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STATE INVESTMENT OFFICER

February 28, 2013

To Whom It May Concern,

This letter seeks to address the questions and concerns that occasionally arise regarding the prudence or legality of the use, by public treasurers in Utah, of offshore time deposit sweep accounts ("offshore sweep accounts").

What is an offshore sweep account?

An offshore sweep account is an automated overnight sweep account that places some portion of a depositor's domestic U.S. bank operating account balances into a deposit account at an offshore branch of that bank. These *overnight* sweep transactions are made each day - full daily liquidity of the deposits is maintained through the sweep mechanism.

Offshore sweep accounts are offered by many banks to their commercial and government clientele, and have been in use now for decades. Banks in Utah offer offshore sweeps to the Cayman Islands, the Bahamas and England.

Why would a public treasurer use an offshore sweep account?

Historically, commercial banks in the U.S. have passed certain costs related to their regulatory burden to large commercial and government depositors. Two typical sources of such pass-through costs are *deposit insurance coverage premiums* and *reserve requirements*. Use of an offshore sweep can enable a depositor to shelter a portion of deposits from these costs, marginally enhancing interest earnings on those deposits.

Public treasurers have an obligation, subject to safety and liquidity constraints, to earn competitive returns on the public funds for which they are responsible, and therefore may legitimately choose this option (as opposed to other automated investment sweep alternatives that are more costly and yield less), especially in this depressed interest rate environment. The most common alternatives to offshore sweeps are repurchase agreement sweeps and money market mutual fund sweeps.

The rates on repurchase agreement and money market mutual fund sweeps are generally not competitive with offshore sweep rates, and under current market conditions the differences are substantial.

What special risks are associated with use of an offshore sweep account?

The Cayman Islands are *British Overseas Territories* and the Bahamas are part of the *British Commonwealth*. Cross-border funds repatriation and geopolitical risks in the use of offshore sweeps to such domiciles is nominal.

Are there tax reasons for using an offshore sweep account?

No. Utah municipalities are tax-exempt. No special tax advantages are derived from the use of an offshore sweep account, either by the public entity or the bank.

How are offshore sweep accounts legal for Utah public funds?

The Money Management Council, which oversees the safe deposit and investment of public funds in Utah, has determined the use by public treasurers of offshore sweeps *at a qualified depository institution* ("qualified depository") to be legal, subject to limitations on each qualified depository's uninsured public funds allotment ("allotment") as defined within the Money Management Act.

Offshore sweep accounts held by a Utah qualified depository are subject to allotment limits provided for under Administrative Rule R628-11 of the Council. The allotment is determined by formula and based on each bank's tier one capital amount and ratio. Offshore deposits of public depositors are uninsured, and therefore count against a qualified depository's allotment. Qualified depositories' uninsured public funds deposits are included in reports made monthly to the Utah Department of Financial Institutions and the Council.

The use of offshore investment sweeps is common, prudent and legal under the Money Management Act - such accounts have been in use by corporate and public treasurers in the state for many, many years.

Sincerely,



Richard K. Ellis
Utah State Treasurer

MINUTES
EAGLE MOUNTAIN CITY COUNCIL MEETING

March 5, 2013

Work Session 4:00 p.m. Policy Session 7:00 p.m.

Eagle Mountain City Council Chambers, 1650 East Stagecoach Run, Eagle Mountain, Utah 84005

4:00 P.M. WORK SESSION – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham, Ryan Ireland and Richard Steinkopf. Nathan Ochsenhirt and John Painter were excused.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul Jerome, Finance Director; Rand Andrus, Fire Chief; Steve Mumford, Planning Director; Kent Partridge, Building Official; Linda Peterson, Public Information Director; Chris Trusty, Public Works Director; Adam Ferre, Energy Director; Eric McDowell, Sheriff's Deputy.

Mayor Jackson called the meeting to order at 4:08 p.m.

1. PRESENTATION – Alpine School District, Meadow Ranch Elementary School.

Chuck Bearce and Vern Latham presented the plans for a new elementary school planned for the area of Sunset and SR 73. Mayor Jackson asked Mr. Bearce to consult with Camp Williams about locating a school so close to the camp. She was concerned about placing a school in a rural location where nighttime lighting would be a problem. She also said that parents might want to park on SR 73 during events, which can't be allowed.

Councilmember Burnham was frustrated that the school location was changed from the one that was previously discussed. She would have attended the School Board meeting and objected if she had known that changing the location was a possibility. She didn't think it would be safe for school children to cross SR 73. Traffic lights and busing will be problematic for residents.

