

**Tooele City Council and
Tooele City Redevelopment Agency of Tooele City, Utah
Work Session Meeting Minutes**

Date: Wednesday, May 18, 2016
Time: 5:00 p.m.
Place: Tooele City Hall, Large Conference Room
90 North Main St., Tooele, Utah

City Council Members Present:

Chairman Brad Pratt
Scott Wardle
Dave McCall
Debbie Winn
Steve Pruden

City Employees Present:

Mayor Patrick Dunlavy
Glenn Caldwell, Finance Director
Roger Baker, City Attorney
Jim Bolser, Community Development and Public Works Director
Paul Hansen, City Engineer
Michelle Pitt, Recorder
Randy Sant, Redevelopment Agency Director

Minutes prepared by Michelle Pitt

1. Open Meeting

Chairman Pratt called the meeting to order at 5:00 p.m.

2. Roll Call

Brad Pratt, Present
Scott Wardle, Present
Dave McCall, Present
Debbie Winn, Present
Steve Pruden, Present

Chairman Pratt moved the order of the Discussion items, because Mr. Burningham had not yet joined the meeting. The order of items discussed differs from the agenda.

3. Discussion:

- Resolution 2016-26 A Resolution of the Tooele City Council Approving a Contract with Pacific West LLC for Removal and Replacement of Two Existing Sanitary Sewer Manholes Located on Sanitary Sewer Interceptor “A”
Presented by Paul Hansen

Mr. Hansen explained that two years ago the City replaced four manholes behind the old sewer plant that were deteriorating. Because of budget reasons, the City only replaced four of them at that time. The City received two bids for this project, but two days ago the low bidder stated that a material error was made in the dollar amount. City staff is asking the Council to table this item so that this matter can be looked in to and brought before the Council at a later date.

- Resolution 2016-27 A Resolution of the Tooele City Council Authorizing the Mayor to Sign a Contract with Kilgore Contracting for the 2016 Roadway Improvement Project, Schedule “A” Roadway Reconstruction and Schedule “B” Roto-Mill and Asphalt Overlay

and

- Resolution 2016-28 A Resolution of the Tooele City Council Authorizing the Mayor to Sign a Contract with Intermountain Slurry Seal for the 2016 Roadway Improvement Project, Schedule “C” Type II Slurry Seal

Presented by Paul Hansen

Mr. Hansen stated that this is a continuation of a project done in years past. These projects went out to bid. The roadway reconstruction is the most expensive project. There are three different types of roadway repair projects based upon roadway condition, but the city bid the projects together because there are certain contractors that are able to bid them together and get a better price. These projects include full roadway reconstruction, mill and overlay of the existing asphalt, and application of a slurry seal. The City would like to rebuild 400 North between Main Street to 100 East to get rid of the high crown in that area. At Sage Circle, south of Skyline, the pavement is gone, and Old Canyon Road is in extreme condition. These projects make up Schedule “A”. Pavement overlay is Schedule “B”, for five areas in the City, which will add a new asphalt layer on top. Kilgore was the low bid on Schedule A and B. Miller Paving and Staker Parsons were the other bidders.

Schedule C is Type II slurry seal. Intermountain Slurry Seal was the low bid. Mr. Hansen said that the City has a good history of working with them. City staff is recommending the Council award the project to them, and asking to award the 5% contingency.

The cost of these three projects is just over \$1 million. Mr. Hansen estimated the projects at \$1.4 million. With these savings, the City may be able to do some additional road work, and will bring back a change order for the Council to consider. Councilman McCall asked about Oquirrh, Paul said it was done a couple of years ago.

The projects should be completed by September 15th.

- Resolution 2016-29 A Resolution of the City Council of Tooele City, Utah, Authorizing the Issuance of Not More than \$12,200,000 Aggregate Principal Amount of Sales Tax Revenue Bonds, Series 2016; Related Matters Presented by Jason Burningham, Ballard Spahr/Randy Sant

Mr. Sant introduced the bond by saying that during the last legislative session, legislation was passed to allow cities to issue a bond for the purpose of paying off a settlement or judgement. This bond is pledged against the revenue of the City, such as sales tax and franchise tax. The City has to pay the first \$3 million. The bond allows the City to take the obligation and spread it over a longer period of time and the City can do it within the City's existing funds. Mr. Sant went on to say that the bond will save the City approximately \$500,000 a year.

