

SOUTH JORDAN CITY  
CITY COUNCIL STUDY SESSION

March 17, 2015

**Present:** Mayor Dave Alvord, Councilman Chuck Newton, Councilman Steve Barnes, Councilman Chris Rogers, Councilman Mark Seethaler, Councilman Don Shelton, CM Gary Whatcott, Administrative Services Director Dustin Lewis, Development Services Director Brad Klavano, City Attorney Ryan Loose, IS Director John Day, City Council Secretary MaryAnn Dean

**Others:** Linda Petersen

**STUDY SESSION – 4:00 PM  
EXECUTIVE CONFERENCE ROOM**

Mayor Alvord welcomed everyone present. All members of the City Council were present. He recognized guests from Kennecott Land, John Bronson from Zions Bank, and Laura Lewis from Lewis, Young, Robertson, and Burningham.

A. Invocation: *By Councilman Mark Seethaler*

Councilman Seethaler offered the invocation.

B. KLC/Daybreak Special Assessment Area (*By CM Whatcott/Laura Lewis*)

Finance Director Naidu said there is a Resolution on tonight's agenda declaring their intention of designating the special assessment area. The purpose of this discussion is to present the background information for that.

Ty McCutcheon, Kennecott Land, said tonight's Resolution is a notice of intention to do the assessment area. There is more work that has to happen before that assessment area is adopted.

Laura Lewis indicated that the critical meeting is when they create the assessment area. Mr. McCutcheon reviewed a prepared presentation (Attachment A). He reviewed the proposed infrastructure projects. They have worked with staff to identify the benefitted areas. They will encumber the land for a bond and they need a method for repayment. They calculated the equivalent units for assessment. They were asked by staff to follow a formula consistent with the impact fee Ordinance. They determined the per unit assessment and confirmed the repayment method and proportion of value to assessment. Mr. McCutcheon reviewed the zone overview, including Zone 1 detail. He indicated that the estimates are conservative so there is more than enough development activity to cover the costs.

Councilman Barnes asked how large will the single family lots be? Mr. McCutcheon said similar to East Lake or North Shore, averaging 5,000 sq. ft.

Mr. McCutcheon said they have equated every type of development to an equivalent unit (ERU). When they pull a building permit for an owner occupied residential unit, the assessment will be paid in full. The assessment will be calculated into the sales price of the home, it won't be on the tax bill. Assessments for commercial uses, non owner occupied units (senior living, apartments) will be treated differently.

Councilman Newton asked about the projected timeframe for the project. Mr. McCutcheon said 2020 to get the residential substantially used. It could be 2030 for the full build out of the office use. Ms. Lewis noted that they are anticipating 20 year bonds.

The City Council discussed the civic aspect of the project. Those are civic and church related uses, including schools. If a civic entity currently owns the property, they can't be assessed the fee. They reviewed the church, school, and civic sites on the map.

Councilman Seethaler asked what is the broad vision about the regional center that is expected? What race is there between South Jordan, Riverton, and Herriman? What impact will this have on their position for a regional center? Mr. McCutcheon said they need internal circulation and houses to support the retail center. They need good connectivity and enough household support.

Councilman Seethaler asked what we lack compared to the neighboring communities? Mr. McCutcheon said some have the benefit of frontage on Bangerter. Others have more houses out west and a more sizeable rooftop presence. Having east/west connectivity puts them in as advantageous of a position that they can be.

Councilman Seethaler asked if cities ever combine or partner for regional opportunities rather than compete? It was noted that the other communities are already working on their own projects. Mr. McCutcheon said they feel they have a head start in that they have a creation of place and the most home sales in the area. He said the further south they go, the more challenging it gets. There is one parcel between Bangerter and the Mountain View Corridor that has some interesting options.

City Commerce Director Preece said Herriman was pushing for a study to connect Butterfield Canyon to Tooele. The landowner has concerns with that project because of the adjacency to the Bingham Canyon Mine.

Councilman Seethaler asked if South Jordan/Daybreak is not chosen for the regional retail development, how does that impact them financially? Mr. McCutcheon said they were conservative on their repayment estimates, so that will not be jeopardized. Retail only represents 20 percent of the total project area.

The City Council discussed Utah's population growth. That growth brings its own set of challenges. Mr. McCutcheon said it is a challenge to affordably house the population growth.

