TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
SEPTEMBER 1, 2020

Members Present:
Connie Archibald
Lyle Holmgren
Bret Rohde
Rick Seamons
Lyle Vance
Roger Fridal, Mayor
Shawn Warnke, City Manager
Cynthia Nelson, Deputy Recorder

CITY COUNCIL WORKSHOP

Mayor Fridal called the September 1, 2020 City Council Workshop to order at 6:02 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Archibald, Holmgren, Rohde, Seamons, and Vance, City Manager Warnke, and Deputy Recorder Nelson. The following Department Heads were also present: Community Services Director Marc Christensen, Public Works Director Paul Fulgham, Police Chief Kurt Fertig (arrived at 6:04 p.m.), and Treasurer Sharri Oyler. Also in attendance was Finance Director Curtis Roberts and firefighter Nate Christensen.

1. Review Discussion of expanding the secondary water system including, but not limited to, the discussion of the bonding scenarios for the construction of additional water system improvements

   Manager Warnke said during our last meeting we wanted to explore specific bond scenarios and so Alex Buxton, who is the City's municipal advisor as it relates to financial bonds, is here to help us with that. Director Fulgham and I put together probable scenarios. A pump station for Service Area 4 would service new development that is occurring with some additional units to come online with a new annexation. This is a great project to consider not only for the existing homes, but also for that additional growth. We also have the expansion of Service Area 2, which would pick up the homes in the JD Harris subdivision along with stubbing a secondary line into the Mathison Apartment Complex. Service Area 5 is the largest of what is being proposed for this budget ($3.1 million). This scenario also includes installing water meters, which would be done in-house. Bond scenario number two would also include the constructing of Service Area 9. These scenarios would cost anywhere from $4.5 million to $5.5 million. We added a 10% contingency number associated with the cost of these construction projects since these are numbers from 2018.

   Mr. Buxton said we ran a couple of preliminary bond scenarios to discuss. Last year Tremonton went through the bond process for the first phase of this project and had very good results through a direct placement bond. We put together documentation and went

through a request for bids. We received eight financial institutions and some provided multiple options, which provided us with more than 15 choices. The City went with JP Morgan Chase Bank and received a mid 2% interest rate. A year later we are in a different interest rate environment and for a 15-year term the rate could be around 1.8%. Councilmember Vance asked about a 20-year term. Mr. Buxton said it would increase the interest rate a bit and anything over 15 years does eliminate certain banks. A 15-year term helps get a fixed rate and more bidders. If the City did want to consider a 20-year term you could go out to the market opposed to direct purchase. The only downside to that is the added costs associated with it. This would require further disclosure and an official statement. Someone would underwrite the purchase bond and sell it to investors. You would also need a bond rating. Based on your results from last time, we felt it was a good process and going through the private placement is what we are recommending. We estimate the annual payments for the $4.5 million scenario to be $348,000 and about $400,000 for the other. When it comes to selling these bonds, we have to make sure the City has enough revenue coming in from their system not only to pay off the annual payment every year, but to have some additional funds available. We have to have at least a 125% coverage on your annual debt. The higher the coverage you can show investors, the lower the interest rate is going to be.

The Council asked about the secondary system and how many connections there are. Director Fulgham explained that people are slowly hooking onto the system, but it is one utility fund for secondary and culinary water to back up the bond payment. It is based on what we make on the culinary because we do not have enough users on secondary at this point. We are putting the system in, growing it, and giving residents time to hook onto it. Councilmember Rohde asked if through our current rate structure we are making enough to pay our bond payment. Manager Warnke said that is the next piece of the discussion. We need to look at our rates and determine what we need to do to generate the revenue. Mr. Buxton said when you issued your bonds last year, you put in the documents a coverage covenant to maintain that 125%, which would also apply for the next series of bonds. There is an additional bonds test that would prohibit the City to issue another bond. Director Fulgham said our next step is to talk with Director Roberts and look at our financials. Director Roberts said that is a high amount of debt service ($400,000) and we would have to generate approximately an additional $350,000 in revenues. The Council determined with roughly 3,500 water users that could be an increase of about $100 a year. Director Roberts said but that would be the bare bones minimum we need. I am not sure I am entirely comfortable with that. Director Fulgham said we need to sit down and go through our financials and add in growth and water sales to see where we are at.

Mr. Buxton said you do not want to over-borrow and start paying interest once we close on the bond if you are not going to need the funds for a year or two. You have to weigh out the difference between paying interest on something you are not spending and waiting to borrow until you are ready. One thing you have going for you now is the low interest rates. You can invest that money in a PTIF account that mitigates the interest expense because you are earning money while you are waiting to spend it. If you borrow, you do have to spend all the money within three years. Manager Warnke said we are experiencing a lot of growth right now, which will outpace our ability to deploy

secondary water. It will take us awhile to go out to bid, get a contractor online, construct the project and then there is another year to connect. We need a long lead time to get ahead of the growth. We do not want to get to a point where we are starting to bump up against the capacity issue and having to curtail growth.