City Recorder Finn Kofoed noted that Paula Hill took a copy of the Camp Williams Joint Land Use Study to the School Board for approval.

2. AGENDA REVIEW – The City Council will review items on the Consent Agenda and Policy Session Agenda.

UDOT Pony Express Trail Agreement

Public Works Director Chris Trusty reported that, in order to complete the Pony Express trail, the City had to have a Federal aid agreement in place. The City has already received approval to use the Pony Express Parkway realignment right-of-way to cover the City's match requirement. Mr. Trusty hopes to have the trail completed in late summer. The original plan was to complete the trail all the way from Plum Creek to Redwood Road. That is probably not possible, so the plan is to extend the trail as close to the high school as possible.

IT Agreement with Canon Business Solutions

The City has contracted IT services with Canon Business Solutions since 2009. Canon was the low bidder by a large margin. They have requested a renewal with a price increase, which is still

lower than any of the 2009 bids. City Attorney Jeremy Cook stated that some minor revisions had been made to the agreement, which would allow the City to terminate the agreement upon 30 days' notice and identifies the Fourth District Court in Utah County the legal jurisdiction.

3. CITY ADMINISTRATOR INFORMATION ITEMS – This is an opportunity for the City Administrator to provide information to the City Council. These items are for information and do not require action by the City Council.

Pony Express Days

Finance Director Paul Jerome discussed the financial reports for Pony Express Days 2012. He noted that the last time he made such a presentation, not all of the transactions had been completed. At that time, it was anticipated that the General Fund line item (GL) would show a loss of \$23,000. At the Town Hall meeting, based on the information available at that point, he reported an expected loss of \$17,000; \$9,886 of that was related to Pony Express Days 2011, due to late invoices. The numbers were based on collection of all promised sponsorships and an estimate of ticket revenue. The three main ticketed events were expected to bring in a net income of \$21,000. Those events in 2011 showed a loss of \$75,000.

When the audit was done and the GL was closed, \$21,500 in sponsorships remained uncollected. The total loss for Pony Express Days 2012 was \$67,000. Five employees were paid overtime; an itemized report of that is available, but not part of this presentation.

Mr. Jerome did a comparison of the 2011 and 2012 accounting and the 2013 Pony Express Days budget. In 2011, the City lost approximately \$227,000. In 2012, the loss was approximately \$45,000. The loss for 2013 is expected to be about \$68,000. Some of the amounts are estimated because they are still being refined.

Mayor Jackson asked when and why the cash handling policy was implemented. Mr. Jerome said he rewrote the policy after the 2011 Pony Express Days, since the previous policy was outdated. The new policy mandated that a supervisor be on site at all ticketing locations, that the supervisor could not collect cash, and that the cash taken in be counted at the event and again as part of the cash receipting process.

Mayor Jackson asked Special Events Director Angie Ferre to explain the differences in overtime from the 2011 event to what is planned for this year. Ms. Ferre said that she and her staff have gone through the plans and eliminated any possible expenses. Overtime has been changed to comp time; and employees can now be excused from working on Thursday if they will be working at the rodeo on the weekend. This year's Rodeo Committee is 50 members, creating a lot of volunteer time to replace paid staff time. The Special Events Department has divided their time so only one staff member will be at each of the small events to help the volunteers. The larger events require the whole staff.

Mayor Jackson asked how the annual losses were budgeted. Ms. Ferre said staff calculated the expected revenues and expenses and came up with a projected loss. A lot of the losses are related to large, fixed expenses like bleachers, fencing and tents. Mr. Jerome said the 2011 budgeted loss was more heavily determined by the previous City Administrator than by staff. Mr. Jerome did a five-year analysis last year and found that the \$8,900 overtime cost last year was smaller than any previous year.

Mayor Jackson said her point was that the 2012 budget was done almost entirely by the previous City Administrator. This year, the Mayor and budget committee came up with the most accurate figures possible. The actual figures for the this year's budget were very close to the projected figures.

Ms. Ferre pointed out that Pony Express Days used to have only one line item. The events have now been divided into separate line items. This year, there is a signed sponsorship contract. No advertising will be provided to any sponsor that doesn't pay its pledge. So far this year over \$90,000 in sponsorships has already been collected.

Councilmember Ireland asked if expenses include items like the City Attorney's review of contracts. Ms. Ferre said the only contract reviewed by the Attorney every year is the concert contract. The Attorney's time is not specifically included in the Pony Express Days budget. Councilmember Ireland asked Ms. Ferre what percentage of her staff's time is spent on Pony Express Days. She gave a rough estimate of half of the staff's total time during the year. The department has only been in existence for a year, so there isn't a way to correctly estimate the time.

