

MINUTES OF THE MEETING OF THE TRUSTEES
OF THE CENTRAL WEBER SEWER IMPROVEMENT DISTRICT
HELD MONDAY, APRIL 19, 2021. THE MEETING WAS HELD ELECTRONICALLY
WITH A PHYSICAL ANCHOR LOCATION AT THE DISTRICT OFFICE LOCATED AT
2618 WEST PIONEER ROAD, MARRIOTT-SLATERVILLE, UTAH, WITH PUBLIC
ACCESS TO THE MEETING

Trustees Present: Mark Allen, Bart Blair, Sharon Bolos, Mike Caldwell, Leonard Call, Lee Dickemore, Dale Fowers, Rich Hyer, Scott Jenkins, Russ Porter, Norm Searle, Jo Sjoblom, Michelle Tait and Scott Van Leeuwen

Trustee Excused: Neal Berube

Others Present: Kevin Hall, John Cardon, James Dixon, Mark Anderson, Paige Spencer, Amy Davies, Preston Kirk, Matt Dugdale, Doug Larsen, Ryan Bench, Shawn Wilson

Call to Order:

The meeting was called to order at 5:03 p.m. by Chairman Allen, who was the only Trustee present at the anchor location.

The pledge of allegiance was led by Chairman Allen. The invocation was offered by Trustee Bolos.

Public Comment:

There were no public comments.

Minutes of March 15, 2021 Board Meeting Approval:

There being no corrections to the minutes of the March 15, 2021 Board meeting, it was moved by Trustee Hyer and seconded by Trustee Van Leeuwen as follows:

That the March 15, 2021 Board meeting minutes be approved as presented.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Ratification of Vouchers:

John Cardon recommended ratification of the vouchers, which is a list of all checks and ACH payments issued during the month of March, 2021, as presented. Following a brief review, it was moved by Trustee Hyer and seconded by Trustee Porter as follows:

That the payment of vouchers issued during the month of March, 2021, in the total amount of \$1,993,302.79, be approved and ratified as presented.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Consideration of Pay Requests & Equipment Purchases:

James Dixon presented two payment requests for consideration by the Board.

- Carollo Engineers, Inc. requested a payment of \$233,985.44 for Nutrient Removal Phase II Bioreactor Design. No retainage is required on engineering services. Mr. Dixon recommended approval of the payment.

It was moved by Trustee Van Leeuwen and seconded by Trustee Hyer as follows:

That the payment request from Carollo Engineers, Inc. be approved as presented in the total amount of \$233,985.44.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

- The Board considered a payment request from Whitaker Construction for work completed on the North Area Relief Sewer Project in the total amount of \$158,676.13, less a 5% retainage.

It was moved by Trustee Hyer and seconded by Trustee Call as follows:

That the payment request from Whitaker Construction for work completed on the North Area Relief Sewer Project be approved as presented in the total amount of \$158,676.13, less a 5% retainage.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Certification of Annexation/Withdrawal Petitions:

Trustee Caldwell joined the zoom meeting. The Board considered the following annexation petitions:

- Wade Rumsey – 40 acres – unincorporated western Weber County.
- Soderby, LLC – 40 acres – unincorporated western Weber County.

It was moved by Trustee Sjoblom and seconded by Trustee Bolos as follows:

That the Annexation Petition for the Wade Rumsey property and the Annexation Petition for the Soderby, LLC property each be certified as presented.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Caldwell, Dickemore, Fowers, Hyer, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Consideration of Resolution 2021-07 – Wakeless Holdings Annexation:

Kevin Hall presented Resolution 2021-07 for the Board’s consideration. He reminded the Trustees that the Wakeless Holdings Annexation Petition was previously certified. All legal requirements for the annexation have now been satisfied, and Kevin Hall recommended approval of the proposed annexation. It was moved by Trustee Porter and seconded by Trustee Hyer as follows:

That Resolution 2021-07 be adopted, thereby approving the annexation of the subject real property into the District.

The motion carried, using a roll call vote, by the affirmative vote of Trustees Allen, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Porter, Searle, Sjoblom, Tait, and Van Leeuwen.

Trustee Jenkins joined the zoom meeting.

