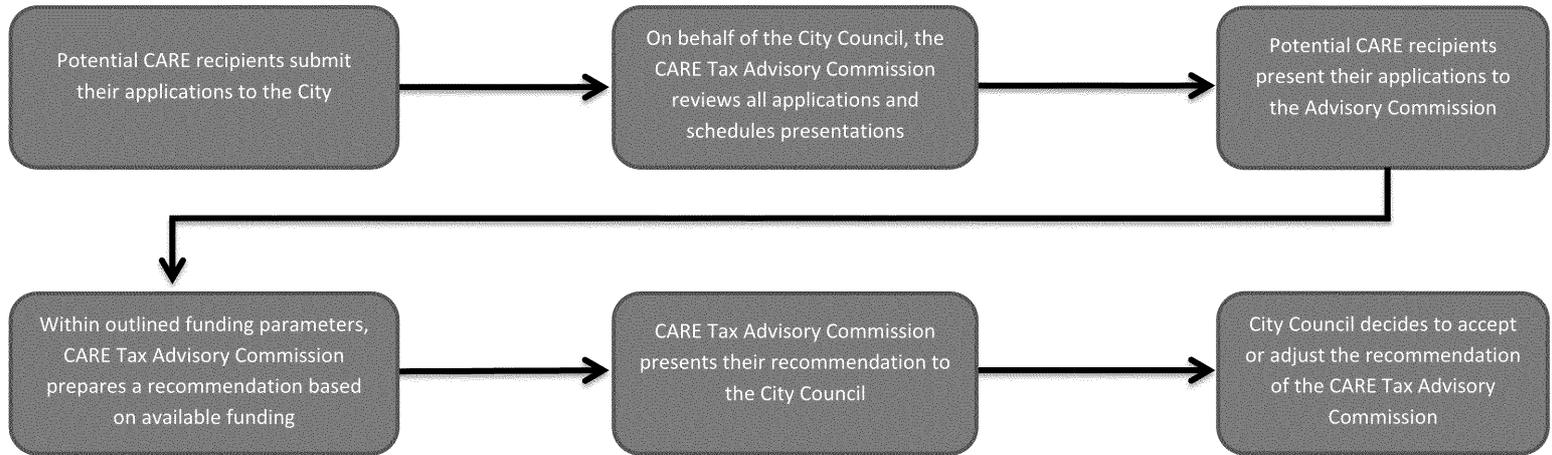
WATER		SEWER		STORM SEWER	
South Jordan	\$82.24	American Fork	\$48.15	Pleasant Grove	\$12.47
American Fork <sup>1</sup>	\$73.57	Pleasant Grove	\$43.65	South Jordan	\$8.50
Ogden <sup>1</sup>	\$71.18	Lindon	\$42.69	Ogden	\$7.26
Sandy	\$66.71	Lehi	\$40.00	Spanish Fork	\$6.42
Pleasant Grove <sup>1</sup>	\$59.83	Springville	\$29.17	American Fork	\$6.00
West Jordan	\$58.77	AVERAGE CITY	\$27.54	Sandy	\$6.00
West Valley	\$52.60	West Jordan	\$26.88	AVERAGE CITY	\$5.89
AVERAGE CITY	\$51.76	Payson	\$26.76	Payson	\$5.35
Spanish Fork <sup>1</sup>	\$50.73	South Jordan	\$25.00	OREM	\$5.25
Lindon <sup>1</sup>	\$46.62	Spanish Fork	\$23.70	Springville	\$4.97
Lehi <sup>1</sup>	\$39.36	OREM	\$22.10	Lindon	\$4.84
Payson <sup>1</sup>	\$39.16	West Valley	\$18.00	Provo	\$4.63
Layton	\$36.79	Sandy	\$17.68	Layton	\$4.60
Springville	\$36.25	Layton	\$17.45	West Jordan	\$4.02
Provo	\$32.43	Provo	\$17.00	Lehi	\$4.00
OREM	\$30.18	Ogden	\$14.92	West Valley	\$4.00

# Summary

---

- ❖ Major Improvements Needed in Water and Storm Drainage System
  - ❖ Rehabilitation and Replacement Budgets Needed for All Three Utilities
  - ❖ Existing Capital Improvement Budgets Inadequate
  - ❖ Rates Will Need to Increase
- 

# Cultural Arts CARE Process (with use of CARE Tax Advisory Commission)



## Recreation CARE Process (with use of CARE Tax Advisory Commission)