Mayor Jackson asked if there are other events departments in the state. Ms. Ferre said there are, and some have been in her office asking how Eagle Mountain runs its events and collects so much in sponsorships. She has been asked to speak at the Utah Association of Fairs and Events conference.

GFOA

Mayor Jackson stated that she received a letter from the Government Finance Officers' Association saying that Eagle Mountain has been awarded the GFOA Distinguished Budget Presentation Award.

4. ADJOURN TO A CLOSED EXECUTIVE SESSION – The City Council will adjourn into a Closed Executive Session for the purpose of discussing reasonably imminent litigation and the purchase, lease or exchange of real property pursuant to Section 52-4-205(1) of the Utah Code, Annotated.

MOTION: *Councilmember Burnham moved to adjourn into a Closed Executive Session for the purpose of discussing reasonably imminent litigation and the purchase, lease or exchange of real property, pursuant to Section 52-4-205(1) of the Utah Code, Annotated. Councilmember Steinkopf seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland and Richard Steinkopf. The motion passed with a unanimous vote.*

The meeting was adjourned at 4:55 p.m.

POLICY SESSION – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. John Painter was excused.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul

Jerome, Finance Director; Rand Andrus, Fire Chief; Steve Mumford, Planning Director; Kent Partridge, Building Official; Linda Peterson, Public Information Director; Chris Trusty, Public Works Director; Adam Ferre, Energy Director; Eric McDowell, Sheriff's Deputy.

5. CALL TO ORDER

Mayor Jackson called the meeting to order at 7:01 p.m.

6. PLEDGE OF ALLEGIANCE

Boy Scout Troop 1250 presented a flag ceremony.

7. INFORMATION ITEMS/UPCOMING EVENTS

- **National Anthem Competition** – On Saturday, March 16 at 11:00 a.m. in the Council Chambers the City Special Events Department will hold a National Anthem singing competition. The winners of the competition will get to sing at the Pony Express Days PRCA Rodeo or Demolition Derby. All ages are welcome, individuals or group performances. Vocal performances with or without music are allowed. The cost is \$5 to enter competition or \$3 for spectator admission. Register on the City website.
Please note: this date was changed from March 2.
- **Easter Egg Hunt** – Saturday, March 30 at 10:30 a.m. SHARP, Nolan Park. Admission is free. Plan on coming a little early to park and get set. There are separate hunts for ages 3-4, 5-8, and 9-12. Eggs, games, candy, prizes and more! Participants need to bring their own baskets.
- **Youth Baseball Registration** – Last chance to register for youth baseball, late registration is open through March 12. Register online via the City website or in person at City Hall.
- **Budget Award** – The City has received the GFOA budget award for its fiscal year 2011 budget.

Mayor Jackson invited Finance Director Paul Jerome to read a letter from the Utah State Treasurer's Office, dated February 28, 2013, regarding offshore sweep accounts. It stated that public treasurers are obligated to earn competitive returns on the funds they manage. Offshore sweep accounts provide more competitive rates than other options, and are "common, prudent and legal" under the Money Management Act.

A copy of the letter from the Utah State Treasurer is attached.

- A. Zions Bank statement regarding Eagle Mountain City's operating account—Scott Anderson, President/CEO & Jonathan Baker, Vice President/Treasury Relationship Manager.

Mr. Anderson's presentation primarily quoted the letter from the State Treasurer. Mr. Baker explained the sweep account process. Money is "swept" into the account each evening, where it earns a comparatively high interest rate, then is "swept" back into a regular account each morning.

8. PUBLIC COMMENTS – Time has been set aside for the public to express their ideas, concerns and comments. *(Please limit your comments to three minutes each.)*

Keith Conley, Principal of Eagle Valley Elementary School, 4475 N. Heritage Drive thanked the City and its leaders for their support of the schools in the City. He appreciated the sports programs and the Miss Eagle Mountain program. He hoped that the City would continue to support programs that support families and youth.

Cheryl Gailey, 3728 Eisenhower St., expressed appreciation for the City's activities, especially Pony Express Days. She teaches preschool at Eagle Valley and will be participating in the parade in behalf of the preschool.

