

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT
5455 West Old Highway Road, Mountain Green, Utah 84050
Minutes of the Board of Trustees Meeting
Wednesday, February 3, 2021 6:00 P.M.
APPROVED

Board Members Present: (Chairman) Larry Nance, Zane Gray, Bill Coutts, Nathan Hill
Excused: Taylor Nielsen, **Employees Present:** Kent Wilkerson (Manager) Heather Burger
(transcriptionist) **Guests Present:** Robert Worley, Doyle Talbot, John Bearnson

A. Call to Order: Chairman Larry Nance welcomed everyone present then called the February 3, 2021, meeting to order at 6:00 P.M.

B. Prayer: Larry Nance

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

D. Declaration of Conflicts of interest: None.

E. Approval of Minutes: Member Hill made a motion to approve the minutes with corrections. Member Coutts seconded. All in favor. Motion passed.

F. Public Comment: None

Agenda Items

1) Public Hearing for Standby Fee

Chairman Nance made a motion to go into the public comment section of the public hearing for Standby Fees. Member Hill seconded the motion. All in favor. Motion passed. There were no members of the public available for comment and the Manager had received no public comment prior to the meeting.

Member Coutts made this statement for the record: "As the district continues to grow, it is important to the Sewer District, Developers, and Homeowners that the District has sufficient sewer capacity. It is proposed that a Standby Fee be the tool to guarantee sufficient capacity. The Standby fee process is as follows: When someone comes in to apply and pay for a Will Serve they would also pay a standby fee. The Standby fee ensures that the district is prepared to provide 1 ERU for that Will Serve agreement for 1 year. If the applicant does not build a house within 1 year of applying for the Will Serve they would then need to pay another standby fee for the subsequent year. If the applicant chooses not to pay their standby fee at that point their ERU is no longer reserved for them. In future, if they want to reserve an ERU then they would need to apply for a Will Serve again."

Chairman Nance made a motion to go out of the public comment section of the public hearing. Member Coutts Seconded. All in favor. Motion passed.

Chairman Nance made a motion to enter a regular board meeting. Member Hill seconded the motion. All in favor. Motion passes.

Member Coutts made a motion to accept the Standby Fee documents as published. Member Hill seconded. There was a roll call vote on the ordinance. All present were unanimous. Member Nielsen was absent. Motion passed.

2) Funding for the Sewer Plant Expansion

Robert Worley from Sunrise was present at the meeting to update the District Board on the initial meeting with the Division of Water Quality (DWQ). The District's proposal was met with more negativity than expected. It is ranked 9/10 on a list of projects that the DWQ is currently watching. Affordability was a concern because of Mountain Green's MAGI, and also the fact that the District had not hit the phosphorus cap when the DWQ did its rankings. Since the time that the rankings were done, the Division of Water Quality has done calculations and determined that the District has hit the phosphorus cap. The DWQ is also short on funding at the moment since there are a couple of cities all requesting funds at this time. No funding decision was made at the meeting, but because of the less-than-positive response from the DWQ, Sunrise also submitted an application for funding from the Community Impact Board (CIB). The CIB will make a decision in April. The open market also remains an option for funding, although interest rates and closing costs are typically higher.

Member Coutts asked Mr Worley what were the expected interest rates for the CIB and DWQ. Mr. Worley said they asked the CIB for an interest rate of 1.5%, but that it would be lucky if they approved that. The interest rate for the DWQ is still unknown, but could be between 1.5 and 3%. The years that the DWQ would be allocating funds if the loan was approved would be 2023, 2024 and 2025.

Member Hill asked Mr. Worley to provide an explanation as to why there will be a bond regardless of what type of funding the District receives. He explained that the Sewer District has to take on a revenue bond to cover any loans received by the CIB or DWQ. The bond will still be paid out of the District's impact fees and monthly service fees.

The next scheduled meeting (in April) of the DWQ is when they will make a decision. If they approve funds for the District they will pay the money in installments and the District would need to get a bridge loan to cover costs until the money from the Water Quality Board comes through to pay for it. Mr. Worley explained it is still worthwhile waiting to see what the DWQ is willing to loan the District because their rates have the potential to be the lowest and will save the District money over time. Funding will be needed as soon as this summer when the District begins procuring equipment for the project. Around 2-3 million dollars. The District will need to pay only 15% of that to begin with, then it will be another year before the District needs to make another big payment.

Chairman Nance requested a timeline from Sunrise to show how much money is needed when. He asked for it in spreadsheet format and not a Gantt chart.

Mr. Worley said that the team still needs a financial advisor and a bond counsel. Sunrise works with 3 of them regularly and will recommend them. They should be brought onto the team in the next couple of months.

Member Coutts and Chairman Nance asked Sunrise to help with the RFP. They will meet with the facilities committee prior to next month's meeting. They will also work on the budget update requested by Chairman Nance.

Chairman Nance asked for exact dates for the CIB and Water Quality Board meetings. He asked whether it would be useful to ask our State representative to speak to the DWQ on behalf

of the District. Mr. Worley didn't think it was a bad idea, but didn't have experience with doing that. Chairman Nance asked Mr. Worley to speak with the board members that Sunrise has a relationship with to see if they would be willing to speak with the State representative about that.

