MIDVALE CITY COUNCIL WORKSHOP MEETING
AGENDA
October 9, 2018

PUBLIC NOTICE IS HEREBY GIVEN that the Midvale City Council will hold a workshop meeting on the 9th day of October 2018 at Midvale City Hall, 7505 South Holden Street, Midvale, Utah as follows:

6:30 p.m.

I. DISCUSSION ITEMS

A. Discuss Minority Inclusion in Government [Mayor Robert Hale]
B. Discuss Utility Service Partners [Mayor Robert Hale]
C. Discuss Midvale City Financial Policies [Dalin Hackett, Assistant Finance Director]
D. Discuss Long-Term Financial Plan [Laurie Harvey, Assistant City Manager/Admin Services Director]
E. Discussion on RDA/Sales Tax Bonds [Laurie Harvey, Assistant City Manager Admin Services Director]

II. ADJOURN

In accordance with the Americans with Disabilities Act, Midvale City will make reasonable accommodations for participation in the meeting. Request assistance by contacting the City Recorder at 801-567-7207, providing at least three working day notice of the meeting. TTY 711

A copy of the foregoing agenda was provided to the news media by email and/or fax. The agenda was also posted at the following locations on the date and time as posted above: City Hall Lobby, on the City’s website at www.midvalecity.org and the State Public Notice Website at http://pmn.utah.gov. Council Members may participate in the meeting via electronic communications. Council Members’ participation via electronic communication will be broadcast and amplified so other council Members and all other persons present in the Council Chambers will be able to hear or see the communication.

PLEASE MAKE SURE ALL CELL PHONES ARE TURNED OFF DURING THE MEETING

DATE POSTED: October 5, 2018 RORI L. ANDREASON, MMC
H.R. DIRECTOR/CITY RECORDER
MIDVALE CITY
CITY COUNCIL/WORKSHOP MEETING
Minutes

Tuesday, October 9, 2018
Council Chambers
7505 S. Holden Street
Midvale, Utah 84047

MAYOR: Robert M. Hale

COUNCIL MEMBERS: Council Member Bryant Brown
Council Member Paul Hunt
Council Member Dustin Gettel
Council Member Paul Glover
Council Member Quinn Sperry

STAFF: Laurie Harvey, Asst. City Manager/Admin. Services Director; Brian Berndt,
Assistant City Manager/Community Development Director; Rori Andreason,
H.R. Director/City Recorder; Lisa Garner, City Attorney; Laura Magness,
Communications Specialist; Dalin Hackett, Asst. Finance Director; and Jake
Shepherd, Network Administrator.

Mayor Hale called the meeting to order at 6:30 p.m.

I. DISCUSSION ITEMS
   A. DISCUSS MINORITY INCLUSION IN GOVERNMENT
Carlos Moreno discussed his desire to create a cultural diversity committee. Duties and
responsibilities would include: education, culture, health, and civic engagement.

CULTURAL DIVERSITY COMMITTEE

- **Mission Statement:** The Cultural Diversity Committee assists and provides
counsel to the City Council and the Mayor regarding diverse citizen involvement in
local government.

- **Members:** The Cultural Diversity Committee shall consist of not more than fifteen
(15) members.

- **The committee officers** (Chair, Vice Chair, Treasurer, Secretary, and any future
officers.

- Shall be residents of the City or Taylorsville; business owners or their designated
representatives.

Duties and Responsibilities:
The Cultural Diversity Committee shall study and provide objective, current, and relevant
information leading to the creation of multi-cultural events, activities, and celebration
opportunities to the City Council, the Mayor, and staff as requested, in an effort to increase
multi-cultural awareness within and outside of the City.

- Other committee duties and responsibilities shall include the following:
  - 1. Assist the City Council and the Mayor in improving the quantity and quality of
cultural experiences and opportunities for residents and visitors to the City;
2. Assist the City Council and the Mayor in providing an optimum range, mix, and location of multi-cultural opportunities for all people;

3. Promote preserving or developing appropriate City and community resources to serve their highest and best use;

4. Communicate recreational and multi-cultural plans to other City committees, thus maximizing City resources efficiency, and building an environment where committees can work together to plan and sponsor events;

5. Promote public understanding of and support for cultural diversity at all levels of government;

6. Encourage public and private cooperation to provide cultural diversity opportunities in the City;

7. Work with and solicit involvement from ethnic businesses and other cultural groups;

8. Review and report to the City Council and the Mayor the status of existing and proposed cultural events that the committee considers would benefit both the City and various cultural organizations;

9. Perform any other duties and functions as are consistent with the promotion of cultural diversity activities in the City as directed by the City Council and the Mayor;

10. Publicize and disseminate news and information regarding cultural diversity activities within the City. Work with the City’s communication staff members to promote events and activities in all news and social media;

11. Hold publicized meetings in which cultural diversity within the City is discussed;

12. Initiate, sponsor, and promote involvement, activities, and contributions by the private sector for the expansion and awareness of cultural diversity within the City.

