

SOUTH JORDAN CITY
CITY COUNCIL STUDY SESSION

January 20, 2015

Present: Mayor David Alvord, Councilman Steve Barnes, Councilman Chuck Newton, Councilman Chris Rogers, Councilman Mark Seethaler, Councilman Don Shelton, CM Gary Whatcott, Development Services Director Brad Klavano, Administrative Services Director Dustin Lewis, IS Director John Day, Public Works Director Jason Rasmussen, COS Paul Cunningham, Communications Director Tina Brown, Fire Chief Andrew Butler, Strategic Services Director Don Tingey, Police Lieutenant Rob Hansen, Assistant City Attorney Ryan Loose, Development Services Director Brian Preece, City Council Secretary MaryAnn Dean

Others: Laura Lewis, Jon Bronson

STUDY SESSION – 4:00 PM

Mayor Alvord welcomed everyone present.

A. Invocation: *By Councilman Rogers*

Councilman Rogers offered the invocation.

B. Staff Item: SID Bond with Rio Tinto/Daybreak. (*By CM Gary Whatcott*)

CM Whatcott said Kennecott is seeking the city's help to create a special assessment area for infrastructure improvement to support development to the west. Staff is supportive of this proposal. Laura Lewis has been assisting them with this proposal.

Rulon Dutson and Ty McCutcheon, Kennecott, were introduced. They reviewed a presentation outlining the infrastructure needs to the west of their current development (Attachment A). The proposal is a 4-7 year acceleration over their current plan. They feel it is important to get out in front on the infrastructure development. They reviewed future development plans in the area. It was noted that there are no access points off Mountain View Corridor currently. In the future, there will be access on and off the frontage roads. It was also noted that the money would be drawn out from mid 2015 to mid-2018.

Mr. McCutcheon said the commercial user groups want frontage, but they also need connectivity. They discussed the need for commercial to have a certain number of rooftops to support their business. Some businesses are willing to come without those rooftops, if they feel the momentum is sufficient.

City Commerce Director Preece said the infrastructure is crucial to getting a draw to the commercial area. He noted that Herriman is trying to get a road through Butterfield Canyon to Tooele. If that happens, it will draw traffic.

Mr. McCutcheon said they have approximately 2200 acres left to develop. A significant part of that development will be employment based. They are trying to create a community where the bosses want to live. He said there is a lot of interest in the southwest part of the Salt Lake Valley. There will only be one regional center and it will either be in South Jordan or Herriman.

CM Whatcott said the key is balancing retail, housing and jobs. He is glad to see this accelerated, especially considering the aggressiveness of Herriman.

Laura Lewis, Lewis Young Robertson & Burningham, reviewed the bond assessment (Attachment B). She said the bond process would take 60 days to 3 months.

Councilman Newton expressed a desire to accelerate the bond process before the potential changes in the legislative session that will go into effect May 1st.

Councilman Newton asked what are they providing for Kennecott and what is the advantage to the city in the long run? Ms. Lewis said the advantage to the city will be the accelerated development. The sooner they have traffic flow, the better. She said if they issued an assessment bond, it would show up on the city's debt profile. She recommended that they require a prepayment of the bond assessment at some time that the city can control, such as the building permit issuance.

Mr. McCutcheon said they have not determined the acreage at this time.

Councilman Rogers asked if they have an estimate of the bond amount, and the term of the bond? He asked if they have an idea of the proposed boundary for the assessment area? Will it encumber all of Daybreak?

Mr. McCutcheon said the intent is to not encumber any existing property not owned by Kennecott. The proposal is to do this for the land west of the Mountain View Corridor. The term of the bond would be 20 year maximum, but it can be less. There are choices on how to amortize the bond. The request is for approximately \$29 million, but with the debt service reserve fund, they anticipate the total bond issuance to be \$33-34 million.

Ms. Lewis reviewed two potential structures for the bond. She said she believes the interest rates will stay low through the end of this year.

Mr. McCutcheon said they would determine the structure of the bond at a later time after they consider all of the assumptions.

Mayor Alvord asked what is the advantage of being first? Mr. Preece said both timing and location are huge factors.

Councilman Newton said the bulk of the remaining growth in South Jordan will be in Daybreak. There will be sufficient population to support a regional center. Mayor Alvord said he feels South Jordan's location is better. Mr. Preece agreed. He said this infrastructure is helpful with their economic development efforts. He said Lehi's growth is because the infrastructure was in place. The location won't change. When the timing and market is ready, if they don't have the infrastructure, they will lose.

