BOARD OF TRUSTEES MEETING MINUTES

October 20, 2014
** District Office**
5:00 p.m.

I. CALL TO ORDER

The October 20, 2014, Board of Trustees meeting was called to order by Chair Jan Wilking at 5:00 p.m. Other Board members in attendance were Mary Ann Pack, Robert Richer and Richard Pick. Roger McClain was in attendance for Mayor Thomas. SBWRD staff in attendance were Mike Luers, Roger Robinson, Michael Boyle, Dave Actor, Kevin Berkley, Scott McPhie and Kim Dudley. Also in attendance were Jeremy Cook, Parsons, Kinghorn and Harris, Craig Ashcroft, Carollo Engineers and Jonathan Ward, Zion's Bank.

II. CONSENT AGENDA – Approval of Board Meeting Minutes for September 22, 2014

Mr. Richer made the motion to approve the Consent Agenda, Mr. Wilking seconded and the motion carried with Ms. Pack, Mr. Richer, Mr. Pick and Mr. Wilking voting in the affirmative.

III. PUBLIC INPUT – There was no public input.

IV. SERVICE AWARD – Roger Robinson 30 years

Mr. Wilking presented Mr. Robinson with a service award for 30 years. He said that this was a special occurrence and it was unbelievable. Mr. Wilking told Mr. Robinson he has been such a great member of the staff, team player and it's been wonderful to know him. He thanked Mr. Robinson very much. Mr. Luers thanked Mr. Robinson as well.

Mr. Robinson said he has worked with Ms. Pack and Mr. McClain to name a few and it's been a wonderful opportunity to work at the District.

Ms. Dudley said that Mr. Robinson has been awesome. She said he is her go to guy. If a customer has a question or a problem that she can't help them with she knows where to turn. Ms. Dudley said he always helps her find the answer and told Mr. Robinson it's been a pleasure working with him.

The Board and staff congratulated Mr. Robinson on his service award of 30 years.

V. APPROVAL OF EXPENDITURES – Bills in the Amount of $1,065,660.98 including Training Building Project Pay Request #5 in the amount of $311,799.50 – Peck Ormsby Construction has submitted Pay Request #5 for $311,799.50 ($328,210.00 less $16,410.50 retainage of 5%). The second floor concrete deck is completed and masonary is nearly complete on the west side. Seismic work on the RAS/WAS Building and Solids Building is complete. Shingles have been installed on both buildings.

The work is 50.8% complete. The time elapsed is 31.3%.

Mr. Pick made the motion to approve the Expenditures, Ms. Pack seconded and the motion carried with Mr. Richer, Ms. Pack, Mr. Pick and Mr. Wilking voting in the affirmative.

VI. SUBDIVISION PROJECTS

The Colony Lot 80 – 2 REs

When the wastewater main line system was installed for Phase 2 of The Colony at White Pine Canyon, a main line was never installed up to Lot 80. Therefore, the applicant has filed a Line Extension Agreement to extend the main line up to the boundary of Lot 80. The main line and end manhole will be located within the proposed access road for Lot 80.

Staff recommends approval.

Mr. Richer made the motion to approve the Subdivision Projects, Mr. Pick seconded and the motion carried with Ms. Pack, Mr. Richer, Mr. Pick and Mr. Wilking voting in the affirmative.

Estimated LEA REs Year to Date: # Above Splitter 6.67; # ECWRF 322.11; # SCWRF 160; Total 488.78
Proposed this Meeting: # Above Splitter 0; # ECWRF 2; # SCWRF 0; Total 2

VII. DISTRICT MANAGER

A. Discussion Items

1. 2015 Tentative Budget – Mr. Luers told the Board that the Managers of each department have submitted budget requests for the general review by the Board. These requests have been screened by the Administration Department and adhere to the District's financial model and plan. Board members are encouraged to read the budget document and pass on any questions to staff and receive answers to those questions.

In accordance with Utah law, the District needs to adopt a Tentative Budget at its regularly scheduled meeting on November 17, 2014. Including any final changes, the Board will adopt its final budget for 2015 at its regularly scheduled meeting on December 15, 2014.

2. Discussion of Financing of the SCWRF Project – Mr. Luers introduced Jonathan Ward with Zion's Bank and he gave the Board a memo with information regarding the financing of the SCWRF Project.

