

WORK SESSION
Tuesday, February 19, 2013 6:00 p.m.
Community Recreation Center
10640 N Clubhouse Drive, Cedar Hills, Utah

Present: Mayor Gary Gygi, Presiding
Council Members: Jenney Rees, Stephanie Martinez, Trent Augustus, Daniel Zappala, Scott Jackman
David Bunker, City Manager
Chandler Goodwin, Assistant City Manager
Greg Gordon, Recreation Manager
Courtney Hammond, Transcriptionist
Others: Mark Edminster, Lewis, Young, Robertson & Burningham, Inc.

This work session of the City Council of the City of Cedar Hills, having been properly noticed, was called to order at 6:06 p.m. by Mayor Gygi.

Wells Fargo Utility Revenue Refunding Proposal

Mark Edminster of Lewis, Young, Robertson & Burningham, Inc. discussed the proposal to refinance. The existing rate is 5.99%. The current bond is not callable until 2019. Wells Fargo has outlined the terms for refinancing the existing utility revenue bond. The new proposed 7-year fixed rate is 2.61%. The new terms call for a mandatory tender at the expiration of the 7 years. The city would then need to finance the remainder or structure the bond so that it is paid off in 7 years, which would raise the annual debt service by \$52,000. He has outstanding questions, such as the termination, odd language, the mandatory tender, etc. He ran a scenario of a 7-year fixed rate with a 10-year amortization, which would lead to a savings of 22.42%. The other scenario is a 7-year fixed rate with a 7-year amortization, which would lead to a \$52,000 increase in debt service and a 20% savings over the current financing agreement. One issue with an interest rate adjustment is that the parameters resolution sets an upper interest rate limit. His recommendation is to continue looking into the Wells Fargo proposal, and have them refine their definitions.

David Bunker stated that Finance Director Charl Louw understood from Wells Fargo that the mandatory tender did not mean a payout, but an interest rate adjustment. While the city is exposed to an unknown interest rate after 7 years. Director Louw feels that by that time the amount will be low enough that the city can afford to pay it off or incur a higher interest rate.

Mayor Gygi asked that Mark Edminster ask Wells Fargo for a proposal for a 10-year fixed rate.

C. Zappala stated that shortening the length of the bond payments means that the current residents pay the entirety of the bill, rather than spreading it out over 20 years and 20 years of residents who will use the infrastructure.

C. Jackman stated that the council pulled this refinance off the table last year because it would raise residents' utility rates. He isn't sure that the city should be reconsidering now.

Manila Sewer Issue

David Bunker stated that city submitted the claim to the Utah Local Governments Trust, which was denied. The city formally appealed and received a letter last Thursday denying the appeal. That leaves residents with a \$5,000 payment. For a few of the residents, that covers the cost of cleanup. For the Butlers, it will not cover clean up costs. It does not cover personal property loss for any of the residents. The Butlers claim exceeds \$20,000. The DeMilles claim is a little less than \$20,000. Some of the items that were claimed are not eligible, such as time off work. The next step is to appeal to the board, which is made up of a group of mayors. Their next meeting is at the end of March. The city is keeping residents updated. There is an ongoing investigation into the vandalism.

C. Martinez requested that pictures of the items that clogged the system be put in the newsletter after the police investigation has finished.

Avanyu Acres Litigation

Mayor Gygi stated that the litigation has been scheduled, and the city is hopeful that there will be a resolution this year.

Family Festival

Greg Gordon presented the outline for the Family Festival events. This year the city is trying to capitalize on the food truck craze by having food trucks line Cedar Hills Drive. Quincy Lewis, Lone Peak's basketball coach will be the 2013 grand marshal. The city is working on getting a Family Festival committee together.

This work session was adjourned at 6:49 p.m. by Mayor Gygi.

/s/ Colleen A. Mulvey

Colleen A. Mulvey, CMC
City Recorder