MINUTES OF THE MEETING OF THE
KEARNS IMPROVEMENT DISTRICT (KID) BOARD OF TRUSTEES
HELD MAY 14, 2024 AT THE DISTRICT OFFICE
LOCATED AT 5350 WEST 5400 SOUTH, KEARNS, UTAH

Trustees Present:

Gregory R. Christensen
Jeff Monson
Cheryle A. Hatch

Staff Present:

Greg Anderson, General Manager/CEO
Riley Astill, Finance Director/Controller
James "Woody" Woodruff, Public Works Director/Engineer
Mark H. Anderson, Attorney
Jamie Banh, Executive Administrative Assistant
Frank deJong, Assistant Operations Manager

Others Present:

Kara Lutz, Future KID Director of Administrative Services
Robert Wood, HBME
Warren Anderson, HBME
Marie Owens, AE2S

Call to Order:

Chair Christensen called the meeting to order at 5:30 p.m. and welcomed all those present. The invocation was offered by James "Woody" Woodruff and the pledge of allegiance was led by Riley Astill.

Public Comments:

There were no public comments.

Approval of Minutes (Regular Meeting, March 12, 2024):

None of the Trustees having any corrections or additions for the minutes, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

That the minutes of the March 12, 2024 Board meeting be approved as presented.

The motion carried with Trustees Christensen, Monson, and Hatch, each voting in the affirmative.

Board Training - "Updates – New Fuel Station":

Frank deJong discussed the District's new fuel station. He noted that, as a result of the fuel station, staff members are saving time and the District is saving money. Additional benefits include having an ample supply of fuel in the event of an emergency. He also discussed security measures at the site. At the end of his presentation, Trustee Hatch expressed the Board's appreciation for the report and for Mr. deJong's service to KID and its customers.

Discuss the General Manager's Report:

Greg Anderson reviewed high points from his written monthly Report, a copy of which was included in the Board Book, including a $1,000,000.00 EPA grant that is being sought for the Kearns Jr. High School Water Line Replacement Project, which will require a $200,000 local match if KID qualifies for the grant. Mr. Anderson also discussed his participation on the S.B.76 Study Group, which is looking into utility regionalization, and on the S.B.34 Study Group, which is looking into the elimination of property taxes that "subsidize" water and sewer service rates. David Robertson, with LRB Public Finance Advisors, is conducting a study for the Group. Initially, it appears that, for every dollar of property tax that is eliminated, a rate increase of at least 125% and up to 200% will be required to make up the loss. Senator McCay, the sponsor of S.B.34, joined the Study Group near the end of the discussion and expressed his disapproval.

Mr. Anderson also touched on the illegal discharge of toxic substances at the Hexcel/Northrup Grumman sewer metering station; and Blake Anderson's and Dana Timothy's retirements after many years of service to KID. With the retirement of Dana Timothy as the Customer Service Manager, management reviewed the customer service structure and identified changes to improve efficiency, increase transparency, and comply with statutory requirements regarding the separation of Clerk duties (which involve District expenditures) and Treasurer duties (which deal with revenues). As a result, the new position "Director of Administrative Services" has been created and, after an exhaustive recruitment process, Kara Lutz has been selected as the most qualified candidate to fill that position. She is married to KID employee Robert Lutz, but she will not supervise or be supervised by her husband, and the legality of the hiring, and of the reorganization, has been reviewed by legal counsel. Ms. Lutz will assume her new duties before the June Board meeting, and will thereafter report to the Board alongside the Finance Director and the Public Works Director.

Mr. Anderson suggested that, for the convenience of Rob Wood and Warren Anderson, representing HBME, KID's independent outside auditors, that agenda item IV.A be taken out of order; which was agreeable to the Chair.

Consider 2023 Audit Report:

Warren Anderson reviewed highlights from the written Independent Auditor's Report, a copy of which was included in the Board Book. HBME issued a "clean" opinion. Everything was found to be in order, no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards" were found, and the District was found to be in full compliance regarding the receipt and expenditure of federal funds. In particular, changes between December 31,

2022 and December 31, 2023 were noted. Rob Wood provided supplemental information during Warren Anderson's review of the Audit Report.

The Trustees expressed their appreciation to the auditors, after which they left the Board room.

