

**Sunset City Corporation
City Council Minutes
September 4, 2008
Page 1 of 8**

Minutes of a special meeting held September 4, 2008 at Sunset City Hall, 200 West 1300 North, Sunset, Utah; Mayor Gotchy presiding.

Mayor and Council Present:

Dan Gotchy	Mayor
James Bridges	Council Member
Cheyrl Budge	Council Member
Ricky Carlson	Council Member
Ray Chapman	Council Member
Ryan Furniss	Council Member

City Employees Present:

Susan R. Hale	Recorder
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Others Present:

Bruce Evans	HAFB
Erik Castle	HAFB
Darrin Wray	HAFB
Lynn Gatipan	HAFB
Brad Weller	

The meeting was called to order at 3:00 p.m. by Mayor Gotchy.

SPECIAL SESSION

- 1. Field trip to view City and discuss development issues:** Mayor Gotchy stated his and the Council's appreciation for the time the HAFB people took out of their day to meet with them. The Council would like to ask questions and he would like to give them a tour of Sunset. Bruce Evans said they would be happy to go on the tour and answer any questions that would help them. Mayor Gotchy said they would go on the tour and then come back to eat and discuss the issues. Mr. Evans said they brought some maps that show the latest plan and they are prepared to talk about the schedule, philosophy, plan and what they are trying to do with MIDA to do their part to ensure Sunset is a full participant. Even though Sunset does not have a vote on MIDA they consider the City to be the same weight, character and status of any other City. They have to be good neighbors because Sunset could make enough trouble to be a problem for the development. When he first started on this project in March or April of 2007, he made a promise to do this aboveboard and involve Sunset. As to the items they have thought about, he feels they are doing very well. What they may not have thought about is why they like to have meetings like this to gather input and see what type of impact things have on Cities. For example, they have asked UDOT to move up their schedule on building an I-15 interchange at 1800 North and that will have a great impact on Sunset. He would hope the interchange would have a good impact, but if a person lives or has a business right by it, they may not think so. The City Council will have to face the people not happy about it. Despite what they may have read in the newspaper, the actual number of employees who could be working in the development area is around 75,000. That is three times more than what is there now. The jobs will mostly be high tech jobs in computers, aerospace,

Sunset City Corporation
City Council Minutes
September 4, 2008
Page 2 of 8

research and development, engineering, software, etc. They are working with the companies to find out what types of training people will need to fill the jobs, and then they will be working to have that type of education taught in the local universities and tech schools.

Mayor Gotchy, Council Member Bridges, Council Member Carlson, Council Member Chapman, Council Member Furniss, Bruce Evans, Erik Castle, Darrin Wray and Lynn Gatipan left to tour the City.

When they returned, Mayor Gotchy said this development is a major item for Sunset and they want to support it in anyway they can and they do not want to be left out. He asked Mr. Evans to address the tax base structure they talked about earlier. Mr. Evans stated the comment he made was that they understood sometime in the past Layton City had published the requisite notice of intent to annex essentially the entire base that wasn't previously annexed. The Air Force's official position is that they don't get involved in annexation. That is a local issue and the Cities need to work it out between themselves. Layton City has an "East Gate Development" which is about 660 acres east of HAFB and it is not a single parcel, but an accumulation of parcels that they are attempting to develop with manufacturing, offices, etc. HAFB has nearly four miles of freeway frontage that is being developed over a period of the next 20 or so years. For many miles to the north and south, it is the largest single section of undeveloped freeway frontage, so there is some serious potential commercial value there. They are interested in having the development be a world class aerospace research and technology park. That means very nice office space and up scale retail. They are hoping to have the Layton development focus more on industrial and manufacturing. If a company comes in that has offices and manufacturing, they would try to steer the manufacturing to the East Gate Development and keep the offices and retail in the Falcon Hill Development. When he says "retail" he is talking about more boutique type retail to support the development, not everyday retail. They are optimistic that average salaries for the technical employees would be in the \$100,000 range. Of course the hosting, restaurant and retail will have comparable salaries with other upscale businesses. They have excluded big box retail from the development. There will be two tax revenue sources in general. One would be the tax on property, which includes all improvements and personal property connected with the commercial activity. With MIDA agreeing to use tax increment financing to help jump start the development, it means the tax revenue will be impeded by the bond cost for a period of years. In the long term, it will be serious tax revenue. The second tax revenue is sales tax and there will also be the franchise, phone, etc. taxes. The developer signed a lease for about 500 acres on August 13th. Referring to a map they laid out, Mr. Evans said they initially talked to the Council about having distinct phases. That would have been best for HAFB, but the developer has to build infrastructure such as power systems, natural gas, sewer, water, etc. to support the development and the smartest way to do the whole project is to place it in the middle of the development instead of where they are building first. The lease gives them some rights to do the utility planning. The tax won't be triggered until they take down a building lot to build structures for a customer. If a customer needs rail access, they would be restricted to a couple of areas and having the lease for the whole area instead of phases allows the business to be placed where it needs to be. The developer's concentration will be on the north and south ends because of access and open

