

MINUTES OF THE WASATCH COUNTY COUNCIL
ACTING AS THE GOVERNING BOARD FOR THE
JORDANELLE SPECIAL SERVICE DISTRICT
JUNE 12, 2018

PRESENT: Board Chair Mike Petersen
Board Member Steve Farrell
Board Member Greg McPhie
Board Member Kendall Crittenden
Board Member Danny Goode
Board Member Mark Nelson
Board Member Spencer Park

OTHERS PRESENT: On list attached to a supplemental file

STAFF: Ron Phillips, General Manager
Max Covey, Assistant General Manager
Wade Webster, Treatment Plant Manager
Chance Morris, Jordanelle Plant Employee
Theresa Baronek, Treasurer
Eliza McGaha, District Clerk
Kierstan Smith, Financial Officer
Dana Kohler, Accounting Clerk
Rick Tatton, Doing Minutes

Board Chair Mike Petersen called the meeting to order at 5:30 p.m. and welcomed those present and called the first agenda item.

Board Chair Mike Petersen indicated that we need to have a Closed Session first on litigation update and personnel.

Board Member Kendall Crittenden made a motion to leave the regular agenda and go into Closed Session for Litigation and Personnel. Board Member Danny Goode seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Greg McPhie
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park
AYE: Board Member Kendall Crittenden

NAY: None.

ACTION ON REPLACEMENT WATER AGREEMENTS

Ron Phillips, General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that as a part of JSSD's ongoing cleanup process of records and agreements, we found that two agreements with Wasatch County SSA #1 are not consistent with other agreements they have with other districts and water companies. This replacement agreement which Wendy Crowther has drafted will provide the consistency that is necessary as we move forward. Ron also indicated that it is a recommendation that the Replacement Water Agreement be approved.

Wendy Crowther, attorney for the Jordanelle Special Service District, addressed the Governing Board of the Jordanelle Special Service District and indicated that there were two prior agreements that were held with SSA #1 and one was in 2006 and one in 2008. One was for 1500-acre feet of water and the other was for 318-acre feet of water. As these agreements were looked at there was found to be inconsistencies on specific limitations on how the District could use that water. As a result of those inconsistencies a new replacement agreement for the total amount of 1818 acre feet which allowed the use for any purposes within the boundaries SSA #1. Board Member Steve Farrell indicated that this same agreement will be amended in the Regular Wasatch County Council meeting which the Council will be acting as the Governing Board of SSA #1 tomorrow June 13, 2018.

Board Member Greg McPhie made a motion that we authorize the District Manager to approve and execute the Replacement Water Agreement as outlined and continued upon approval of the SSA #1 Board approval. Board Member Danny Goode seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Greg McPhie
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

ACTION ON WATER RIGHTS LEASE AGREEMENT

Ron Phillips, the General Manager, indicated that since this is a low water supply year, Mike Kohler with Midway Irrigation Company has approached JSSD with a proposal to lease water rights that JSSD is currently not using for the irrigation season. Midway Irrigation Company's request is to lease up to 2,000-acre feet of water rights for irrigation purposes. The Jordanelle Special Service District has 1,800-acre feet available that can be leased. \$33.50 per acre foot is JSSD's annual assessment from SSA #1 and we suggest that should be the amount JSSD receive from the Midway Irrigation Company for the leased water

rights. Ron also indicated that his recommendation is to approve the General Manager to enter into a water rights lease agreement with Midway Irrigation Company for the 2018 irrigation season at a rate of \$33.50 per acre foot.

Board Member Steve Farrell indicated that since he is a member of the Midway Irrigation Company I will recuse myself from hearing and making a decision on this matter.

Board Chair Mike Petersen indicated that the letter from Mike Kohler, from the Midway Irrigation Company has been received.

Board Member Danny Goode made a motion that we authorize the General Manager to enter into this agreement which is contingent on SSA #1 approving the Replacement Water Agreement and if approved this Water Rights Lease Agreement with Midway Irrigation Company is for the 2018 irrigation season and at a rate of \$33.50/acre foot. Board Member Spencer Park seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Greg McPhie
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

The record should reflect that Board Member Greg McPhie left the Board for another appointment.

