

**BOARD MEETING
MAY 18, 2016
9:00 A.M.
MT. OLYMPUS IMPROVEMENT DISTRICT
3932 SOUTH 500 EAST**

SUMMARY

- 1. 9:00 A.M. – PRESENTATION OF PRELIMINARY AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2015 BY HUBER ERICKSON & BOWMAN, CERTIFIED PUBLIC ACCOUNTANTS**
- 2. MINUTES OF BOARD MEETING – APRIL 13, 2016**
- 3. MT. OLYMPUS PAYABLES**
- 4. CENTRAL VALLEY PAYABLE**
- 5. FINANCIAL REPORT**
- 6. CENTRAL VALLEY REPORT – JOHN NORTON**
- 7. REVIEW OF UTAH ASSOCIATION OF SPECIAL DISTRICTS 2016 LEGISLATIVE UPDATE**
 - 1. REVIEW OF DISTRICT LATERAL DEFINITION PER SB 99**
 - 2. REVIEW OF TRANSPARENCY FOR POLITICAL SUBDIVISIONS PER SB 34**
- 8. MANAGER’S REPORT**
 - A. PERSONNEL REPORT**
 - B. OPERATIONS REPORT**
 - 1. UPDATE ON BUILDING B EXPANSION**
 - 2. UPDATE ON BUILDING C HEATING AND AIR CONDITIONING REPLACEMENT**
 - C. WEAU CONFERENCE REPORT**
 - D. GFOA CONFERENCE REPORT**
 - E. GFOA NATIONAL CONFERENCE**
 - F. WEFTEC 2016 CONFERENCE**
- 9. INFORMATION ITEMS (NO ACTION REQUIRED)**
 - A. DISTRICT ACTIVITY REPORTS**
 - B. CENTRAL VALLEY FLOW & LOAD REPORT**
 - C. UTAH PUBLIC TREASURER’S POOL YIELD**

PRESENT: MEL MACKAY, BOARD CHAIR
JOHN NORTON, TRUSTEE
AMI NEFF, TRUSTEE
KERRY EPPICH, GENERAL MANAGER
STEPHEN ROHWER, DISTRICT CONTROLLER
TAMMY GONZALES, EXECUTIVE SECRETARY/DISTRICT CLERK

GUESTS: CHESLEY ERICKSON AND PHIL COLLINS OF HUBER ERICKSON & BOWMAN

PRESIDING: CHAIR MEL MACKAY

1. 9:00 A.M. - PRESENTATION OF PRELIMINARY AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2015 BY HUBER ERICKSON & BOWMAN, CERTIFIED PUBLIC ACCOUNTANTS

At 9:00 a.m. Chesley Erickson and Phil Collins, with Huber Erickson & Bowman were welcomed into the meeting.

Copies of the preliminary audit report were provided to Board Members for their review. Mr. Erickson briefly discussed the audit and stated it was a successful and efficient audit and stated that the first report in the audit package is the audit report and that the information in the financial statements is fairly presented and the audit report is a clean or unqualified report. There was then a discussion on the new GASB 68 reporting requirement regarding how pensions are reported and the changes to the financial statements to meet the new regulations.

Mr. Erickson then went over the MD&A which is a narrative of the District's operations and financial analysis. It is put together by management and is reviewed but not audited. Mr. Erickson then asked if there were any other questions. Phil Collins then reviewed the remainder of the audit and the other reports including the Independent Auditor's Report in Accordance with the State Compliance Audit Guide on Compliance with General State Compliance Requirements and Internal Control Over Compliance and the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The District is in compliance, in all material respects, with the general compliance requirements and with the internal controls as reported.

Management will do a final review and then the audit will be presented at the next board meeting for final approval.

2. MINUTES OF BOARD MEETING – APRIL 13, 2016

Motion to approve the April 13, 2016 Board Meeting minutes, as written, was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

3. MT. OLYMPUS PAYABLES

After review and discussion, motion to approve the Mt. Olympus Payables was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

4. CENTRAL VALLEY PAYABLE

After review and discussion, motion to approve the Central Valley Payable was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

5. FINANCIAL REPORT

The Financial Report was accepted for filing by Board Members.

