

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
5455 West Old Highway Road, Mountain Green, Utah 84050
Minutes of the Board of Trustees Meeting
Wednesday, November 4, 2020 6:00 P.M.
APPROVED

Board Members Present: (Chairman) Larry Nance, Zane Gray, Bill Coutts, and Nathan Hill.
Taylor Nielsen **Employees Present:** Kent Wilkerson (Manager) Heather Burger
(transcriptionist) **Guests Present:**None

A. Call to Order: Chairman Larry Nance welcomed everyone present then called the October 7, 2020, meeting to order at 6:00 P.M.

B. Prayer: Zane Gray

C. Approval of Agenda:Member Coutts made a motion to approve the agenda as posted. Member Hill seconded. All in favor. Motion passes.

D. Declaration of Conflicts of interest: None.

E. Approval of Minutes: Member Hill voted to approve the minutes as amended. Chairman Nance seconded. All in favor. Motion passes.

F. Public Comment: None

Agenda Items

1) Plant Expansion / Funding application to the State

Manager Wilkerson and the Expansion Committee sought a motion to approve their application to the State for funding for the CFP. The Manager also sought authorization from the Board to sign the application following the final review, which is to be done by the Expansion Committee.

After some discussion, Chairman Nance made a motion to approve an application to the State, per the CFP, for the cost of the plant. Member Coutts seconded. All in Favor. Motion Passes.

2) Tentative Budget / Finance Committee

Member Hill reviewed the highlights for the 2021 tentative budget as follows:

- The District's projected income will increase about 17%.
- "Other Income" projected at \$21,000. That is money that will come from the Wasatch Peaks Ranch Development. \$20,000 of that will go directly to Sunrise Engineering.
- Overall income will increase by 18% and overall expenses only increase by 10%.
- The questions discussed about the increase in spending on Personnel at the October Board meeting were addressed by the finance committee. Member Hill reasoned that the district under-budgeted/over-spent in 2019. The expenses increased significantly because 2019 is the year the District started putting money into the State Retirement

System. Insurance also went up that year. Subsequently, the budget for 2020 went up to \$204,000. Actual spending for 2020 is projected to be \$6,000 less than what was budgeted. The 2021 projected spending on personnel was reduced by \$3000 upon review by the Manager and the Finance Committee.

- Manager Wilkerson has saved the District money on Chlorine. The total amount spent on Chlorine for 2020 is well under budget, and the projected amount has been reduced for 2021.
- Spending for maintenance on the Monte Verde lift station has gone down because it is being replaced in just a couple of years.
- “Depreciation” is not an actual expense that the district is paying anyone. The money allocated to it will be spent to pay off a loan, to pay Sunrise, or will be put in a PTIF account to accrue interest.

Member Gray asked what evidence indicates that there will be more income from impact fees next year. Member Hill noted that many of the old impact fees that did not count as income for the district are expiring. Increasingly, the district will be receiving the new impact fee which will count toward income for the district because it doesn't have to be paid back to developers. Manager Wilkerson added that many new lots are becoming available for development in 2021. Chairman Nance pointed out that the increased amount for the impact fee is another reason for greater income in 2021.

Chairman Nance asked whether the district would have the money to fix the Monte Verde lift station if the loan is approved. Manager Wilkerson confirmed that it would. Chairman Nance asked that Manager Wilkerson follow-up with Tina Cannon on the funds that she has applied for for the district. Chairman Nance pointed out that the ERU report is different from the number on the budget. Budget says 1212, ERU Report says 1215. Manager Wilkerson said that the number fluctuates with move-ins/move-outs and that he would prefer to use the conservative number for the budget.

Member Hill made a motion to approve the tentative 2021 budget as presented, and schedule a public hearing for the December meeting. Seconded by the Chairman. All voted in favor. Motion passed unanimously.

3) Bylaws Update

There was some discussion about Article 5, section 3, pg. 14 of the bylaws. Specifically, the Board discussed whether the sentence “No funds shall be invested in any type of equity security”, should be deleted.

The Chairman's recommendation was that the sentence should be deleted. He said there is already language in the bylaws stating what the Board can and cannot do with the money. For example, section 2a says that the Board must abide by the State Money Management Act.

