

**MINUTES OF THE MEETING OF THE
KEARNS IMPROVEMENT DISTRICT (KID) BOARD OF TRUSTEES
HELD JULY 11, 2023 AT THE DISTRICT OFFICE
LOCATED AT 5350 WEST 5400 SOUTH, KEARNS, UTAH**

Trustees Present:

Cheryle A. Hatch
Jeff Monson

Trustee Excused:

Gregory R. Christensen

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

Others Present:

Marie Owens, AE2S (Advanced Engineering and Environmental Services, LLC)

Call to Order:

Chair Hatch called the meeting to order at 5:30 p.m. and welcomed all those present. The invocation was offered by Greg Anderson and the pledge of allegiance was led by Riley Astill.

Public Comments:

There were no public comments.

Approval of Minutes (Regular Meeting, June 6, 2023):

Neither of the Trustees having any questions or concerns regarding the June 6, 2023 Board meeting minutes, a copy of which was included in the Board Book, it was moved by Trustee Monson and seconded by Chair Hatch as follows:

That the minutes of the June 6, 2023 regular Board meeting be approved as presented.

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

Board Training – “Financial Investment Update”:

Riley Astill presented the subject “Financial Investment Update”, during which he noted that the current interest yield curve is inverted, with short term interest rates higher than long term interest rates, which may indicate an imminent recession. The District has an opportunity to lock in an interest rate of between 5% and 6% with a 2-year term. Mr. Astill explained that, when short term interest rates are higher than long-term locked in interest rates, the long-term investment may incur a “paper loss”. Since the District holds its investments until maturity, no paper losses are converted into real dollar losses for the District. Mr. Astill explained how deficit government spending, inflation and interest rates can create a cycle, and how that cycle can impact the economy. He also explained the role the Federal Reserve plays in attempting to cool down inflation and minimize the severity of a recession. At the conclusion of his presentation, the Trustees expressed their appreciation to Mr. Astill, and Greg Anderson stated that “the District is fortunate to have Riley”, who is a certified financial investment manager, as an employee.

Consider General Manager’s Report (including the Administrative/Financial Report and the Public Works Report):

The General Manager’s written monthly Report, along with the Administrative Financial Report prepared by Riley Astill and the Public Works Report prepared by James Woodruff, was included in the Board Book.

As he reviewed his written report, Greg Anderson stressed the importance of public outreach activities such as a water conservation art contest being sponsored by the District (detailed information was included in the Board Book); and the Kearns Day Celebration, including a parade and booth at the Fire Water & Ice event. He reported the progress of a “.gov” domain name change to “kidwater4ut.gov”, for which approval is pending before the Federal Cybersecurity & Infrastructure Security Agency (CISA), which is part of Homeland Security. Mr. Anderson explained that Hexcel’s wholesale water purchase contract with the Jordan Valley Water Conservancy District (“Jordan Valley”) will expire at the end of the year. Jordan Valley does not intend to renew wholesale water purchase contracts with industrial users, which has resulted in discussions with Hexcel and Northrup Grumman regarding the potential for KID to take over the contract and provide water to Hexcel and Northrup Grumman. Two individuals, Greg Christensen and Royce Gibson, have filed to be candidates in the upcoming KID Trustee election.

Riley Astill then reviewed high points from his monthly Finance Report, noting that the District continues to outperform budgeted numbers for the year. Among other things, he reported that the KID Audit, Financial Certification, and Fraud Risk Assessment have been submitted to the State Auditor; the second quarter payroll tax reports have been filed with state and federal

agencies as required; a report has been submitted to the Utah Money Management Council; the certified tax rate will be slightly lower than expected, but will generate property tax revenue as projected in the Budget; a budget hearing date has been submitted to the Salt Lake County Treasurer; and the second quarter Transparency Report is being prepared.

James Woodruff then reviewed his written Public Works Report. Among other things, he went into detail regarding a colony of bees that had taken up residence in the #6 Well House. Mr. Woodruff, being a beekeeper, was able to lead the effort that resulted in removing thousands of bees and their wax comb to Farr West in Weber County, and the repair of resulting damage to the Well House. Mr. Woodruff also reported on the status of KID's current capital projects, including work on the 4460 water main (being handled in house), the new fuel station, the Zone D water loop project, and the office and Cougar Pump Station floors epoxy project. Trustee Monson noted that, out of twelve grease trap inspections completed during the month, two failed to pass the inspection.