Director Roberts said when we issued the last bond we worked out an arraignment where there was no principal paid in the first year, is that possible with these bonds and how would that affect the interest rate? Mr. Buxton said it is feasible, we could structure it any way the City would like to. It might fluctuate the interest rate a little. We could put that in the request for bids document and ask them to give us two rates. We can ask for whatever scenarios we want people to bid and decide based on which way we want to go.

Director Fulgham said we will look at our revenues and if we have to raise rates maybe the Council wants to postpone Service Area 9 until the development comes. When asked about the 2018 numbers, Director Fulgham said it is from our secondary study by our engineer. The expansion of Service Areas 2 and 4 is a brand new estimate he did three months ago. He would only have to look at Service Areas 5 and 9 to give us another estimate. It is hard to get good solid numbers unless we do the prep work on every road. We did have to loop some things around storm drains on this last project and I foresee that on all of them. We cannot get all the ifs, ands or buts until you open the ground up. Service Area 9 has a lot of unknowns especially if we do not have a subdivision yet.

Director Fulgham said we could drop those meters off ($700,000). Right now we are doing them as they go bad and budget x amount of dollars every year to replace them. If we do this in a bond, that hunk of money goes into our revenue stream because it is not being used in our annual budget. That is another $70,000 that would be counted as revenue to the bond. That is what we need to sit down and look at. Manager Warnke said we are spending a lot of money with water shares and the secondary water equalization basin and they are sort of small amounts when you compare them to the millions we are spending, but they start to add up. It would be well to sit down and take a hard look to make sure we are all comfortable. Councilmember Vance said my main concern is I do not want to raise prices. We need to do all we can to keep the monthly fees down. Councilmember Holmgren said we are not questioning Service Area 5, but it might be better to wait a while and let developers catch up with us on Service Area 9. The Council agreed to have City staff get the numbers and they would continue this discussion during their meeting in October.

2. Review of items listed on the 7:00 p.m. agenda

3. CLOSED SESSIONS: No closed session held at this time.

a. Strategy session to discuss the purchase of real property when public discussion of the transaction would disclose the appraisal or estimated value of the property under consideration or prevent the public body from completing the transaction on the best possible terms; and/or

b. Strategy session to discuss the character, professional competence or physical or mental health of an individual; and/or

c. Strategy sessions to discuss pending or reasonably imminent litigation; and/or
d. Discussions regarding security personnel, devices or systems

The meeting adjourned at 6:51 p.m. by consensus of the Council.

CITY COUNCIL MEETING

Mayor Fridal called the September 1, 2020 City Council Meeting to order at 7:00 p.m. The meeting was held in the Tremonton City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Councilmembers Archibald Holmgren, Rohde, Seamons, and Vance, City Manager Warnke, and Deputy Recorder Nelson. The following Department Heads were also present: Community Services Director Marc Christensen, Public Works Director Paul Fulgham, Police Chief Kurt Fertig, and Treasurer Sharri Oyler. Also in attendance was Finance Director Curtis Roberts and firefighter Nate Christensen.

1. Opening Ceremony:

   Mayor Fridal informed the audience that he had received no written or oral request to participate in the Opening Ceremony. He asked anyone who may be offended by listening to a prayer to step out into the lobby for this portion of the meeting. The prayer was offered by Councilmember Holmgren and the Pledge of Allegiance was led by Councilmember Seamons.

2. Introduction of guests:

   Mayor Fridal welcomed those in attendance.

3. Declaration of Conflict of Interest: none

4. Approval of Agenda:

   Motion by Councilmember Archibald to approve the agenda of September 1, 2020. Motion seconded by Councilmember Holmgren. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

5. Approval of minutes – August 18, 2020

   Motion by Councilmember Vance to approve the minutes of August 18, 2020. Motion seconded by Councilmember Seamons. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

6. Public comments:

   Resident Karen Stokes said I have a couple of issues. First is that tree in front of the museum—it is filthy. It has all those tiny leaves that go in my doorway. I would love to

have permission to cut that tree down. Secondly, our museum has a lot of really great stuff in it and I would like to have a little easel here showing what is going on at the museum. I was wondering if I could have permission to put an easel here. Treasurer Oyler said we could do that. Mayor Fridal said we will talk about the tree and thanked her for her time.