Discuss the General Manager's Report:

The discussion returned to Agenda item III.B, and the conclusion of Greg Anderson's monthly Report. A short animated storyboard film was presented. The film provides information about KID's water system, particularly KID's new AMI water meters that currently are being installed, along with fifty-foot tall antennas that are being located at strategic locations to read the meters. All of the new meters are expected to be installed, and the animated film will go public, by the end of the summer. Greg Anderson noted that a $50,000.00 grant from the Jordan Valley Water Conservancy District will offset a portion of the $120,000.00 to $130,000.00 cost of six regional antennas. Mr. Anderson also discussed concerns regarding the inability of the Jordan Valley Water Conservancy District to properly fill KID's water tanks at night. The written Report included a letter that expressed KID's frustration with Jordan Valley for not using the Rate Stabilization Fund to reduce Jordan Valley's wholesale water rate increases.

Discuss the Public Works Report:

A copy of Mr. Woodruff's monthly Report was included in the Board Book. Mr. Woodruff briefly reviewed the status of the 4700 South Outfall Sewer Line Project, the 4320 West Waterline Replacement Project, and the installation of the Water Meter AMI Towers. He then reviewed KID's participation in the "2024 Great Shakeout" mock earthquake exercise, which took place one day early to accommodate employee training that had been scheduled at the same time as the Shakeout exercise.

Discuss the Administrative and Financial Reports:

Mr. Astill reviewed highlights from his monthly Administrative and Financial Reports, copies of which were included in the Board Book. Overall, KID's financial performance for the month of March, 2024 was very good, yielding net income of $733,444.00; as was the year-to-date financial performance, with more than $2,000,000.00 in net income. Mr. Astill cautioned, however, that the numbers can be a bit deceiving due to the timing of expenditures compared to revenues; noting that additional Central Valley Water Reclamation Facility capital expenditures are anticipated. He reported that the last batch of new meters had arrived and were being installed; and referenced the recently completed independent Audit of KID's finances. Mr. Astill highlighted the Investments/Reserves Report, which reflects that the District's reserve funds are earning interest that is between 3.99% (Moreton Asset Investment) and 5.37% (Public Treasurer's Investment Fund ("PTIF") managed by the State Treasurer). Trustee Hatch pointed out discrepancies in the Reports, which Mr. Astill will research and correct.

Consider the Check Register:

A copy of the March 2024 Check Register, which is a list of all expenditures made during the month, was included in the Board Book. Because the April Board meeting was cancelled, the Trustees

also reviewed the February 2024 Check Register. After Mr. Astill responded to questions from the Trustees regarding the February expenditures, it was moved by Trustee Hatch and seconded by Trustee Monson as follows:

That the February 2024 Check Register be ratified and approved as presented.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Mr. Astill then responded to questions from all three Trustees regarding the March 2024 Check Register, with Mr. Woodruff providing information concerning specific expenditures. Among other things, it was noted that filling the water tanks half full during the winter and 100% full during the summer is standard practice. At the end of the discussion, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

That the March 2024 Check Register be ratified and approved as presented.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Consider Training Requests:

There were no training requests to be considered by the Board.

Consider Purchases/Costs Over $50,000:

Due to no Board meeting having been held in April, it was necessary for the Board to consider the ratification of three invoices, along with the approval of two new invoices.

Mr. Woodruff reviewed Application for Payment No. 16 from Whitaker Construction Co., Inc., for work completed and inspected for the month of March 2024 on the 4700 South Outfall Sewer Project in the amount of $350,817.55, less a 5% retention of $17,540.88, yielding a net payment due of $333,276.67. Mr. Woodruff recommended that the Invoice be approved for payment, after which it was moved by Trustee Hatch and seconded by Trustee Monson as follows:

That the payment for work on the 4700 South Outfall Sewer Project performed by Whitaker Construction Co., Inc. be ratified and approved in the amount of $333,276.67.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Mr. Woodruff then reviewed the invoice for Progress Payment #2, for work completed by Noland & Son Construction Co. on the UPRR 16 Inch Slip Line Project, in the amount of $86,200.00, which Mr. Woodruff recommended be paid. Inasmuch as the Project is complete, a retention was not required.

It was moved by Trustee Hatch and seconded by Trustee Monson as follows:

That the payment to Noland & Son Construction Co. be ratified and approved, for work on the UPRR 16 Inch Slip Line Project, in the amount of $86,200.00.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Mr. Astill then reviewed Invoice #9754 from MeterWorks for 150 Neptune residential meters and 300 meter gaskets in the amount of $50,319.00, as reflected in the Invoice and a Memorandum, both of which were included in the Board Book.