Sunset City Corporation
City Council Minutes
September 4, 2008
Page 3 of 8

land to develop. They are optimistic that, working with MIDA, the four cities can develop an intercity agreement with a formula that takes into consideration what the burden is to a City and where the buildings are located to make it fair to all cities involved. Sunset may end up with the best development due to the new freeway interchange. They have a loose commitment from UTA for a light rail station near the interchange. They need to worry about a connector from there to commuter rail and bus connectors.

Council Member Furniss asked what has been said about sewer, water, fire, police, etc. Mr. Evans replied the services will be supplied by local entities, not HAFB and MIDA is still working on the issue. They believe sewer outfalls will probably stay where they are, but maybe sized differently or build a companion line next to it. Mayor Gotchy said he understood Roy is trying to build a water tower to get their foot in the door on supplying the water to the development. Mr. Evans replied there has been discussion about Roy and Sunset and they are reviewing using the large HAFB water right, of which the base is only using about 35% of. They may just do a point of diversion to allow part of that right to be assigned. Darrin Wray clarified that Roy already owns a water tank on the base and they were just going to upgrade it independently of this project. Mr. Evans explained when Roy priced a million gallon size upgrade, the cost was \$0.57 a gallon. If they did two million, one million for Falcon Hill, the cost would be \$0.50 a gallon. They are trying to do things like that, which are synergies with the local cities to cut costs for cities. The Sunset Council needs to be thinking about what the City's needs are and, if it makes sense to partner with the developer to cut costs, the developer would be more than happy to do it. They have tried to structure this so the Air Force's interests and the developer's interests are married. By having the Air Force receive a percentage of the net revenue from all of the lease dollars, it makes it so they don't make decisions that go against that. MIDA is steering the effort to decide which City provides which service. HAFB does not care who does what, as long as every City is happy with it. Sunset may be able to provide fire services faster than Clearfield and they would hope that is taken into consideration. If a City is providing a service, there needs to be a complimentary revenue source. They are trying to find out what City provides what service the best and then what the cost of it will be and that will be taken into consideration as part of the taxing formula. In a perfect world all the entities will have their interests aligned so everyone will want the best thing for the project because that will benefit the entity the best. He said fairness can always be justified, but it is hard for him to allow one City to do something that is not the best choice just because politically it is one City over another.

Mayor Gotchy said it was his understanding that 75% of the property tax would be paid to MIDA and 25% to the Cities. Mr. Evans clarified that would be for the duration of the tax increment financing period. Mayor Gotchy said they had discussed developing a four-city agreement for the tax structure where every city would share equally the tax revenue so it wouldn't matter where a building was built. Mr. Evans clarified that means sharing revenue, but with recognition that the City providing expensive services has to recover their costs. HAFB will support the cities to make it as fair as possible. They would like to do planning that makes the most sense and basically ignores City or County boundaries. They don't want to be hurt because one city is fighting with another.