7. City Council Business

a. Discussion and consideration of approving the July 2020 warrant register

Motion by Councilmember Holmgren to approve the July 2020 warrant register. Motion seconded by Councilmember Archibald. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

b. Discussion and consideration of approving the July 2020 financial statement

Motion by Councilmember Rohde to approve the July 2020 financial statements. Motion seconded by Councilmember Seamons. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

c. Discussion and consideration of approving a Special Event Permit for a "Non-Profit Organization Day" a Community Event at Shuman Park on September 26, 2020

Resident Henry Gordon said last year he and his wife, Mikiyo Gordon, hosted a non-profit day for Operation Give Warmth. This year we are doing it a bit different. We are planning a Come Together Day and will show support for our officers. I started a podcast because I got sick of the lies and if we do not stand up together we are destroying our way of life. For this year's non-profit day we are bringing in groups that will help shed light on child sex trafficking. We want to bring awareness so people know what to look for and to provide safe places for people to go. People have protested a bunch of nonsense, but are not protesting about child slavery. If there is anything worth standing up for, this is it. We have a list of all the officers in our County and we are working to provide all of them with something to show we are grateful for what they do. The Council loved the idea and gave their support.

Motion by Councilmember Holmgren to approve the event. Motion seconded by Councilmember Vance. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

d. Discussion and consideration of authorizing the Food Pantry to purchase a 2021 2500HD Silverado 4WD Pick-up Truck and the Senior Center to purchase a 2021 AWD Chevy Traverse at the State Bid contract price

Director Christensen said the City was awarded a reimbursement grant. We will purchase these vehicles and BRAG will reimburse us for the cost. We have worked with the dealerships and in talking to Crump Reese we were able to get the state contract price, for these two vehicles. The cost is $33,500 for a three quarter ton truck and $32,300 for the traverse. The truck will go to the food pantry. Cathy Newman picks up pallets from Walmart and the water company and has been borrowing Director Fulgham's trailer and a volunteer's truck to do that. She will use that and the County is going to buy her a trailer with some COVID-19 funds. The vehicle for the Senior Center will be for a new Meals on Wheels route. This has already been approved we will just send the invoice and they will send us a check for both vehicles.

Motion by Councilmember Archibald to approve the purchase of these vehicles for the uses stated above. Motion seconded by Councilmember Holmgren. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

e. Discussion and consideration of adopting Resolution No. 20-37 approving the Liberty Corner Townhomes Subdivision Development Agreement

Manager Warnke said this is behind Coldwell Banker and it is a straightforward development with not a lot of public improvements. In the special conditions section you can see what they are. They have recorded and are building.

Motion by Councilmember Vance to ratify this development agreement. Motion seconded by Councilmember Holmgren. Roll Call Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

8. Calendar Items and Previous Assignment
   a. Review of calendar

Manager Warnke said we have an upcoming training that the Council is welcome to attend, but not expected to. There will be a sexual harassment training for the fire department on September 10 and a Bloodborne Pathogen training on October 1 for all City employees. We have talked about the Utah City of Leagues and Towns Conference. There is also the employee summer party on Monday September 14, at North Park Park.

   b. Review of past assignment: none

9. Reports & Comments:
   a. City Manager Reports and Comments: none

b. Development Review Committee Report and Comments: none

c. City Department Head Reports and Comments:

Director Christensen gave an update on the Candy Bomber mural. He said Gail's birthday is on October 10, but he is planning on coming up to Midland Square with his family on October 12, at 2 p.m. Manager Warnke said the artist plans to begin work on September 29 through the first week in October. He is committed to have it done by Gail's birthday.

d. Council Reports and Comments

Councilmember Holmgren said the Junior Livestock Auction was a very unique event in our area this year. We will still be pushing close to a million dollars for the auction. The sale ended up about $660,000 and then there are usually about $300,000 in boosts. With all the challenges and everything else going on I think we did pretty dang good. We reinvented the livestock part of the County fair in seven weeks and it worked out pretty good.

Councilmember Rohde said I heard positive comments on the auction. People said it was handled very well. We had some home arts stuff, but that was way low this year.

Motion by Councilmember Archibald to move into closed session. Motion seconded by Councilmember Rohde. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

The Council moved into a closed session at 7:26 p.m.

10. ***CLOSED SESSIONS:***

a. Strategy session to discuss the purchase of real property when public discussion of the transaction would disclose the appraisal or estimated value of the property under consideration or prevent the public body from completing the transaction on the best possible terms; and/or

b. Strategy session to discuss the character, professional competence or physical or mental health of an individual; and/or

c. Strategy sessions to discuss pending or reasonably imminent litigation; and/or

d. Discussions regarding security personnel, devices or systems

Motion by Councilmember Holmgren to return to open session. Motion seconded by Councilmember Vance. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

The Council returned to open session at 7:52 p.m.

11. Adjournment.

Motion by Councilmember Rohde to adjourn the meeting. Motion seconded by

Councilmember Holmgren. Vote: Councilmember Archibald - aye, Councilmember Holmgren - aye, Councilmember Rohde - aye, Councilmember Seamons - aye, Councilmember Vance - aye. Motion approved.

The meeting adjourned at 7:52 p.m.

The undersigned duly acting and appointed Recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes for the City Council Meeting held on the above referenced date. Minutes were prepared by Jessica Tanner.

Dated this _____day of _____, 2020.

_____
Linsey Nessen, City Recorder

Follow-up items for the Council and City Staff

City staff will continue to look over the City's revenue and get numbers for another bond.