PRESENTATION AND ACCEPTANCE OF 2017 AUDIT REPORT

Max Geddes, from Squire & Company, addressed the Governing Board of the Jordanelle Special Service District and indicated that Kierstan Smith, from the Jordanelle Special Service District prepares the financial statements and we issue an opinion on those financial statements. Max then went through parts of the financial statements and then indicated that in Squire & Company's opinion the basic financial statements referred to from Kierstan Smith, Financial Officer for Jordanelle Special Service District present fairly, in all material respects, the respective financial position of Jordanelle Special Service District as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Max also indicated that we previously audited the Jordanelle Special Service District's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Max indicated that as part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, however, providing an opinion on compliance with these provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Max also indicated that in our opinion, Jordanelle Special Service District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2017.

Max also indicated that effective August 30, 2016, a settlement agreement was reached with the bondholders of the Special Assessment Bonds, Series 2009A, 2009B and 2009 C regarding the conveyance of the foreclosed properties in full satisfaction of the non-performing bonds. Under the terms of the settlement agreement, the District would continue to hold title to the foreclosed properties, the settlement area, for a period of three years from the effective date and would retain a real estate broker to list the properties.

The Bondholders had sole discretion to accept or reject a potential buyer's offer to purchase all or a portion of the Settlement Area. From the sale of any of the land within the Settlement Area, the District was to receive six percent of the net sales proceeds up to a maximum of \$1,703,000 of recoverable expenses.

On July 2017, an offer was accepted, however, the sale didn't close until January 2018. As of December 31, 2017, the settlement value of the foreclosed properties of \$27,500,7032 was reduced by \$4,867,023 so the net sale value of \$22,633,680. The related debt was reduced \$4,522,434 and the District's interest was reduced \$344,589. This decrease in the District's interest is reported as part of the loss on investments in the Statement of Revenues, Expenses, and Changes in Net Position.

Max then indicated that in the coming year, this year, the debt and the land will be removed.

The record should also reflect that Dave Brown from Squire and Company is also present.

Board Member Steve Farrell made a motion that we accept the audit report as presented. Board Member Danny Goode seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson

AYE: Board Member Spencer Park

NAY: None.

Board Member Kendall Crittenden made a motion to suspend the Jordanelle Special Service District portion of the minutes and go into the Governing Board of the North Village Special Service District. Board Member Danny Goode seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

MINUTES OF THE WASATCH COUNTY COUNCIL
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JUNE 12, 2018

Board Chair Mike Petersen indicated that we are back in the Governing Board of the Jordanelle Special Service District and we are meeting in the Wasatch County Council room in the Wasatch County Administration building, 25 North Main Street, Heber City, Utah and Board Member Greg McPhie is not present. The time is 6:00 p.m. and will start with Item No. 4. Also note that Items No. 3, 5 and 6 have previously been handled.

PRESENT: Board Chair Mike Petersen
Board Member Steve Farrell
Board Member Kendall Crittenden
Board Member Danny Goode
Board Member Mark Nelson
Board Member Spencer Park

EXCUSED: Board Member Greg McPhie

STAFF: Ron Phillips, General Manager
Max Covey, Assistant General Manager
Wade Webster, Treatment Plan Manager
Chance Morris, Jordanelle Employee
Doug Scow, Jordanelle Employee
Wendy Crowther, Attorney for Jordanelle Special Service
District

Theresa Baronek, District Clerk
Dana Kohler, Accounting Clerk
Eliza McGaha, Treasurer
Kierstan Smith, Financial Officer
Rick Tatton, Doing Minutes

OTHERS PRESENT: On list attached to a supplemental file.

ACTION ON WATER RIGHTS DEDICATION POLICY

Ron Phillips, the General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that unless people have water rights reserved through JSSD s water reservation program, any party seeking water service for a proposed development in JSSD must dedicate water rights to the District in an amount sufficient to serve the proposed development. This Water Right Dedication Policy has been developed to set formal policy outlining the procedures as to how water rights are to be dedicated to JSSD. Ron further indicated that his recommendation would be to approve the Resolution adopting the Water Rights Dedication Policy.