CM Whatcott said they hope to attract retail. He said the assessed valuation number is important. He said this area could be a major employment center rather than a retail center. Mr.

McCutcheon said when they are successful at attracting employment, the services that the employees want to see will follow. He noted that he does not feel they are playing catch up to leverage this property. If they wait, they would be playing catch up within a couple of years. Rulon Dutson, Kennecott, said he feels they are in the “sweet spot”. Not too far ahead or behind. It is another gesture of partners recognizing opportunity and moving forward.

Mr. McCutcheon reviewed the Zone 2 detail and the detail of the water zone.

Councilman Seethaler noted that this will be bonded so that the assessment will fall on the effected properties as opposed to the other water tanks that were absorbed by the city generally. CM Whatcott said the other tanks mainly served the population that was already in place.

It was pointed out that people living in zone 2 and the water zone would have 2 assessments. Mr. McCutcheon reiterated that all planned uses are owner occupied and the assessment would be paid at the time of the building permit.

Councilman Barnes asked if Kennecott has met with and shown the school district their future plans? Mr. McCutcheon said the school district is aware of the master plan. They have always tried to communicate with the school district about where they are headed. They are changing the paradigm of how they plan together.

Laura Lewis reviewed a prepared handout (Attachment B). She said this bond has all the strengths of the city behind it. She said the rating organization Standard and Poor’s understands the city. The risk of going to a second rating organization is that they may give a lower rating because of the education process needed for special assessment bonds. They can get a preliminary review from other rating agencies. The cost would be approximately \$25,000 per rating agency. Councilman Newton said he feels it is worth the cost to get an initial review from both other rating agencies.

Mayor Alvord asked the difference between the anticipated interest payment versus the interest Kennecott would have had to pay if the city did not donate their faith and credit? Ms. Lewis estimated the difference would be at least a percentage point, and that would equate to \$4- \$6 million, approximately.

Mayor Alvord said he lives in Daybreak and is glad it’s in the city. The benefits from Daybreak are obvious. There are a lot of amenities, and they have added a lot of residents and vibrancy west of Bangerter Highway. The homes are beautiful. The city has benefitted Daybreak as well. They provided Daybreak with an amazing zone that has not been given to another developer. They have agreed to maintain the lake at a cost of \$700,000 a year potentially. They are saving Kennecott a considerable amount of money on this bond. They have agreed to maintain roads in Daybreak. He said if the city is going to extend their credit for this, they should consider some of the obligations that KLC has made to the city, and make good on those. He noted the 25 percent commitment to greenspace. He said he would also like to see Welby Park happen sooner rather than later. He also asked that Kennecott consider their aggressive high density construction and replace it with more commercial.

John Bronson, Zions Bank, said they should also consider the scenario that if the city didn't do this, Kennecott would do it on their own dime and it would be more expensive for the residents. It would also slow development. Mr. McCutcheon said one principle of the PC zone is jobs and housing balance. One challenge they have is housing their work force. They want an array of housing choices. They want people to live and work in the same community. They try to do high quality housing regardless. He said because of the zone, they have added taxable value in real estate which is a benefit to both the city and Kennecott. He said the payment they made was a show of their willingness to see the Welby Park project happen. He noted that the lake is considered part of their open space. With the current market cycle, they felt that both Kennecott and the city could go faster rather than continuing to plot along.

C. Discussion Item: Support for Jordan River commission. (*By Strategic Services Director, Don Tingey*)

The City Council determined to table this discussion to a future meeting.

## **ADJOURNMENT**

The March 17, 2015 City Council study session adjourned at 5:43 p.m.

**This is a true and correct copy of the March 17, 2015 Council Study meeting minutes, which were approved on April 7, 2015.**