6. CENTRAL VALLEY REPORT – JOHN NORTON

Trustee Norton reported that the following topics were discussed at the last Central Valley board meeting:

- ***Draft Permit*** – Central Valley has been issued a draft permit which should be ready to post for public comment by July. The new permit should be in place by August or September and will reflect the new phosphorus rule, the lower ammonia limit, and the point of discharge being Millcreek.
- ***Interceptor*** – The rehabilitation interceptor project was awarded to Claude Nix Construction. They are expected to start sometime this summer but may start a little earlier due to locating some Hobas pipe, and won't have to wait for the full order to get started.
- ***Alternate Revenue*** – We had asked Tom Holmstrom to look into alternate revenue sources to generate more money. The parking lot was one good source and also the golf course. The parking lot generates more money than the golf course but the golf course was intended to be a re-use demonstration project and not a money maker.
- ***Interlocal Agreement*** – Gram Gilbert was asked to review the Interlocal Agreement to see if any changes need to be made as a result of the new legislation that will allow for resource recovery projects. He determined that some changes would need to be made to the Interlocal Agreement to allow Central Valley to do resource recovery projects.
- ***Financial Models*** – Manager Eppich stated that he had asked Central Valley to put a hold on this issue until after the meeting regarding the nutrient removal.
- ***Department of Water Quality Meeting (DWQ)*** – There was a meeting with Walt Baker and Erica Gaddis with DWQ. Trustee Norton and Mark Kindred approached the meeting with the intent to try and figure out why we have this adverse relationship with them. The meeting started off with a recent newspaper article stating that Central Valley is one of the polluters of the Jordan River. Trustee Norton told them Central Valley is not the polluter but is a cleaner-upper. Central Valley is an environmental organization that's cleaning up the environment. A chart was provided showing treated sewage water over the years and a discussion on that issue was then held. DWQ feels that the impairment of the Jordan River is increasing. Trustee Norton feels that the Jordan River Farmington Bay Coalition needs to make sure the science they are using will be something the State will approve. After discussions with the State it is obvious that Central Valley's point of discharge will be Millcreek. So there are two items that must be looked at: 1) build a pipe-line and 2) biological nutrient removal. Both are very costly, and Central Valley is looking at ways to fund these projects.

7. REVIEW OF UTAH ASSOCIATION OF SPECIAL DISTRICTS 2016 LEGISLATIVE UPDATE

The Board was provided with the Association of Special Districts 2016 Annual Bill Review for their review.

7. REVIEW OF UTAH ASSOCIATION OF SPECIAL DISTRICTS 2016 LEGISLATIVE UPDATE (CONTINUED)

Trustee Norton asked about SB 119 which states that any political subdivision of the State of Utah, including local districts and special service districts, can enter into an interlocal agreement with the Office of State Debt Collection to collect the political subdivision's accounts receivable that have been unpaid for more than 90 days. Manager Eppich stated the problem with this type of agreement is that the District does not have their customers sign a contract for sewer service and collect their personal information, so what leverage does the District have? We would have to get in touch with the Office of State Debt Collection and see what information they would need to implement this.

The other two Bills discussed were:

1. REVIEW OF DISTRICT LATERAL DEFINITION PER SB 34

The Board was provided a copy of what the District defines as a "Lateral Sewer" and then had a discussion on the definition as follows:

All Lateral Sewers or Building Sewers were initially installed (or will be installed) by owners of property within the District's boundaries whose property is served by the District. Lateral Sewers or Building Sewers are not part of the District's system. The District has no responsibility for any Lateral Sewer or Building Sewer. All ownership, maintenance, repairs, and replacements of any Lateral Sewer or Building Sewer are the sole responsibility of the property owner whose property is served by the District. The term "Lateral Sewer" is defined as follows: "That portion of any sewer and all parts thereof beginning at the plumbing outlet of any building, structure, institutional, industrial, or other structure or facility and running to the District Main Sewer, including the connection to the District Main Sewer (e.g., Inserta Tee, wye, nose-on, etc.). The terms "Lateral Sewer" and "Building Sewer" are synonymous."

After review and discussion, motion to approve the District's Lateral definition was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay. This Lateral definition will be placed on the District's website to meet the requirements of the law.