13. Submit an annual budget request to the City Council and review actual revenues and expenditures as compared to budgeted amounts, evaluating variances and reasons for variances, and submit a quarterly report to the City Council and the Mayor

14. Work with agencies and organizations within and outside of the City to assist the City Council and the Mayor with the implementation of cultural events and programs to improve the community and the lives of the City’s citizens;

15. Conduct educational events for ethnic groups with the purpose of sharing different cultural beliefs, traditions, and customs of citizens of the City;

16. Conduct educational events for ethnic and other groups to learn about City, county and state government; and

17. Provide a voice for the ethnic and other communities to communicate issues that are importation for each group to City, county and state officials

Statistics of Salt Lake City:

- Since the 2010 Census, Utah’s minority population has grown by 129,526 people — the equivalent of adding a city the size of West Valley City, according to new estimates released Thursday by the U.S. Census Bureau.
- More than one in five Utahans — 21.5 percent to be exact — is now a minority, up by two percentage points since 2010.
- Minority groups are also growing faster than whites.
- Utah’s white population has grown by 9.4 percent since 2010. Minorities overall have grown by 24 percent.
Growth by Minority Group
Among Utah minorities, Latinos added the most people since 2010 — 75,948 (the equivalent of a city the size of South Jordan), growing by 21.2 percent. As Utah’s largest minority, they now comprise 14 percent of the state population, or 434,288 people.
“Growth in the Hispanic population — which is significant — is really being driving by natural increase [through births], not migration.”
“West Valley City is close to becoming a minority-majority city. I would not be surprised to see that in the 2020 Census.”
“The changes are ongoing, cumulative and irreversible,” she said. “Utah is becoming more multicultural, multilingual and multiethnic.”

The Council asked the City Attorney to work on this issue and come back with alternatives to getting something like this started. Laura Magness will also meet with Mr. Moreno to discuss this further.

B. DISCUSS UTILITY SERVICE PARTNERS
Mayor Hale introduced Dennis Lyon, Utility Service Partners. Dennis Lyon said he wanted to explain the Service Line Warranty Program to the Council.

Recent Harris Poll results (2000 adults surveyed)
- Nearly 2 in 5 Americans don’t have the necessary funds set aside to cover a $500 repair (including almost half of millennials)
- 1 in 2 Americans describe their current state of household finances as either fair, poor, or terrible.
- 3 in 10 Americans aged 37+ cited they had no money set aside for emergency repairs.
- 46% of respondents had an emergency repair in the last 12 months.
- 80% of respondents either strongly or somewhat agreed with the statement: Local community governments should be responsible for educating homeowners about external water lines on their property that are not covered by homeowners’ insurance, the city/town or the local utility (i.e., meaning that if a problem were to occur, the homeowner would be solely responsible for the cost out of pocket).

Program Benefits
- Only Service Line Program Endorsed by the National League of Cities
- Helps address the public policy issue of aging infrastructure
- No cost for the Municipality to participate
- Ongoing Revenue Stream for the Municipality
- Educates homeowners about their lateral line responsibilities
- Free Public Awareness Campaign
- Peace of Mind - with one toll-free call a reputable contractor is dispatched
- All repairs performed to code by local licensed contractors
- Contractors undergo rigorous vetting process to ensure quality service

Our Service and what it Covers
Sewer Lateral & Septic Line Coverage
Water Line & Well Line Coverage
Homeowner repair protection for leaking, clogged or broken water and sewer lines from the point of utility connection to the home exterior.

**Coverage includes:**
- Educating homeowners about their service line responsibilities
- Up to $8,500 coverage per repair incident.
- No annual or lifetime limits, deductibles, service fees, forms, or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local contractors
- Affordable rates and multiple payment methods

**Interior Plumbing and Drainage**
Homeowner repair protection for in-home water supply lines and in-home sewer lines and all drain lines connected to the main sewer stack that are broken or leaking inside the home after the point of entry.

**Coverage Includes:**
- Up to $3,000 coverage per repair incident
- Includes coverage for broken or leaking water, sewer, or drain lines under the slab or basement floor
- Repair of clogged toilets
- No annual or lifetime limits, deductibles, service fees, forms, or paperwork
- 24/7/365 availability
- Repairs made only by licensed, local contractors
- Affordable rates and multiple payment methods

**Marketing Approach**
- No Public Funds are used in marketing, distribution, or administration of the program.
- Only market by direct mail, no door to door or telemarketing
- Would never mail without your review and approval of marketing material before each and every campaign
- Limited to 3 mailing campaigns per year
- Marketing clearly states city does not provide program
- Participation always voluntary for the homeowner
- Consumers can enroll one of three ways:
  - Calling into our toll-free number that is provided on the mailing
  - Returning the bottom of the letter to us in the self-addressed stamped envelope provided
  - Visiting our consumer website www.slwofa.com at any time

**Over 500 Municipal Partners In 37 States**
Including three in Utah

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Our Partnerships in Utah
- City of Clearfield
- City of Orem
- City of Kaysville
- Salt Lake City
Over 3,000 Utah residents currently enrolled in the program
Over $173,000 paid in repair costs over the last three years

Program Success
- Endorsement =/= Exclusivity
- Currently serving over 3.6 million customers
- Saved customers over $394 million in repair costs over the past 3 years
- 97% claim approval rating
- 99.6% claims satisfaction rate
- 82.5% customer retention rate
- Currently over 1,300 contractors in network
- 9 of every 10 customers surveyed have recommended the program to friends, family, and neighbors

City would receive 50 cents per month for each warranty agreement. Paid out in royalty every January. Can choose to opt out of that revenue. In that case, the homeowner would receive it in a cost reduction.

The Council asked the City Attorney to look into this further and bring it back for discussion.

