

NOTICE AND AGENDA Amended

Notice is hereby given that the City Council of the City of Santaquin will hold a Special City Council Meeting on July 14, 2004, in the Council Chambers, 45 West 100 South, at 7:00 P.M.

AGENDA

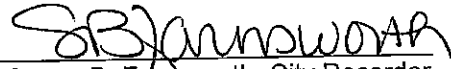
1. ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. INVOCATION/INSPIRATIONAL THOUGHT
4. FORMAL PUBLIC HEARINGS
 - a. Public Hearing with regard the Natural Gas System
5. NEW BUSINESS
 - a. Discussion and possible action with regard the Questar Franchise Agreement
 - b. Discussion and possible action with regard to the Intermountain Municipal Gas Agency (IMGA) Contracts
 - c. Discussion and possible action with regard to an amendment to the Olson Greenhouse Natural Gas Agreement
6. INTRODUCTIONS AND ADOPTION OF ORDINANCES AND RESOLUTIONS
 - a. Resolution 07-04-2004 "A Resolution Of The Santaquin City Council authorizing the sale of assets related to the Santaquin City Natural Gas Department and authorizing the execution of the asset purchase agreement by and between Santaquin City and Questar Gas Company.
7. EXECUTIVE SESSION (May be called to discuss the character, professional competence, or physical or mental health of an individual)
8. EXECUTIVE SESSION (May be called to discuss the pending or reasonably imminent litigation, and/or purchase, exchange, or lease of real property)
9. ADJOURNMENT

If you are planning to attend this Public Meeting and, due to a disability, need assistance in understanding or participating in the meeting, please notify the City ten or more hours in advance and we will, within reason, provide what assistance may be required.

CERTIFICATE OF MAILING

The undersigned duly appointed City Recorder for the municipality of Santaquin City hereby certifies that a copy of the foregoing Notice and Agenda was faxed to the Payson Chronicle, Payson, UT, 84651.

BY:


Susan B. Farnsworth, City Recorder

POSTED:

CITY CENTER
POST OFFICE
ZIONS BANK

**MINUTES OF A SPECIAL COUNCIL MEETING
HELD IN THE COUNCIL CHAMBERS
JULY 14, 2004**

The meeting was called to order by Mayor A. LaDue Scovill at 7:05 P.M. Council Member attending: Todd Starley, Wesley Morgan, and Dennis Brandon. Council Member Martin Green was excused. Council Member Tracy Roberts arrived at 7:20.

Others attending: City Manager Stefan Chatwin, Legal Counsel Brett Rich. Questar Representatives Katie Secretan, Vaughn Shosted, Larry Thorson, Stanna Kendrick and Stuart Fredman.

PLEDGE OF ALLEGIANCE

Council Member Starley led the Pledge of Allegiance.

INVOCATION/INSPIRATIONAL THOUGHT

Mayor Scovill offered an Invocation.

FORMAL PUBLIC HEARINGS

Public Hearing with regard the Natural Gas System

Council Member Brandon moved to enter into a Public Hearing with regard to the Natural Gas System. Council Member Morgan seconded the motion. The vote was unanimous.

There were no Public comments or questions.

Council Member Morgan moved to close the Public Hearing. Council Member Brandon seconded the motion. The vote was unanimous.

NEW BUSINESS

Discussion and possible action with regard the Questar Franchise Agreement

Council Member Brandon moved to enter into a discussion with regard to the Questar Franchise Agreement. Council Member Morgan seconded the motion. The vote was unanimous.

Council Member Morgan wondered what the difference between the old Franchise Agreement and the newly drafted one. Legal Council Rich indicated that the wording is significantly different due to the style of the Drafter and Legislative mandate. The proposed Franchise is drafted in a Questar format, which includes a 20-year Franchise term with a 15-year extension. The current Agreement sets a 50-year Franchise term. There are provisions in the proposed contract that will benefit both Questar and Santaquin City. Mayor Scovill reported the Franchise Agreement is drafted in Ordinance form and will need to be accepted at the next Council Meeting.

Discussion and possible action with regard to the Intermountain Municipal Gas Agency (IMGA) Contracts

Council Member Morgan moved to enter into discussion and take possible action with regard to the Intermountain Municipal Gas Agency. Council Member Brandon seconded the motion. Council Member Morgan questioned if this decision is premature. Mayor Scovill reported that there is sufficient line pack to meet the Natural Gas needs up to August. Legal Counsel Rich commented that the withdrawal from the Intermountain Municipal Gas Association would be effective upon the sale of the system. Mayor Scovill indicated that Members of the IMGA have reviewed the Natural Gas System and are understanding of the need for Santaquin City to sell the "System". Mayor Scovill is in possession of a letter indicating Santaquin City is in good

standings with IMGA and would not continue to be bound to them. Council Member Morgan was told the contract with Glade Hall is being terminated following the sell to Questar. After the discussion, the vote was unanimous.

