

PERRY CITY COUNCIL
MEETING PERRY CITY OFFICES
MARCH 10, 2022

7:03 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Council Member Nathan Tueller, Council Member Toby Wright, Council Member Blake Ostler, Council Member Dave Walker and Council Member Ashley Young.

OFFICIALS ABSENT: None

CITY STAFF PRESENT: Robert Barnhill, City Administrator
Shanna Johnson, City Recorder
William Morris, City Attorney
Tyler Wagstaff, Public Works Director
Scott Hancey, Chief of Police
Blair Wardle, Prosecuting Attorney
Anita Nicholas, Deputy Recorder

OTHERS PRESENT: Nelson Phillips, Melanie Barnhill

ITEM 1: CALL TO ORDER

Mayor Jeppsen called the City Council meeting to order.

ITEM 2: PROCEDURAL ISSUES

A. Conflict of Interest Declaration

Council Member Ostler recused himself for 4B

ITEM 3: PRESENTATION

A. Blair Wardle, City Prosecutor

City Prosecutor Wardle said he wanted to check in with everybody as accountability is an important part of government. He gave an update on the prosecutions done for Perry City by sharing some justice court statistics. He said that revenue for the year 2021 was \$121k, earned from fines and fees. He noted there was a total of 478 cases resolved in 2021, and the vast majority of these cases Mr. Wardle worked on. He mentioned he was currently working on getting access to Utah Criminal Justice Information System (UCJIS). This system will allow the prosecution to access the driving records, criminal history, and other information which will help him be more efficient. Presently he asks for the police department's assistance to help him obtain this type of information. Mr. Wardle commented that all his work is done electronically and not through paper. He said this allows the police department to share digital picture uploads to Google drive and ultimately saves time and money by not having to burn a CD to obtain this intelligence.

He complimented the staff that has cooperated with him so he can accomplish his job. He said that Ms. Rawson, even though she's new, has done a phenomenal job. Chief Scott Hancey is top-notch and a great police chief. He then praised the other officers and stated that they call him frequently when issues arise. He also, said that Ms. Johnson does well and helps him when needed. He praised the police department with the cases he sees and their interaction with the public. Mr. Wardle said he's worked with City Attorney Bill Morris and that he's great to work with.

Council Member Tueller asked City Prosecutor Wardle if there was a trend on anything of concern for the city. The biggest things that Mr. Wardle said he sees is shop lifting at Walmart and DUI's, and that presently there are not any severe crime trends going on in Perry City. Council Member Ostler then asked if the courts were back on track to the pre-Covid processes. Mr. Wardle said they had been conducting the courts virtually but have recently been authorized to do in person courts.

ITEM 4: ACTION ITEM (Roll Call Vote)

A. Resolution 2022-02 Approving a Residential Solid Waste Contract Amendment with Econo Waste

City Administrator Barnhill gave an update to the committee on what has been done since the last meeting. He said they talked about prices, confirmed what was requested, made matches with the tipping fee, did a few wording adjustments for clarity, and fixed some typo errors. This will amend the contract to increase the tipping fee from \$32.00 to \$34.00 per ton.

Council Member Walker asked if we obtained from Econo Waste more information about their calculation or formula for weight per can. Mr. Barnhill and Mr. Walker discussed and concluded that the estimate for the tipping fee charge is approximately 200 pounds per can per month or 50 pounds per can per week.

Council Member Wright asked about the fuel surcharge fees as written in the proposed contract. (Econo Waste, Inc. Proposal, p. 9) With the volatile fuel cost Council Member Walker asked if these surcharges will continue to increase and if so will we need to increase our garbage fees to our residents. Mr. Barnhill said at this time we're okay, but in the future we might need analyze the fee being charged to residents.

MOTION: Council Member Walker made a motion to approve resolution 2022-02 a Residential Solid Waste Contract Amendment with Econo Waste. Council Member Wright seconded the motion.

ROLL CALL: Council Member Wright, Yes
Council Member Tueller, Yes
Council Member Ostler, Yes
Council Member Walker, Yes
Council Member Young, Yes

Motion Approved. 5 Yes, 0 No.