C. DISCUSS MIDVALE CITY FINANCIAL POLICIES
Dalin Hackett reviewed the following financial policies:

Purpose of Financial Policies
- Set forth parameters and guidelines for prudent fiscal operational practices and management
- Establish “rules of the game”

Formal Adoption Requested
- Formal adoption on agenda for Wednesday, October 16, 2018

General Fund Reserve Policies
- Purpose: comply with UT law; plan for contingencies; avoid interest expense; generate investment income
- 15% reserve target adopted by resolution (approx. 2005)
• Fleet Fund has substantial reserves
• Only change from prior policy is state increase to 25% maximum

Reserve Policies in Other Funds
• Purpose: provide working capital; maintain stable fee structure; provide capital replacement funds
• Internal Service Fund – wording added to include computer equipment
• Enterprise funds – change from working capital of 45 days to 60 days worth of annual operating expenses for Sanitation, Street Lighting, and Telecommunications funds; change from 90 days to 180 days for Water, Sewer, and Storm Water funds

Reserve Policies in Other Funds Cont.
• New paragraph: “In an effort to maintain adequate reserves, the City shall conduct an analysis of its utility rates on an annual basis. Rate increases, if needed, shall be proposed to City Council during the annual budgeting process.”

Revenue Policies
• Purpose: ensure sufficient and stable revenues in order to consistently produce desired programs and services; develop and maintain fair and consistent revenue sources
• One-time funds cannot be used for ongoing programs
• Carefully review grant opportunities for commitment of local funds
• Municipal fee schedule reviewed annually by Council
• No changes from prior policy

Expenditure Policies
• Purpose: ensure public funds are spent with integrity, directness, and transparency; ensure expenditures are directed to services citizens prefer
• New paragraph: “Staffing shall not exceed the authorized level, and all new positions must be approved by City Council before they are filled.”

Operating Budget Policies
• Purpose: acknowledge that the operating budget is among the most important public documents produced by the City; ensure the budget sets forth the City’s taxing and spending direction; establish policies that allow leeway for the inevitable give-and-take of politics
• City Administrator can approve line item shifts within a department
• City Council must approve inter-departmental budget amendments
• No changes from prior policy

Capital Asset Management Policies
• Purpose: recognize the major impact capital projects have on the quality of local government services, the community’s economic vitality, and the overall quality of life for citizens; stimulate informed debate and to help leaders make optimal choices
• Removed: “Assets will be kept in good condition. The city has established an Internal Service Fund for the purpose of accumulating resources to replace
vehicles every five years (light fleet) or ten years (heavy fleet), and to recover fleet operating costs from the appropriate fund.”

Capital Asset Management Policies
- Replaced with:
  "The City has established an Internal Service Fund for the purpose of accumulating resources to replace vehicles according to a replacement schedule established by the Fleet Manager, and to recover fleet operating costs from appropriate funds. The City has also established an Internal Service Fund for the purpose of accumulating resources to replace computer equipment according to a replacement schedule established by the Information Technology Manager, and to recover IT operating costs from appropriate funds.

Department managers/heads shall exercise supervision of all inventories of tangible City property within the control of or assigned to their departments, this includes ensuring all City assets are safeguarded and kept in good working condition. All City property located in warehouse(s) or storage areas shall be inventoried annually, and accountability for the property shall reside with the respective department manager/head.”

Long-term Financial Planning Policies
- Purpose: assist government in providing stable tax and service levels to the community of a multi-year period; uncover minor problems which, left unresolved, could require dramatic action later; demonstrate commitment to sound financial management and a willingness to control spending
  - No changes from prior policy

Debt Policies
- Purpose: ensure debt is used wisely and future financial flexibility remains relatively unconstrained; establish criteria for issuance of debt obligations; provide consistency and continuity to public policy development
  - Debt should not be used for operating expenses
  - General Fund debt service shall not exceed 15% of expenditures
  - No changes from prior policy

Investment Policies
- Purpose: maximize interest income while preserving principal and maintaining sufficient liquidity to meet expenditure obligations
  - Midvale has investments with Moreton
  - No changes from prior policy

Accounting, Auditing, Fin. Reporting Policies
- Purpose: Set the tone at the top for how the City will account for its financial resources and be accountable for making financial information available to the public; satisfy external financial reporting requirements as well as the City’s managerial needs
  - Audit committee established
  - No changes from prior policy
Internal Control and Risk Management Policies
- Purpose: protect assets in order to ensure continuity of service; maintain a safe work and service environment; ensure the efficiency of risk management activities
- Internal controls are established to:
  - Segregate duties
  - Provide security over assets and records
  - Ensure periodic reconciliation and verification
  - Assure proper authorization
- No changes from prior policy

Local Economic Dev Finance Policies
- Purpose: improve local economic conditions through direct and indirect intervention
- Midvale City has no impact fees
- The City uses RDA tax increment financing to encourage development
- No changes

Procurement Policies
- Purpose: ensure the procurement process is fair; ensure good stewardship over public funds; help clarify the goals of the purchasing system
- Expenditures for ten three thousand dollars or more, but less than twenty-five thousand dollars, shall be made pursuant to the informal bidding procedures set forth in Midvale Municipal Code § 2.28.290.
- Minor. Any expenditure amounting to less than one three thousand dollars.

Procurement Policies
- Sole Source. Any expenditure for goods or services which are clearly by their nature not reasonably adapted to award by competitive bidding. Sole source procurements must be approved in writing by the city manager City’s Purchasing Committee.

Summary
- Staff requests resolution adopting policies on 10/16/2018

The Council instructed staff to place this item on the consent agenda for the next meeting.

D. DISCUSSION ON RDA/SALES TAX BONDS
Laura Lewis discussed the Redevelopment Agency sales tax revenue bonds. She discussed the process of the bonds as well as the anticipated rates. She also reviewed the timeline for the closing of the bonds.

E. DISCUSS LONG-TERM FINANCIAL PLAN
Laurie Harvey discussed the long-term financial plan and options for the City.
II. ADJOURN

Mayor Hale adjourned the meeting at approximately 8:48 p.m.