Shelley Anderson, 1176 Ira Hodges Scenic Parkway, said she is sad that the Mayor and Council had to endure a recent meeting until past midnight. She appreciates the service of the City's officials and staff. She and Wendy Thueson took up a collection for a fruit bouquet to show their appreciation. She has lived in the City for 15 years and has seen the progress of Pony Express Days. She asked that none of the activities be discontinued.

Wendy Lojik, 1804 Lake View Lane, commented on the Miss Eagle Mountain Pageant. As the mother of two Miss Eagle Mountain winners, she said that the pageant has helped both of her daughters. They interacted with many City volunteers and employees and learned invaluable skills for pursuing their future goals. Celeste is now the rape crisis coordinator for Utah, Wasatch and Juab counties. Hartley works two jobs to pay for her education and the scholarship she won from the pageant helped with that. Wendy's sons have many learning and leadership opportunities through the Boy Scouts, but girls have few such opportunities. The Miss Eagle Mountain Pageant fills part of that need.

Melissa Smith, 8948 Stonebridge Lane, is the director and co-founder of the Miss Eagle Mountain Pageant. The pageant began in 2005 and is a franchise of the Miss America program. As a scholarship program, it does require some funding from the City. She expressed appreciation for all of the outstanding events sponsored by the City. She said that boys have opportunities to develop skills through Scouts and sports, but there's very little available for teenage girls.

Laura O'Connor, 7816 Apache Lane, is the registrar at Vista Heights Middle School. She and her husband thanked Angie Ferre and the Special Events Dept. for the opportunities that the Westlake sports and arts programs have to participate in Pony Express Days. They are also advisors for the Congressional Award Foundation, the only award that Congress gives to youth. They appreciated Pony Express Days and felt it would be a shame if it were discontinued or reduced. Her daughters participate in the Miss Eagle Mountain Pageant and have grown a lot through it. The Youth Council is also important to the community. She and her husband come from Los Angeles and know first-hand what happens when positive activities are not available to young people.

Sandy White, 1301 Harrier St., spoke on the proposed Title 4 to the City Code. On section 4.10.040, she asked if penalties accrue between the time an inspection is requested and the time the inspection is completed. The document indicated that they do. She suggested that penalties cease until the inspection is completed, and suggested that they only be enforced if the resident is found to be in violation. She noted that in section 4.10.260(c), there were references to 120 and 180 days after a petition was submitted and wondered if there was a typo. She didn't feel the Administrative Law Judge should be a member of the City Council, as the legislative and enforcement functions should remain separated and recommended that the presiding judge of the county court system should make the appointment. She thanked the City for its amazing Parks and Recreation program, particularly the sports activities for adults.

Jaren Dunn, 7539 Bristlecone Road, said the Youth Council is a wonderful opportunity for young people to learn about local government and learn to serve together as a group. He commended Bob and Alicia Hill for serving as the advisors to the Youth Council. He said the funds expended for youth programs are well spent.

Robert Hill, 1457 Falcon Lane, said he and his family have been involved in the community as much as they can for as long as they can. He thanked the Mayor and Council for their sacrifices in behalf of the City. He supported the City's expenditures on activities and asked that they be increased when it's fiscally responsible to do so. He pointed out that all the positive comments that have been made so far in the meeting have been made independently, not as a planned group. He invited those who aren't happy with City government to get involved and help make changes.

Chris Murphy, 79 E. Center Street, Cedar Fort, is a Council member for Cedar Fort in charge of the cemetery. People from Eagle Mountain often call him and ask if they can buy a plot in Cedar Fort's cemetery. Because the cemetery is small and has no room for expansion, the fees have had to be raised, which has the effect of discouraging people from buying plots. He encouraged Eagle Mountain to establish a cemetery of its own. Mayor Jackson responded that a cemetery is high on the City's priority list.

Kaid Panek, 1604 N. 17790 W., Fairfield, spoke about the Pony Express Days Rodeo. He said it's a great partnership with the Westlake High School FFA. It helps the FFA raise funds for service projects and allows the members to show their community leadership. He said he's a team roper and said Eagle Mountain's arena is very high quality and is very popular among rodeo participants. He encouraged the Mayor and Council to improve and complete the arena so additional events can be held there. Friends of his, who are members of the PRCA, tell him Eagle Mountain's rodeo is a great event.

Emily Murphy, 79 E. Center Street, Cedar Fort, the current president of the Westlake FFA, read a letter on behalf of Michael Gowans, the FFA advisor. The letter thanked the Mayor and Council for holding the Pony Express Days rodeo. FFA has helped with the rodeo every year and has benefitted from the fundraising they've been able to do, which allows them to provide service projects and attend special events.