Mr. Burningham said that the parameters resolution had been reviewed by Mr. Baker and others. He stated that Mr. Baker provided comments and revisions to it. Mr. Burningham brought with him the execution copies to be signed if the Council approves the bond tonight. Mr. Burningham explained that there are two options under Utah law, a parameters resolution, where the bond comes back to the City to ratify or approve at a later date, or the other option is a super parameters resolution which allows more flexibility for the timing and the marketing of the bond. It sets the maximum parameters. When the bond is priced, and the final terms fall within the maximum parameters, then a designated group of officers of the City can execute that on behalf of the City Council. The bond before the Council is a super parameters bond. The Mayor, or designee, and the City Recorder, executes the bond purchase agreement. In terms of the designated officers, they include the Mayor, or designee, and the finance director, in consultation with Mr. Burningham's firm.

An analysis was done to look at the City's debt to ensure that there was head room available in regards to bonding against revenue sources. The City has other bonds secured by sales tax and franchise tax, but the analysis shows there is capacity. There would be little principal for the first couple of years, then it steps up and is level. Mr. Burningham stated that the City has the capacity of amortizing the debt over 20 years. The bond helps manage debt services around previous and existing debt. Mr. Burningham said that bonds can't be issued unless the City has a minimum of 2.5 times coverage. The analysis shows that the City has 2.7 times coverage. The City could also use franchise tax, but the bond shows just using sales tax. The maximum parameters that has been included for the designated officers to approve would be the issuance and sale of bonds not to exceed \$12.2 million. Mr. Burningham said they don't anticipate that the City should need over \$11.3 million. They added a provision in case the City has to fund a debt service reserve fund, which is set aside up front, and the City would get it back in the end. In order to make sure there is enough flexibility, they added that in. The likelihood of the need for this is low, but they didn't want to have to come back. Utah requires the maximum possible coupon rate, so the maximum of 6% has been included. The bonds are taxable bonds. The maximum maturity date from closing is 22 years. There is a discount from PAR, which is 97%. That feature ensures that an underwriter can't resale the bond, and deeply discount it. It provides a protection as the issuer.

Utah law requires the City to provide a notice of intent to issue bonds, published in the paper and posted on the Utah website, which starts a 30 day contest period, to give anyone an opportunity to challenge or contest the proceedings. The bond requires a public hearing, which will be June 15th. The public hearing needs two notices prior to the public hearing.

Mr. Sant stated that they will have the bonds rated. They will meet with the rating committee to have those rated. The City may have an A rating. Mr. Burningham explained that several of the bonds they have done recently, because of the cost and simplification of using a direct purchaser, and because the duration was shorter, had a lot of private institutions (banks and insurance companies) that were willing to accept it directly without the benefit of an underwriter. The primary reason is because of the length of time. They won't be able to do this in this transaction mainly because of the length of time. It makes more sense to do a public offering. The public offering involves an underwriter, who purchases it from the City then distributes it to the public. This benefits the City because it involves the national rating agencies who rate municipal debt. The rating that the City gets is directly related to the interest rates on the bonds. The City is in the middle to upper middle range in the investment grade category which could result in big savings. It's important to prepare for the rate, and to go to them seeking the best rate, but it takes a little bit more time and effort. There is a ten year call on the bond.

Mr. Sant clarified that the public hearing will be on June 15th. They are hoping to close on the bond on the 28th. Payment is due by July 31st.

- Utah League of Cities and Towns Conference Presentation
Presented by Steve Pruden

Councilman Pruden stated that he went to the Utah League of Cities and Towns Spring conference in St. George. He reported that the City is doing very well, and reviewed some of the highlights from the conference. Councilman Pruden's notes are attached to these minutes.

4. Adjourn to RDA Meeting

Councilman Wardle moved to adjourn to an RDA meeting. Councilwoman Winn seconded the motion. The vote was as follows: Councilwoman Winn "Aye," Councilman McCall "Aye," Councilman Wardle "Aye," Councilman Pruden "Aye," and Chairman Pratt "Aye."

The meeting adjourned at 6:02 p.m.