Consider Check Register:

A copy of the May 2023 Check Register, which is a list of all payments made during the month, was included in the Board Book. Chair Hatch commented on and asked a number of questions regarding several of the listed checks. Riley Astill responded to her questions and Greg Anderson and James Woodruff provided additional information. Greg Anderson responded to a question from Trustee Monson regarding a payment to Valbridge Property Advisors for an appraisal of property the District is negotiating to purchase. It was then moved by Trustee Monson and seconded by Chair Hatch as follows:

That the May 2023 Check Register be ratified and approved as presented.

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

Consider Financial Report:

A copy of the monthly Financial Report, which consists of a series of individual reports including the Statement of Net Position, the Statement of Revenues & Expenses, the Investments/Reserves Report, and the Customer Service Report, was included in the Board Book. Riley Astill pointed out high points in the individual reports and responded to questions from the Trustees, including a question regarding increased utility costs.

Consider Training Requests:

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

Consider Purchases/Costs Over \$50,000:

James Woodruff reviewed a Memorandum and documentation from Whitaker Construction Co., Inc. regarding Application for Payment No. 7 for work on the 4700 South Outfall Sewer completed and inspected for the month of June in the total amount of \$1,898,693.45, less a 5% retention of \$94,934.67, leaving a net payment due of \$1,803,758.78, which Mr. Woodruff recommended for payment. It was noted that the construction project is 59% complete. Neither of the Trustees having any questions, it was moved by Trustee Monson and seconded by Chair Hatch as follows:

That Application for Payment No. 7 from Whitaker Construction Co., Inc. for work on the 4700 South Outfall Sewer be approved for payment in the amount of \$1,803,758.78.

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

Mr. Woodruff then reviewed a Memorandum regarding a payment due on the Zone D Loop Water Line for work completed by Noland & Son Construction Co., Inc. (“Noland”) and inspected for the month of May, 2023. The Memorandum and Contractor’s Application for Payment No. 5 submitted by Noland were included in the Board Book. Mr. Woodruff recommended approval a \$269,696.05 payment, less a 5% retention of \$13,484.80, leaving a net payment due of \$256,211.25.

Neither of the Trustees having any questions, it was moved by Trustee Monson and seconded by Chair Hatch as follows:

That Contractor’s Application for Payment No. 5 submitted by Noland & Son Construction Co., Inc. for work completed on the Zone D Loop Water Line be approved for payment in the amount of \$256,211.25.

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

Consider Bond Releases/Reductions:

James Woodruff explained that four bond releases, for four different phases in Wood Hollow Estates, were ready to be processed. A Memorandum regarding each recommended bond release was included in the Board Book.

It was recommended that a final 10% bond release, in the amount of \$55,191.58, be approved for the Wood Hollow Estates Phase 1 Subdivision.

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

That the final 10% of the Wood Hollow Estates Phase 1 Bond be released in the amount of \$55,191.58.

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

A Memorandum recommending the release of 100% of the Wood Hollow Estates Phase 2 Bond was included in the Board Book. Mr. Woodruff explained that, on account of the Covid lockdown, no portion of the bond had previously been released. However, since all of the water and sewer utilities have been installed, punch list items have been successfully completed, KID has inspected the work, and the twelve month warranty period having expired, Mr. Woodruff recommended that the full amount of the bond, \$482,170.00, be released.

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

That the Wood Hollow Estates Phase 2 Bond be released in the total amount of \$482,170.00.

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

As recommended by staff, it was moved by Trustee Monson and seconded by Trustee Hatch as follows:

That the remaining 10% balance of the water and sewer bonds on the Wood Hollow Estates Phase 3 Subdivision be released in the amount of \$49,947.50.

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

Finally, it was moved by Trustee Monson and seconded by Chair Hatch as follows:

That the final 10% of the water and sewer bonds for the Wood Hollow Estates Phase 4 Subdivision be released in the total amount of \$9,856.14.