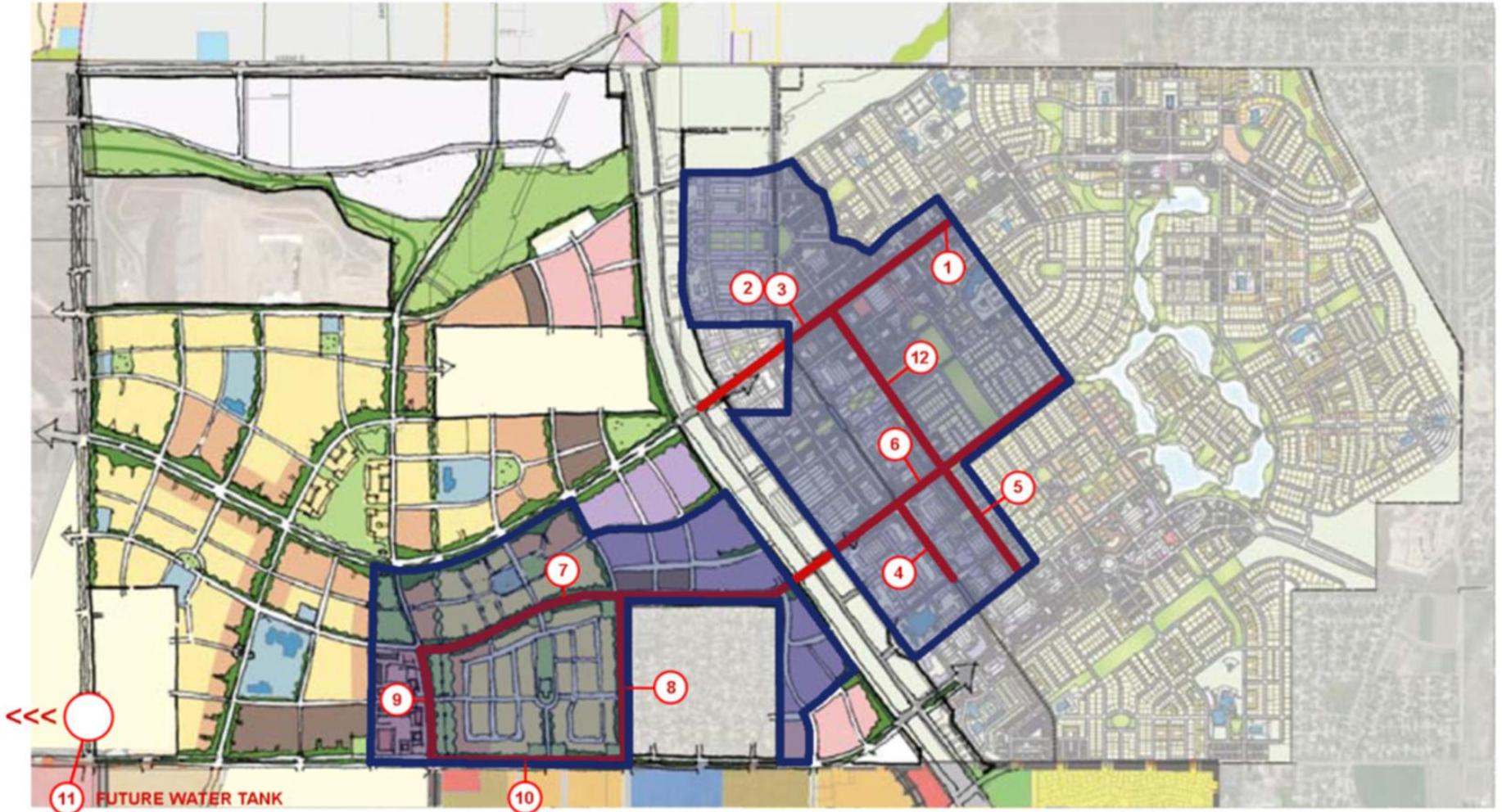
  
**South Jordan City Recorder**

# Accelerating Development – Daybreak Assessment Area #1

Daybreak Town Center and West Side Infrastructure  
March 17, 2015



# Proposed infrastructure projects



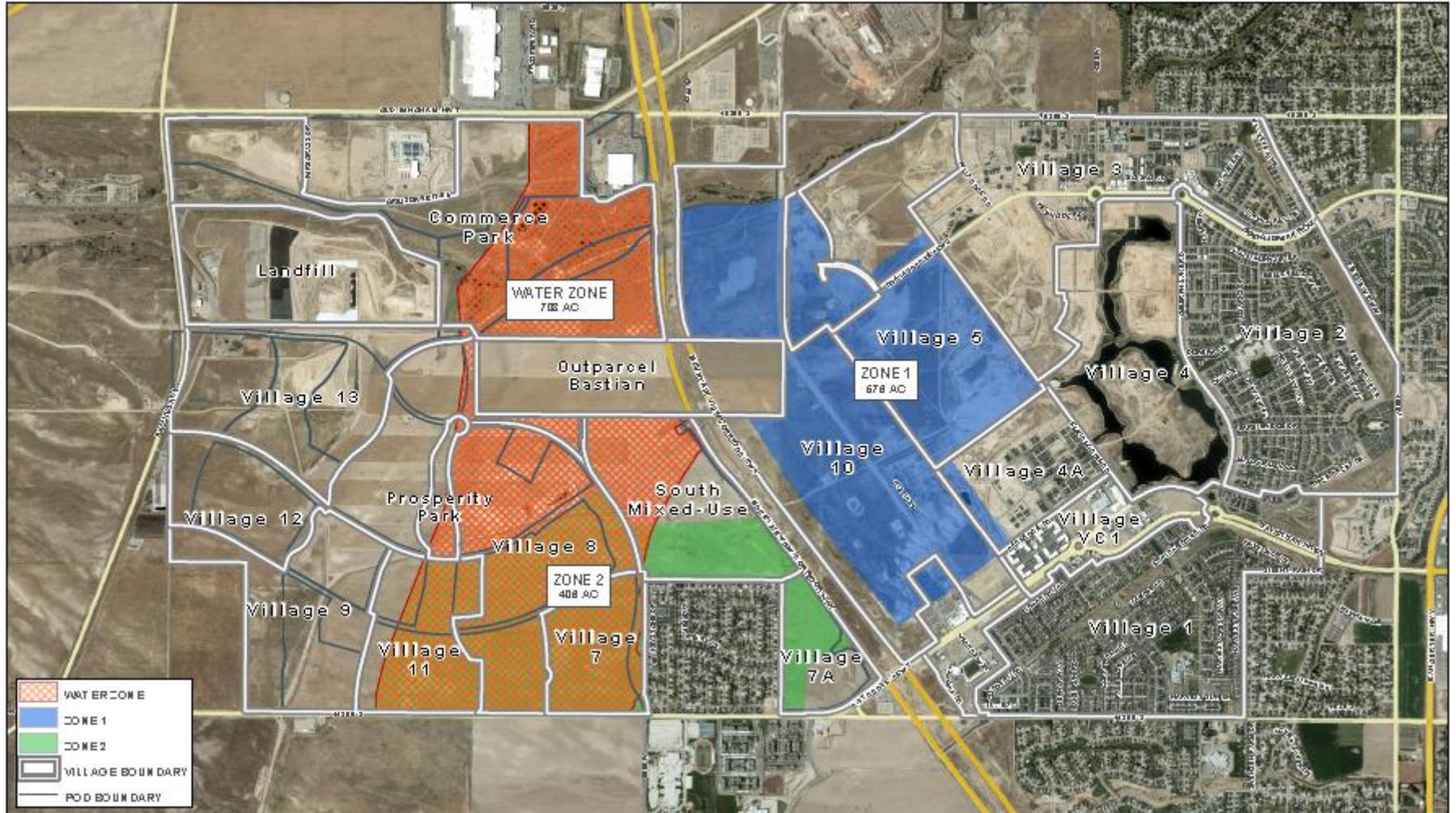
# Timing and budget estimates

#	Project Name	Total	2015	2016	2017	2018
1	SJ PARKWAY-VILLAGE 5 WIDENING	\$ 572,339	\$ 572,339	\$ -	\$ -	\$ -
2	SJ PARKWAY-EAST	\$ 2,898,826	\$ 2,898,826	\$ -	\$ -	\$ -
3	SJ PARKWAY-ROW ACQUISITION	\$ 492,195	\$ 492,195			
4	GRANDVILLE-FROM EXISTING TO LAKE AVE	\$ 1,884,850	\$ -	\$ 1,884,850	\$ -	\$ -
5	LAKE RUN-DUCKHORN TO LAKE AVE	\$ 1,621,620	\$ 1,621,620	\$ -	\$ -	\$ -
