

**TREMONTON CITY CORPORATION
CITY COUNCIL MEETING
October 18, 2011**

Members Present:

Diana Doutre
Lyle Holmgren
Jeff Reese
Byron Wood
Roger Fridal, Mayor
Shawn Warnke, City Manager
Darlene S. Hess, Recorder

CITY COUNCIL WORKSHOP

Mayor Fridal called the October 18, 2011 City Council Workshop to order at 6:03 p.m. The meeting was held in the City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Doutre, Holmgren, Reese, and Wood, City Manager Shawn Warnke, Recorder Darlene S. Hess, Fire Chief Steve Batis, Zoning Administrator Steve Bench, Public Works Director Paul Fulgham, Police Chief David Nance, and Treasurer Sharri Oyler. Councilmember Deakin was excused.

1. Review of agenda items on the 7:00 p.m. Council Meeting:

The Council reviewed the October 18, 2011 Agenda with the following items being discussed in more detail:

Minutes - Mayor Fridal commented that, as he pondered the minutes, he came to the conclusion that the Tremonton City Council does an absolutely terrific job of listening to the citizens of Tremonton and doing what is best for Tremonton City. The Council is dedicated and hardworking. Mayor Fridal said that he appreciates the Council and if the citizens of Tremonton had any idea how much time and worry the Council spends over their jobs within the City Council, they would all appreciate the Council, as well.

Councilmember Holmgren said that the cost of the shed was actually somewhere around \$5,300, not \$7,500.

UTOPIA BONDS – Manager Warnke said that Laura Lewis from Lewis, Young, Robertson and Burningham thinks it's economically infeasible to just refinance the City's portion of the Bond. Going into default does not seem to be a good option, either, as the City would lose control of it's destiny as it relates to the network.

Mutual Aid Agreement with Brigham City – Chief Batis stated that Brigham City would like to enter into a formal agreement to back one another up for fire service, particularly the ladder trucks. In the case of Main Street fires, box stores, multi-level buildings, etc. where a lot of water power is needed, they would automatically page the

Tremonton platform to Brigham City. Brigham City would reciprocate by automatically paging their platform to Tremonton when needed.

When Tremonton has four ambulances out of town, Brigham City currently sends an ambulance to Tremonton so our City is not unprotected. Tremonton does the same for Brigham City. Tremonton sends equipment to Brigham City fairly regularly. Even though Brigham City has five ambulances and Tremonton has four, Brigham City has more multiple patient accidents.

This agreement is just in the beginning stages of development. Both cities are approaching their City Councils to let them know what is being worked on. Cache County would like to enter into a Mutual Aid Agreement with Tremonton and Brigham City, but they would call when they need assistance and visa-versa as opposed to it being automatic aid. Chief Batis said that Tremonton only wants to do one other agreement for automatic aid, and that would be with Garland. They would send an engine to Tremonton for any instance showing smoke or fire on a structure.

September Financial Statement – Councilmember Holmgren said that he has been tracking expenses back to 2006. He presented a chart, the purpose of which is to justify why he made the motions at the last meeting to adopt the increases in the storm water and sewer collection fees. Back in 2007-2008 the City had almost \$900,000 in revenue over expenses. After that, each year it steps down, sometimes more than \$100,000 a year. Last year, the revenue over expenses was almost \$94,000, but once the Finance Director does his journal entries, the City could actually be showing some negative cash flow from the last fiscal year. The first three months into this year expenses are exceeding revenue by about \$22,000.

When looking at some of the things the City is considering doing, such as retirement, salary adjustments, increased utility costs, roads, UTOPIA, etc., there is a sizeable commitment. Increasing the cost of copies in the City's Fee Schedule increases isn't going to make a difference, but, certainly, increasing the utility rates will make a difference and is justified. The chart shows that the City is in a situation where revenues are not keeping up with expenses and this creates a situation where the City has to make some hard decisions. It is hoped that the increased utility fees, plus a combination of other things, will help to change the direction the City is going. The decision the Council made two weeks ago was a hard decision, but it was the right decision.