Councilman Rogers said he looks at the bond favorably. He likes the idea of not increasing taxes of the existing property owners; the expense will be borne by people who will mostly benefit by the improvements. He said he would like to accelerate development in the area and put the stake in the ground first. He said he would like to know how much this will cost the average tax payer.

Ms. Lewis said that will be known when they know the acreage of the assessment area. She said it can be done by acre, taxable value, lot or front footage, or a combination. She said the assessment could be different for commercial development with frontage, for example. Before this is adopted, all of those details will be laid out. Councilman Rogers said he favors treating commercial and residential differently.

Mayor Alvord asked if this would lean to Daybreak being its own municipality someday? Ms. Lewis said no.

Councilman Seethaler said he would like more information relative to how this will affect the city's bond rating, impact their city finances, reporting, and access to funds. He said someday there will be a regional facility. It would be better there than not at all because they lost their chance to the neighbors to the north and south.

Mayor Alvord asked why doesn't Rio Tinto get a loan rather than partner with the city? Mr. McCutcheon said it is difficult from a capital allocation perspective. He said if you view Daybreak like any other developer, it would be very unlikely for any developer make an all equity infusion into a project like this. They were very fortunate to be able to make the initial investment.

Ms. Lewis said the rating agency views assessment bonds as a self-sustaining debt. In most instances, it takes care of itself. It is listed as an obligation with a revenue source. There is no negative impact on their ability to do other things.

Councilman Shelton said he is in favor of this for the reasons already outlined. The risk is minimal compared to the benefit.

CM Whatcott said staff would continue to work on the issue and bring it back with more detail.

The City Council took a dinner break.

C. Staff Item: 2015 Legislative Session Review (*By General Counsel Wall and Chip Dawson*)

Chip Dawson, Intergovernmental Affairs, briefly reviewed a presentation on the 2015 legislative session (Attachment C).

The City Council discussed HB 93, School Districts amendments. They do not want to see this pass. Dave Spatafore, legislative consultant, said they have been negotiating with Mayor McAdams. If South Jordan supports his township bill, he would either be neutral or in opposition this HB93. Mr. Spatafore said he feels the city should not support the township bill unless they get opposition from the County on HB93. Councilman Rogers concurred with the recommendation.

City Attorney Wall said there is support from the townships and community councils for Mayor McAdams bill. All of the cities want to see wall to wall cities. They all have different preferences as to how that happens. The League has had a hard time coming up with a response. CM Whatcott asked what if there are large tracks of unincorporated land? What does it do about Rio Tinto? Mr. Spatafore said one issue is if Millcreek (for example) wants to incorporate, they don't have any tax levying capabilities and they would lose all the sales tax from Rio Tinto. It will stay with the remaining unincorporated areas.

Mr. Dawson reviewed SB 58. There is language in there that contradicts their current agreement with the school district regarding closed meetings. Assistant City Attorney Loose said they drafted language to include in that bill today. They want to ensure the Mayors can go into closed meetings for key positions. Mr. Spatafore said he believes the language will be included.

The City Council reviewed HB61. It prohibits municipalities from issuing home business licenses to specific businesses that are non-intrusive and non customer oriented.

The City Council reviewed HB142. It would allow a 5-6 member Council to add to or delete the powers of the Mayor, with a majority vote. City Attorney Wall said he believes the League will oppose it. It is ambiguous if the Mayor is included in the Council vote or not.

The City Council reviewed HB77. After 60 days of retirement, a person can be reemployed by another entity. They are supportive of this bill.

The City Council reviewed SB29 regarding charter schools. They are taking the same position as last session.

The City Council discussed HB45 – it says a member of the governing body can't be excluded from a public meeting. Staff is proposing an amendment to the bill. They are proposing that you can't exclude a member of the governing body from a public meeting. They are also proposing that you can exclude a member of the governing body from a closed meeting if there is a conflict of interest. There would have to be a vote of the governing body to exclude and a 24 hour notice that there would be such a vote. Immediately after the issue is discussed, the member of the

governing body would be brought back into the discussion. Councilman Rogers said he likes the amendments. Councilman Barnes said he does not. He said the legislature declares the conflict and then still votes. He said for the City Council, it is a matter of self policing. He said in a closed session, there are no votes. Councilman Newton said informal votes could be taken. There is also the potential of influence. He said the Legislature has such large numbers, the influence can be mitigated.

Councilman Rogers said if a Council member has a conflict, they might be exposed to confidential information from an adverse party that could financially benefit or be detrimental to a relative.

The Salt Lake County caucus next week on Thursday was noted.

Councilman Shelton asked that the bill on assessment areas be put on the list for the City Council to review. Councilman Newton said they also need to add police cameras to the list.

Mr. Spatafore said the Administrative Rules Committee met and the primary issue was local government's policies on excessive force. They put together a task force to deal with the issue next year.