Wendy Crowther, Attorney, addressed the Governing Board of the Jordanelle Special Service District and indicated that they did not set any policy on the types of water rights that would be brought into the district and each considered on a case by case basis. Also, no commitment by the District to serve and no final will serve letters provided until the water rights or shares have gone through the change application process. The applicant will present the change application and the District will confirm the change application and the applicant will have to file and prosecute that change application.

Board Member Steve Farrell made a motion that we go ahead and adopt the Water Rights Dedication Policy and record that as Resolution 18-01 for the Jordanelle Special Service District. Board Member Kendall Crittenden seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

APPROVAL OF THE MINUTES

Board Member Steve Farrell made a motion to approve the minutes for May 16, 2018 and May 9, 2018 minutes. Board Member Danny Goode seconded the motion and the motion carries with the following vote:

AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

ABSTAIN: Board Chair Mike Petersen

WARRANT LIST APPROVAL

Board Member Danny Goode made a motion to approve the warrant list in the amount of \$557,820.82. Board Member Mark Nelson seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

ACTION ON PTIF RESOLUTION

Ron Phillips, the General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that in preparation for the roll-out, the Utah Office of the State Treasurer now requires PTIF pool participants to adopt the provided resolution authorizing at least two individuals from the District to make changes to PTIF accounts and those two individuals would be Eliza McGaha and Kierstan Smith. Ron indicated that he would recommend that this be approved.

Board Member Spencer Park made a motion that we would approve Resolution 18-02. Board Member Danny Goode seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

ACTION ON DESIGN AND FUNDING OF ADMINISTRATION BUILDING

Ron Phillips, the General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that the design of the administration building to be located on the JSSD property south of the reclamation facility is well underway. The draft design documents have been prepared as you can see. The cost estimate recommended by the architect is \$160.00 per square foot and the building floor plan totals 3,520 square feet for a total estimated construction cost of \$563,1200. Site work and utilities are estimated at an additional \$10,000 and with a contingency of \$86,800 thirteen percent, the total cost estimate is \$750,00.00. Staff is recommending that half of (\$375,000) be paid out of JSSD cash reserves and half be financed for 10 years at 3.50-4.0 percent. Jon Bronson with Zions Public Finance will solicit bids from several financial institutions. Ron indicated that his recommendation is that the Administration Building floor plan and funding plan be approved. Ron also indicated that the building will serve the Jordanelle Special Service District for approximately 20 to 25 years and also planning for the possibility of an extension on the south end of the building for further expansion. Max Covey, the Assistant General Manager, then explained the floor plan to the Governing Board and also how the building will be served with water and sewer. Ron Phillips also indicated that they would like to occupy the building by winter.

Board Member Danny Goode made a motion to approve the Administration Building Floor Plan and funding plan. Board Member Steve Farrell seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen

AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.

ACTION ON JSSD SEWER MANAGEMENT PLAN

Ron Phillips the General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that the Utah Department of Environmental Quality has requested all Wastewater systems complete the attached report. This report covers the following topics of Financial Evaluation, Collection System Construction and Maintenance and is presented to you for review and information purposes. Max Covey, the Assistant General Manager, indicated that it has to do with capital improvements and Jordanelle doesn't really have a fund set aside to fund capital improvements and always work on establishing that fund.

GENERAL MANAGER S REPORT

Ron Phillips, the General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that he has nothing further to report.

OTHERS BUSINESS

Ron Phillips, the General Manager, addressed the Governing Board of the Jordanelle Special Service District and indicated that he has nothing further.

ADJOURNMENT

Board Member Danny Goode made a motion to adjourn. Board Member Mark Nelson seconded the motion and the motion carries with the following vote:

AYE: Board Chair Mike Petersen
AYE: Board Member Steve Farrell
AYE: Board Member Kendall Crittenden
AYE: Board Member Danny Goode
AYE: Board Member Mark Nelson
AYE: Board Member Spencer Park

NAY: None.