MINUTES OF LAYTON CITY COUNCIL WORK MEETING	**JUNE 28, 2018; 3:07 P.M.**
MAYOR AND COUNCILMEMBERS PRESENT:	**MAYOR BOB STEVENSON, JOYCE BROWN, BRUCE DAVIS, TOM DAY AND JOY PETRO**
ABSENT:	**SCOTT FREITAG**
STAFF PRESENT:	**ALEX JENSEN, GARY CRANE, BILL WRIGHT, LON CROWELL, TIM WATKINS AND WESTON APPLONIE**

The meeting was held in the Council Conference Room of the Layton City Center.

Mayor Stevenson opened the meeting and turned the time over to Staff.

AGENDA:

UPDATE – UIA/LAYTON SERVICE AGREEMENT

Alex Jensen, City Manager, reminded the Council that City Staff and UIA representatives had met with the bond rating agencies in San Francisco and as a result a couple of provisions in the service agreement would require minor changes. He reported Bond Counsel, Brad Patterson and Laura Lewis, Consultant, had explained certain language; however, the rating agencies were requesting two definitional changes adding additional clarification of what would occur "in the event of a default".

The bond rating agency requested the City add a definition of "capital costs" and emphasized that in the event of default, UIA would only have authority to access the City's Franchise Tax Revenues for capital costs, but not operations. He indicated the City collected approximately $5 million in Franchise Taxes which easily had significant capacity to back the bonds. He suggested the additional language further protected the City in the event of a UIA default in that the UIA/Layton revenues couldn't be used to cover UIA expenses and operations, only the debt.

Gary Crane, City Attorney pointed out that in the event of a default by UIA, the bond payment would be met prior to expenditures for anything else. Mr. Jensen emphasized the added change also ensured a better bond rating which would also recognize a savings.

Mr. Crane pointed out the pledged funds would be needed if the take rate dropped below 22%. He indicated that there were no areas within the City in which the take rate was below 22% after two years. He added there was a two year period during which construction would take place and when payment was required.

Mr. Crane directed the Council to page 9 of the agreement and reviewed the proposed changes pointing out the language clearly identified the following: the amount of the bond; the amount of the payments; and the interest rate. He emphasized the requested additional clarification would benefit the City. Mr. Jensen stated the City's obligation had been identified at a specific amount which would act as an unfavorable restriction on the City. He suggested that the recommendation change would allow more flexibility for the City if the revenues exceed expectations in the future. Councilmember Day clarified the agreement was strictly associated with the build-out of the system

Mr. Jensen reported that UIA would be clarifying the same definitions and requested changes during its next meeting as well. He added that timing required this to be done prior to receiving the bond rating. He requested the Council acknowledge the changes and Mr. Crane indicated a new resolution wouldn't be required. The Council expressed agreement with the presented changes and there was no objection.

MOTION: Councilmember Davis moved to adjourn and reconvene in a closed meeting at 3:29 p.m. to discuss pending or reasonably imminent litigation. Councilmember Brown seconded the motion, which passed unanimously.

MOTION: Councilmember Petro moved to open the meeting at 4:39 p.m. Councilmember Davis seconded the motion, which passed unanimously.

The meeting adjourned at 5:00 p.m.

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Kimberly S Read, City Recorder

SWORN STATEMENT

The undersigned hereby swears and affirms, pursuant to Section 52-4-205(1) of the Utah Code Annotated, that the sole purpose for the closed meeting of the Layton City Council on the **28th day of June, 2018**, was to discuss pending or reasonably imminent litigation.

Dated this 6th day of September, 2018.

ATTEST:

ROBERT J STEVENSON, Mayor	KIMBERLY S READ, City Recorder