Councilmember Reese expressed his appreciation to Councilmember Holmgren for putting the information together. He suggested that, in the next year's budget session, the Council look at each organization individually, decide where the Council wants to be, and balance the budget that way.

Election Poll Workers - Recorder Hess explained that election judge appointments must be brought to the City Council. Recorder Hess and her Staff will take care of the Early Voting in her office. The judges will do the election on November 8th. The City now has

five precincts instead of four. Recorder Hess was not informed of this until last week. As a result, she does not have a judge representing the new precinct.

Donation of 1991 Chevy Suburban 4-Wheel Drive back to Tremonton Firefighter Association – Chief Batis told the Council that the Tremonton Firefighter Association bought the Chevy Suburban quite a few years ago and donated it to the City. A few months ago, the Association, with help from Broughs and Allreds, purchased a 2002 Chevy Tahoe and donated this vehicle to the City to replace the 1991 Chevy Suburban. The cost of the Tahoe was approximately \$8,000. The Association has requested that the City donate the Suburban back to the Association so they can sell the vehicle and use the proceeds to offset the cost of purchasing the Tahoe.

Ordinance No. 11-10, Electrical Utility Franchise and Easement – Manager Warnke said that the agreement talks about how Rocky Mountain Power will use the City’s right-of-ways. One of the benefits is that if the City needs to have a pole moved for a legitimate public purpose, Rocky Mountain Power will move the pole free of charge.

George Humbert, Rocky Mountain Power Customer & Community Manager for Tremonton City, expressed appreciation for the City’s cooperation. The Franchise Agreements allow Rocky Mountain Power to use the City’s right-of-ways for placement of their power poles. This is a non-exclusive agreement. The City still uses the right-of-ways as they see fit. The poles that are placed are available for the City to use for communications for emergency services. In the agreement, Rocky Mountain Power commits to come and talk to the City any time new facilities are put in so there can be coordination with any work that is going on including joint use of trenching. The agreement also addresses tree trimming. Tree trimming is a sensitive topic, but it is actually a safety issue. Trees can become energized and can hurt or even kill.

Manager Warnke explained that the term of the agreement would be ten years. It can be amended in the future if both parties agree. The agreement requires that the City has to give Rocky Mountain Power written notice and maps when in the process of approving annexations and subdivisions. Mr. Humbert added that this will also help Rocky Mountain Power keep the codes updated for Municipal Use and Sales Tax so that the City is refunded the amount of money it is entitled to.

Resolution No. 11-60 establishing a Special Revenue Fund for Recreation – Manager Warnke said this would track incoming revenue and outgoing expenses for the Recreational Program and give the City a better idea of whether the fees that are being charged are covering the costs. The creation of the Special Revenue Fund would be part of the budgeting process for next year.

Purchase of a storage shed from the Bear River Valley Museum – The storage shed has been appraised at \$4,400. The Museum Board would like to sell it to the City for the purchase price of \$5,300. It will cost approximately \$350 to move the shed to the space between the Police Department and the Fire Station. Chief Nance said that the shed is a little larger than will fit well in the space mentioned. The City may be better off buying a

12' X 24' shed with a little bigger door. The delivered price would be less than what the Museum Board is asking for their shed. Zoning Administrator Bench said that the concern with the larger shed would be the snow. There wouldn't be much space between the buildings and the shed and there are window wells on the Police Department Building that could fill up and possibly cause problems.

The meeting adjourned at 6:51 p.m. by consensus of the Council.

CITY COUNCIL MEETING

Mayor Fridal called the October 18, 2011 City Council Meeting to order at 7:00 p.m. The meeting was held in the Tremonton City Council Meeting Room at 102 South Tremont Street, Tremonton, Utah. Those in attendance were Mayor Fridal, Doutre, Holmgren, Reese, and Wood, City Manager Shawn Warnke, Recorder Darlene S. Hess, Fire Chief Steve Batis, Zoning Administrator Steve Bench, City Attorney Dustin Ericson, Public Works Director Paul Fulgham, Police Chief David Nance, and Treasurer Sharri Oyler.