Jeremy Nielson, 1626 W. 200 S., Lehi, expressed support for the Pony Express Days Rodeo. He's worked in Eagle Mountain for 13 years. He felt that the rodeo helps the youth become more involved and stronger in the community. He suggested that residents find sponsors and volunteer at the event to help reduce the financial burdens.

Kelsey Backus, 1521 Raptor Rd., said she participates in Youth Council and the Miss Eagle Mountain Pageant; both have taught her new skills. She works as an intern for the Special Events Department and has seen how much work goes into Pony Express Days. She said Pony Express Days brings people from all around the area so they can see what a great city Eagle Mountain is.

Luke Pannell, 3823 Cleveland Ave., thanked the City for supporting military service members. He flew a U.S. flag over Afghanistan on Sept. 11, 2012, and donated it to the City to show his appreciation. He stated that the reason military personnel fight is so that citizens can speak up and discuss issues. He thanked the Mayor and Council for their transparency in responding to his emails and expressed support for Pony Express Days and the rodeo. He said his small town in Montana of 6,000 supports a rodeo, concert and demolition derby on Labor Day weekend. It's the

biggest weekend of the year for them. He believes in the rodeo so much that he came to a Rodeo Committee meeting three days after he got home from Afghanistan.

Ed Kluber, 7521 Addison Ave., said Pony Express Days is a great avenue for people to express themselves, but is concerned about the City living within its means. He asked several questions about the Pony Express Days financial report posted yesterday. He asked if the analysis was completed the same way as it was in previous years. If not, will such a report be completed? What is the likelihood the unpaid sponsorships will be collected? If not, they shouldn't be shown as potential revenue. What was the total value of FY 2012 sponsorships? What is the value of uncollected sponsorships from previous years? What are the budgeted sponsorships for FY 2013 and what is the amount currently?

Finance Director Paul Jerome stated that the format of the 2012 Pony Express Days financial report is different from previous years because several new line items were created to make the report clearer, but he has an analysis for the last several years. Mayor Jackson said Angie Ferre would get specific sponsorship numbers for Mr. Kluber. She said the City does not budget uncollected sponsorships. The sponsorship process has been changed so it will be a signed agreement. The sponsorship goal for this year is \$150,000; currently \$90,000 has been pledged.

Chris Pengra, 1134 Searle Lane, addressed the Pony Express Days financial reports, including the one provided at the Town Hall meeting last month. He's been over the 2010, 2011 and 2012 CAFRs three times each and has read the FY 2012-13 budget carefully. The document presented at the Town Hall meeting stated that the 2012 rodeo, concert and demolition derby resulted in a net revenue of \$20,889.85. His analysis showed \$6,999.90 of that wasn't collected. He didn't feel the documents followed standard accounting practices. He was aware that City officials and staff are under a tremendous amount of stress. He felt that was the result of a general lack of accountability. He had some suggestions he felt would help, if the Mayor would allow him additional time to speak.

Mayor Jackson responded that there were too many people still waiting to speak to allow Mr. Pengra extra time. Councilmembers Ireland and Ochsenhirt asked if he would email his suggestions to the Council.

Dayna Koch, 1520 Kestrel Way, supported the City's events. Her daughter won last year's mutton busting contest at the rodeo and is still very excited about it. Ms. Koch has worked with the Boys' and Girls' Clubs for years and knows how important it is to have activities for young people. She also appreciated the City allowing her to put on the Farmer's Market last summer.

Jared Pedroza, 1835 Cedar Street, has lived in the City for 13 years. He's the Senior Warden of Uinta Lodge #7, Free and Accepted Masons of Utah, and brought fraternal greetings from their Worshipful Master, Daniel Ettinger. Regarding living within one's means, he said that the City has never lived within its means. In order to do that, the City would have to raise taxes or attract businesses. To do that, the City needs to provide activities. He's lived through years of having nothing to do as far as City activities. He has been the master of ceremonies for every Miss Eagle Mountain Pageant except the first one. He believes in the program because he has seen the changes it makes in the participants. He commended Melissa Smith for the amazing job she's done in organizing and running the pageant.

Dawn Hancock, 2137 East Blossom Street, had to leave, but asked that her comments be read into the record. She moved to Eagle Mountain to be part of a community that was great for raising kids

and had family events that would make memories. She works for the City now and is proud to be part of the special events team. She thanked Angie Ferre for making Pony Express Days what it is today.