2. REVIEW OF TRANSPARENCY FOR POLITICAL SUBDIVISIONS PER SB 99

Manager Eppich gave a discussion on the transparency law SB 99 which states:

S. B. 99 requires every local and special service district to post the name, phone number and email address of every board member on the Utah Public Notice Website. The information must be updated within 30 days after the membership of the board changes or there is any change in a board member's phone number or e-mail address. Utah Code Ann. § 17B-1-303(9). This posting is required regardless of whether a county or municipal legislative body also serves as the board of the local or special service district. Prior to S.B. 99, all local districts and special service districts, along with other governmental entities, were required to post financial information on the Utah Public Finance Website unless the annual budget of the entity was lower than the threshold established by the Utah Transparency Advisory Board (the "Board").

A discussion was then had about the information that needs to be on the District's website and will also be placed on the Public Notice Website to meet the requirements of the law.

8. MANAGER'S REPORT

A. PERSONNEL REVIEW

Manager Eppich reported that the following employees will have an anniversary in June:

- Paul Silcox's anniversary is on June 30th. He has been here 19 years.
- Zack Stevens' anniversary is on June 30th. He has been here 19 years.

Both are doing a good job.

B. OPERATIONS REPORT

1. UPDATE ON BUILDING B EXPANSION

Engineer Ayala joined the meeting and discussed the progress on the expansion of Building B. We were able to get in touch with another planner at Salt Lake County and we no longer have to go to the Planning Commission for approval. They do want to do an in-house review to make sure we are in compliance with their storm water requirements. Our impact to the storm water is very minimal. The next step will be to go to the Building Department to get our permit.

2. UPDATE ON BUILDING C HEATING AND AIR CONDITIONING REPLACEMENT

Mechanical Service Systems is doing the work and are doing a good job. The big concern was getting all the equipment in, but they have come in and things are going good. They anticipate completion within 7-10 days. There were a couple of change items such as a motorized damper that was overlooked and will need to be ordered, but even with these change orders we should still be under-budget and on schedule.

C. WEAU CONFERENCE REPORT

Manager Eppich and Trustees Mackay and Neff stated they thought it was a good conference but not as good as in the past. .

D. GFOA CONFERENCE REPORT

Manager Eppich and Controller Rohwer attended this conference in St. George, Utah. Both felt it was a good conference.

E. GFOA NATIONAL CONFERENCE

Manager Eppich and Controller Rohwer will attend this upcoming conference in Toronto, Canada. The conference starts May 22, 2016 with pre-conferences starting May 20th. Kerry and Stephen will fly out on May 19th.

8. MANAGER'S REPORT (CONTINUED)

F. WEFTEC 2016 CONFERENCE

Registrations and hotel reservations for WEFTEC have been made. Flight reservations will be done in the near future. Those scheduled to attend the conference are: Manager Eppich, District Engineer Dean Ayala, Trustees, Mel Mackay, John Norton, and Ami Neff with Manager Eppich and Engineer Ayala attending pre-conference classes.

9. INFORMATION ITEMS (NO ACTION REQUIRED)

A. DISTRICT ACTIVITY REPORTS

- **CALL VOLUME:** The first chart was the incoming call volume for April, showing the number of calls and the duration. April 18th had the most incoming calls at 198.
- **CAPACITY FEES:** In April we received 64 capacity fees.
- **LINES CLEANED:** The lines cleaning chart shows that 157,070 feet of lines were cleaned in April.
- **ENGINEERING:** Our engineering report for April shows the number of inspections, 39, Blue Stakes calls 799, nose-ons 6, and sewer availability letters requested was 5.
- **PAYMENT VOLUME:** The payment volume chart shows the number of transactions for both in office and Xpress Bill Pay (XBP): transactions for in office were 5,062 and 4,767 for XBP; payments in dollar amounts were \$300,103 for in office and \$121,507 for XBP.
- **LINES TVd:** The next chart showed that 35,492 feet of lines were TVd for the month of April.
- **WEBSITE ANALYSIS:** Next was a chart showing analytics of our website for April.

B. CENTRAL VALLEY FLOW & LOAD REPORT

A copy of the current Central Valley Flow & Load Report was not available.

C. UTAH PUBLIC TREASURER'S POOL YIELD

The Utah Public Treasurer's Pool Yield for April 2016 was .8517%.

With no further business to come before the Board, motion to adjourn was made by Trustee John Norton and seconded by Trustee Ami Neff. The motion was approved by unanimous vote, those voting in favor: John Norton, Ami Neff, and Mel Mackay.

The meeting adjourned at 11:20 a.m.

Mel Mackay, Board Chair