1. Opening Ceremony.

Mayor Fridal informed the audience that he had received no written or oral request to participate in the Opening Ceremony. He asked anyone who may be offended by listening to a prayer to step out into the lobby for this portion of the meeting. The prayer was offered by Public Works Director Fulgham and the Pledge of Allegiance was led by Chief Batis.

2. Introduction of guests.

Mayor Fridal welcomed all those in attendance, specifically Laura Lewis from Lewis, Young, Robertson & Burningham and George Humbert with Rocky Mountain Power.

3. Discussion and approval of agenda.

Mayor Fridal asked if there were any changes to the agenda. There were no comments.

Motion by Councilmember Wood to approve the October 18, 2011 agenda. Motion seconded by Councilmember Doutre. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

4. Approval of minutes – September 27 and October 4, 2011.

Mayor Fridal asked if there were any changes or corrections to the minutes. No comments were made.

Motion by Councilmember Reese to approve the minutes of September 27 and October 4, 2011. Motion seconded by Councilmember Holmgren. Vote:

Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

5. Presentation:

- a. Refinancing of UTOPIA Bonds – Laura Lewis from Lewis, Young, Robertson and Burningham, and Dustin Ericson of Ericson and Shaw

Ms. Lewis stated that UTOPIA entered into a type of bond transaction referred to as a Variable Rate Demand Note. This was not the most desirable situation. She explained that with a Variable Rate transaction the rate of interest is set weekly and is based upon market conditions. Bond holders buy this type of paper just to manage their short term needs. However, UTOPIA has a Letter of Credit provided by a bank, so the bond holder looks to the Letter of Credit provider to pay them back, and the Letter of Credit provider looks to UTOPIA to repay them all on the same day. If the bond holder decides they don't want to hold those bonds any longer, they put the bonds back with a Remarketing Agent and it is their job to find another investor to purchase the bond(s). The entire transaction is rated based upon the rating of the Letter of Credit bank.

The Letter of Credit bank for the UTOPIA transaction is Key Bank and they have decided that \$185M is a lot for them to have on their books, so they entered into a Participation Agreement with Bank of America. When this was done in 2008, Lewis & Young looked at, based upon the banks rating, how, historically, this interest rate has tracked. Historically, based upon the London Interbank Offered Rate (LIBOR) this was LIBOR plus 5 basis points. One basis point equals one one hundredths of a percent.

All of the cities that have pledged their sales tax to support UTOPIA represent what Ms. Lewis' office refers to as the "green line". This structure was intended to get up to that green line. The structure can only support an interest rate up to about 7%. The banks recognized that the interest rate could climb higher. As they only have a limited backstop to the revenues of UTOPIA, and they don't want to go above 7%, the banks required that this transaction enter into a "swap".

A "swap" is a separate contractual agreement. Utah law says that there must be bonds outstanding to enter into a "swap". The "swap" agreement says, "We agree to pay UTOPIA 5.734% fixed on the principal amount, or \$185M, and UTOPIA agree to pay us, for the duration of this transaction, LIBOR plus 5 basis points." In a normal market condition, the two interest rate amounts would offset each other. This is referred to as a synthetic fixed rate.

But, if the market goes "haywire", everyone who holds these bonds can choose to put them back. The bonds go back to the banks and they try to find a home for them. Instead of LIBOR plus 5, the UTOPIA transaction was LIBOR plus 800 one week, LIBOR plus 300 another week etc., so the debt moved above the green line. Because of the reserves UTOPIA had they were able to deal with it for a while, but it is not sustainable and the "train wreck" is coming.

Lewis & Young notified Key Bank and Bank of Utah of the pending "train wreck" two years ago, but the banks said their model showed that it wouldn't be a

problem until June 2013. Ms. Lewis finally convinced the banks that it was going to be sooner than they thought. Currently the rate is at LIBOR plus 2.5 basis points, but on average it is probably at LIBOR plus 35 basis points. That is more than a quarter percentage points risk on \$185M. Lewis & Young entered into heated negotiations with the banks for about nine months until they finally came to an understanding. The Letter of Credit fee costs 1.25% and is subject to change every one to three years. It is a negotiated rate.