B. Resolution 2022-04 Authorizing the Mayor to Execute a Contract for Bond Counsel Services

Mayor Kevin Jeppsen said this is the process on identifying a finance bond counsel for the municipal building real estate purchase. Ms. Johnson explained that a Bond Counsel Fee Quote Summary of the bid responses was provided in an email sent to the council members. She then reported that Jason Burningham of Lewis, Young, Robertson and Burningham provided the summary and noted that any of the groups on this summary would do a great job. Based on the pricing Mr. Burningham recommends Brandon Johnson of Farnsworth Johnson PLLC. However, the council may select another proposal. This resolution would authorize the mayor to execute a contract with a bond counsel to help with the financing of the real estate purchase contract previously entered into with the city under resolution 2022-01.

Council Member Wright asked what the cost for the bond issuance. It was discussed that it could be the charge for the publication cost, filling fees and other type expenses.

MOTION: Council Member Wright made a motion to approve resolution 2022-04 authorizing the mayor to execute a contract for bond counsel services. Council Member Tueller seconded the motion.

ROLL CALL: Council Member Wright, Yes
Council Member Tueller, Yes
Council Member Ostler, Abstained
Council Member Walker, Yes
Council Member Young, Yes

Motion Approved. 4 Yes, 1 Abstain.

ITEM 5: DISCUSSION ITEM

A. City Hall Financing Update

Ms. Johnson reported that she, Mayor Jeppsen, City Administrator Barnhill, and Council Member Ostler met with Lewis, Young, Robertson and Burningham to discuss the details of financing for the new city hall building, including the bond amount, the best financing option and the time line for getting the bond in place. Ms. Johnson noted that getting the motion passed to approve bond counsel at the meeting tonight would help continue with the process and in meeting the required timeline. She expressed that after they had the meeting with Lewis, Young, Robertson and Burningham, it was the general consensus that the best financing option would be a sales tax revenue bond. A sales tax bond means that the sale tax revenue is restricted to the bond amount or dedicated to the repayment of the bond. She noted that Lewis, Young, Robertson and Burningham, will be exploring options and bond issuers for a sales tax revenue bond. Ms. Johnson said that staff have provided documentation requested during the meeting and the only thing they questioned was the sales tax the city already has pledged to Utopia. This has been analyzed and the Utopia pledge does not disqualify the city from using the sales tax bond avenue.

Another option that Lewis, Young, Robertson and Burningham, presented was a lease revenue bond. This type of bond requires that a board (Local Building Authority), made up of the city council, be created as a separate entity. This entity would purchase a bond to lease to the city with an annual renewal. Ms. Johnson said they would review each option to see what fits the city's needs and has the best interest rate, along with the ability to pay the bond off early. Lewis, Young, Robertson and Burningham will get back to city and bond counsel on their findings. Ms. Johnson advised that in the next city council meeting there will be a parameters resolution, which will detail out the parameters for the financial avenue selected for the new city hall. It will also set a public hearing and a thirty-day public comment period. She stated the projected closing date is set for May 10, 2022, so continuing with this process is important. Ms. Johnson then noted that there has been many members of the public that have come in the office and expressed their excitement about this project.

Mayor Jeppsen said he looked into a commercial loan associated with the building lease authority. It's a commercial loan where the council becomes the authority and gives a lease back to the city. It's about 2 percent higher in interest rate (in the 4.25 percent range). An advantage is there's not any early payback stipulations. Another thing is it doesn't obligate all of the city's tax base. Mayor Jeppsen also mentioned this option because of the city's tax exempt situation (versus what portion of the building is being used for business reasons). He explained that the commercial loan can be a 20 year amortization, but will be reevaluated after five years for interest adjustments. After the first ten years the city will have an option for a balloon payment or can refinance for the remaining ten years. However, he said it doesn't sound feasible to go this way because of cost, but maybe the advantages would outweigh the cost. He then said that we can further discuss this as we move forward with the remodel of the building.

Council Member Walker asked what the anticipated period of the Sales Tax Bond was. Ms. Johnson commented that she's received a debt service schedule from Jason Burningham that was set at 15 years, but we might want to do a 20 year term. She also said that she has been working on the city's budget and we should have enough money down to pay the portion (of the building) that is leased therefore our bonds will still be tax exempt. Bond counsel will consider this as they review the bond selection.