Ron L. Andreason, MMC  
H.R. DIRECTORY/CITY RECORDER

Approved this 16th day of October 2018
Midvale City Council Meeting
Sign In Sheet

Tuesday, October 9, 2018

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$9,000,000
Redevelopment Agency of Midvale City, Utah
Tax Increment & Sales Tax Revenue Bonds, Series 2018

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$9,000,000
Redevelopment Agency of Midvale City, Utah
Tax Increment & Sales Tax Revenue Bonds, Series 2018

Sources & Uses
Dated 11/13/2018 | Delivered 11/13/2018

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$9,000,000
Redevelopment Agency of Midvale City, Utah
Tax Increment & Sales Tax Revenue Bonds, Series 2018

Debt Service Schedule

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<td>825,000.00</td>
<td>5.00%</td>
<td>42,250.00</td>
<td>867,250.00</td>
<td>909,500.00</td>
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<tr>
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<td>908,250.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$9,000,000.00</strong></td>
<td>-</td>
<td><strong>$4,390,250.00</strong></td>
<td><strong>$13,390,250.00</strong></td>
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Yield Statistics

- **Bond Year Dollars**: $87,805.00
- **Average Life**: 9.756 Years
- **Average Coupon**: 5.000000%

- **Net Interest Cost (NIC)**: 3.734916%
- **True Interest Cost (TIC)**: 3.451982%
- **Bond Yield for Arbitrage Purposes**: 3.200327%
- **All Inclusive Cost (AIC)**: 3.669593%

**IRS Form 8038**

- **Net Interest Cost**: 3.3124231%
- **Weighted Average Maturity**: 9.792 Years

2018 Tax Increment & Sales | SINGLE PURPOSE | 10/01/18 | 7:33 AM

Page 2
$9,000,000
Redevelopment Agency of Midvale City, Utah
Tax Increment & Sales Tax Revenue Bonds, Series 2018

Net Debt Service Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Principal</th>
<th>Coupon</th>
<th>Interest</th>
<th>Total P+I</th>
<th>DSR</th>
<th>Net New D/S</th>
<th>Fiscal Total</th>
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<td>(36,775.00)</td>
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Total $9,000,000.00 - $4,390,250.00 $13,390,250.00 (1,264,635.59) $12,125,614.41 -
$9,000,000
Redevelopment Agency of Midvale City, Utah
Tax Increment & Sales Tax Revenue Bonds, Series 2018

Pricing Summary

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<tr>
<th>Maturity</th>
<th>Type of Bond</th>
<th>Coupon</th>
<th>Yield</th>
<th>Maturity Value</th>
<th>Price</th>
<th>YTM</th>
<th>Call Date</th>
<th>Call Price</th>
<th>Dollar Price</th>
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Bid Information

- Par Amount of Bonds: $9,000,000.00
- Redevelopment Premium or (Discount): 1,110,803.90
- Gross Premium: $10,110,803.90
- Bid (112.342%): 10,110,803.90
- Total Purchase Price: $10,110,803.90
- Bond Year Dollars: $87,805.00
- Average Life: 9.756 Years
- Average Coupon: 5.000000%
- Net Interest Cost (NIC): 3.7349166%
- True Interest Cost (TIC): 3.4619802%

Page 4
$9,000,000
Redevelopment Agency of Midvale City, Utah
Tax Increment & Sales Tax Revenue Bonds, Series 2018

Detail Costs Of Issuance

Dated 11/13/2018 | Delivered 11/13/2018

COSTS OF ISSUANCE DETAIL
# Preliminary Calendar of Events

**October 9, 2018**

## October

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 2</td>
<td>Preliminary Debt Service Numbers Prepared and Reviewed</td>
<td>FA</td>
</tr>
<tr>
<td>Oct. 9</td>
<td>City Council work session to discuss Series 2018 Bonds</td>
<td>CC, FA</td>
</tr>
<tr>
<td>Oct. 11</td>
<td>Draft of Parameters Resolution, POS, and other financing documents distributed to group</td>
<td>BC</td>
</tr>
<tr>
<td>Oct. 16</td>
<td>City Council adopts Bond Resolution and authorizes sale of bonds, including delegation of authority, and sets date of Nov. 13, 2018 for Public Hearing</td>
<td>CC, CO, FA, BC</td>
</tr>
<tr>
<td>Oct. 17</td>
<td>City Recorder posts “Notice of Public Hearing” on Utah Public Notice Website.</td>
<td>CR</td>
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<tr>
<td>Oct. 20</td>
<td>Publication of “Notice of Bonds to be Issued” in Deseret News and The Salt Lake Tribune (30-day contest period begins)</td>
<td>BC</td>
</tr>
<tr>
<td>Oct. 20</td>
<td>First publication of “Notice of Public Hearing” in newspaper</td>
<td>BC</td>
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<tr>
<td>Oct. 26</td>
<td>Draft ratings presentation distributed</td>
<td>FA</td>
</tr>
<tr>
<td>Oct. 27</td>
<td>Second publication of “Notice of Public Hearing” in newspaper</td>
<td>N, BC</td>
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<tr>
<td>Oct. 29</td>
<td>Bond Counsel distributes revised draft of POS</td>
<td>BC</td>
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<tr>
<td>Oct. 30</td>
<td>Comments due on POS and other bond documents ahead of distribution to rating agencies</td>
<td>All Hands</td>
</tr>
<tr>
<td>Oct. 31</td>
<td>Final comments due on ratings presentation</td>
<td>CO, FA</td>
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<tr>
<td>Oct. 31</td>
<td>Distribute POS and other Bond Documents to rating agencies</td>
<td>FA</td>
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<td>Nov. 1</td>
<td>Ratings presentation walk-through</td>
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1 Preliminary, subject to change.
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<th>Date/Day</th>
<th>Event</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>Nov. 5-6</td>
<td>Meetings with Rating Agencies (Fitch, S&amp;P) and insurers in San Francisco.</td>
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<td>Nov. 13</td>
<td>Public Hearing on the Bonds at 6:30 pm</td>
<td>CC, CO, FA, BC</td>
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<td>Nov. 19</td>
<td>30-day contest period expires</td>
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<tr>
<td>Nov. 19</td>
<td>Ratings Received</td>
<td>FA</td>
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<tr>
<td>Nov. 19</td>
<td>All final comments due on financing documents</td>
<td>All Hands</td>
</tr>
<tr>
<td>Nov. 20</td>
<td>Distribute Preliminary Official Statements to Potential Investors</td>
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<td>Nov. 22</td>
<td>THANKSGIVING HOLIDAY</td>
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<td>Dec. 4</td>
<td>Pre-Pricing call at [3:00 p.m. MDT]</td>
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<td>Dec. 5</td>
<td>Bond Sale and wrap-up call at [11:30 a.m. MDT]</td>
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<td>Execution of Certificate of Determination and Bond Purchase Agreement</td>
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<td>Dec. 7</td>
<td>Distribution of draft Closing Memorandum</td>
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<td>Dec. 7</td>
<td>Final Official Statement sent to Investors</td>
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<td>Dec. 10</td>
<td>Distribution of final Closing Memorandum</td>
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<td>Dec. 10</td>
<td>Distribution of Closing Documents</td>
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<td>Dec. 12</td>
<td>Documents signed by Mayor</td>
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<td>Dec. 13</td>
<td>Bond Closing, 9:30 a.m. MDT Offices of Bond Counsel</td>
<td>All Hands</td>
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**LEGEND**