UTOPIA has been receiving LIBOR plus 5 basis points, and they have been paying LIBOR plus 35 basis points. The differential of what is received when it goes to “swap” and the “pay leg” on the bond is referred to as basis risk. Historically, it was estimated that it would be around 5 basis points: that is why the “swap” was set to cover that. This may not be the best financing solution in the world, but it is a multi-million dollar market and they are done frequently – more frequently with corporations than with local governments. The effective rate today is the synthetic fixed rate on the “swap” (5.7374%), the Letter of Credit fee (1.25%), the 0.8% remarketing fee, plus the basis risk.

No matter what is done, the amount the cities have pledged cannot go away or go down. No matter what the cities decide, they still have this obligation. Ms. Lewis said her goal has been to bring UTOPIA back underneath the green line because the scenario she would hate to see happen is the member cities paying all this money but not controlling UTOPIA, which could happen if the UTOPIA Cities default on the bonds.

The fix is to have a perfect tie between the “revenue leg” and the “pay leg”. Instead of there being multiple institutions holding the bonds, the bonds will be held by Key Bank and Bank of America. This variable rate will now be tied to LIBOR plus fixed step increases. The only reasons the fixed step increases are needed is because the pledge amounts will go up. Because the pledge amounts will go up it is necessary to have a structure which will capture that. At closing it will be known that the rates will always be below the green line and UTOPIA will no longer be subject to market conditions. The new rate now becomes 5.7374% and there would be no basis risk.

Ms. Lewis has told the banks that she wants a statement in the agreement which states that in no event, ever, will the member cities have to pay anything above the green line. The banks are willing to add that, but the attorneys are trying to decide if it causes any legal problems. The intention is to create a solution so that the current problem never happens again.

The “do nothing” scenario is that there is a default on the horizon that there is no way of fixing unless the cities want to raise their sales tax pledges. The proposed solution may not be perfect, but it avoids litigation; it allows UTOPIA to keep functioning; it allows UTOPIA to go forward with the UIA; and hopefully at some point, make money that it can then return to the cities to help repay those pledges.

This new debt is callable at any time by UTOPIA only. The costs associated with putting the new financing structure in place are being paid for by part of the Letter

of Credit fee that was already paid. The banks have really stepped up and become good partners.

Councilmember Wood asked what the total debt will be. Ms. Lewis said that it will stay the same, \$185M. Councilmember Wood then asked why they don't just get rid of the "swap", make it a fixed rate, and forget about the variable rate. Ms. Lewis said that she had a lot of discussions with the banks in an attempt to make the variable rate go away. To get out of that contract today would cost \$92M. Lewis & Young would have to go out into the fixed rate market and finance \$185M for regular debt, finance the \$92M, and also finance the cost of issuance. While it would be a lower relative interest rate to finance the \$280M the interest rate is not low enough to absorb that divergence. If financial conditions were to change and the LIBOR rate were to improve, the situation would be different, but today "swap" is so far out of money that the banks becoming the bond holders is the only viable solution.

In summary, Ms. Lewis made the following points:

- Highly unusual market conditions have caused this issue.
- Many people have worked really hard to find a solution.
- Key Bank and Bank of America have now exhibited a lot of cooperation to arrive at this solution.
- The new structure maximizes the green line and the use of the pledges.
- The split between banks is Key Banks 60% and Bank of America 40%.
- There is no increase in the principal amount. It will stay at \$185M.
- The Letter of Credit fee is eliminated.
- The rate of terms and conditions for the marketing fee will be established for the long term.
- Interest rates will be set at closing as step-up spreads to LIBOR which make the swaps a perfect hedge thereby eliminating future market risk related to the basis differential between the "swap" and the variable.
- If UTOPIA settles with RUS and gets any money, the banks will place no claim on those funds. UTOPIA can do with the funds as they choose.
- There will be no initial funding of a debt service reserve fund. There is still some negotiating going on. The banks want to include a provision that, if and when UTOPIA starts generating any net revenues above the operations and maintenance costs, they want some portion of those moneys to go into a reserve fund up to a dollar amount not yet established. After that, the moneys will come back to the pledging member cities.
- There is no change in the pledging member cities' obligation. The mechanics of the pledge payments will be altered a little bit. The pledge monies will go directly to the trustee. Instead of the spikes and valleys that have occurred because of the due date of the Letter of Credit fee, the amount of the pledge will be divided into twelve equal payments so that it is a set amount.
- There will be no out of pocket costs to UTOPIA to complete this.
- The closing is scheduled for December 1, 2011.

Councilmember Wood asked if the UTOPIA management is still the same as it has been for the last two years. Ms. Lewis replied that there has been some change in personnel, but the ones she works with are the same. Todd Marriott is

Executive Director. Kurt Sudweeks is the CFO.

City Attorney Dustin Ericson stated that from his observations, having had the advantage of listening to Ms. Lewis on another occasion and meeting with UTOPIA General Counsel, the main points for the City are what Councilmember Wood has already alluded to: the City's obligation does not increase, the sales tax pledge does not have to be raised, and the term of the agreement is not being extended. The City of Tremonton is obligated through 2040.

The Council also needs to consider that this agreement requires the cooperation of all the cities involved with UTOPIA. If even one city were to "waffle", then the whole agreement is "nixed". If that city were to be Tremonton, it is safe to say that the Council would potentially be putting the City in the crosshairs of litigation from the other cities and from UTOPIA as a whole. This should not be used as reasoning for agreeing to this new pledge agreement, but it is something to consider.

For all intents and purposes, nothing changes with the City's pledge, however, potential catastrophe is avoided in that UTOPIA will no longer be subject to going into default in December.

Manager Warnke asked Attorney Ericson if he has seen the Resolution the Council will be asked to approve. Attorney Ericson replied that he has not. What he has seen is the preliminary draft of the Restated Agreement, but it is without numbers. The first agreement was entered into in 2004. A First Amendment and Restated Agreement was done in 2008. This would now be a second amendment and restatement. He reviewed the new Restated Agreement side by side with the 2008 agreement and, mechanically, there are some changes, but obligation-wise they are, for all intents and purposes, the same.

Manager Warnke asked when Attorney Ericson thinks the documents will be final so the City can review them. Attorney Ericson replied that he hasn't heard, but he knows it has to be on the agenda by the second meeting in November. The agreement should be available far enough in advance to allow the Council and Staff to review it before hand.

6. Department Head Report:

a. Treasurer – Sharri Oyler

Treasurer Oyler provided a copy of the Treasurer's Responsibilities from the Uniform Accounting Manual. She reported that she has two part-time employees. Holly Oyler works 35 hours per week and Amber Martin works 30 hours per week. It is Treasurer Oyler's goal to create a friendly office atmosphere. They want the customers to have a good experience when they come.

Treasurer Oyler is a member of the State Association and is certified. She has to recertify every five years so has to attend training to meet recertification requirements. The spring Treasurer's meetings are held in St. George, and there is a Treasurer's Academy which is in the fall.

Treasurer Oyler was unable to attend Academy last year because of budget. This year she went for three days of training and learned about Diversifying the Workplace, How to Survive an Armed Robbery, Alternative Clearing and Collection Methods, Networking Session, Going Paperless, Recognizing Counterfeit Currency, and Preventing and Resolving Conflicts. She stated that she was really grateful for the opportunity to attend this year. It is great training.

Ms. Oyler stated that she has been on the State Board for 13 years. She was the State President in 2003-2004 and she is currently an Executive Secretary.