It was decided that the sentence would be deleted.

Member Coutts made a motion to accept the bylaws as amended. Chairman Nance seconded the motion. Member Hill had some further items for discussion.

It was decided that the language which states that a member of the board can be voted out by a “ $\frac{2}{3}$ majority” should be changed to “ $\frac{4}{5}$ majority” to reflect the number of members on the board, and to avoid confusion or an unfair removal of a board member in future. There were some further technical errors corrected by member Hill.

Member Hill made a motion to accept the amended bylaws following the discussion. Chairman Nance seconded the 2nd motion. All in favor. Motion passed.

There was no further discussion on the first motion made by member Coutts to accept the amended bylaws. All members voted in favor. Motion passed.

4) Stand-by Fee Ordinance/Fee Modification

The Chairman has questioned the current ordinance on stand-by fees, and the policy that limits the back payment of stand-by fees to only 5 years. He was looking for input and discussion from the Board on the matter. Changing the policy would require a change to the fee ordinance and a public hearing. Chairman Nance asked why there is a standby fee. Manager Wilkerson clarified that its purpose is to reserve the users ERU capacity in the plant. It was argued that if the stand-by fee is important enough to have, then the number of years that a user would need to back-pay should not be limited to 5.

After some discussion, this item was postponed to the December meeting to give the Expansion Committee time to work on it.

Chairman Nance asked the Manager to make sure the recorded ERUs accurately reflect the vacant lots to which the district is potentially required to provide service.

5) Purchase and Sale of fixed Assets

Chairman Nance would like a policy that ensures the purchase of fixed assets should go through the Facilities Committee. He clarified that he is referring to fixed assets only, not consumables and maintenance costs which are allowed for up to \$2,000 under the current procurement policy.

Member Nielsen pointed out that the procurement policy says that the board should be consulted when fixed assets are sold, so he reasoned that the Board should be involved when fixed assets are purchased.

Chairman Nance suggested that the purchase or disposal of any fixed asset should go through and be approved by the Facilities Committee.

Member Hill suggested that the definition of 'fixed asset' should be put in the definitions section.

Chairman Nance made a motion that the sale or purchase of any fixed asset needs to go to the Facilities Committee for approval. Member Coutts seconded. Member Hill suggested the Procurement and Purchasing Policy and Procedures be amended and sent out to the Board for review before being voted on. Member Gray agreed with the suggestion.

Chairman Nance asked that Manager Wilkerson amend the document and send it out to the Board for review before the December meeting.

6) Reports

Auditor: accounts increased by \$48,000, several late fees were paid. Paid Sunrise \$17000, but received impact fees of \$15,000.

Finance: None

Personnel: None

Manager: Member Hill likes the new website. Chairman Nance asked that the logo at the top be moved to the right and the photo be moved to the top. The tab under "departments" needs to be edited.

Chairman Nance questioned the comment about the \$52,000 bill for operations. The bill was actually \$18,000. Pro Pipe is in the process of fixing their invoice to the District.

Chairman Nance asked that the personnel committee make the decision about what to do with the funds normally used for the Christmas party.

Member Hill asked about the "tenancy fee". Manager Wilkerson confirmed that that refers to the Johnson property. Member Hill asked about the Board wanting a site visit to Wasatch Peaks. Members Hill, Gray, and Nielsen would like to go. Manager to check in with Ed Scholtz at Wasatch Peaks and follow-up with the Board.

Member Gray asked about grease traps at the airport sites. Manager Wilkerson said that he doesn't require a grease trap if the connection is only used for the bathroom. The Board would like Manager Wilkerson to gather more details about oil separators at the airport hangers. Member Nielsen said he would assist the Manager with details about the requirement for oil separators.

7) Board New Business

- Manager Wilkerson to reconcile the discrepancy between the reported ERUs and the vacant lots.
- Manager Wilkerson to post notice for the budget hearing and make the budget available to the public.
- Chairman expressed thanks and appreciation to the Board and Manager for all of the diligent work for the District.

8) Motion to Adjourn

Motion made by Member Nielsen. Seconded by the Chairman. Meeting adjourned at 8:10pm.