Carroll Johnson Clegg, 4014 E. Smith Ranch Rd, represented the senior citizens. Eight years ago she presented the idea of a Senior Citizen Council. Without the council, many of the City's seniors would have no recreational activities. It's given them opportunities to help with City activities, as well. The group's Pony Express Days booth raises money for the group's activities. The Senior Council wants to support the Administration in everything.

Jason Loera, 7487 Addison Ave, asked whether employee salaries were included in the Pony Express Days financial report. If not, what was the cost of those? He asked if the cost of the arena was amortized in the analysis. Also, why are the bleachers being rented if they could be purchased? He didn't think anyone wants to do away with Pony Express Days, but the event needs to be fiscally responsible. He mentioned that Pony Express Parkway between Saratoga Springs and Eagle Mountain needs to be repaired.

Mayor Jackson responded that there were no employees dedicated to Pony Express Days during the years covered in the analysis. There are full-time events employees now, and their salaries will be evaluated in the budget analysis from now on. There is now a separate special events budget. The rodeo bleachers have been rented because permanent bleachers haven't been cost-effective so far.

Dave Bentley, 518 W. Tea Rose Court, Saratoga Springs, has helped with City events for many years through his business. Eagle Mountain's programs are different from those in any other city he's worked with. Five of his neighbors in Saratoga Springs have moved to Eagle Mountain, in part because of the activities held in the City.

Clark Palmer, 2165 Eagle Crest Way, has been involved with rodeo all of his life. The Eagle Mountain rodeo is unique in its connection with FFA. He felt Pony Express Days develops a heritage for the town, honoring the original Pony Express. He congratulated the Mayor, Council and staff for accomplishing this.

Derek Twede, 7594 Swansea Court, appreciated the City for sponsoring the Youth Council. It's a great opportunity for young people to learn about City government and become leaders in the community. Youth Council has provided many opportunities for service.

Leah Weber, 4589 Spring Meadow Way, was not at the meeting, so Mayor Jackson read her statement. Ms. Weber is a teacher and a member of the PTA. The PTA raises funds at Pony Express Days, which is greatly appreciated. Her daughter has been mayor of the Youth Council and her son is on it now.

Amy Roberts, 2019 Partridge Lane, was not at the meeting, so Mayor Jackson read her statement. Mountain Trails Elementary uses their assigned event at Pony Express Days to raise funds that promote activities at the school.

Vincent Liddiard, 8644 Chase Circle, a former Council member, volunteers for Pony Express Days and for Volunteers in Police Service. He thanked the Mayor and Council for what they do. He hoped that his children develop a sense of service and community. Pony Express Days provides

experiences residents can't get in any other way. Two of the VIPS members are business owners who gain support for their businesses through Pony Express Days.

Lexie Brady, 7975 Sparrowhawk Cr., has participated as a Little Miss in the Miss Eagle Mountain Pageant. She's helped with the rodeo since the first year. She urged the Council to keep Pony Express Days. She remembers when there were no Eagle Mountain activities.

Patrick Murphy, 3393 Peregrine Rd., said Miss Eagle Mountain, Youth Council and the rodeo sounded like great programs and he would talk to his group about how they could support them. He was asked by a member of the Eagle Mountain Veterans group to find out the status of the Cedar Valley Water Company lawsuit. Mr. Pili explained that the lawsuit involved a 2000 purchase of a water well which became an ongoing dispute. Legal counsel advised the City to settle. The settlement agreement is posted on the website.

Mayor Jackson said she was given other written comments, which she wouldn't read but would be added to the minutes.

Blake Webb wrote in support of the rodeo. He is a volunteer member of the Rodeo Committee and would like to see the rodeo grounds used to their full potential. He pointed out that the rodeo has been voted Best Small Rodeo for a reason.

Travis Johnson wrote that he volunteers on the Rodeo Committee. The rodeo brings people to the City who would never come otherwise. He would like to see the rodeo grounds developed to where they could be used year-round.

Samantha Smith wrote that Eagle Mountain's employees shouldn't be going through the criticism they're receiving now. Pony Express Days brings people to the City and benefits local businesses. She felt the financial loss is worth the benefits to businesses and residents.

An unsigned comment expressed love for the City and for Pony Express Days, the sports programs and the fitness programs. The writer was sorry to see the negativity and personal attacks being made by residents, and didn't believe the recent increase in utility costs was caused by the City spending the money on other things.

9. CITY COUNCIL/MAYOR'S ITEMS – Time has been set aside for the City Council and Mayor to make comments. (*Comments are limited to three minutes each.*)

Council/Mayor comments were postponed to the end of the meeting.