Sunset City Corporation
City Council Minutes
September 4, 2008
Page 4 of 8

Mr. Evans said Sunset has tremendous power because it has annexed some property that is on HAFB. By State and Federal law, municipal zoning does not apply on Federal land. However, they have agreed in writing with MIDA to consent to local zoning. They are hoping there will be a uniform zone with all the cities involved being in agreement. That is important because the developer has to get commercial lending. To do that they need an approved plan and an approved code. MIDA has identified 8 or 9 of the State's formally adopted codes including the International Building Code. They need to have a system for building permits so the lender can see there was a building permit authorized, then inspections for code compliance and eventually a certificate of occupancy. The only way to get all that is to go through one government entity like a City or MIDA by the agreement of the cities. He suggested someone from the City attend all the MIDA meetings and to speak up if they don't like the codes they are collecting. Currently, MIDA is talking with the cities' building departments about the availability of the inspectors to do the inspections of the development. They have the funds now to pay for the inspections and are developing a permit fee structure. They are not planning to pay impact fees, but that is not fully settled yet. There will be a process very similar to the cities' process of permitting and inspecting. The plan was developed with high density to get as much bang for the buck as they can so it would better help all the entities involved.

Council Member Furniss said the Council has discussed wanting to be on the MIDA team and he believes their intent is clear to MIDA as well. Without a vote, they don't feel like they are a member of the team. They have talked about asking the legislature to create another position on the MIDA Board so Sunset can have a vote. Maybe he will not be a Council Member after the next elections and maybe the next governing body won't be as involved as this one currently is and maybe Sunset will get pushed aside. He would like some safeguards in place to make sure Sunset continues to be a part of this development and he believes a vote on MIDA would ensure that. Mr. Evans said they support Sunset being a voting member on MIDA, but they live in the same political reality and they have limitations on what they can ask anyone to do. They are not allowed to lobby anyone as an Air Force, but they can answer any of their questions. In his perspective, Sunset has much more power than the Council realizes. He and the Installation Commander have had some lengthy discussions about ensuring that Sunset is involved. Also, Sunset has always had his support, whether or not it has been apparent. Council Member Furniss said it has been apparent and they appreciate it. Mr. Evans said the agreement has to be approved by all the involved entities and that is where Sunset has the vote, even if it never gets on the MIDA Board. The window of opportunity for Sunset to have an impact is now while they are formulating the tax plan, permitting, inspections, zoning plan, etc. Mayor Gotchy asked how they take part in that. Darrin Wray said he understands that MIDA has been asked to obtain a multi-city, multi-county agreement that lays out the rules of how the development is going to work as far as providing services, sharing tax revenue, zoning and other things that cross city and county boundaries. In that agreement, Sunset will certainly have a vote because part of the development has been annexed by Sunset. He does not believe there is any way they can proceed without Sunset.

Mr. Evans said it is important for them to understand how the things they do affects Sunset. Being taken on the tour they just went on was very useful to them in understanding why this development is so important to Sunset and it helps them speak better for Sunset. Council Member Furniss stated he has no worry about the base's feelings about all the cities playing nice, but he sees what is happening in Clearfield right now with their multi-city development agreement. They are in a major battle with Syracuse and West Point and the citizens want to pull out of the agreement because of the things Clearfield is asking the other cities to relinquish. That is why he is nervous about not having a vote with MIDA. Mr. Evans said MIDA is falling over backwards to do what HAFB wants and that includes involving Sunset. The fact that Sunset has annexed part of the land on HAFB, it is in the game. There is no way any agreement can happen without Sunset's okay.

Mayor Gotchy gave a scenario where one City convinces MIDA to allow them to provide all of the police and fire, even though Sunset is against it. He said that is why they are leery of not having a vote on MIDA. Council Member Budge reminded them it has been said there would need to be an agreement where all cities agree and if Sunset did not agree, it wouldn't happen. Council Member Furniss said it could if MIDA votes it through. Mr. Wray said that MIDA is a State agency and they don't want unhappy citizens any more than anyone else does. If Sunset is unhappy with the decisions they are making they are certainly going to take that into consideration. He does not believe they would want to put themselves in that type of political situation.

Mr. Evans told Mayor Gotchy they want him standing with a shovel at the ground breaking on October 10th with the rest of the Mayors. He also invited the Council Members. A time of day has not yet been set, but it will be between 11:00 am and 3:00 pm.

Council Member Carlson said Mr. Evans has said everything has to look normal for lenders, but as an outsider looking in, he believes it looks strange that Sunset does not have a vote on the MIDA Board. If they look at the whole structure, someone may ask why the City that has the biggest section of the development is not on the Board. He wondered if MIDA could be concerned about that perception. Mr. Evans said they could. The Board was created with support from HAFB for the concept of MIDA, but how they did it and who was on it was drafted by the legislature. They are very grateful to Sheldon Kilpack and Brad Dee for having the insight to form the Board. The Board may not be perfect, but other states do not have that foresight. HAFB understands and appreciates the significance of Sunset City.

