

MINUTES OF COUNCIL SPECIAL STUDY MEETING – JANUARY 30, 2014

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THE WEST VALLEY CITY COUNCIL MET IN A SPECIAL STUDY SESSION ON TUESDAY, JANUARY 30, 2014, AT 1:00 P.M., IN THE MULTI-PURPOSE ROOM, WEST VALLEY CITY HALL, 3600 CONSTITUTION BOULEVARD, WEST VALLEY CITY, UTAH. THE MEETING WAS CALLED TO ORDER AND CONDUCTED BY MAYOR BIGELOW.

THE FOLLOWING MEMBERS WERE PRESENT:

Ron Bigelow, Mayor
Corey Rushton, Councilmember At-Large
Tom Huynh, Councilmember District 1
Karen Lang, Councilmember District 3
Steve Vincent, Councilmember District 4

Wayne Pyle, City Manager (Arrived as noted)
Paul Isaac, Acting City Manager
Sheri McKendrick, City Recorder

ABSENT:

Lars Nordfelt, Councilmember At-Large
Steve Buhler, Councilmember District 2

STAFF PRESENT:

Eric Bunderson, City Attorney
Kevin Astill, Parks and Recreation Director
Sam Johnson, Strategic Communications Director
Layne Morris, CPD Director
Jason Nau, Administration

OTHERS PRESENT:

Nick Hann, Macquarie Capital Group
Duncan Ramage, Macquarie Capital Group
Georgeanne Weidenbach, Century Link
Scott Dansie, Comcast

1. NICK HANN AND DUNCAN RAMAGE OF MACQUARIE CAPITAL GROUP REGARDING PARTNERSHIP WITH UTOPIA

Prior to introductions, Councilmember Rushton moved to suspend the rules for the purpose of having interactive discussion between the City Council and Macquarie Capital Group representatives. Councilmember Vincent seconded the motion.

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A roll call vote was taken:

Mr. Vincent	Yes
Ms. Lang	Yes
Mr. Huynh	Yes
Mr. Rushton	Yes
Mayor Bigelow	Yes

Unanimous.

By invitation of Mayor Bigelow, all individuals in attendance introduced themselves.

Upon recognition, Nick Hann, Macquarie Capital Group, discussed background and other information regarding his company, summarized as follows:

- Embraced public/private partnerships for the last 15 years
- Financial services group from Australia
- One of comparatively few investment banks that remained profitable during recent financial crisis
- Known as a pioneer in private sector investment in public infrastructure assets
- Been in United States for 20 years with one-third of staff in North America and 15,000 employees
- Overview of investments and assets
- Typically partner with governments; take responsibility for building core infrastructure on time and on budget; maintenance, and access to providers
- Finance build-out to include operations and maintenance; only get return on investment if perform
- Assets remain in governments' ownership; they only get to use them if they perform
- Provide basic infrastructure services and examples of those owned in United States
- Telecommunications - active investor and provider of open access infrastructure
- Another example – provider of emergency communications network across the entire United Kingdom, also a public/private partnership; provided communications for London Olympic Games
- Financier, but also very experienced developer in that they contract and manage design and construction of complex networks; also plan, operate and manage, and finance
- Investors have confidence they can deliver projects on time and on budget
- Background regarding how they came together with UTOPIA – looking actively for opportunities and made unsolicited proposal to UTOPIA to explore Macquarie's model; a pre-development agreement was executed with UTOPIA late last year

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- Discussion regarding terms of agreement; next steps – info and proposed business model presented to member cities and then hope that cities choose to work with Macquarie
- Discussed proposed timeline for each milestone in moving forward, depending on decisions that UTOPIA and member cities make

City Manager, Wayne Pyle, arrived at the meeting at 1:30 P.M.

- If transaction proceeds – rebranding of UTOPIA, changes in management, provide opportunities for current UTOPIA staff perhaps in different roles, additional management from Macquarie, looking for most efficient build-out that gives equity to member cities; would not take over assets but would be able to use them – based on performance
- They studied taking over existing debt and for various reasons does not look like that will be possible
- Open access, equitable build-out, cities continue to own assets, revenues come back to cities to defray existing debt
- Keen on expanding network and inviting new cities to join in and price build-out on current costs with premium coming back to founding member cities
- Not intended this transaction would replace existing framework of UTOPIA, but UTOPIA would enter into a concession agreement with Macquarie regarding substantially everything they do, but UTOPIA would remain responsible for existing debt
- It is not expected all 11 member cities will adopt this proposal. Therefore, those that do not will essentially have same relationship with UTOPIA and may not get benefit of build-out
- Intend to come back to cities and keep up to date about major developments in the next few weeks
- Also launched a polling survey today and will have focus groups to determine the feel for what the public really thinks if the transaction moves forward; will get the message out and educate the public regarding what the new UTOPIA could do for them; rebrand UTOPIA and repair negative message of the past
- Potential for City-wide Wi-Fi for residents, potential for delivery of additional city services that will increase efficiency and reduce costs; fiber will improve city services and provide some benefit to everyone in the community

Mr. Hann answered questions from members of the City Council.

Upon further discussion, City Manager, Wayne Pyle, answered questions from members of the City Council.

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At conclusion and on behalf of the City Council, Mayor Bigelow expressed appreciation for time and information presented above. He stated the Council looked forward to more information as additional milestones were completed.

Mr. Hann thanked the City Manager, Wayne Pyle, for his role as the present Chair of UTOPIA, and his hospitality and assistance over the last two months in making presentations to all member cities.

THERE BEING NO FURTHER BUSINESS OF THE WEST VALLEY CITY COUNCIL, THE SPECIAL STUDY MEETING OF TUESDAY, JANUARY 30, 2014, WAS ADJOURNED AT 2:17 P.M., BY MAYOR BIGELOW.

I hereby certify the foregoing to be a true, accurate and complete record of the proceedings of the Special Study Meeting of the West Valley City Council held Tuesday, January 30, 2014.

Sheri McKendrick, MMC
City Recorder