BOARD MEETING
OCTOBER 17, 2012
9:00 A.M.
MT. OLYMPUS IMPROVEMENT DISTRICT
3932 SOUTH 500 EAST

SUMMARY

1. **MINUTES OF BOARD MEETING – SEPTEMBER 19, 2012**
2. **DISTRICT ONE PAYABLES**
3. **CENTRAL VALLEY PAYABLE**
4. **FINANCIAL REPORT**
5. **CENTRAL VALLEY REPORT – MIKE EMBLEY**
6. **INSURANCE BID DISCUSSION**
7. **REVIEW AND APPROVAL OF PROPERTY & LIABILITY INSURANCE RENEWAL**
8. **POSSIBLE CLOSED SESSION TO DISCUSS PERSONNEL ISSUES**
9. **REVIEW AND APPROVAL OF HEALTH INSURANCE RENEWAL**
10. **REVIEW AND APPROVAL OF 2013 COLA**
11. **REVIEW AND APPROVAL OF 2013 TENTATIVE BUDGET**
12. **MANAGER'S REPORT**
    - A. **PERSONNEL REVIEW**
    - B. **OPERATIONS REPORT**
    - C. **UTAH ASSOCIATION OF SPECIAL DISTRICTS**
      1. **CONFERENCE**
      2. **BILL**
    - D. **REVIEW AND APPROVAL OF BUILDING SIGNAGE**
    - E. **REVIEW AND APPROVAL OF LINE MAINTENANCE BID**
    - F. **UPDATE ON WEFTEC CONFERENCE**
    - G. **UASD CONFERENCE**
    - H. **WEAU MID-YEAR CONFERENCE**
13. **INFORMATION ITEMS (NO ACTION REQUIRED)**
    - A. **UTAH PUBLIC TREASURER'S POOL YIELD**
    - B. **CENTRAL VALLEY FLOW & LOAD REPORT**
    - C. **ANNUAL GRANITE SCHOOL DISTRICT BILLING FOR SEWER FEES**

PRESENT: **MIKE EMBLEY, BOARD CHAIR**
MELVIN MACKAY, TRUSTEE
JOHN NORTON, TRUSTEE
KERRY EPPICH, GENERAL MANAGER
TAMMY GONZALES, EXECUTIVE SECRETARY/DISTRICT CLERK
STEPHEN ROHWER, DISTRICT CONTROLLER

GUEST: **TOM HOLSTROM, CENTRAL VALLEY GENERAL MANAGER**

PRESIDING: **CHAIR, MIKE EMBLEY**

1. MINUTES OF BOARD MEETING – SEPTEMBER 19, 2012

Motion to approve the September 19, 2012, Board Meeting Minutes was made by Trustee Mel Mackay and seconded by Trustee John Norton. The motion was approved by unanimous vote, those voting in favor: John Norton, Mel Mackay, and Mike Embley.

2. DISTRICT ONE PAYABLES

After review and discussion, motion to approve the District One Payables was made by Trustee John Norton and seconded by Trustee Mel Mackay. The motion was approved by unanimous vote, those voting in favor: John Norton, Mel Mackay, and Mike Embley.

3. CENTRAL VALLEY PAYABLE

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

4. FINANCIAL REPORT

The Financial Report was accepted for filing by Board Members.

5. CENTRAL VALLEY REPORT – MIKE EMBLEY

Trustee Embley welcomed Tom Holstrom into the meeting and asked him to speak on the following topics that were discussed at the last Central Valley Board Meeting:

- ***Budgeted Project*** – Each year Central Valley has to rehab different sections of their interceptors. Manager Eppich asked Tom to explain to the Board what the interceptors are and how they function. These interceptors are the large pipes that combine the flows from the different municipalities that Central Valley services, and takes all the collected flows from the agencies and sends it to the plant. Central Valley has undergone an Interceptor Rehabilitation Program to slip-line these pipes. This program has been going on for about 2 years and will continue for another 3 years. The section being done at this time is at a cost of $1.4 million dollars with the cost being spread out over a 2 year period. It is important for budget purposes to get this project going so that we pay for a portion of it this year and the remainder next year.
- ***Jordan River Study*** – Tom Holstrom gave the Board some history about how this study came about. A few years ago the State hired a consultant to model the Jordan River to find out the levels of Phosphorus and Nitrogen that are contributing to algae growth which in turn is contributing to the dissolved oxygen impairment of the river. So a group of member agencies joined together and created the Jordan River Farmington Bay Water Quality Council to study this issue. A study model was created and found that nutrients are not the problem but organic matter and are proving this information to the state to try and prove to them that they need to look at another way to fix the problem. On a national level, the State is under pressure from the EPA to lower nitrogen and phosphorus in the

5. CENTRAL VALLEY REPORT – MIKE EMBLEY (CONTINUED)

Jordan River Study (Continued) – waters of the State. This council is getting the necessary data to try and prove to the state that they need to look at other options rather than just at treatment plants to fix the problem. The capital cost estimate for Central Valley for this removal was approximately $4 million dollars. The Water Quality Board gave a presentation regarding the benefits of reducing nutrient over enrichment. They say some of the significant economic benefits of reducing these nutrients are categorized as follows: 1) household willingness to pay, 2) recreation value, 3) lake front property values, and 4) drinking water and industrial intake water treatment costs saved. Central Valley is budgeting approximately $150,000 per year over the next five years to fund the council. The money will be spent on scientific endeavors to assure sound science or the science will show that the changes to the plant are unnecessary. This is a complex study and these studies will be ongoing for some time.