The duties of the Treasurer's Department include Utility Billing, Cash Receipting, sort and open all the mail, answer phone, help customers, and Dog Licensing, checking for current rabies certificates and proof dogs are neutered. The Treasurer's Department organizes the Rabies Clinic every March, schedules Building Inspections, does monthly and quarterly Building Inspection Reports, orders all of the supplies, maintains the copier, fax machine, their printers, the postal machine, and the phone system. Ms. Oyler also does a Money Management Report twice a year, Ambulance Billing, yearly Ambulance Statistical Report, Recreation sign-ups, General Accounts Receivable, the SID Accounts Receivable, collection of non-sufficient funds, Planning Commission agenda and minutes, bank statement, and verification that all the balances match on the utilities, ambulance, and credit-card payments.

Last month the City sent out 2,374 bills. The information is transmitted to Postal Express in Logan and they print and mail the bills. Holly Oyler enters all the new customers into the utility system. The Department also sends out water shut-off notices on the next to last Wednesday of the month, a week prior to water shut-off day which is the last Wednesday of the month. Usually about 250 water shut-off notices go out each month, and on water shut-off day they usually shut off the water of between 35 and 45 accounts.

The Department also maintains the Utility accounts, completes work orders for move-ins and move-outs, and Ms. Martin enters all the payments that come in the mail. Around the 20th of each month the Department gets the meter reading list ready so that Public Works can read the meters. Then they have to do a re-read list so Public Works can go back and read the ones that have a problem in the reading. A deposit is prepared and taken to the bank every work day.

In August there were 67 ambulance bills totaling \$82,000. In September there were 50 ambulance bills. There are a lot of ambulance bills that come in each month. In addition to entering the billing information into the system, the Staff does electronic billing to the insurance companies, mails statements to those who don't have insurance, follows up with the insurance companies, and does collection on the delinquent ones.

Ms. Martin helps Treasurer Oyler get all the bills out. Right now she is in the process of getting the City certified with Idaho Medicaid. Tremonton hasn't been certified with them for many years. The City doesn't get that many calls for patients who have Idaho Medicaid, but they do get them occasionally.

All of the Recreation sign-ups are done at the City. There were 438 kids who signed up for fall soccer, and 663 sign-ups for baseball and softball. During the last couple of weeks of those sign-ups a lot of people come into the office.

Ms. Martin also does the web page for the Recreation Department. She enters the Sports Guide, the teams and the schedules. She also makes flyers to advertise the sports.

Councilmember Doutré asked if there is any way the kids can sign up on line for recreational activities. Treasurer Oyler replied that the Staff has been trying to get that going, but it is a credit card issue, and the City wouldn't be able to get the parent's signature on the sign-up sheet.

The Council expressed appreciation to Treasurer Oyler for all she and her staff do.

- b. Creating an automatic Mutual Aid Agreement with Brigham City for the use of the Fire Truck – Fire Chief Steve Batis

Chief Batis reported that Tremonton and Brigham City Fire Departments feel that, in order to improve insurance ISO ratings and provide backup support, it would be beneficial to both communities to enter into an automatic Mutual Aid Agreement. There is already an agreement with the medical side. The agreement will be more for the platform truck to provide protection for older Main Street structures, box stores, and multi-level buildings like Hampton Inn.

There will be a joint effort to get the Dispatch Center upgraded so they can automatically page in those circumstances agreed upon. Dispatch doesn't keep track. When all the ambulances are out of town, Tremonton Fire Department has to tell Dispatch to page Brigham City and Brigham City has to do the same thing. Once it is set up, the Dispatch computer screen will show that four outfits are out of town and the page will occur automatically. In order to eliminate false runs, the fire pages will just be for those instances where fire and smoke are showing.

Brigham City wants to divide their City into four quadrants and have automatic aid agreements with Mantua, Willard, Honeyville and Corinne. Once this paperwork is done, it will be easy to establish the same agreement with Garland. The negotiation is in the early stages. When the documentation is put together, the City Attorney will review the agreements and then it will be brought before the City Council for approval.

The ISO rating goes from 10 to 1 with 1 being the best. Right now Garland's ISO rating is 5 and their goal is to get to a 3. Tremonton's ISO rating dropped last year. A better ISO rating improves insurance rates. Having an automatic truck coming to the City would add points to help lower Tremonton's ISO rating.