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

New Business:

For the first time in anyone's memory, there is no new business to be considered by the Board.

Central Valley Water Reclamation Facility:

A copy of the agenda for the June 28, 2023 Central Valley Water Reclamation Facility Board meeting was included in the Board Book. Trustee Monson being out of town, Greg Anderson filled in as KID's alternate representative on the Central Valley Board. Mr. Anderson reviewed a number of the agenda items and reported concerning current Central Valley activities and issues. One item of particular concern is Central Valley's new generators which, according to the Utah Division of Air Quality, are contributing to an ozone pollution problem. The generators

were purchased based upon efficiency standards, not on pollution potential. A resolution of the issue is still up in the air. Mr. Anderson reported that a UPDES (Utah Pollutant Discharge Elimination System) ammonia permit limit exceedance by Central Valley in May has been corrected, and that ammonia levels are now in compliance. He reported that an effort to enter into a 50 to 60 year lease of the Central Valley Golf Course area is on a two year hiatus because the potential lessee is having trouble securing financing.

Trustee Monson reported concerning a Central Valley Personnel Committee meeting that took place the day before the KID Board meeting. A salary survey has been completed by Central Valley, the results of which will be shared with the Central Valley member entities. Based on the salary survey, only seventeen Central Valley positions need to be adjusted. Currently, Central Valley recognizes nine paid holidays. It is likely that two additional paid holidays will be identified and provided as an employee benefit. Trustee Monson stated that Central Valley is working on its Travel Policy in an effort to minimize travel costs.

Jordan Valley Water Conservancy District:

A copy of the agenda for the June 7, 2023 Jordan Valley Water Conservancy District Board of Trustees meeting was included in the Board Book. Greg Anderson reported that Central Valley's new rate structure has been approved, including a 4.8% increase in KID's wholesale water purchase rate, and a 9.8% property tax increase is expected to be approved next month. Jordan Valley's Fraud Risk Assessment placed Jordan Valley in the "acceptable" category. Finally, Mr. Anderson noted that a new 7.8 million gallon water tank will cost Jordan Valley \$2.00 per gallon of capacity, compared to \$1.50 per gallon of capacity, which was the cost of KID's most recently completed water tank. Mr. Anderson believes that Jordan Valley could have saved concrete, and money, if a post tension tank design had been utilized.

Utah Association of Special Districts:

Greg Anderson stated that the UASD Board of Trustees, of which he is a member, did not meet this month.

Kearns Metro Township Council:

A copy of the agenda for the July 10, 2023 Kearns Metro Township Council meeting was distributed to the Trustees. Chair Hatch reviewed a number of the agenda items and reported concerning current Kearns Metro Township activities. She noted that Greg Anderson presented the first stakeholder update to the Council. Chair Hatch provided details concerning updates presented on behalf of the Wasatch Front Waste and Recycling District (WFWRD), the Unified Fire Authority, and the Unified Police Department. Among other things, she noted that WFWRD is moving away from the use of landfill vouchers and toward using QR codes. Neighborhood dumpsters will be available this fall for community cleanup activities. The Unified Fire Authority reported a good, relatively quiet, Fourth of July. Chair Hatch noted that community relations

activities are being undertaken by the Unified Police Department, including an August 4th hometown night and a survey to receive community feedback.

Kearns Community Council:

Trustee Monson noted that the next Kearns Community Council meeting will be held on the 18th of July.

ChamberWest – Legislative Committee:

Greg Anderson stated that there was not a Chamber West Board of Governors meeting in June.

Trustee Per Diem Report:

A copy of the July 2023 Trustee Per Diem Report was included in the Board Book. Greg Anderson mentioned that Unified Fire Chief Hughes will tour KID's facilities next Monday, July 17th.

Adjourn:

There being no further business to come before the Board, Chair Hatch declared the meeting to be adjourned at 6:58 p.m.

Approved by the Board of Trustees of the Kearns Improvement District on the 8th day of August, 2023.

Dated: August 8, 2023 by /s/ Cheryle A. Hatch, Chair

Dated: August 8, 2023 by /s/ Gregory R. Christensen, Vice-Chair

Dated: August 8, 2023 by /s/ Jeff Monson, Board Clerk