CONSENT AGENDA

10. MINUTES

- A. February 13, 2013 – Town Hall Meeting
- B. February 19, 2013 – Regular City Council Meeting

11. FINAL PAYMENT

- A. 2012 Eagle Mountain Asphalt Patching Project—Bennett Paving, Inc.

MOTION: *Councilmember Ochsenhirt moved to approve the Consent Agenda. Councilmember Burnham seconded the motion. Those voting aye: Donna*

Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.

SCHEDULED ITEMS

12. AGREEMENT – Consideration and Approval of an Agreement between Eagle Mountain City, Utah, and the Utah Department of Transportation (UDOT) for the Pony Express Trail.

This item was presented by Public Works Director Chris Trusty. Eagle Mountain City was awarded a grant for the construction of a trail along Pony Express Parkway from the Plum Creek subdivision to Redwood Road. Saratoga Springs is party to the agreement and it is anticipated that they will be included in the design review and construction of the project. The proposed agreement documents the terms of the grant.

Public Works Director Chris Trusty explained that the grant is a Federal aid grant requiring a 6.8% match. UDOT is willing to accept the right-of-way purchased for the realignment of Pony Express Parkway as a soft match.

Councilmember Steinkopf asked what a soft match is. Mr. Trusty replied that the right-of-way can take the place of cash to fill the requirement. Since the right-of-way was funded by the County, there is no out of pocket cost to the City.

MOTION: *Councilmember Ochsenhirt moved to approve an agreement between Eagle Mountain City, Utah, and the Utah Department of Transportation (UDOT) for the Pony Express Trail and authorize the Mayor to sign the agreement. Councilmember Steinkopf seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

13. AGREEMENT – Consideration and Approval of an Agreement for Professional Services between Eagle Mountain City, Utah, and Canon Business Solutions for IT Services.

Canon Business Solutions has provided IT support to Eagle Mountain City since 2009. The terms of the contract extension note an increase to the monthly service charge. This change corresponds to an increase in salaries, as well as other operational costs for Canon to provide their services. Mayor Jackson stated that Canon is very careful not to exceed their contracted hours, but they are also very quick to respond to emergencies.

Councilmember Burnham asked how much of an increase the contract involves. Assistant City Administrator Jason Walker responded that the current contract amount is \$3,707 per month, which will increase to \$4,287. Since the initial contract was signed, the City has added three servers and increased the number of work stations.

Councilmember Ochsenhirt asked what the increase covers. Mr. Walker said it covers increased computer usage, licenses and rises in costs at Canon.

City Attorney Jeremy Cook identified two minor changes to the agreement that was provided to the Council. The agreement can be terminated upon 30 days' notice and the jurisdiction has been moved to Fourth District Court in Utah County.

MOTION:

Councilmember Ireland moved to approve an agreement for professional services between Eagle Mountain City, Utah, and Canon Business Solutions for IT services after legal review and authorize the Mayor to sign the contract. Councilmember Ochsenhirt seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.

14. CITY COUNCIL/MAYOR'S BUSINESS – This time is set aside for the City Council's and Mayor's comments on City business.

Councilmember Ireland

Councilmember Ireland appreciated everyone who came to the meeting. He also appreciated those who have called and emailed for information. The more dialog residents have with the Council, the better. He appreciated the respect and the opportunity to answer questions.

Councilmember Burnham

Councilmember Burnham appreciated the emails and calls she gets and for those who attended the meeting. She was impressed with the youth who made public comments. It's a hard thing to do. She reminded them that the service they provide should be included on their college scholarship applications.

Councilmember Steinkopf

Councilmember Steinkopf thanked everyone who attended the meeting. He hoped that the Council and staff have shown that they answer questions and have been making changes. He said he was in FFA when he was young. He was pleased to see FFA members at the meeting.

Councilmember Ochsenhirt

Councilmember Ochsenhirt was pleased with the changes since the Town Hall meeting. The dedication from a great staff, lots of time and information have made a big difference in the tone of the meeting. He thanked residents for the kind comments and the respectful tone of the concerns expressed. In the last month he only received four emails that have had any negative comments. He received over 70 positive comments. The Council wants to work for the residents, but they need to know what the concerns are.