6	LAKE AVENUE -FROM KESTREL RISE TO MVC	\$ 4,618,328	\$ 2,309,164	\$ 2,309,164	\$ -	\$ -
7	LAKE AVENUE-FROM MVC TO VILLAGE 7	\$ 5,423,704	\$ -	\$ 2,711,852	\$ 2,711,852	\$ -
8	VILLAGE 7 EAST ROAD	\$ 1,981,980	\$ -	\$ 990,990	\$ 990,990	\$ -
9	VILLAGE 7 WEST ROAD	\$ 1,466,850	\$ -	\$ -	\$ 733,425	\$ 733,425
10	DB PKWY WEST-VILLAGE 7	\$ 1,294,058	\$ -	\$ 647,029	\$ 323,514	\$ 323,514
11	WATER-TANK AND LINES	\$ 7,458,015	\$ -	\$ 372,901	\$ 2,610,305	\$ 4,474,809
12	LAKE RUN – LAKE AVE TO SJ PKWY	\$ 2,203,740	\$ -	\$ 1,103,740	\$ 1,000,000	\$ -
	<b>TOTAL</b>	<b>\$ 31,916,504</b>	<b>\$ 7,894,143</b>	<b>\$ 10,020,526</b>	<b>\$ 8,370,087</b>	<b>\$ 5,531,749</b>