BC: Bond Counsel, Gilmore & Bell (Brad Patterson, Randy Larsen)
CC: Midvale City Council
CO: City Officials, (Kane Loader, Laurie Harvey)
FA: Financial Advisor, Lewis Young Robertson & Burningham, Inc. (Laura Lewis)
UV: Underwriter, KeyBanc Capital Markets
T: Trustee, Zions Bank, a division of ZB, National Association (Dan Ellison)
## DISTRIBUTION LIST – FINANCIAL TEAM MEMBERS

<table>
<thead>
<tr>
<th>ISSUER</th>
<th>FINANCIAL ADVISOR</th>
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<tbody>
<tr>
<td>MIDVALE CITY</td>
<td>LEWIS YOUNG ROBERTSON &amp; BURNINGHAM, INC.</td>
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<tr>
<td>7505 S. Holden Street, Midvale, Utah 84047</td>
<td>41 North Rio Grande, Suite 101, Salt Lake City, Utah 84101</td>
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<td>Phone: (801) 596-0700</td>
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<td>Laura Lewis, Principal</td>
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<td>Brad Patterson, Esq.</td>
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NLC Service Line Warranty Program  
City of Midvale, UT  
Term Sheet  
June 21, 2018  
(Term Sheet valid for 90 days)

I. Initial Term. Three years

II. License Conditions.
   a. City logo on letterhead, advertising, billing, and marketing materials
   b. Signature by City official

III. Products.
   a. External water service line warranty (initially, $5.25 per month)
   b. External sewer/septic line warranty (initially, $7.25 per month)
   c. Interior plumbing and drainage warranty (initially, $9.49 per month)

Company may adjust the foregoing Product fees; provided, that any such adjustment shall not exceed $.50 per month in any 12-month period, unless otherwise agreed by the Parties in writing.

IV. Scope of Coverage.
   b. External water service line warranty:
      - Customer Responsibility: From the meter to the external wall of the home.
      - Covers thawing of frozen external water lines.
      - Covers well service lines if applicable.
   a. External sewer/septic line warranty:
      - Customer Responsibility: From the exit point of the home to the main.
      - Covers septic lines if applicable.
   c. Interior plumbing and draining warranty:
      - Water supply pipes and drainage pipes within the interior of the home.

V. Marketing Campaigns. Company shall have the right to conduct up to three campaigns per year, comprised of up to six mailings and such other channels as may be mutually agreed. Initially, Company anticipates offering the In-home plumbing warranty Product via in-bound channels only.
City of Midvale
Service Line Warranty Program

Cities Strong Together

NLC

National League of Cities
homeowner would be solely responsible for the cost out of pocket.

Local utilities (i.e., meaning that if a problem were to occur, the utility Bill should be paid by homeowners) are not covered by homeowners' insurance, the city/town or the

educating homeowners about external water lines on their property

statement: Local community governments should be responsible for

80% of respondents either strongly or somewhat agreed with the

86% of respondents had an emergency repair in the last 12 months.

emergency repairs.

3 in 10 Americans aged 37+ cited they had no money set aside for

either fair, poor, or terrible.

1 in 2 Americans describe their current state of household finances as

cover a $500 repair (including almost half of millennials)

Nearly 2 in 5 Americans don't have the necessary funds set aside to

Recent Harris Poll Results (2000 adults surveyed)
over the years.

The success of this partnership
is a testament to the
record of customer service and
exemplary achievements.

The primary reasons the National
League of Cities selected U.S.P. as a
partner and extended our
league of cities selected U.S.P as a
partner and extended our
league of cities selected U.S.P as a
partner and extended our

This award underscores one of

WHY CHOOSE UTILITY SERVICE PARTNERS?