Mr. Ward stated that The Snyderville Basin Water Reclamation District ("District") anticipates it will need about $44 million for the completion of the SCWRF Project. Financing sources for the amount may consist of 1) the Department of Water Quality ("DWQ"), 2) public capital markets and 3) District cash. The purpose of this memo is to illustrate the steps required to access the first two of these sources and share analysis regarding the timing of the financing, as follows:

"The DWQ has offered to buy District's bonds at a rate equal to 1% below market levels, or 2.5% whichever is higher. The bonds will be paid over 20 years. Although subject to some market risk, interest rates would have to move up about 70 basis points to change the interest rate to something above 2.5%. If interest rates move on average by 50 basis points over the course of the next year, the DWQ financing options remain the same. The DWQ financing option will increase the cost of the project by an estimated 1.5% due to federal wage requirements and other buy American provisions. These provisions significantly increase the complexity of the Project process. The DWQ option will be issued as "incremental advance" bonds. It is unclear whether this means interest accrues on the full amount of the bonds or only upon the advanced portion. The DWQ has most recently suggested the former and this analysis presumes such. If interest only accrues on advanced portions, the DWQ option will dramatically improve.

A smaller portion of the Project may be financed with bonds sold into the public capital markets. By borrowing these funds in January 2015 as opposed to January 2016, and assuming the interest rates move up by .50% by 2016, the District avoids paying $2,403,078 of additional interest expense over the life of the bonds. If interest rates hold over the course of the year between 2015 and 2016, and the District issues in 2015, the District pays approximately $390,000 of interest a year earlier than necessary. We think the potential cost avoidance is much more significant than the year of carrying the cost of the bonds.

We recommend the District proceed earlier rather than later and think the lowest cost option consists of a combination of a smaller market piece issued in 2015, followed with the DWQ financing sold in 2016 or earlier to minimize interest rate risk. District money would be last allowing for potential interest earnings as interest rates increase over time, while locking in lower borrowing rates today."

B. Action Items

1. Consider Approval of the E-mail Policy – Mr. Luers told the Board that the new

policy and procedure statement will update and supersede email policies and Procedure statements as found in the 2013 Employee Personnel Policies and Procedures Manual, Section V, Code of Conduct. This policy is necessary to incorporate new laws and practices regarding District email communications.

Staff recommends approval of Email Policy and Retention Procedures.

Mr. Pick made the motion to approve the E-mail Policy, Mr. Richer seconded and the motion carried with Ms. Pack, Mr. Richer, Mr. Pick and Mr. Wilking voting in the affirmative.

2. Consider and Discuss Hiring Bond Counsel – Mr. Luers told the Board that the staff has received two sets of qualifications for Bond Counsel. Mr. Ward with Zion's Bank discussed Ballard Spahr LLP and Chapman and Cutler LLP's qualifications with the Board.

Staff recommends Hiring Bond Counsel.

Mr. Richer made the motion to hire Ballard Spahr as Bond Counsel, Mr. Pick seconded and the motion carried with Ms. Pack, Mr. Richer, Mr. Pick and Mr. Wilking voting in the affirmative.

3. Consider Approval of Training Building Change Orders #1 & #2 – Mr. Boyle said the contractor has submitted Change Order #1 for $68,012.04 and 0 days. The additional work includes: 1 ($30,075.23) – Enlarging and paving the area near the Sludge Holding Tanks to accommodate our dump trucks and large delivery trucks, and 2 ($37,936.81) – Excavating, paving, and installing retaining wall on the recently-acquired corner property at the southwest end of the building.

Mr. Boyle also said the contractor has submitted Change Order #2 for $0 and 0 days. This change order eliminates Milestone #1 which would have allowed the owner to take early possession of two truck bays by November 15. The change order requires the contractor to move all trailers into the defined construction area, by November 1st, which will provide additional snow storage area for the owner. The contractor will also be responsible for all snow removal within the construction area.

Staff recommends approval of both change orders.

Ms. Pack made the motion to approve the Training Building Change Orders #1 & #2, Mr. Richer seconded and the motion carried with Mr. Pick, Ms. Pack, Mr. Richer and Mr. Wilking voting in the affirmative.

C. Information Items
   1. Financial Statement
   2. Impact Fee Report

VIII. FUTURE AGENDA ITEMS

A. Projects
B. Operations
C. Finance
D. Governmental Matters

IV. ADJOURN

Mr. Pick made the motion to adjourn at 6:44 p.m., Mr. Richer seconded and the motion carried with Ms. Pack, Mr. Richer, Mr. Pick and Mr. Wilking voting in the affirmative.

Jan Wilking, Chairman

Brian Passey, Finance Manager/Clerk