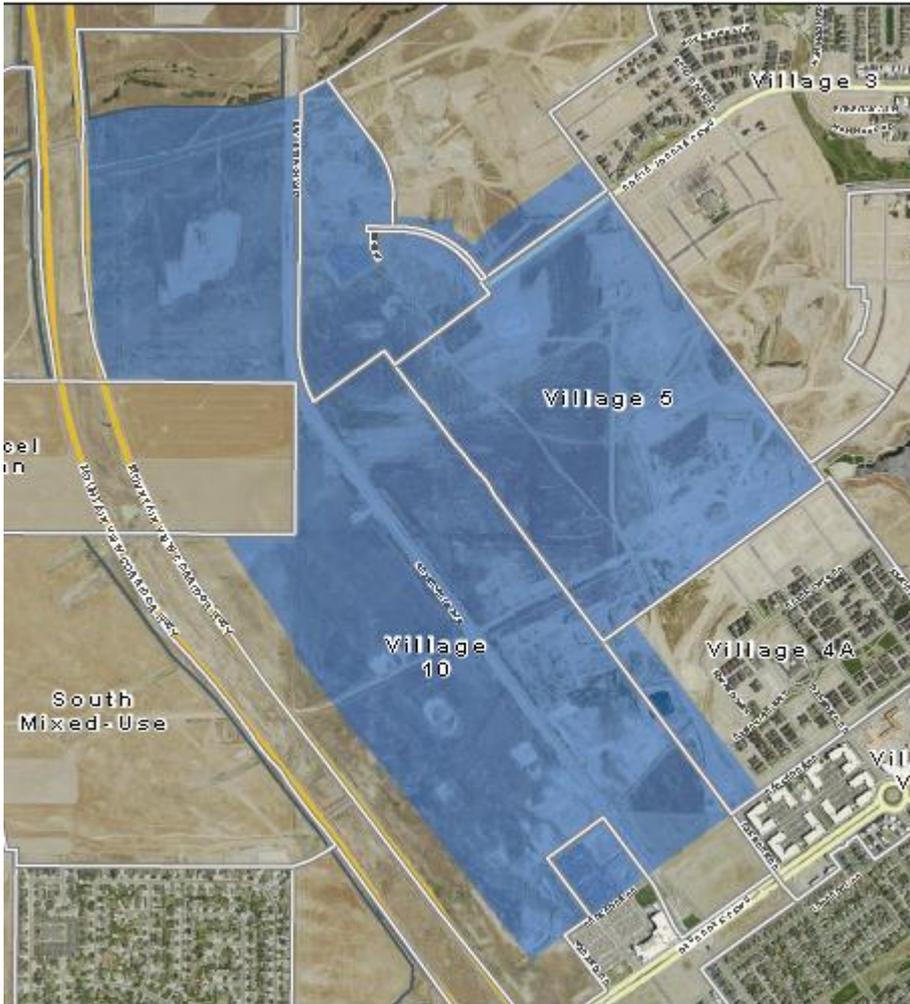
# Process followed for defining assessments and areas



# Zone Overview



# Zone 1 – Detail



## Jobs Budget List

1	SJ PARKWAY-VILLAGE 5 WIDENING	\$ 572,339
2	SJ PARKWAY-EAST	\$ 2,898,826
3	SJ PARKWAY-ROW ACQUISITION	\$ 492,195
4	GRANDVILLE-FROM EXISTING TO LAKE AVE	\$ 1,884,850
5	LAKE RUN-DUCKHORN TO LAKE AVE	\$ 1,621,620
6	LAKE AVENUE -FROM KESTREL RISE TO MVC	\$ 4,618,328
12	LAKE RUN-LAKE AVE TO S. JORDAN PKWY	<u>\$ 2,203,740</u>
	Total	\$ 14,291,897