6. INSURANCE BID DISCUSSION

Manager Eppich provided the Board with a copy of the property and liability insurance renewal from Olympus Insurance. The Board indicated that it contained good information. Trustee Norton asked about the coverage for software. Manager Eppich stated that the coverage was for previous software that at the time was covered due to the software being highly customized. Manager Eppich will discuss the matter with the insurance company to see if we can have this coverage removed as it is not needed any longer.

Earthquake coverage is set at $2 million and is sufficient.

One issue the broker from Olympus Insurance would like the Board to consider is raising the excess liability coverage. The District has excess liability coverage of $10 million dollars. The excess liability coverage extends any of the limits by the $10 million dollars. Olympus is recommending that the excess limit be increased to $15 or $20 million because of the limiting of the governmental immunity act. The broker quoted a premium to increase the limit from $10 million to $15 or $20 million, which is an increase of $7,500 or $15,000 respectively. It was decided that we keep our current coverage of $10 million.

We also received a bid from the Utah Local Government Trust. The bid is about $10,000 cheaper than the Olympus Insurance bid. One difference is in their earthquake insurance coverage. The trust has a $200 million dollar limit which is a pooled coverage. This means it is a combined pool of entities around the Wasatch Front and Utah County. Each pool has a $100 million dollar coverage and each pool cannot use any of the others coverage. So once they reach the $100 million dollar limit that's it. Other differences are how the Trust is managed and also its officers and directors coverage.

7. REVIEW AND APPROVAL OF PROPERTY & LIABILITY INSURANCE RENEWAL

After review and discussion, motion to approve the property and liability insurance renewal with our current provider without the increased excess liability coverage was made by Trustee John Norton and seconded by Trustee Mel Mackay. The motion was approved by unanimous vote, those voting in favor: John Norton, Mel Mackay, and Mike Embley.

8. POSSIBLE CLOSED SESSION TO DISCUSS PERSONNEL ISSUES

Motion to go into closed session to discuss personnel issues was made by Trustee John Norton and seconded by Trustee Melvin Mackay. The motion was approved by unanimous vote, those voting in favor: Melvin Mackay, John Norton, and Mike Embley.

At 11:20 a.m., Trustee Mike Embley stated that we are back in regular session.

9. REVIEW AND APPROVAL OF HEALTH INSURANCE RENEWAL

The District has received its Health Insurance Renewal from PEHP its current provider. With no major changes to the coverage the rate quote is an increase of .96% over last year. With the other benefits not increasing the overall benefit increase is at .61%. The District feels like this is a very favorable renewal rate.

Manager Eppich stated that PEHP is offering another plan called the STAR plan with an HSA. This is a high deductible plan. This plan could save the District a significant amount of money. The premium is approximately $350 lower per employee for family coverage. The District would fund a portion of the difference to help fund the HSA plan. If both plans were offered to the employees then the District would fund the $300 premium savings and would save the District $50 per employee. Those that want to stay with the traditional plan would have to pay whatever the difference in the cost of the plan they decide to choose.

After review and discussion, motion to approve offering both of the employee health insurance plans as follows: the District's renewal of the PEHP Health Plan and the participation in the STAR health insurance plan with funding of the HSA at the amounts set forth in the charts provided at half of the annual amount in January and the balance to be paid over the first six months was made by Trustee Melvin Mackay and seconded by Trustee John Norton. The motion was approved by unanimous vote, those voting in favor: John Norton, Melvin Mackay, and Mike Embley.

10. REVIEW AND APPROVAL OF 2013 COLA

After review and discussion, motion to approve the District's proposed 2013 COLA of 1.6% was made by Trustee John Norton and seconded by Trustee Melvin Mackay. The motion was approved by unanimous vote, those voting in favor: John Norton, Melvin Mackay, and Mike Embley.

11. REVIEW AND APPROVAL OF 2013 TENTATIVE BUDGET

The Board was provided copies of the proposed 2013 Tentative Budget.

Manager Eppich reviewed the items that have a large dollar or percentage change from last year's budget.