It was moved by Trustee Hatch and seconded by Trustee Monson as follows:

That the payment to MeterWorks for Neptune residential meters (Invoice #9754) be ratified and approved in the amount of $50,319.00.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Mr. Astill then reviewed Invoice #9786 from MeterWorks for 3,500 Neptune residential meters and related gaskets in the amount of $978,950.00. It was noted in a Memorandum from Mr. Astill that, by ordering the meters in advance, KID saved $185,000.00 due to avoiding price increases. Mr. Astill pointed out that Invoice #9786 stated a rate of $279.50 for each of the 3,500 meters, compared to a price of $335.16 for each of the 150 meters listed on Invoice #9754. The 150 meters were diverted (temporarily) from another MeterWorks customer so KID's installation crew could keep working, even though the big meter order had not yet arrived.

It was moved by Trustee Hatch and seconded by Trustee Monson as follows:

That Invoice #9786 from MeterWorks be approved for payment in the amount of $978,950.00 for 3,500 Neptune residential meters.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Finally, Mr. Woodruff reviewed Application for Payment No. 17 from Whitaker Construction Co. Inc. for work on the 4700 South Outfall Sewer Project completed and inspected for the month of April, 2024 in the amount of $877,128.00, less a 5% retention of $43,856.40, yielding a net payment due of $833,271.60, and his Memorandum addressing the requested payment, copies of which were included in the Board Book. Mr. Woodruff recommended that the payment be approved.

It was moved by Trustee Hatch and seconded by Trustee Monson as follows:

That a payment, for work on the 4700 South Outfall Sewer Project, be approved to Whitaker Construction Co., Inc. in the amount of $833,271.60.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Consider Bond Releases/Reductions:

There were no bond releases or reductions to be considered by the Board.

Consider 2023 Water Quality Report:

A copy of KID's Annual Water Quality Report for reporting year 2023 was included in the Board Book. Greg Anderson used a PowerPoint presentation to review the Report, noting that it has been translated into Spanish. He explained that, after the Board approves the Report, it will be posted on the District's website. He noted that KID has met all applicable regulatory requirements, and responded to questions from the Trustees. Several questions centered on the benefits of having established more water quality inspection stations. Both Mr. Anderson and Mr. Woodruff responded to the questions, explaining that the benefits include ease of collection and better coverage.

It was moved by Trustee Monson and seconded by Trustee Hatch as follows:

That the District's 2023 Annual Water Quality Report be approved as presented.

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Discuss and Consider the Call to Order Items – Invocation & Pledge:

Trustee Hatch expressed discomfort regarding the invocation, which rotates among the Trustees and key management personnel. Greg Anderson conducted an informal poll of 13 Salt Lake County special districts and municipalities, including KID, and one interlocal cooperation entity regarding the inclusion of an invocation and a pledge of allegiance at the start of their governing body meetings. Of the group, only KID and the Taylorsville-Bennion Improvement District have an invocation, but 9 of the 14 include a pledge of allegiance. Trustee Monson expressed a desire to continue to have an invocation, noting that divine guidance may be helpful when making important decisions, but appreciated Trustee Hatch's sensibilities and suggested that other faiths could be included in the rotation. Chair Christensen agreed with Trustee Monson. The Trustees decreed that those who so desire can be in the prayer rotation, but it is completely voluntary. Trustee Hatch stated that she would be okay with not being in the rotation, as did Greg Anderson and Kara Lutz.

Discuss and Consider Change in Banking Services Institution:

A Memorandum from Riley Astill regarding the District's banking services was included in the Board Book. After considering Zions Bank, US Bank and Mountain America Credit Union ("MACU"), particularly focusing on fees and the interest rates that would apply to the District's accounts, it was determined that receiving banking services from MACU will reduce banking fees paid by the District by approximately $500.00 per month, and MACU offers a savings account that pays ¼ of 1% higher interest than the Public Treasurer's Investment Fund, which is equivalent to additional annual interest earnings of $2,500.00 per $1,000,000.00 that is on deposit. MACU is an authorized depository institution on the Utah Money Management Council list. Following a lengthy

discussion, during which Mr. Astill responded to a number of questions from the Trustees, it was moved by Trustee Monson and seconded by Chair Christensen as follows:

> **That Mountain America Credit Union be authorized to provide the District's banking services, with Greg Anderson, Riley Astill, Greg Christensen, Jeff Monson, and Cheryle Hatch as depository signatories on the account.**

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Consider Kearns Improvement District UDOT Relocation Agreement UT09-01 – Relocation of KID Sewer at 4700 South and Bangerter Highway:

A copy of the referenced Agreement was included in the Board Book. Greg Anderson briefly reviewed the Agreement, which involves the relocation, by UDOT's contractor, of KID's thirty inch diameter sanitary sewer line in 4700 South due to the grade separated interchange with Bangerter Highway. After Greg Anderson and James Woodruff responded to questions from the Trustees, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

> **That the Kearns Improvement District Relocation Agreement UT09-01 for the 4700 South Project be approved and that the General Manager be authorized to arrange for and sign the Agreement.**

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Discuss and Consider URS Tier 2, 0.7% Employee Contribution Amount:

Greg Anderson explained that, effective July 1st, the Utah Retirement Systems ("URS") will require all Tier II public employees to contribute an additional 0.7% of their salary to the URS Pension Plan, in addition to the contributions being paid by their employers. State Senator Wayne Harper sponsored S.B.140, which was considered during the 2024 General Session of the Utah Legislature. That Bill would have authorized participating public employers to voluntarily elect to pay contributions that exceed the contribution cap for the Tier II URS Pension Plan which, after July 1, will be 0.7%. Unfortunately, the Bill failed to pass. The state of Utah has elected to increase the salary of state employees to cover the increased URS contribution, and some special districts are doing the same. A 1% wage increase is required to cover the 0.7% (after tax) URS contribution. Greg Anderson recommended that the Trustees approve payments from KID's payroll cash/fringe account equal to 1% of each employee's salary noting that, once legislation is passed that will allow the District to pick up the additional URS member contribution, this payout could be terminated with no impact on any employee's pay rate, with the change to be effective as of the first payroll period in July of this year. Mr. Anderson explained that this will be treated like a car allowance. It would be taxed, but there would not be an additional URS contribution.

Mark Anderson noted that some governmental employers have elected to pay a one-time 1% bonus to their employees to cover the 0.7% URS member contribution without affecting salaries or wages. He predicted that Senator Harper will sponsor similar legislation next year, and that it will pass.

At the end of the discussion, it was moved by Trustee Hatch and seconded by Chair Christensen as follows:

> **That the proposal outlined by management to provide a temporary 1% salary bump for all KID employees through the payroll cash/fringe account be approved as presented.**

The motion carried with Trustees Christensen, Monson and Hatch each voting in the affirmative.

Discuss and Consider the 2024 KID Water Conservation Art Contest Winners:

Jamie Banh was responsible for coordinating this year's Water Conservation Art Contest. Information about the contest was distributed to 19 schools, 6 county libraries, 28 local businesses, and 10 community public officials, and was posted on the KID website, where it received 1,062 hits. Facebook and other promotional opportunities were also utilized. In all, 59 entries were received.

The Trustees reviewed the 2024 KID Water Conservation Art Contest submissions, starting with the adult competition, followed by High School, Jr. High School, and Elementary School (where there were 34 qualified entries). After careful consideration, the following awards were approved:

Adult:
1st Place Hope Allen
2nd Place Yvonne Krause
3rd Place Kaylene Fetzer
4th Place Jewel Busch

High School:
1st Place Jocelyn Vazquez
2nd Place Isabella Brown
3rd Place David Chacin
4th Place Erick Moreira

Jr. High School:
1st Place Brenia Olsen
2nd Place Victoria Moore
Private Sponsor Award: Anelim Mitre

Elementary School:
1st Place Sofia A. Morales
2nd Place Autumn Smith
3rd Place Emma Cadena
4th Place Emersyn McCann

A Private Sponsorship Award was given to each of the other qualified Elementary School participants

Discuss the character, professional competence, or physical or metal health of one or more individuals – Possible Closed Meeting:

This agenda item was not needed.

Outside Agency Business:

Other than noting that, effective May 1, 2024, the Kearns Metro Township became Kearns City, it was decided that, due to the lateness of the hour, it would not be necessary to review any outside agency business.

Trustee Per Diem Report:

The latest Trustee Per Diem Report was included in the Board Book.

Adjourn:

There being no further business to come before the Board, Chair Christensen declared the meeting to be adjourned at 8:43 p.m.

Approved by the Board of Trustees of the Kearns Improvement District on the 4th day of June, 2024.

Dated: June 18, 2024 by /s/ Gregory R. Christensen, Chair
Dated: June 18, 2024 by /s/ Jeff Monson, Vice-Chair
Dated: June 18, 2024 by /s/ Cheryle A. Hatch, Board Clerk
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