If the CIB funding is approved it will become available when the project is out to bid, and a contractor has been appointed. Bridge loans will be necessary.

Mr. Worley confirmed that the DWQ has to approve the plans for the plant whether they fund it or not.

3) Rosehill Annexation request _Talbots and Bearnsons

Mr. Bearnson and Mr. Talbot came to the meeting to request annexation into the District. Member Coutts made the suggestion that there should be a prepared document which gives interested parties all the information they need about the annexation process and associated costs, and which also requires a signature from them to acknowledge their entire obligation in the process. Chairman Nance thought it an excellent idea and member Coutts offered to help Manager Wilkerson with producing that.

The Bearnson's and Mr. Talbot acknowledged that they accept and understand the process and associated costs associated with annexation.

Member Gray made a motion to accept and approve the request for annexation. Chairman Nance seconded the motion. All in favor. Motion passed.

4) District Service Obligations Database

After some updates on the database that the Manager has created, he concluded that the District is serving an even 1200 ERUs. Chairman Nance thanked the Manager for his work on the database. For clarity going forward, he explained that if a person has paid an impact fee then they should be counted as an obligated ERU.

There was some discussion about whether the District should review what is being charged to the airport. It was concluded that the current agreement is favorable, but that the water usage should be reviewed.

There was some discussion about whether the growth in the district will match what was projected for the 2021 budget.

Any Board member interested in looking at Manager Wilkerson's database in detail can email him to request.

5) Reports

Auditor: Main drivers for totals this month: \$60,000 paid to Sunrise, but \$54,000 taken in from taxes. Account #5271 had a fairly high balance because 2 checks were not cashed by whoever they were written out to. Manager Wilkerson completed the 3 reports that were due in January. Next report is not due until March.

Facilities: Waiting for an MOU from the legal counsel. Chairman Nance will reach out to member Nielsen about this. Member Nielsen had a meeting and was not present. Manager has provided all the details for the agreement to the legal counsel.

Member Coutts and Manager Wilkerson completed the fixed asset inventory. Manager Wilkerson will take the inventory and add purchase dates and how much was paid for the item, and if sold, how much it was sold for. Information will be given to the accountant.

Finance Committee: Board compensation is missing from the final 2020 budget vs. actual. The Manager will check that. The actual income amount posted to the state is off by \$40,000.

Chairman Nance requested that Budget Number 3, renamed The Board Monthly Financial Report that mirrors the approved budget, will be the only report presented to the Board on a monthly basis. He also requested a separate spreadsheet for monthly bank balances. The Manager is also looking for a way to take the account numbers off the report. Chairman Nance asked for Janet to look at the bank balances weekly to make sure that we are keeping money in the interest bearing accounts

Personnel: Update on the Manager's performance review. Member Coutts made a motion to approve the recommendation made by member Gray in the Manager's performance review sent out to the Board via email. Member Gray seconded. All in favor. Motion passed.

Manager: The Manager has created a spreadsheet with a list of things that need to be done and prioritized each task. This will help to ensure that the Manager's priorities and the Board's priorities are in sync.

Chairman Nance asked what caused the District to go over the allowed phosphorus limit. Manager Wilkerson explained that the District is very close to the allowable threshold and that the threshold was reached 6mths-1year after expected. Manager Wilkerson supplies the phosphorus calculation to the State. He reports monthly and sends the results of the water lab tests to the State.

The Chairman explained that he doesn't want to reduce the amount that is budgeted for the CFP. The Manager agreed.

Member Hill asked whether '0' and 'non-detect' are the same thing. Manager Wilkerson said that they are the same.

Member Gray asked for clarification on whether 'Canyon View' is the Poll's land west of the treatment plant. He also asked how close 'Cottonwoods phase 7' is to platting. The Manager explained that it would be soon.

Chairman Nance asked whether Manager Wilkerson thinks that growth is going to be lower than expected. Manager Wilkerson said that he feels there isn't much available real estate. Future developments are further down the pipe at county approvals level. He feels there could be a potential lull.

Chairman Nance asked where the District stands with Wasatch Peaks. Manager Wilkerson said that he is not worried about the agreement with Wasatch Peaks. He gave a brief update about how the project is going. It is moving forward, but building will begin slightly later than expected.

Member Coutts asked how the lift station on Val Poll's property will be funded and how much it's going to cost. It will be shared with Wasatch Peaks Ranch. The exact ratio of cost sharing has not been established. The estimated cost is around \$400,000 according to the CFP. The Manager explained that the \$500,000 that is in the budget can be allocated to the lift station, but the money may have to be shifted around as different items are paid for. Member Coutts felt that a more finite plan was needed, including a financial plan for the lift station. The Manager clarified that the lift station is part of the overall CFP and that those financials should be included in the report from Sunrise.

Manager to send Robert Worley Bill Coutts' email address.

9) Board New Business

Financials from Sunrise

Sunrise to work with the Manager and Member Coutts on the bid proposals and the hiring of a financial advisor and bond attorney.

Manager to send the Board a copy of his priorities list.

Finances to include the closing month, so that the information is current for the meeting.

6) Motion to Adjourn

Motion to adjourn the meeting made by member Hill. Member Coutts seconded. All in favor. Meeting was adjourned at 8:01pm.