11. REVIEW AND APPROVAL OF 2013 TENTATIVE BUDGET (CONTINUED)

Sewer fees are increasing because of new growth and connections to the system. Nose on fees are increasing because construction is increasing. Penalties are increasing because of the rate increase and because of the economy. If the economy improves we would expect the penalties to decrease. Interest income is projected to increase because of the higher reserves and interest expense is decreasing because of paying part of the bonds off. We are budgeting a decrease in capacity fees because of the decrease in the fee based on the study that is being finalized.

The Central Valley capital is increasing by about $38,000 to fund the capital projects at Central Valley, including the interceptor rehab project that was discussed earlier.

The lines maintenance budget is increasing significantly. Lines repair and maintenance is increasing by $300,000 due to funding for projects listed on the provided projects sheet as well and our normal yearly maintenance expenses. Emergency no fault plan is approximately $35,000 which is an increase of $25,000 to start building the fund for a no fault plan to be in compliance with the new sewer management plan.

Information technology is increasing by $5,800 due to salaries and benefits increases and increasing subscription and training. This is to send two employees to the ESRI conference in San Diego.

The District has budgeted an additional $48,000 to contingency as an exception for possible wet years. Central Valley's budget is based off of a running 12 month cycle and if we have an exceptional wet year the District would be under funded.

Administration expense is increasing by $53,700. Subscription and training is increasing due to sending the manager to ESRI to determine if it is worthwhile to continue sending the computer people to the conference. Grounds and maintenance is increasing due to having to replace some of the cement caps on the walls and to replace the light poles around the complex. They are rusting out and we don't want them to fall over. Postage is increasing so we have increased the budget. By having the County run the election it will cost more so we have budgeted $47,000. Hopefully that will be enough. Professional services is decreasing in the anticipation of having the impact fee and related studies done.

Capital expenditures are as proposed. A VacCon combination cleaning truck is budgeted for about $351,000 with a trade in of $70,000. We are also budgeting for a used lateral launch camera at $35,000.

After review and discussion, motion to approve the 2013 Tentative Budget with the discussed corrections and changes, and to be made available for public review before the public hearing next month was made by Trustee John Norton and seconded by Trustee Melvin Mackay. The motion was approved by unanimous vote, those voting in favor: Melvin Mackay, John Norton, and Mike Embley.

12. MANAGER'S REPORT

A. PERSONNEL REVIEW

No employee anniversaries are in November and all employees are doing a good job.

B. OPERATIONS REPORT

Lines maintenance has been doing quite a few point repairs with our lining system and it has been going very well. We have also finalized pouring the cement in the intersection of 3900 South and Highland drive.

C. UTAH ASSOCIATION OF SPECIAL DISTRICTS

1. Conference – Reminder of the Conference that is being held on November 7 – 9, 2012, at the Zermott Resort, Midway, Utah
2. Bill – The UASD bill was provided for Board review. The Board gave their approval to pay the bill.

D. REVIEW AND APPROVAL OF BUILDING SIGNAGE

Controller Rohwer presented the Board with a couple of samples for the signage on the building. It was decided the "stop sign" style was the preferred style.

E. REVIEW AND APPROVAL OF LINE MAINTENANCE BID

The Board was provided copies of the lines maintenance bids. It was recommended we accept the bid from Insituform for $73,745.00. They can start the work the first part of November.

After review and discussion, motion to approve the bid from Insituform was made by Trustee John Norton and seconded by Trustee Mel Mackay. The motion was approved by unanimous vote, those voting in favor: John Norton, Mel Mackay, and Mike Embley.

F. UPDATE ON WEFTEC CONFERENCE

The Board felt it was a good conference. Trustee Norton stated it was very informative and well worth attending this conference.

G. UASD CONFERENCE

Item discussed above.

H. WEAU MID-YEAR CONFERENCE

Manager Eppich asked who would like to attend this conference so we can get arrangements made. Trustee Embley stated he would like to attend. We will get Trustee Embley registered for the conference.

13. INFORMATION ITEMS (NO ACTION REQUIRED)

A. UTAH PUBLIC TREASURER'S POOL YIELD

The Utah Public Treasurer's Pool Yield for September 2012 has decreased slightly from .7684% to .7677%.

B. CENTRAL VALLEY FLOW & LOAD REPORT

A copy of the July Central Valley Flow & Load Report was provided for Board review. Manager Eppich stated that flows were at approximately 15 MGD, August flows were between 13.5 – 14 MGD and September was between 12¾ – 13¼ MGD.

C. ANNUAL GRANITE SCHOOL DISTRICT BILLING FOR SEWER FEES

At this time we have not received the necessary information from the Granite School District to prepare their annual District billing. We will be in contact with them this week.

The next Board Meeting will be held Tuesday, November 19, 2012 at 9:00 a.m., and the Public Hearing will be at 10:00 a.m.

With no further information to come before the Board, motion to adjourn was made by Trustee John Norton and seconded by Trustee Melvin Mackay. The motion was approved by unanimous vote, those voting in favor: John Norton, Melvin Mackay, and Mike Embley.

The meeting adjourned at 1:25 p.m.

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Mike Embley, Board Chair