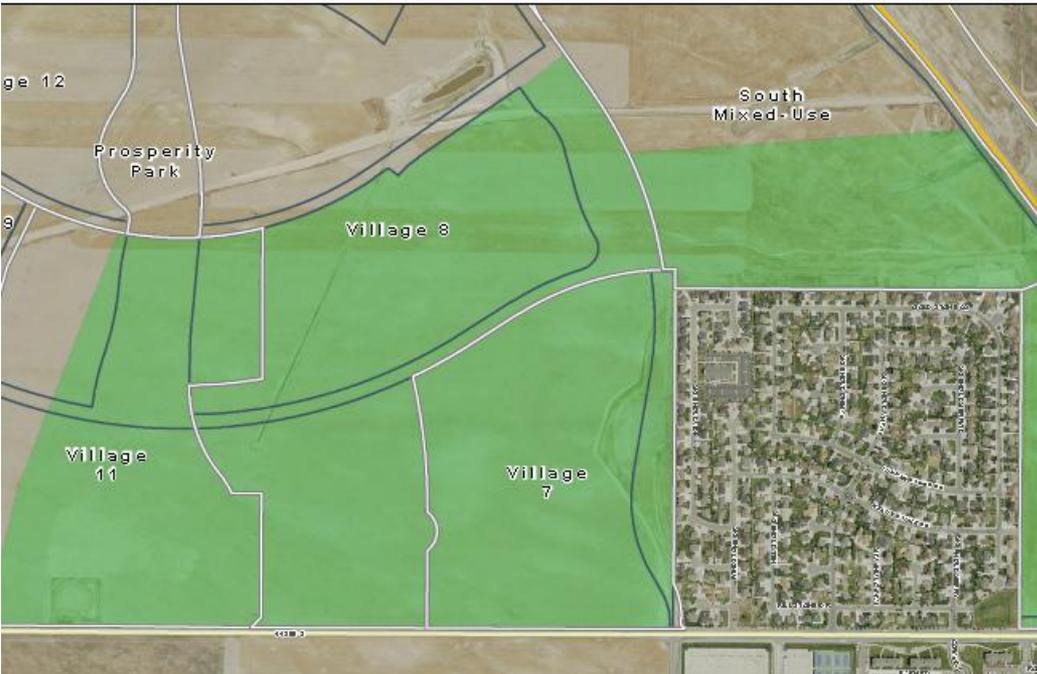
Land Use	Assumed Entitlement Used	Total ERU
Single Family Res.	249 units	249.00
Med Density Res.	394 units	239.36
Comm. Living	<u>3,822</u> units	<u>1,868.71</u>
Total	4,465 units	2,357.07
Office	2,000,000 sq.ft.	2,300.63
Retail	1,065,000 sq.ft.	4,967.45
Civic	<u>228,000</u> sq.ft.	<u>304.16</u>
Total	3,293,000 sq.ft.	7,572.24
TOTALS		9,929.31
COST PER ERU		\$ 1,439.36

