

MINUTES OF THE DRAPER CITY COUNCIL MEETING HELD ON TUESDAY, OCTOBER 16, 2012, IN THE DRAPER CITY COUNCIL CHAMBERS, 1020 EAST PIONEER ROAD, DRAPER, UTAH.

This document shall constitute the complete meeting minutes for this City Council meeting.

PRESENT: Mayor Darrell Smith, Councilmembers Alan Summerhays, Jeff Stenquist, and Bill Rappleye. Councilmember Bill Colbert and Councilmember Troy Walker were excused.

STAFF PRESENT: David Dobbins, Doug Ahlstrom, Tracy Norr, Danyce Steck

1.0 Call to Order

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1.1 Mayor Smith called the meeting to order and excused Councilmember Colbert and Councilmember Walker.

2.0 Progress Report on the Aquarium Deliverables for Issuance of 2012 Series C Bond.

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2.1 Doug Ahlstrom reported there are still several deliverables that the city has not received, including the easement from Rocky Mountain Power. Once the easement has been received, the aquarium deeds the property to the city and the city leases the property back to them. The lease has been approved but not signed. He said they have not submitted building plans. All utility provider confirmations have been received. They have a contract with a building contractor but don't have any permits yet.

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2.2 Danyce Steck said the funds for the land purchase are in an escrow account. Closing is scheduled this week. She said she has a development budget and the bond counsel has the 501(c)(3) memo. Performance and payment bonds are in place with the construction company. Plans are to be submitted on Friday. The land disturbance permit was submitted to the Engineering Department, and the department has come back with some financial demands. She said the bond will be \$13.5 in net proceeds, which includes \$500,000 contingency and \$1,000,000 of upgrades. David Dobbins said the net proceeds does not exceed the amount previously authorized. Mrs. Steck said the first payment will be due in May 2014 with interest due in December. That gives them additional cash flow to get through the grand opening. She reviewed the cost of issuance, explaining that the bond has been established in Series A, B, and C so individual parts of the bond can be removed when it goes to market. For instance, if the aquarium does not have the Rocky Mountain Power easement in place, the city can pull the series from the bond issuance and issue the bonds at a later date. Doing so would affect the cost of the issuance. She

discussed pending items. She said John Crandall feels it would be prudent to sign the ground lease when we sign the buyer's agreement to go to market. The bond counsel said he would prefer to have it signed when all the costs have been identified exactly because the monthly payment is called out in the ground lease. She said she felt like we need the obligating document when we go to market. She said one requirement was for a building permit before the issuance of the bond. That will not happen in time for this bond issuance. She suggested a quick review as soon as the plans come in. The consensus of the council was that the ground lease and marketing the bonds is more important. She also said the aquarium thought the land disturbance and building fees were to be waived and the impact fees would be paid over time. They were not sure about performance time. She asked for council confirmation that the permitting fees were to be waived. The council agreed that they are still ok with waiving the fees. She asked if the security bond for public improvements was to be waived. Mr. Dobbins said the previous assumption was the fee to waive all fees associated with the project, which would include the security bond. He added that the city would be obligated to do the work if the aquarium defaults. Mrs. Steck said if the plans have been submitted in time for a preliminary review, the purchase agreement is in place, and the ground lease is signed on October 23 by 5 p.m., the bond would proceed. If not, the series would not be issued. She said she would send the council a status update on October 19. The consensus of the council was to proceed as discussed.

3.0 Progress Report on the Property Acquisition to be Funded by the Issuance of 2012 Series A Bonds.

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3.1 David Dobbins said all the information needed for due diligence of the Zions/Suncrest property has been received and staff is continuing to review it. Nothing of concern has been found yet. He then gave an update on a meeting with the Suncrest residents. He and Councilmember Stenquist discussed the concerns expressed by the residents at the meeting. Drainage and water service concerns were discussed. Councilmember Stenquist said there were concerns about the TRSSD and additional traffic.

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3.2 Danyce Steck reviewed a five-year forecast to show the impact of the debt service on the general fund. She explained the estimated increases she made for the forecasts. She said the fund budget will decrease substantially, even without the debt service, going forward. She noted the debt service impact on the fund balance is 1%. She reviewed the costs of issuance and discussed the pricing committee's responsibilities.

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3.3 John Crandall, George K. Baum Company, gave a market update on the savings of the Series B refunding bonds. He said the market has hit the lowest point since 1967 but there is little bit of recovery. He said municipal bonds are still in great shape and the savings are about the same as estimated about three weeks ago.

4.0 Calendar of Events for the Issuance of the 2012 Series A, B & C Bond.

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- 4.1 Danyce Steck reviewed the calendar of things that have been done and things that still need to be completed. She said the bonds would go to market on the 24th of October and the money should be received by October 30 to close with Zions Bank, the aquarium, and the refunding.

5.0 Financial Advisors for the 2012 Series A, B & C Bond.

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- 5.1 Danyce Steck introduced David Robertson of Lewis Young Robertson & Burningham, Inc.. She noted the city has never worked with a financial advisor on bonds in the past. The underwriters have done a good job for the city. However, laws have changed.

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- 5.2 Mr. Robertson said the company provided financial advisory and consulting services to cities. They give an independent look at bond issuances to ensure the city's needs are met. He highlighted his background and the work the company does. He said they will review the pricing of the bonds and work with George K. Baum Company and the bond counsel in a team atmosphere.

6.0 Council/Manager Reports

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- 6.1 Councilmember Summerhays said he would like to discuss the fence by the school in a closed session.

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- 6.2 Councilmember Rappleye noted that there is a resident present who is impacted by the fence decision. The council needs to keep them in loop and move forward. He said the Chamber community awards will be given on November 7. He said he met with Kathryn Berger, who is the Inland leasing agent. Inland would like to use the former Inkley store as a Santa village. The Draper Foundation has said they are not doing a Santa village, so he suggested having the youth council be sponsors. He estimated a cost of \$6,000. Mayor Smith asked why the use of the store isn't donated. Councilmember Summerhays said other stores also bring in Santa. Councilmember Stenquist said if the council is spending that kind of money, it should be done at the park or barn. Mayor Smith agreed, noting the tree lighting is done in the park. He said he also recognizes the holiday season is important to the retailers. The city should be visionary in the support but not necessarily \$6,000. Councilmember Rappleye said Inland is doing a quarterly mailer marketing the center. David Dobbins asked if the Foundation is not interested because of time or financial commitment.

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6.3 Mayor Smith said Kim Clark from TravelWise has asked if Draper would like to participate more in light of the light rail and commuter rail. They want to do a spot on television talking about Draper's role and eBay's sight. He said he will check on costs. He also said discussion was held at the UFA meeting about Eagle Mountain joining the UFA district. There seems to be more interest in Utah County cities joining the district. He said there will be more discussion about the costs for the service.

7.0 Adjourn to Closed Meeting

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7.1 A motion to adjourn to a closed meeting to discuss litigation, property acquisition, or the character and professional competence or physical or mental health of an individual was made by Councilmember Stenquist and seconded by Councilmember Summerhays. The motion carried by unanimous vote.

7.2 Following the closed meeting, a motion to adjourn was made by Councilmember Summerhays and seconded by Councilmember Stenquist. The motion carried by unanimous vote. The meeting adjourned at 7:48 p.m.