Consideration of Engineering Selection & Award of Contract for Ultraviolet Light Disinfection Project:

James Dixon advised the Trustees that the Request for Statements of Qualifications (“RFQ”) for engineering services for the Ultraviolet Light (UV) Disinfection Project was advertised by a direct request to a number of engineering firms and by posting the RFQ on the District’s website. Mr. Dixon reviewed the selection process and responded to questions from the Trustees. Two engineering firms submitted SOQs. The selection committee selected Carollo Engineers as being the most qualified firm for the Project. The negotiated cost for the work is a not-to-exceed budget of \$1,094,360. Following the discussion, a motion was made by Trustee Caldwell and seconded by Trustee Hyer as follows:

That Task Order 2021-001 for Carollo Engineers to provide engineering design services for the UV Disinfection System be approved with a not-to-exceed budget of \$1,094,360.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait, and Van Leeuwen.

Review & Consideration of 2020 Audit Report:

Amy Davies, representing Child Richards CPAs & Advisors, presented and reviewed the District’s 2020 Audit Report covering the District’s financial statements. Mrs. Davies stated that

the District is in great financial condition and received a clean opinion in the audit. She discovered one minor finding during the audit, which was presented in a separate letter. Ten hours of compensatory time earned, according to District policies, for one pay period and one employee were not recorded in the District's payroll records. She recommended that the Administrative Assistant review compensatory time balances each pay period to make sure that any earned or used time is properly recorded.

Management responded to the finding by explaining that the District was in the process of installing time keeping software that will allow employees to enter their own payroll time cards. The software will then automatically upload the payroll information to the Caselle software and payroll checks will then be calculated. During a brief period, while the time keeping software was being installed, it was necessary to make some manual entries into the Caselle software. An error was made when the manual information was entered. Now that the time keeping software is fully functional, the cause of the error has been completely eliminated.

Trustee Jenkins was impressed that such a small error was discovered during the audit process, and asked if any additional small errors were found. Mrs. Davies responded that no additional errors were found. Trustees Jenkins was pleased with the accurate work of District employees and the detailed work of the auditor.

Following the presentation, it was moved by Trustee Jenkins and seconded by Trustee Sjoblom as follows:

That the District's 2020 Audit Report be accepted as presented.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Consideration of Finance Committee Report & Finance Plan:

Trustee Searle, who Chairs the Finance Committee, informed the Board that the Finance Committee meetings were very productive and included very good people.

Kevin Hall then presented guiding principles that were considered by the Finance Committee, including:

The minimum cash balance to be maintained in the Public Treasurer's Investment Fund (PTIF) account should be \$15,000,000 as of December 31st of each year. The District receives most of its property tax revenue in December, and will likely drop below a \$15,000,000 cash balance during some years, but should reach the minimum cash balance when property taxes are paid.

A good bond rating should be maintained by preserving a debt service coverage ratio of at least 1.50 for revenue bond coverage and at least 1.25 for revenue bond coverage without impact fees.

Capital projects should be funded utilizing a combination of cash savings, increased revenues and the strategic issuance of bonds, and cash should be used to limit the future cost of debt to be incurred by the District.

The focus should be on increasing non-bonding revenue by implementing service fee increases. There should be an annual growth-related service fee increase, with large service fee increases split over two-year periods.

Property tax revenue should be increased by maintaining a consistent or level property tax rate. Smaller property tax rate increases, below the 0.0008 statutory maximum, should be considered.

Following the meeting, the Committee identified two financial plans, or scenarios, with the following recommendations for the Board's consideration: 1) Maintain a minimum of \$15,000,000 in the PTIF account as of December 31st of each year. 2) Maintain a debt service ratio of at least 1.50 for revenue bond coverage, including impact fee revenue, and revenue bond coverage of at least 1.25 without impact fees. 3) Maintain a property tax rate of 0.0006 (Scenario 1) or 0.000564 (Scenario 2) each year. 4) Increase service fees by 10% in 2022 and again in 2023, and increase service fees by 2% in 2024 and again in 2025.

Chairman Allen expressed a preference for Scenario 1 and a property tax rate of 0.000600. Trustee Jenkins also preferred Scenario 1. It was moved by Trustee Jenkins and seconded by Trustee Porter as follows:

That Scenario 1, with its associated recommendations, be approved and that District staff be authorized to proceed with preliminary requirements to increase the 2022 property tax rate to 0.0006.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Caldwell, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Consideration of \$21,000,000 Bond Issue:

Preston Kirk, representing Stifel, reviewed the bonding plan for 2021 that was approved during the December 2020 Board meeting. The District will bond for a total of \$21,000,000. Approximately \$4,000,000 of the borrowed funds will be used to refund the District's 2008 Series B Bonds, which will provide an annual savings of approximately \$155,000 in bond interest expense. Approximately \$17,000,000 of "new money" will be used to pay for planned capital projects. The District will be able to take advantage of incredibly low interest rates.