Council Member Ostler explained that the difference between the commercial loan option and bonds is the rate of interest. The bond doesn't mature at 15 years it would only adjust the interest rate [a 20-year bond may not have a fixed rate for 20 years]. Whereas, the commercial loan at the end of 10 years is truly maturity due in full for the remainder of the balance. So either you'll pay it off or refinance it. There are different terms with each option because the lenders bare different risks. The biggest difference is paying income taxes on commercial loans compared to the buyer of the bond with exempt status wouldn't pay taxes on them.

Mayor Jeppsen asked if the decision on the bonding happens in an executive session or in the public meeting. Bill Morris stated that this would need to be discussed in the public meeting.

Mayor Jeppsen explained that they had a meeting with Brett Jones of Jones and Associates to talk about the how the building will be used in its entirety. He said we should have a good idea on the plan by the next bonding discussion meeting, scheduled for March 16. Mayor Jeppsen then said we should have everything ready within our timeline. He did note that we need to get a meeting soon with the engineers on the engineering part of the plan.

Council Member Wright made the comment that he appreciates Mayor Jeppsen's thoroughness and expertise. It makes the council's work a lot easier. Mayor Jeppsen expressed appreciation for everyone's comments and for those who have worked on getting this information together. He gave kudos to Council Member Ostler and stated that he had added a lot to this from a professional standpoint. In addition, Mayor Jeppsen said he's comfortable with the people working on this.

Council Member Ostler asked if there are any other questions about the bond types and what they mean. He explained that the differences between the interest rates offered through a sale tax revenue bond and the lease revenue bond rates, which is an estimate of about a quarter percent difference between the two. Council Member Walker asked where the money draws from if we have a sale tax bond and our sales tax drops. Ms. Johnson said they analyze this during the bond process and try to anticipate losses and whether or not the city will still have enough money to cover the bond payments. If the city does see losses in sales tax revenue we'll still have to pay the bond and therefore look for other revenue sources or budget cuts to meet the bond obligation.

Council Member Wright then asked when it comes to refinancing would the rate be an incremental adjustment or a jump in percent. Council Member Ostler provided an example saying that if we accept a 20-year bond purchase offer with a rate change at year 15, they would put language in the bond document stating something like *"At year 15, the interest rate for the remaining five years will change to the 5-year Treasury note rate plus 2 percentage points."* He said that if we were to accept something like this we would want to be clear in regards to the parameters. Council Member Ostler then explained that the city could always refinance the bond (maybe take it for 10 years and then refinance) if that bond structure comes in as the cheapest rate. He added that the Lease Revenue bond option allows for any revenue source to be used for the bond.

Council Member Tueller expressed thanks for the people who worked to bring this property as the new Perry City Hall instead of the other more expensive options.

ITEM 6: MINUTES & COUNCIL/MAYOR REPORTS (Including Council Assignments)

A. Approval of Consent Items

- February 24, 2022 City Council Minutes
Shanna Johnson noted that she sent out a revised set of minutes with grammatical corrections.

MOTION: Council Member Wright made a motion to approve February 24, 2022 City Council meeting minutes as presented. Council Member Walker seconded the motion.

Motion Approved. All Council Members were in favor.

B. Mayor's Report

Mayor Jeppsen said he's participated on the closing for another property at Point Perry and that they're getting to the end there. He then stated he attended a luncheon with Governor Cox, the County Commissioners, and the Mayors of the three largest cities in Box Elder County. They reviewed the items that passed in legislature this year and things that are happening state wide. Also discussed during the luncheon was the water concerns in Box Elder County, and they talked about the possibilities of using nuclear power from Idaho or Wyoming.

C. Council Reports

Council Member Wright said he attended the Republican Caucus and appreciates the citizens that help out on these meetings. He noted that the Democratic Caucus is coming up in two weeks. It was noted that people may go to vote.utah.gov for information regarding the caucuses.

D. Staff Comments

None.

E. Planning Commission Report

None.

ITEM 7: EXECUTIVE SESSION

There wasn't a need for an Executive Session.

ITEM 8: ADJOURNMENT

MOTION: Council Member Wright made a motion to adjourn. Council Member Tueller seconded the motion.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 7:49 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Tyra Bischoff, Deputy Recorder