Service Line Warranty Program

National League of Cities

Utility Service
Contractors undergo rigorous vetting process to ensure quality service.

All repairs performed to code by local licensed contractors.

Peace of Mind - with one toll-free call a reputable contractor is dispatched.

Free Public Awareness Campaign.

Educates homeowners about their lateral line responsibilities.

Ongoing Revenue Stream for the Municipality.

No cost for the Municipality to participate.

Helps address the public policy issue of aging infrastructure.

Only Service Line Program Endorsed by the National League of Cities.

PROGRAM BENEFITS


Affordable rates and multiple payment methods

Repairs made only by licensed, local contractors

24/7/365 availability

No annual or lifetime limits, deductibles, service fees, forms or paperwork

Up to $8,500 coverage per repair incident

Educating homeowners about their service line responsibilities

Coverage includes:

Sewer lines from the point of utility connection to the home exterior

Homeowner repair protection for leaking, clogged or broken water and sewer lateral & well line

Our Service and Warranty Program

Utility Service Line Warranty Program

National League of Cities

PICTURE OF LOGO
Affordable rates and multiple payment methods

Repairs made only by licensed, local contractors

24/7/365 availability

No annual or lifetime limits, deductibles, service fees, forms, or paperwork

Repairs of clogged toilets, basement floor

Includes coverage for broken or leaking water, sewer, or drain lines under the slab or
up to 3,000 coverage per repair incident

Coverage includes:

- Interior plumbing and drainage
- Homeowner repair protection for in-home

Our service and warranty covers

Service Line Warranty Program
Visiting our consumer website www.swomra.com at any time
Returning the bottom of the letter to us in the self addressed stamped envelope provided
Calling into our toll free number that is provided on the mailing

Consumers can enroll one of three ways:

Participation always voluntary for the homeowner
Marketing clearly states city does not provide program
Limited to 3 mailing campaigns per year
Before each and every campaign
Would never mail without your review and approval of marketing material
Only market by direct mail, no door to door or telemarketing

MARKETING APPROACH
Including three in Utah

Over 500 Municipal Partners in 37 States
Over $173,000 paid in repair costs over the last three years

Over 3,000 Utah residents currently enrolled in the program

- Salt Lake City
- City of Kayville
- City of Orem
- City of Clearfield

Our Partnership in Utah

Utility Service

CitizeNS Together Network

National League of Cities
9 of every 10 customers surveyed have recommended the program to friends, family, and neighbors.

- Currently over 1,300 contractors in network
- 82.5% customer retention rate
- 99.6% claim satisfaction rate
- 97% claim approval rating
- Saved customers over $394 million in repair costs over the past 3 years
- Currently serving over 3.6 million customers
- Endorsement =/= Exclusivity

Program Success & Notes
Utility Service Partners Contributes to Orem All-Abilities Playground

The All-Together Playground in Orem, Utah, is the first of its kind in Utah County and on the crest of a movement to make play accessible to all children and provide children with disabilities a way to play alongside their peers. Among the sources of funding were royalties paid to the city through a partnership with Utility Service Partners, a HomeServe company.

AN EXCITING IDEA

The playground’s story began when the city sought public input about making recreational improvements. “We reached out through social media to find out what the needs and wants were in the community,” Steve Downs, Orem Deputy City Manager, said. Two mothers, Katrina Bleyl and Mindy Gleason, whose daughters use wheelchairs, suggested an all-abilities playground.

Bleyl and Gleason hoped for a wheelchair-accessible swing set, but the city committed to an entire playground, at an estimated cost of $1.2 million. The city pledged $600,000, and the community rallied to raise the funds needed for the playground and local businesses donated materials and labor.

INPUT SOUGHT FROM THOSE WHO WOULD USE IT

As city officials began to work with the community to plan the park, they reached out to local elementary school pupils, asking them what they wanted in a park, while considering the needs of children of all abilities and Orem’s unique history.

Children asked for – and received – a pirate ship, spaceship and castle, and Orem’s past is represented with a clock tower, train and mammoth-themed slide. Utah’s mountain peaks are invoked by the playground’s design, particularly nearby Mount Timpanogos. James C. Christensen, an award-winning artist, author and Orem resident, created a one-of-a-kind mural for the playground.

Most importantly, those planning the park listened to families with children impacted with mobility and neurological issues. One of the items included a fence around the playground to keep children on the autism spectrum safe.

One of the primary pushes was to design a playground that would be attractive to all children while allowing children of all abilities to play side by side with their peers.

To encourage cooperative play, games such as the NEOS 360 – an interactive game system that improves auditory and spatial awareness and peripheral vision – were incorporated. The playground also features zip lines with chairs alongside traditional setups so children of all abilities can race one another.
Play is called the work of children. We believe that children of all abilities deserve an opportunity to play.

Richard Brunst, Mayor, Orem, UT

"One of the big pushes is to allow children with disabilities to socialize with their peers," Downs said. "This playground allows them to do the same activities beside their friends."

A COMMUNITY PROJECT

When the community was called upon for volunteers to build the playground, more than 4,000 showed up - almost a thousand more than city leaders had asked for, and Habitat for Humanity donated the tools used to build the playground. A local Boy Scout, Leo Parcell, made 50 sawhorses for the playground's construction, and volunteers worked from sunup to sundown for seven straight days.

"All of them took time away from work and family to build this for our children," Downs said.

Downs noted the city encourages the local school district to utilize the park, especially those classes that include children with mobility issues or who are neurodiverse and he enjoys driving past the park and seeing school buses in the parking lot.