The District's plan for the next five years will include using \$21,463,071 of cash reserves, \$50,642,929 of "pay as we go" cash, and \$39,000,000 of bond proceeds to fund the projected \$111,106,000 cost of capital projects.

Trustee Jenkins described it as a good plan that will help the District remain very healthy financially. It was moved by Trustee Jenkins and seconded by Trustee Searle as follows:

That District staff be authorized to proceed with plans for the issuance of bonds totaling \$21,000,000.

The motion carried by the affirmative vote of Trustees Allen, Berube, Blair, Bolos, Caldwell, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait, and Van Leeuwen.

Trustee Caldwell left the meeting.

Consideration of Resolution 2021-08: Approval of the Interlocal Agreement with Marriott-Slaterville for the North East Commercial Project Area:

Trustee Van Leeuwen and Doug Larsen explained that the Project Area includes land located North of 400 North and East and West of I-15. The Community Reinvestment Plan will yield approximately \$50,000,000 in increased taxable value. Central Weber will participate for 15 years by relinquishing 55% of the District's property tax revenue from the Project Area (above the base amount). Increased property tax revenue for Central Weber would be \$17,000 per year during the participation period and \$42,000 each year thereafter. The Reinvestment Project is expected to generate over \$6,000,000 to help fund development projects.

Trustee Allen stated that this Project will be advantageous to all of the cities. Trustee Van Leeuwen said it is a "plus" for everyone involved. Kevin Hall mentioned that the Agreement has been reviewed by Mark Anderson, including some minor corrections to the document. Following the discussion, a motion was made by Trustee Porter and seconded by Trustee Bolos as follows:

That the District approve Resolution 2021-08 authorizing the execution of the Interlocal Agreement for the North East Commercial Project Area with the Community Reinvestment Agency of Marriott-Slaterville.

The motion carried, using a roll call vote, by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait, and Van Leeuwen.

Review & Consideration of March Financial Statement:

John Cardon reviewed the March Financial Statement, which included the District's Balance Sheet and Income Statement. He pointed out that expenses are about as expected and declared that there are no significant fiscal concerns at this point in the budget year. He mentioned that impact fee collections are at 73% of budget in only 25% of the budget year. Growth remains a huge factor within the District's boundaries. It was moved by Trustee Hyer and seconded by Trustee Bolos as follows:

That the March Financial Statement be ratified and approved as presented.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Review of Non-Residential Impact Fee Calculation Method:

Kevin Hall explained that an error in how non-residential impact fees are calculated was discovered recently. In an effort to be completely transparent, Mr. Hall notified the Board of this correction for all future non-residential impact fees. Trustee Allen commented that this was a slight oversight, and the problem should be corrected for future non-residential impact fees.

Possible Closed Meeting Concerning Pending & Threatened Litigation, Purchase of Real Property and/or Personnel Issues:

This agenda item was considered out of order.

Kevin Hall recommended that the Board go into a closed session to discuss the purchase of real property. It was moved by Trustee Bolos and seconded by Trustee Hyer as follows:

That the meeting be closed to discuss the purchase of real property.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Chairman Allen declared the meeting to be closed at 6:05 p.m. Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen, and staff members Kevin Hall, James Dixon, Paige Spencer, John Cardon and Mark Anderson, remained in the meeting during the closed session.

Chairman Allen declared the public meeting to again be open at 6:21 p.m. No formal action was taken during the closed portion of the Board meeting, other than the approval of a motion to come out of the closed meeting and back into open session that was made by Trustee Bolos and seconded by Trustee Searle.

Consideration of Purchase of Real Property:

It was moved by Trustee Jenkins and seconded by Trustee Van Leeuwen as follows:

That District staff be authorized to proceed with the purchase of approximately .87 acres of land located directly to the south of the sewage treatment plant.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait, and Van Leeuwen.

General Manager:

Mr. Hall had no additional comments.

Attorney:

Mark Anderson had no additional comments.

Other Business:

Chairman Allen suggested that Board meetings return back to full in-person attendance starting in June, if COVID numbers continue to improve.

Adjournment:

There being no further business to come before the Board, it was moved by Trustee Sjoblom and seconded by Trustee Van Leeuwen as follows:

That the Board meeting be adjourned.

The motion carried by the affirmative vote of Trustees Allen, Blair, Bolos, Call, Dickemore, Fowers, Hyer, Jenkins, Porter, Searle, Sjoblom, Tait and Van Leeuwen.

Chairman Allen declared the meeting to be adjourned at 6:27 p.m.

Approved by the Board of Trustees of the Central Weber Sewer Improvement District this 17th day of May, 2021.

Mark C. Allen, Chairman

ATTEST:

John Cardon, Clerk