Mayor Jackson

Mayor Jackson thanked Zions Bank for being a supporter of Pony Express Days for several years. She noted that Miss Eagle Mountain drove here from Logan to attend the meeting. She thanked the residents who brought the fruit bouquet to the Council and staff. Wendy Thueson was a cake decorator until she developed food allergies. She revamped her whole business and is now a raw foods chef. Mayor Jackson felt that was similar to how the City works—evolving to do things better every year. As a former member of the City Council, she knows it's a difficult position and they give their very best to serve the City. She's received many phone calls and emails expressing gratitude, as well as concerns. She's very impressed with the caliber of the youth. City activities have helped them to develop skills. Volunteers like Kaid and Lexie have made a difference; as have the residents of White Hills who were annexed into the City. Luke Pannell was sending emails from Afghanistan when no one else was contacting her. She was very moved when he brought the flag from Afghanistan and presented it to the City.

15. CITY COUNCIL BOARD LIAISON REPORTS – This time is set aside for Councilmembers to report on the boards they are assigned to as liaisons to the City Council.

None.

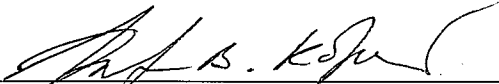
16. COMMUNICATION ITEMS

A. Upcoming Agenda Items

17. ADJOURNMENT

MOTION: *Councilmember Ochsenhirt moved to adjourn the meeting at 9:07 p.m. Councilmember Burnham seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

APPROVED BY THE CITY COUNCIL ON MARCH 19, 2013



Fionnuala B. Kofoed, CMC
City Recorder



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STATE TREASURER

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DAVID C. DAMSCHEN
CHIEF DEPUTY STATE TREASURER

CHRISTINE M. BRANDT
STATE INVESTMENT OFFICER

February 28, 2013

To Whom It May Concern,

This letter seeks to address the questions and concerns that occasionally arise regarding the prudence or legality of the use, by public treasurers in Utah, of offshore time deposit sweep accounts ("offshore sweep accounts").

What is an offshore sweep account?

An offshore sweep account is an automated overnight sweep account that places some portion of a depositor's domestic U.S. bank operating account balances into a deposit account at an offshore branch of that bank. These *overnight* sweep transactions are made each day - full daily liquidity of the deposits is maintained through the sweep mechanism.

Offshore sweep accounts are offered by many banks to their commercial and government clientele, and have been in use now for decades. Banks in Utah offer offshore sweeps to the Cayman Islands, the Bahamas and England.

Why would a public treasurer use an offshore sweep account?

Historically, commercial banks in the U.S. have passed certain costs related to their regulatory burden to large commercial and government depositors. Two typical sources of such pass-through costs are *deposit insurance coverage premiums* and *reserve requirements*. Use of an offshore sweep can enable a depositor to shelter a portion of deposits from these costs, marginally enhancing interest earnings on those deposits.

Public treasurers have an obligation, subject to safety and liquidity constraints, to earn competitive returns on the public funds for which they are responsible, and therefore may legitimately choose this option (as opposed to other automated investment sweep alternatives that are more costly and yield less), especially in this depressed interest rate environment. The most common alternatives to offshore sweeps are repurchase agreement sweeps and money market mutual fund sweeps.

The rates on repurchase agreement and money market mutual fund sweeps are generally not competitive with offshore sweep rates, and under current market conditions the differences are substantial.

What special risks are associated with use of an offshore sweep account?

The Cayman Islands are *British Overseas Territories* and the Bahamas are part of the *British Commonwealth*. Cross-border funds repatriation and geopolitical risks in the use of offshore sweeps to such domiciles is nominal.

Are there tax reasons for using an offshore sweep account?

No. Utah municipalities are tax-exempt. No special tax advantages are derived from the use of an offshore sweep account, either by the public entity or the bank.

How are offshore sweep accounts legal for Utah public funds?

The Money Management Council, which oversees the safe deposit and investment of public funds in Utah, has determined the use by public treasurers of offshore sweeps *at a qualified depository institution* ("qualified depository") to be legal, subject to limitations on each qualified depository's uninsured public funds allotment ("allotment") as defined within the Money Management Act.

Offshore sweep accounts held by a Utah qualified depository are subject to allotment limits provided for under Administrative Rule R628-11 of the Council. The allotment is determined by formula and based on each bank's tier one capital amount and ratio. Offshore deposits of public depositors are uninsured, and therefore count against a qualified depository's allotment. Qualified depositories' uninsured public funds deposits are included in reports made monthly to the Utah Department of Financial Institutions and the Council.

The use of offshore investment sweeps is common, prudent and legal under the Money Management Act - such accounts have been in use by corporate and public treasurers in the state for many, many years.

Sincerely,



Richard K. Ellis
Utah State Treasurer