

MOUNTAIN GREEN SEWER IMPROVEMENT DISTRICT

5455 West Old Highway Road, Mountain Green, Utah

Minutes of the Board of Trustees Meeting

7:00 P.M., Thursday, June 20, 2013

Board Members Present: Wendy Eliason, Blair Larsen, Tina Kelley, Mark Devoe, Mary Jewett and Zane Gray. **Employees Present:** Robert Volk, Dennis Baldwin and Annette Doyle. **Excused:** Shane Rice and Mary Jewett. **Guests Present:** Jennifer Johnson and Brad Rasmussen.

Invocation: Wendy Eliason

Chair: Chairman Wendy Eliason welcomed those present and chaired this meeting.

Item # 1 Discussion / Decision: 2012 Annual Audit Results

Jennifer Johnson with Wood Richards and Associates was in attendance to report the 2012 Audit results. The responsibility of the auditor is to assure that the financial statements are an accurate representation of the District's financial position. This is achieved by completing a thorough review of all accounting procedures, documents, internal controls and prior year comparisons, while performing different verifications and tests. Wood Richards & Associates issued an 'Unqualified Opinion' (no reservations, fair & true) that the 2012 financial statements are fairly stated and fairly represent the financial position of the District.

For 2012 the amount of operating cash in the bank increased by \$50,000, but there was a Net Operating Loss of \$25,000 primarily due to depreciation. Jennifer did note that the income from our monthly sewer fees should cover the operating expenses and the District should consider reviewing and raising fees in small amounts on a regular basis instead of waiting until a substantial increase is required to cover several years of losses.

The Auditor offered a few additional recommendations for the District. First, someone on the Board should review the bank and financial statements on a regular basis and then sign or initial those records for verification. Second, we should consolidate and simplify the chart of accounts in QuickBooks. And finally, we should verify compliance in regards to GRAMA (Government Records and Management Act) because the District employees have not been submitting copies of all the records to the state archives. Tina questioned this recommendation as she understood that the state only requires these records to be submitted if the entity is not storing them. MGSID has retained every record since the formation of the District.

In closing, Jennifer noted that overall the District is in good financial condition and Woods Richards and Associate appreciates the opportunity to work with us.

Zane Gray made a motion to accept the 2012 Audit Report as presented by Jennifer Johnson of Wood Richards and Associates. The motion was seconded by Mark Devoe. Motion passed.

Item # 2 Discussion: Expansion Preliminary Engineering Report

Brad Rasmussen with Aqua Engineering was here to present the results of the Preliminary Engineering Report and the calculation of a new Impact Fee.

Brad approached this report by separating out and defining the improvements that would have to be made to accommodate all of the new growth from now through the next twenty years. The assumption was made that everything that exists now would remain in place and the expansion costs and growth numbers would only apply to what is new.

However, part of the costs in this report will apply to existing residents and infrastructure because of nutrient removal requirements that are coming in from the state which will apply to everyone in the District, old and new. These costs are backed out of the costs before the new Impact Fee is calculated.

Basically, we are looking at approximately 1,481 additional connections coming into Mountain Green over the next twenty years, which would take us out to 2033. This new growth would require an additional .5 million gallon per day facility to be added on top of the processing capacity we have now. The total cost estimate for this extra treatment facility and the completion of the Interceptor line along with all associated costs comes in at \$11.6 million dollars. After subtracting the expense associated with existing service, the new connection responsibility is left at around \$9.4 million dollars. That \$9.4 divided by the 1,481 new connections to be serviced and creates a recommended impact fee of \$6,404 for each new connection.

Our total capacity after the expansion would be 3,281 units (1,800 + 1,481), so it is important to note that the new facility would be designed to handle approximately one million gallons per day with a total price tag that is much higher than \$11.6 million dollars. The PER and the preceding estimates were based on only on the cost to process NEW connections in order to calculate the appropriate Impact Fee they should be charged. When the new facility is built it will handle both existing and new connections. The existing connections will have to pay their share of the cost associated with the construction required to meet new processing standards and this will be accomplished through bonding and monthly service fees.

The plant for Wolf Creek Sewer is based on the design that has been presented and they have offered to let our Board tour their facility. Robert will check with them for availability and see if we can coordinate a visit.

Item # 3 Discussion / Decision: New Impact Fee

The Board agreed that we need to move forward on the approval of the new Impact Fee and feels that the new design that was presented is appropriate. Blair mentioned that he feels confident in the report findings because Brad is very qualified in his work and has been involved with Mountain Green since the early stages of the District.

Mark made a motion to accept the preliminary engineering report completed by Aqua Engineering and approve of taking the necessary measures to implement the Impact Fee. Blair seconded the motion. Motion passed.

Item # 4 Discussion / Decision: Annexation of 4229 Iris Avenue in Rose Hill.

Mr. & Mrs. Quinn requested annexation of their Rose Hill home into the sewer District. Being unfamiliar with the process, Robert told the Quinns that an Annexation should not be a problem and based on that they paid the impact and inspection fees. Immediately following this, the lateral connection was installed and inspected.

After making this commitment, Robert learned that the Annexation process will probably involve surveying and inspection costs. Robert apologized to the Board for this error and said that he feels it would be inappropriate for him to go back to the Quinns and request these fees after the fact. He recommended that, in this case, it would be best for the District to cover any applicable fees. Dennis added that a similar situation arose with the Gray Annexation a few years ago and the District covered those costs.

Mark said that the District hired a Manager to do jobs like this and sometimes mistakes will be made. He suggested that the Board should stand behind the Manager and cover the costs for this Annexation, but not on any future Annexations. Tina disagreed and expressed the concern that all costs in an Annexation should be covered by the party requesting it.

Blair made a motion to have the district manager follow the process that he laid out with the annexation of this parcel with the District covering the associated costs. Zane seconded. Tina is opposed. Motion passed.

In additional discussion the Board agreed that it would like to see a large wall map of the Mountain Green showing our sewer lines, manholes and District boundaries. Robert agreed to look into this.

Item # 5 Discussion: District Operations

The Board reviewed some of the more recent events at the plant. Due to heavy rains in May, sediments were stirred up from the bottom and exacerbated the turbidity and Total Suspended Solids in the water, but never came close to our permit limits. Effluent water continues to measure well within state requirements. Robert and Jim have been busy

mowing and keeping weeds in check along the dikes. Robert hired Derek Pettigrew on a part-time basis to assist with the annual manhole inspections. Pro-Pipe completed the cleaning and video inspection of this years scheduled section.

Item # 6 District Statistics as of April 29, 2013

The District's financials were briefly addressed. Comparison of the number of Impact Fees received by the District in the last three years indicated a dramatic increase in development. A request was made to have the last three months of bank statements available for review after the next meeting.

Item # 7 Discussion / Decision: Review and approval of May 2, 2013 Minutes.

Tina moved to approve the minutes from the May 2, 2013 meeting. Blair seconded. Motion passed.

Item # 8 Discussion: No meeting scheduled for July due to holidays.

Our next meeting scheduled for first Thursday, August 1, 2013 at 7:00 P.M.

Meeting adjourned: 9:00 P.M

Signed: _____