7. New Council Business:

- a. Discussion and Consideration of approving the September Warrant Register

Motion by Councilmember Wood to approve the September 2011 Warrant

Register. Motion seconded by Councilmember Holmgren. Vote: Councilmember Doutre, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- b. Discussion and consideration of approving the September Financial Statement

Motion by Councilmember Doutre to approve the September 2011 Financial Statement. Motion seconded by Councilmember Reese. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- c. Discussion and consideration of appointing the 2011 Early Voting and Municipal Election Poll Workers (Judges)

Recorder Hess explained that State Law requires that Election Poll Workers be appointed by the Council. A list of Election Poll Workers proposed to help with the election this year was presented to the Council. The names proposed for Early Voting staff judges and backup are Darlene Hess, Norene Rawlings, Tamara Judkins, Linsey Nessen and Lora Naylor. The proposed judges for the municipal election are Carol Merrell, Karen Earl, Sandra Nelson, Lisa Richards, Marsha Labarge, and Lawrence Hawkes.

Motion by Councilmember Reese to appoint the Election Poll Workers as recommended. Motion seconded by Councilmember Doutre. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- d. Discussion and consideration of donating back to the Tremonton Firefighter Association a 1991 Chevy Suburban 4-Wheel Drive (this vehicle was originally donated to Tremonton City by the Tremonton Firefighters Association)

Chief Batis stated that the Tremonton Firefighters Association purchased a 2002 Chevy Tahoe to replace the 1991 Chevy Suburban. The Suburban had been donated to the City many years ago. It is proposed that the Suburban now be donated back to the Firefighters Association.

Motion by Councilmember Wood to donate the 1991 Chevy Suburban 4-Wheel Drive back to the Tremonton Firefighters Association to do with as they see fit. Motion seconded by Councilmember Holmgren. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- e. Discussion and consideration of approving Ordinance No. 11-10 granting an Electric Utility Franchise and General Utility Easement to Rocky Mountain Power

George Humbert, Rocky Mountain Power Customer & Community Manager for Box Elder County, stated that Rocky Mountain Power would like to have a ten year renewal of the Electric Franchise Agreement with the City of Tremonton. This agreement is basically an operating agreement which allows both Rocky Mountain Power and the City to work together in the placement of facilities

within the City, especially poles and wires along the road right-of-ways that the City owns. Rocky Mountain Power then becomes occupants of City space so that reliable and safe electric energy can be provided to the citizens of Tremonton.

Motion by Councilmember Reese to adopt Ordinance No. 11-10. Motion seconded by Councilmember Doutre. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

- f. Discussion and consideration of adopting Resolution No. 11-60 establishing a Special Revenue Fund for Recreation

Manager Warnke stated that this would break the Recreation out into its own standalone accounting fund so the revenue and expenses can be seen. If this Resolution is approved the split would take place as part of the 2012-2013 budget, effective July 1, 2012. This split will show whether the fees that are being charged for participation in the Recreation Program are paying for the expenses.

Motion by Councilmember Holmgren to adopt Resolution No. 11-60 to establish a Special Revenue Fund for Recreation for the next Budget season. Motion seconded by Councilmember Reese. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

8. Unfinished Business:

Discussion and consideration of purchasing a storage shed from the Bear River Valley Museum

Councilmember Holmgren stated that after the earthquake, it was necessary for the Museum Board to move a lot of their items from the old McKinley School into the Zollinger Barn. The Museum Board eventually purchased a shed to store those items. They have since been able to secure a building in Tremonton to house the museum and would now like to sell the shed. The shed was purchased a year or so ago for somewhere in the neighborhood of \$5,300. The shed now appraises for \$4,400. If the City purchases the shed, the Police Department and the Fire Department have use for it.