# Zone 2 - Detail

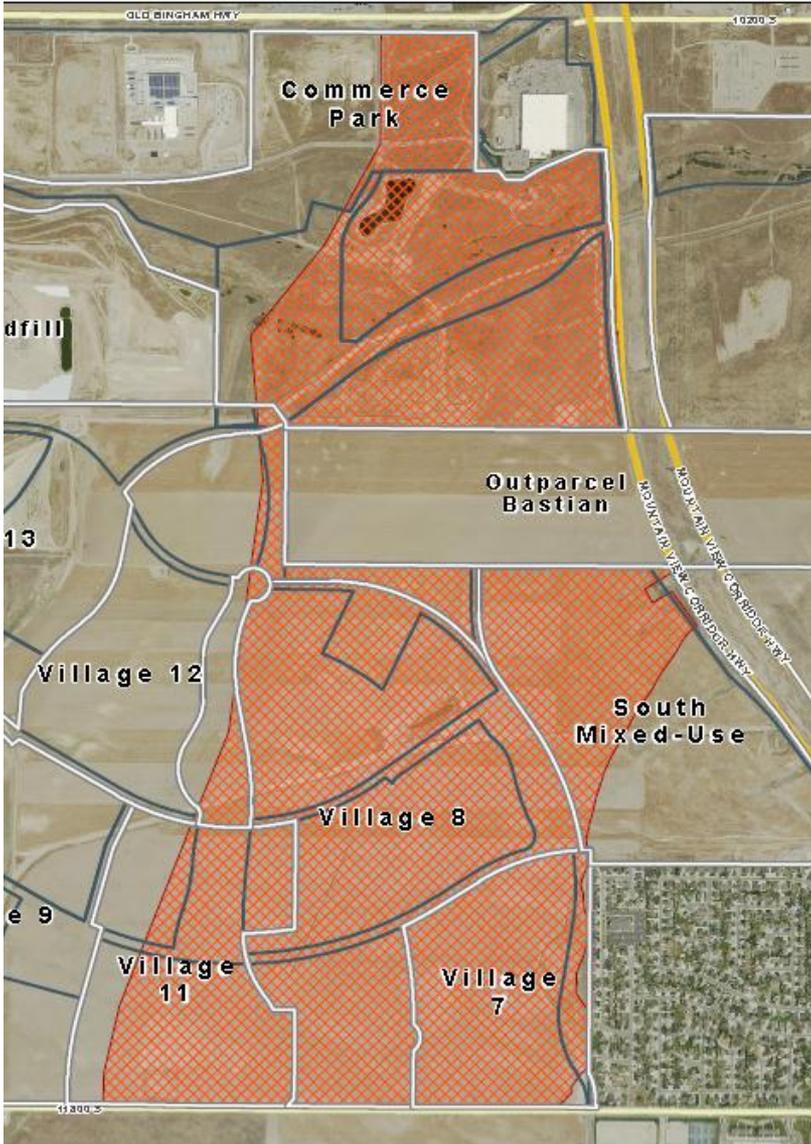
## Job Budget List

7	LAKE AVENUE-FROM MVC TO VILLAGE 7	\$	5,423,704
8	VILLAGE 7 EAST ROAD	\$	1,981,980
9	VILLAGE 7 WEST ROAD	\$	1,466,850
10	DB PKWY WEST-VILLAGE 7 PORTION	\$	<u>1,294,058</u>
	Total	\$	10,166,592

Land Use	Assumed Entitlement Used	Total ERU
Single Family	628 units	628.46
Med Density	1,198 Units	728.06
Comm. Living	<u>1,345</u> units	<u>657.62</u>
Total	3,172 units	2,014.14
Office	240,394 sq.ft.	276.53
Retail	161,438 sq.ft.	752.99
Civic	<u>32,000</u> sq.ft.	<u>42.69</u>
Total	433,832 sq.ft.	1,072.21
<b>TOTALS</b>		<b>3,086.35</b>
Cost per ERU		\$ 3,294.05



# Water Zone - Detail



## Job Budget List

11	Water tank/transmission lines	\$ 7,458,015
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Land Use	Assumed Entitlement Used	Total ERU
Single Family	843 Units	843.00
Med Density	1,692 Units	1,167.31
Comm. Living	<u>1,649 Units</u>	<u>601.35</u>
<b>Total</b>	<b>4,184 Units</b>	<b>2,611.66</b>
Office	809,524 SF	88.76
Retail	121,951 SF	26.95
Civic	<u>138,000 SF</u>	<u>13.49</u>
<b>Total</b>	<b>1,069,475 SF</b>	<b>129.20</b>
<b>TOTALS</b>		<b>5,352.53</b>
<b>Cost per ERU</b>		<b>\$ 1,393.36</b>

# Next Steps

- Approve Resolution Today – Intention to Create Area
- Finalize Details of Assessment Ordinance
- Daybreak finalizes its internal approvals
- Council approves Final Ordinances in April/May timeframe
- Fund bonds and commence projects