"This playground was founded in the minds of our young children and built by their parents and neighbors," Downs said. "At the end of the day, the community built this for their kids, their neighbors and their friends' kids."

PARTNERS "FOR GOOD"

Utility Service Partners, a HomeServe company, is gratified that royalties from its partnership with the City of Orem contributed to such a worthwhile endeavor. Utility Service Partners administers the National League of Cities Service Line Warranty Program, which provides emergency repair warranties and education on service line responsibilities at no cost to cities.

Why Offer the NLC Service Line Warranty Program?

KEY BENEFITS

• Experience from a leading company that has more than 3.6 million customers with 5.6 million service plans through over 550 partner utilities/municipalities
• Commitment to educating homeowners and reducing call volume to the municipality
• Superior, reliable and guaranteed service 24/7/365
• Award-winning in-house call centers in Chattanooga, Tennessee, and Canonsburg, Pennsylvania, with over 400 seats
• Incomparable local contractor management results consistently achieving 98% post-service satisfaction
• Programs are proven to increase resident satisfaction
• No cost to cities to participate
• Provides cities with an ongoing revenue stream

To find out how you can partner with us to bring peace of mind to your residents, visit www.utilitystp.net.
MYTH:
Climates that do not experience extreme temperature changes are not at a high risk for water line breaks.

FACT:
Many factors contribute to service line failure, including:
- Invasive tree roots
- Poor soil conditions
- Pipe materials
- Climate changes

More than 1.1 million water service line and 4.3 million sewer line emergencies are expected to occur in the United States this year alone.²

Unfortunately, many Americans have misconceptions that leave them vulnerable to unnecessary stress and expensive repair bills.

An estimated 240,000 water main breaks occur every year in the U.S., translating to an average of 650 breaks each day.³

Approximately 51 million homes in the U.S. were built within the peak time frame for installation of service lines that are now failing across the nation.⁴

Nearly 1 in 3 Americans (31%) don’t have at least $500 set aside to cover an unexpected emergency expense.⁵

The National League of Cities (NLC) Service Line Warranty Program is debunking the myths by educating homeowners about their service line responsibilities while offering affordable options for emergency home repair coverage. More than 400,000 homeowners from 500+ partner cities, municipalities, utilities and associations across the country have saved over $64 million in service line repair costs with the NLC Service Line Warranty Program.⁶

[Contact information]

¹What Isn’t Covered by Your Homeowner’s Insurance?, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC)
²Water and Sewer Line Emergencies: Debunking the Myths, NATIONAL LEAGUE OF CITIES (NLC) SERVICE LINE WARRANTY PROGRAM
³The Hidden Danger of Failing Water Infrastructure: Putting Families at Risk, GIULIANI
⁴Survival Analysis of US Water Service Lines Utilizing a Nationwide Failure Data Set, JUNSEOK LEE AND MYLES MEEHAN
⁵HomeServe Biannual State of the Home Survey, HOMESERVE USA
It is not a question of if residential service lines will fail, but rather when...
and that’s a fact.

**MYTH:**
The risk of a water line or sewer line breaking is low.

**FACT:**
An estimated 240,000 water main breaks occur every year in the U.S.

Water and sewer line emergencies are covered by homeowners insurance policies.

**MYTH:**
The city will take care of repairs if a water or sewer line breaks.

**FACT:**
With rare exception, it is the homeowner who is responsible for repairing or replacing the water and sewer lines that run from the street to their home in the event of an emergency.

A basic homeowner’s policy typically does not cover damages to the water line or sewer line on the homeowner’s property.
“I am very impressed with this program. I am on a limited income and this has been a tremendous help to me.”

– Gayle M., Daly City, CA

“City chose an excellent service provider. Very thorough!”

– Stuart G., Tucson, AZ

“I am one of the city council people who voted in favor of the program; have used it myself to good result.”

– Chris V., St. Clair Shores, MI

“From my first phone call until the work was done, I have never had a company respond and get work done so fast. The crew was knowledgeable and polite.”

– Arlene H., Englewood, CO

“I don’t know why every city in the U.S. wouldn’t offer this protection to its citizens.”

– Vickie S., Marshalltown, IA

“I already told a neighbor how easy and wonderful your service is and he signed up. North Las Vegas did an outstanding job partnering with you. You did an outstanding job fixing our leak. You have a longtime customer.”

– Nancy S., Las Vegas, NV

“Everyone should have it. It is a smart investment.”

– Janette M., Green River, WY

“We are very glad that we signed up for your coverage. It has saved us a lot of money.”

– Charles R., Hurst, TX

“This service is wonderful. If we had called a plumber on our own we would have had to wait a day or two. This service was COMPLETE in less than four hours.”

– Milton N. Columbia Heights, MN

“No services anywhere else we have could hold a candle to this service. We are never put on hold. If we need you, there is always someone right here.”

– Kenny H., Maysville, KY

For more information contact:
1-866-974-4801 or partnerships@utilitysp.net
“One of the significant selling points for the City Council and staff was the National League of Cities endorsement. NLC did the homework and vetted the program before endorsing it for its member cities. I believe the letter from the City provided a trust factor that is not present through direct solicitation to residents from other warranty companies who send letters that give the appearance of coming from the city. So far the USP/NLC Program has delivered what they said they would to the City of Hutchinson. I would be happy to visit with anyone about the program and our experience here in Hutchinson.”

John Deardoff, City Manager, Hutchinson, KS

“The BBB Torch Award underscores one of the primary reasons the National League of Cities selected USP as a partner and extended our agreement for another five years. The organization’s exemplary record of customer service and transparency is what has driven the success of this partnership over the years.”