Discussion and possible action with regard to an amendment to the Olson Greenhouse Natural Gas Agreement

Mayor Scovill reported the sale of the Natural Gas System has been postponed. There is a need for a replacement of one meter at the greenhouse site. Under the original contract, there was a specification as to who would be responsible for the transfer from Santaquin City to Questar gas. The new contract doesn't address who would be responsible for a transfer. Mr. Olsen committed to Mayor Scovill he would sign the new contract with the understanding there would be no cost to him associated with the transfer. Legal Counsel Rich indicated there is a possibility there may be a charge to replace the meter. The proposed charge for the change out is approximately \$17,000. Mr. Olsen is currently out of town and cannot be a part of any discussion with regard to this issue. Questar Representative Thorson indicated all of the Greenhouses are not currently being used through the winter months therefore the current meter is adequate. If the Greenhouse operation were to expand or add additional furnaces the current meter would not be adequate. Council Member Starley was told that at the time the meter was installed, the Greenhouse need was met. Questar's standard of operation is different than Santaquin. Council Member Roberts questioned what the language difference is between the two contracts. Legal Counsel Rich felt the proposed contract is favorable to the City. Santaquin City would benefit from the Contract by receiving a termination clause, reimbursement for gas, a time frame for reimbursement and removing the clause of charging a rate of 10% less than Questar. Council Member Morgan felt a fee should not be assessed to Mr. Olsen for changing of the meter. Council Member Brandon agreed with Council Member Morgan. City Manager Chatwin reported there are a number of variables that may decrease the cost of installing the required meter.

Council Member Morgan moved to table the discussion and possible action. Council Member Starley seconded the motion. The Vote was unanimous.

City Recorder Farnsworth was excused at 8:00 P.M.

INTRODUCTIONS AND ADOPTION OF ORDINANCES AND RESOLUTIONS

Resolution 07-04-2004 "A Resolution Of The Santaquin City Council authorizing the sale of assets related to the Santaquin City Natural Gas Department and authorizing the execution of the asset purchase agreement by and between Santaquin City and Questar Gas Company.

Mayor Scovill introduced the Representatives of Questar. Legal Counsel Rich reviewed a draft of the proposed Sales Agreement. Council Member Morgan asks if Legal Counsel Rich was agreeable to changes to the Agreement. Legal Counsel Rich was in favor of the changes. Legal Council Rich indicated if there are additional changes to the Agreement they will be minor. He commented that the Agreement represents many hours of negotiation and drafting. A discussion was held with regard to the following items:

- ❖ The Table of Contents and Definitions.
- ❖ Article II on page five "Purchase of Assets" with an explanation of what assets are included and not excluded in the sale. Council Member Brandon questioned the need for the List of Exclusions. Legal Council Rich indicated it was to ensure there aren't any misunderstandings of what is being purchased under the Agreement.

- ❖ The Schedules within the Agreement and their representation.
- ❖ Council Member Morgan questioned if a past Santaquin City Natural Gas Customer could file a suit or grievance against the City for pre-existing Natural Gas issues once the sale is complete. City Attorney Rich replies yes under some circumstances they would be allowed.
- ❖ Section 3.1, Purchase Price. The amount due to Zion's Bank for payment of the current loans associated with Natural Gas business and amount paid to city. The amount paid to Zion's Bank to satisfy the loan will increase due to the additional time required to close the sale.
- ❖ Questar indicated there would no longer be a need for the City's assistance in transition of billing.

Legal Counsel Rich indicated he sees nothing unreasonable under the conditions within the Agreement for either party. No motion on this Resolution was taken.


EXECUTIVE SESSION (May be called to discuss the character, professional competence, or physical or mental health of an individual)
Nothing


EXECUTIVE SESSION (May be called to discuss the pending or reasonably imminent litigation, and/or purchase, exchange, or lease of real property)
Nothing

ADJOURNMENT

At 8:25 P.M. Council Member Brandon moved to adjourn. Council Member Morgan seconded the motion. The vote was unanimous.

Approved on July 21, 2004.


A. LaDue Scovill, Mayor


Susan B. Farnsworth, City Recorder