DATE/DAY	EVENT	RESPONSIBLE PARTY(IES)	NOTES
	conduct appraisal and in legal documents related to the designation and creation of the AA		
March 24	City to order MAI appraisal on property to be assessed	CO	Cost reimbursement provided by developer
March 25	Ballard to circulate list of information needs in order to commence drafting Preliminary Official Statement (POS)	BC	
April 2	City and others provide needed information to Ballard for POS draft	AWG	
April 6	Commence preparation of ratings presentation	FA	
April 8	First draft of POS and other bond documents circulated to working group	BC	
April 14	Document review session with working group	AWG	
April 17	Revised POS and bond documents circulated to working group	BC	
April 20	Communicate with Rating Agency to schedule visit Circulate draft of Rating Presentation to working group	FA	
On, or before, April 21	Appraisal delivered to City	Appraiser	This allows for 4 weeks would like it sooner if possible
On, or before, April 22	Finalize Assessment Area Boundaries, Assessment Methodology, Construction Estimates, Estimate Duration / Amount of Capitalized Interest, Update preliminary debt service numbers, Calculate Estimated Assessment Amounts, Prepare Assessment List	AWG	
April 24	Updated drafts of Designation & Creation Resolutions, Assessment Ordinance, Acknowledgement Waiver & Consent, Super Parameters Resolution etc Circulate to working group for review and comment	BC	
April 28	Substantially Final Drafts of; Notice Designating the AA, Creation Resolution, Assessment Ordinance and Super Parameters Resolution provided to City for Council Packets	BC	
April 28 - 29	Federal Open Market Committee (FOMC) Meeting		
April 29	Review Rating Presentation	AWG	
On, or before, May 5	Kennecott Land to execute Acknowledgement, Waiver & Consent	KL	
<b>May 5</b>	City Council Considers adopting the following; Notice Designating the AA; Creation Resolution; Assessment Ordinance, and Super Parameters Resolution	CC, CO, KL, FA	
May 6	Update POS and other pertinent documents with information from appraisal, dates of City action etc, and re-circulate to working group	BC	
May 7	Publish Notice of Intent to Issue Bonds in general circulation newspaper (commences 30 day contest period) Final comments due on POS and other bond documents prior to circulation to Rating Agency(ies) and Insurer	BC AWG	

DATE/DAY	EVENT	RESPONSIBLE PARTY(IES)	NOTES
May 8	File Notice of Interest with the County (within 5 days of adoption)	BC	
May 11	Circulate POS, Bond Documents, Appraisal, and City Financial Statements to Rating Agency(ies) and Insurer	FA	
May 13	Meet to review final rating presentation materials and have a “dress rehearsal” of the presentation	CO, FA, KL	
May 19	Meet with S&P (hopefully at site visit in Sj) [Other rating agencies?]	CO, KL, FA	
May 20	Conference call with Bond Insurer	CO, KL, FA	
On, or before, May 19	Record original or certified copy of Designation Resolution with Salt Lake County Recorder (within 15 days of adoption)	BC	
June 1	Receive rating & insurer quotes	FA	
June 2	Insert rating and insurer information into POS and ready for electronic distribution	BC	
June 2 – June 9	Pre-marketing effort	UW	
June 8	30-Day Contestability Period Ends		
[June 10]*	Pre-pricing call with underwriter’s trading desk	AWG, PCM	*Dates flexible to adjust for market conditions and supply
[June 11]*	Commence order period. Bond pricing. Pricing Committee meets via conference call to discuss and approve Bond Purchase Agreement (BPA)	UW , PCM	*Date flexible to adjust for market conditions and supply
June 12, 15	Prepare Closing Documentation for Bonds	BC	
June 16	Circulate Closing Documents	BC	
	Prepare Closing Memorandum with Wire Instructions	FA	
June 16 & 17	FOMC Meeting		
June 22	Pre-closing. Signing of all documentation	AWG, TR	
June 23	Bond Closing and Delivery of Proceeds	All	

**LEGEND**

- AWG: All working group (BC,CO,FA,KL,UW,TR)
- BC: Bond Counsel & Disclosure Counsel, Ballard Spahr (Randy Larsen)
- CC: South Jordan City Council
- CO: South Jordan City Officials
- FA: Financial Advisor, Lewis Young Robertson & Burningham, Inc. (Laura Lewis)
- N: Newspaper, [SL Trib or Des News – TBD]
- KL: Kennecott Land, Developer & its advisor (Ty McCutcheon and Jon Bronson)
- PCM: Pricing Committee Members
- T: Trustee, TBD
- UW: Underwriter, George K. Baum (Matt Dugdale)



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