Clarence Anthony, Executive Director, National League of Cities

“The Service Line Warranty Program helps both Phoenix residents and the city government. Revenue from the program goes to core city services like police, fire, parks, libraries and senior centers.”

Jon Brodsky, Program Manager, Fit Phoenix & former Public Information Officer, Phoenix, AZ

“The city has fully vetted this organization and this program and we’ve conducted due diligence. SLWA’s program is endorsed by the National League of Cities, North Central Texas Council of Governments, multiple state municipal leagues and over 175 municipalities. SLWA’s been a member of the BBB since 2003 and they are very proud of their exemplary record.”

Todd Gloria, City Council, San Diego, CA

“The response to the program by the Rock Falls residents has been tremendous. Many of our homeowners contacted their insurance agent when they received the program offer in the mail and were shocked to find out that they were not covered by their homeowner’s policy for repair [or] replacement of their water and sewer lines. Our program is in its [sixth] year and the participation is still growing. We are very pleased that we can offer the Service Line Warranty Program to our residents of the City of Rock Falls.”

Robbin Blackert, City Administrator, Rock Falls, IL
What We Do

The NLC Service Line Warranty Program offers affordably priced emergency repair/replacement plans to address aging private sewer and water infrastructure. Customers call to receive prompt emergency repairs provided by local, licensed and insured contractors.

- Water Line
- Sewer Line
- Interior Plumbing

Benefits to Homeowners

Many homeowners are not aware of their responsibility for their service lines until they have a repair emergency. When they call the city, they often find that they are faced with a costly repair and that the city can’t help them. Over the past three years, we have performed over 1.1 million repairs, saving our customers over $341 million!

Convenience
- 24/7/365 claims hotline, including holidays
- No need to search for a qualified contractor in an emergency

Peace of Mind/Trust
- Fully vetted, licensed and insured local contractors
- Covered repairs guaranteed for one year

Financial Protection
- No deductibles or trip fees
- Affordably priced coverage
- 30-day money-back guarantee with ability to cancel at any time

For more information contact:
1-866-974-4801 or partnerships@utilitysp.net

Over 400 partners across North America participate in the program!

Administered by
NLC NATIONAL LEAGUE OF CITIES
Utility Service Partners, Inc.
a HomeServe Company
Benefits to the City

The NLC Service Line Warranty Program offers comprehensive programs that provide these important benefits:

**Customer Education**
- Increasing homeowner awareness of their responsibility reduces calls to the city/utility and customer dissatisfaction with the city for not offering a solution
- The program is offered at no cost to the city
- Use of city logo promotes trust

**Customer Satisfaction**
- 98% customer satisfaction rating
- 9 out of 10 customers surveyed would recommend the program to friends, family and neighbors
- More than 90% of customers trust the program because of the partnership with the city

**Funding for Key Initiatives**
Many partners participate in a share of the revenue often utilized for:
- Low-income assistance and affordability programs
- Conservation initiatives
- Offsetting rate increases
- Infrastructure improvement projects

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*I was glad I had the warranty because it saved me from paying for a costly sewer line repair.*

*Cynthia T.*

*Kansas City, MO*

*I am thankful this service was offered to homeowners. It made a bad situation completely trouble-free. Thanks for everything.*

*J. Talbert*

*Albemarle, NC*

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For more information contact:
1-866-974-4801 or partnerships@utilitysp.net

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Administered by

NLC  NATIONAL LEAGUE OF CITIES

CITIES STRONG TOGETHER

Utility Service Partners, Inc.
a HomeServe Company
The National League of Cities (NLC) Service Line Warranty Program is committed to freeing homeowners from the expense and inconvenience of home emergency repairs by putting your residents at the heart of everything we do. A core component of our culture is to give back to the communities we serve.

We serve homeowners through these important benefits:

**Education for Homeowners**
This program educates homeowners on their service line responsibilities to help better prepare the homeowner in the event of a service line emergency. A basic homeowners policy typically does not cover damages to the water line or the sewer line on the homeowner’s property.¹

**Affordable Coverage**
A service line repair can be very costly, ranging from hundreds to upwards of $3,500.² This can be hard on a homeowner’s budget, and most Americans don’t have $500 in emergency savings.³ This program offers homeowners optional, affordable coverage to keep homeowners’ service lines up and running in the event of an emergency.

**Utilization of Local Area Contractors**
This program utilizes only licensed, local contractors to ensure repairs are made to local code, while also keeping dollars in the local economy. Our top-rated network contractors undergo a rigorous vetting process to ensure they represent the NLC Service Line Warranty Program’s values, which include community, service and reliability.

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¹ What Isn’t Covered by Your Homeowner’s Insurance?, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC)
² National average repair costs as of January 2016.
The NLC Service Line Warranty Program is proud to assist disadvantaged homeowners through our charitable giving program.

Through the years, we have leveraged our existing service infrastructure and financial resources to help customers and non-customers who experienced hazardous service emergencies and did not have the means to cover the repairs.

It is our most significant public commitment to date, with the creation of an initial fund totaling $500,000 to support the program.

Adam and Jennifer F. loved the first home they bought together – a historic 100-year-old house in a quiet Wichita neighborhood – but they didn’t love the sewer line problems that came with it. The NLC Service Line Warranty Program caught wind of this couple’s story, including the steep $7,000 price tag associated with the repairs, and stepped in to help.

To read more, visit:

For more information contact:
1-866-974-4801 or partnerships@utilitysp.net
www.UtilitySP.net

NLC Service Line Warranty Program

Administered by Utility Service Partners, Inc.
a HomeServe Company