- Discuss & Review Fiscal Year 2016-2017 RDA Budget
Presented by Randy Sant

Mr. Sant handed out a revised summary of the proposed RDA budget. He reviewed the preliminary budget, and stated he would provide one to be presented on June 15th. The RDA budget will require a separate notice and public hearing. Mr. Sant explained that there isn't too much change from previous years' budgets. The tax increment increased. Cabela's and Air Gas were two new projects that came on last year. The RDA should see the full increment in this year's budget, it shows a \$400,000 increase. As discussed with the Tooele County Economic Development Committee, Tooele City would be responsible to set up the Tooele County

economic development budget at \$200,000; \$75,000 will come from the County, \$75,000 will come from the City, and \$50,000 will come from Grantsville. The RDA will bill the other entities for their portion. The budget sheet shows \$200,000 for the economic development budget. The RDA will make a contribution of \$125,000 per year to Utah State University for the Science Building. There is a \$200,000 property tax refund goes to Cabela's, with a small portion going to Air Gas. The RDA pays up to \$25,000 per year if they hit the employee threshold, which is a five year commitment. Cabela's is a 15 year commitment, until the RDA hits \$4 million. The TAD project fund is the tax increment generated by Peterson and Ninigrit. The RDA commits money back to them to help with projects to help with their property. Last year the RDA contributed \$77,000 for the sewer for JenMar, and built H Avenue for Cabela's. This year, the RDA has been approached about improving K and I Avenues. Chairman Pruden asked if this could be done in conjunction with other road projects. Mr. Hansen said that it could be handled in a change order. Mr. Hansen added that most of the work is at the intersections.

The RDA has bond payments for property at 1000 North, TATC funding, and a contribution to the Grantsville library project. The only real difference in the budget this year, is that the increment went up, but it is to fulfill obligations to AirGas and Cabela's. The RDA budget has to be available to the public seven days prior to adoption and requires a seven day notice.

Mayor Dunlavy stated that budgets are not boring. It's important to point out that over the last 10 years, the RDA has accomplished a lot, including USU, CLC, Tooele Boulevard, 1000 North, and TATC, just to name a few. These projects were done in such a way that people only see the results, but don't understand the work that it requires. Mayor Dunlavy felt that the City has been well served.

- Invoices
Presented by Michelle Pitt

Ms. Pitt presented the following invoice for approval:

RS Contract Management Services, LLC \$50,000.00

RDA Board Member Pratt made a motion to approve the invoice. RDA Board Member Winn seconded the motion. The vote was as follows: RDA Board Member Winn "Aye," RDA Board Member McCall "Aye," RDA Board Member Wardle "Aye," RDA Board Member Pratt "Aye," and RDA Chairman Pruden "Aye."

5. Adjourn RDA Business Meeting

RDA Board Member Wardle moved to close the RDA meeting. RDA Board Member Winn seconded the motion. The vote was as follows: RDA Board Member Winn "Aye," RDA Board Member McCall "Aye," RDA Board Member Wardle "Aye," RDA Board Member Pratt "Aye," and RDA Chairman Pruden "Aye."

6. Close Meeting to Discuss Litigation, and Property Acquisition

Councilman Wardle moved to close the meeting. Councilwoman Winn seconded the motion. The vote was as follows: Councilwoman Winn “Aye,” Councilman McCall “Aye,” Councilman Wardle “Aye,” Councilman Pruden “Aye,” and Chairman Pratt “Aye.”

Those in attendance during the closed session were: Glenn Caldwell, Roger Baker, Jim Bolser, Mayor Patrick Dunlavy, Paul Hansen, Michelle Pitt, Randy Sant, Councilwoman Winn, Councilman McCall, Councilman Wardle, Councilman Pruden, and Chairman Pratt.

The meeting closed at 5:42 p.m.

No minutes were taken on these items.

7. Adjourn

Councilwoman Winn moved to adjourn the meeting. Councilman McCall seconded the motion. The vote was as follows: Councilwoman Winn “Aye,” Councilman McCall “Aye,” Councilman Wardle “Aye,” Councilman Pruden “Aye,” and Chairman Pratt “Aye.”

The meeting adjourned at 6:43 p.m.

The content of the minutes is not intended, nor are they submitted, as a verbatim transcription of the meeting. These minutes are a brief overview of what occurred at the meeting.

Approved this 1st day of June, 2016

Brad Pratt, Tooele City Council Chair