Mayor Gotchy asked what Sunset can do to help this development along. The Council looked at supplying water or sewer and they would still like to have those services considered. He asked what they can do to make that look more attractive to the developers. Mr. Wray said they turned the issue of obtaining utility services over to the developer to find the best way to get the utilities and they have not really given them any direction. They don't want to be involved in those decisions because ultimately the developer is responsible to make sure it works. If they haven't already, he urged the Council to get some time with the developer to explain what services Sunset could provide. He said Travis Lish is the one they need to contact first and gave the Council Members his phone number.

Sunset City Corporation
City Council Minutes
September 4, 2008
Page 6 of 8

Mayor Gotchy said it seems like they find out about the moving ahead stuff after the fact and he believes that is a major problem for the City. He would like to know how they would go about knowing about these things and how they would get a say in the decisions. Mr. Wray said, as far as utilities go, it would be up to the developer.

Mr. Evans advised MIDA has adopted a series of resolutions over the recent weeks, which include the project area plan, which is the map they showed the Council today. They have adopted the agreement that was signed and celebrated on August 13th. They have plans to adopt the building codes discussed earlier in this meeting. They are doing public notices and holding public meetings. They will be holding at least two more by October 10th. MIDA has put in place the Development Review Committee on the basis of public input at public meetings. They have been having standing Tuesday morning meetings and he invited the Mayor and Council to attend them if they would like. They are not public meetings, but he is sure they are welcome to attend. Mr. Wray said none of the other cities attend either. Mr. Evans said it has been only Rick and Stuart from MIDA and themselves. They talk about things like how things are coming on writing the CNRs, how they are doing on schedules, when they think they'll be breaking ground, those types of items. Council Member Furniss said he believes Stuart has been very sincere in helping Sunset to be a part of it, but he is still leery about not having a vote on MIDA because he is concerned for the future.

Mr. Evans said he believes the development is way ahead of schedule. Until August 13th, the developer could not even sign a letter of intent with a company because they didn't have rights to the land. There has been an immense amount of interest; there are at least 60 defense contractors who are interested in discussing space. Hill AFB has some new mission work that will be announced in the near future that will bring significant contractors to Hill. They have been talking about 7,000 to 10,000 jobs possibly coming to Utah. This is the very first ever true Enhanced Use Lease signed in the Air Force. It is the largest and most economically advantageous ever signed in the Department of Defense. Therefore, they have the attention of a lot of nationwide contractors who may relocate a headquarters or other division here. The time line of 15 years for this development was made by looking at Utah's economy and other development's lease rates. He is worried this development may be twice as fast at only 7 or 8 years. That could cause serious development in the Sunset area in 2 or 3 years just because that may be the best area for them to locate for whatever reason.

Mayor Gotchy said Mr. Evans had mentioned previously that Sunset should start lobbying before the Senate about the tax structure and all that. Mr. Evans said the legislature is talking about making some adjustments to MIDA this year and suggested Sunset talking to Sheldon Kilpack and Brad Dee right away about adding another seat on the Board for Sunset. If asked, Mr. Evans said he would support that 100%. Council Member Furniss said the Council has talked about using Lincoln Church, the lobbyist for the Utah League of Cities and Towns, to help. Mayor Gotchy asked what they feel the Council can do right now in the best interest of Sunset. Mr. Wray said if they want to provide utilities for the development to get with the developer because he will have to decide who will provide them within the next couple of months. Mr. Evans suggested learning fully Sunset's utility capability and infrastructure; not just the capability but the potential as well. Understand where there are

Sunset City Corporation
City Council Minutes
September 4, 2008
Page 7 of 8

current stations for sewage or whatever, what the gauge is, if there is a spot where a transformer station could be located, what natural gas capacity there is, if Sunset has fiber optic cable, etc. Know not just what the City has, but what could be put in and what the other cities have. Then take advantage of what the City would most likely be successful at instead of wasting time on something another City can provide cheaper or better. Also, develop a strategy of splitting the tax. If the tax is only divided by those cities that provide services, a city that doesn't provide services could be cut out. In his view, even a city that does not have a service to provide should get a share just because part of the development is in that city. Some things the Council is already doing, such as informing the citizens of the development through the City newsletter. He thanked the Council Members for the support they have given for the development. If they ever want them to address the citizens at a Council meeting, he told them to contact him and he will get someone there. Mayor Gotchy said the Council really appreciates them taking the time to meet with them. He asked what the time and place was of the MIDA meeting he spoke of earlier. Mr. Evans said they are on Tuesdays at 9:30 at the Davis Center where the other MIDA meetings are held.