Motion by Councilmember Holmgren to purchase the storage shed from the Bear River Valley Museum for the appraised value of \$4,400. Motion seconded by Councilmember Reese. Mayor Fridal asked if the City has enough money to pay for the shed. Chief Nance said that the Police Department can definitely use the shed and can find the funds within their budget. Manager Warnke added that Chief Nance had originally put the purchase of a storage shed in his budget, but it was cut before bringing it to the Council. The budget may need to be enhanced a bit to make it all come together. Chief Nance explained that the shed will need to be painted. It just has a prime coat on it now. It will cost about \$350 to move it. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

9. Comments:

- a. Administration/City Manager Advice and Consent.

There were no Advice and Consent items.

- b. Council Reports:

Councilmember Holmgren stated that a few weeks ago the Council voted to increase some of the City fees, including water and sewer fees. A lot of people have expressed concern about increasing some of these fees. Councilmember Holmgren prepared a chart which shows that the City's revenue over expenses has been diminishing each of the last three or four years to the point where last fiscal year's expenses were almost equal to revenue. So far this year, the City is running a negative balance. This doesn't mean the City is going bankrupt - the City does have a pretty good fund balance – but it does indicate that revenue is not keeping up with expenses. The chart validates that the Council was right in making the vote that they did.

Mayor Fridal thanked Councilmember Holmgren for the work he did. The information is very informative.

Councilmember Doutre expressed her appreciation for the information Councilmember Holmgren prepared. She stated that it validates the Council and helps to make them feel a little better about what they did because it was a very hard thing to do.

Councilmember Wood said that he was glad to see Youth City Council Mayor Fulgham at City Council meeting this evening. Councilmember Wood recently met with the Youth City Council Advisor, Cindy Payne, and she has an aggressive agenda for the youth. She has them set up for two fund raisers or activities per month. Councilmember Wood worried that it would be too much for the youth, but they all agreed to participate and to send at least one or two members to the City Council meetings.

Councilmember Wood commented on the recent fee increase. He stated that the thing he likes is that, if you “pay as you go”, there is a fund savings so that, should something happen like needing to put in new lines, money is there and the City doesn't have to bond. The Water Fund is a great example. A little portion from each citizen each month has built up enough funds so the City can now build a two million gallon water storage and pay for it, eliminating borrowing money and paying interest. Increasing fees is a tough decision to make, but he feels most residents would agree that it is the way to go.

Councilmember Reese commented that Councilmember Wood is 100% correct. He said that the community needs to know that the City is in great financial condition. By doing the little things the Council is doing, it is going to stay in great financial condition.

Mayor Fridal stated that the comments made were exactly right. The Council did very well.

10. Public comments: Comments limited to three minutes.

Jean Richer said that she has noticed that semi-trucks can't park at McDonalds, but now they park in front of Wendy's and there is a Stop Sign between McDonalds and Wendy's. Ms. Richer said that she has almost been hit three times. People at the Stop Sign can't see on-coming traffic because the parked semi-trucks block the view. She asked the Council to look into that to see if something can be done.

Ms. Richer commended the City employee who worked at putting down the brick path the Library. She said he did an excellent job and was working every time she walked by. She didn't know who the employee was but asked that this be passed on to him. Councilmember Holmgren said that the employee was Lynn Green.

Motion by Councilmember Doutre to move to Closed Session for the purpose of discussing possible litigation. Motion seconded by Councilmember Holmgren. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

The Council moved into closed session at 8:24 p.m.

11. Closed session to discuss possible litigation.

Motion by Councilmember Holmgren to return to open meeting. Motion seconded by Councilmember Doutre. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

The Council returned to open session at 8:37 p.m.

12. Adjournment.

Motion by Councilmember Wood to adjourn the meeting. Motion seconded by Councilmember Reese. Vote: Councilmember Doutre - aye, Councilmember Holmgren - aye, Councilmember Reese - aye, and Councilmember Wood - aye. Motion approved.

The meeting adjourned at 8:38 p.m.

The undersigned duly acting and appointed Recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes for the City Council Meeting held on the above referenced date. Minutes were prepared by Norene Rawlings.

Dated this _____ day of _____, 2011.

Darlene S. Hess, Recorder