ADJOURNMENT

The meeting adjourned at 6:04 p.m.

This is a true and correct copy of the January 20, 2015 Council Study meeting minutes, which were approved on February 3, 2015.


South Jordan City Recorder

ASSESSMENT DISCUSSION BOND AND FINANCIAL IMPLICATIONS

SOUTH JORDAN CITY, UTAH



JANUARY 20, 2015


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BOND AND FINANCIAL IMPLICATIONS

- I. **Authority**
 - A. Assessment Area Act
 - B. Utah Code – Title 11, Chapter 42
 - 1) Legislative changes may occur this session

- II. **Utilization – What can be financed using this mechanism**
 - A. Any publicly owned infrastructure
 - 1) i.e. Water, Sewer, Roads, Sidewalks, Streetlights etc.

- III. **Designation for ‘Unimproved Property’ (75% threshold)**
 - A. Appraisal verifying coverage - required
 - 1) Appraisal assumes value as if proposed assessment improvements are completed and value must be at least three times the assessment amount
 - B. Issuer may also require
 - 1) Financial information relative to the owner(s) to be assessed
 - 2) A development plan

- IV. **Security / Liens**
 - A. Bonds are ultimately secured by Assessment Liens on real property within the Assessment Area benefitted by the improvement(s)
 - B. Assessment liens are on parity with property tax liens and as such ‘trump’ trust deed liens
 - C. Assessment liens can be foreclosed on under the trust deed foreclosure process and therefore can take place within about six to seven months after any delinquent payment.
 - D. Other security enhancements we’ve employed
 - 1) Debt Service Reserve Fund – Bond Proceeds (required)
 - 2) Supplemental Reserves as City Negotiates with Developer
 - 3) Pre-payment of assessments when building permit drawn

- V. **Financing – Structural Considerations**
 - A. State law limits to maximum of 20 years
 - B. Level Debt Service Payments
 - C. Capitalized interest may be included (as negotiated)

- VI. **Potential Risks & How Mitigated**
 - A. Developer could “push” assessment down to end user homeowner –
 - 1) Mitigated by requiring prepayment of assessment at time prior to sale to homeowner

 - B. Developer could default on assessment payments –
 - 1) Mitigated by; (a) working with reputable companies with good financial history and financial wherewithal; (b) good bond financial structure (c) Foreclosure threat if any delinquency!



- 2) Time consuming to administer
 - 1) Mitigated by ability to collect portion of the assessment to pay for administrative costs and that administration can be out-sourced if desired

VII. Examples

- A. Sorenson Land Development in Herriman - ~\$19M issued in 2009
- B. Powder Mountain Development in Weber County - ~ \$18M issued in 2013
- C. Others; Eagle Mountain, Orem, West Valley...

VIII. Questions / Discussion

2015 Legislative Session City Council Discussion #1 City of South Jordan

Ryan Loose, Assistant City Attorney
Chip Dawson, Intergovernmental Affairs
Dave Spatafore, Legislative Consultant
Keegan Rank, Legislative Consultant
Richard McMullin, Legislative Consultant

First Week of 2015 Legislative Session



The first week is Appropriations Committees in the mornings and Standing Committees in the afternoon..

Ceremonial items will take place on Monday, January 26.

Local Elected Officials Day with ULCT on Wednesday, January 28. Transportation and Terry Bradshaw.

First Salt Lake County Caucus on Thursday, January 29 at 7:00 AM. Senate Building, Copper Room.

First Issues to Discuss

- * HB 93 - School District Amendments
- * SB 58 - Municipal and County Officials Attendance At School District Board Meetings
- * HB 61 - Municipal Business Licensing Amendments
- * HB 45 - Local Governing Body Amendments
- * SB 29 - School Planning and Zoning Process
- * HB 77 - Postretirement Employment
- * HB 142 – Municipal Government Amendments

Legislative Tools

- * Bill Watch App – List Search “SouthJordanCity2015”
- * Utah State Legislature Website:
 - * <http://le.utah.gov/>
- * Utah League of Cities and Towns Bill Tracking:
 - * http://www.ciclt.net/sn/leg/l_main.aspx?ClientCode=ulct

Meetings and Communications

- * **Legislative Policy Committee Meeting**
 - * Each Monday at 12:00 Noon. House Room 30. Parking limited.
 - * Lunch provided.
 - * Voting Members: Mayor, Council Member Newton, and Council Member Shelton.
- * **Salt Lake County Caucus Meeting**
 - * Thursday at 7:00 AM. Copper Room, Senate Building.
 - * Breakfast provided. Mayor or designee and staff.