Mr. Evans informed the Council that HAFB may be starting work late this fall or early winter on a security forces building that will be built away from the Falcon Hill Development with 8-12 months until occupation. The first serious Air Force large complex will be begun next spring with 12-16 months before they can occupy the building. Mr. Wray mentioned they will use local contractors for all the work. With the housing slow down, maybe this will help.

Mr. Evans said the Air Force would be recruiting businesses from outside the State instead of taking existing businesses away from the cities. They believe this development will increase traffic to the existing businesses. He talked about a hotel built next to a competitor's hotel and how it increased the occupancy rate for the other hotel as well. He advised the Council, with the new freeway interchange, not to be surprised if a company wants to purchase half of a city block to build a commercial building. Some citizens will be displaced and some may not like it, but others will see the benefit for Sunset. Mayor Gotchy said they know that change is going to happen and they need to stay right on top of it. He thanked them again for meeting with the Council. Mr. Evans, Mr. Wray, Ms. Gatipan and Council Member Furniss then left.

Mayor Gotchy said he believes Mr. Evans was hinting at the water will be supplied by Roy City or HAFB so they should not waste time on that. There are other things they should look into. He knows a fiber optics line runs along the freeway. They need to look at what Sunset could supply in sewer. Maybe they'll need to spend some money on upgrading it. Council Member Chapman said they needed to look at Sunset's capabilities soon, then sit down with the developer and discuss what the City can do now and what it has the capability of doing. Council Member Carlson advised they would definitely need Public Works Director Hennessee involved in that. Mayor Gotchy said they need to sit down with Director Hennessee to find out what Sunset's strengths and weaknesses are and see what Sunset can bring to the table and what other cities aren't bringing. Council Member Carlson said he got the impression from Director Hennessee, last year when the developer was talking to him,

**Sunset City Corporation
City Council Minutes
September 4, 2008
Page 8 of 8**

that Sunset had a good shot at providing the water. Mayor Gotchy agreed that he did, but now that Roy City is building onto their water tower, it looks more like they would be better able to provide the water. Council Member Budge said Roy needs to watch what their needs are because they are having problems at the other end of Roy. They may be looking to expand for their own needs. Council Member Chapman does not believe Sunset should be counted out yet. Council Member Bridges agreed saying Sunset's water tank is up on HAFB and it would be very easy to hook into it. Mayor Gotchy said they definitely cannot sit on this; they have to start working on this now. Even four months from now will be too late. Council Member Bridges asked about security and said that would put a burden on Sunset's Police Department. Mayor Gotchy said he would like to see each city take care of its own area as far as fire and police services because all the cities support each other anyway. Council Member Chapman said the County has developed a new stacked response system where each city has listed what support they expect to have on a basic structure fire. Sunset's basic response is for Sunset's two fire trucks, the squad, Chief's car and Clinton City's ladder truck. Something like that could be developed for the Falcon Hill development. A standard response may be Sunset's engine, Clearfield's ladder truck and something of Roy's. Mayor Gotchy said they should develop a plan to present.

Council Member Carlson suggested also discussing the Public Works and Fire buildings during the next work meeting as Council Member Chapman mentioned at the last Council meeting. Mayor Gotchy said he still wants the two departments to be built together in one building; one side for Public Works and one side for the Fire Department. They can build enough bays for both. They discussed scheduling a work meeting and it was decided to hold it at 5:00 before the regular Council meeting on September 16th. This meeting will be a brainstorming meeting and he asked the Council Members to come with ideas.

Council Member Chapman made a motion to adjourn. Council Member Bridges seconded the motion. The motion passed unanimously.

The meeting adjourned at 5:30 p.m.

These minutes have been read and approved at the regular City Council meeting held **September 16, 2008.**

Dan Gotchy, Mayor

Susan R. Hale, Recorder