

**MINUTES OF THE
REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
MAGNA WATER DISTRICT**

A regular meeting of the Board of Trustees of the Magna Water District was held Thursday, December 9, 2021, at 10:00 a.m., at the Magna Water District General Office, Kim Bailey Board Room, located at 8885 West 3500 South, Magna, UT.

Trustees Present:

Mick Sudbury, Chairman
Jeff White
Dan Stewart

Staff Present:

Clint Dilley, General Manager
LeIsle Fitzgerald, District Controller
Trevor Andra, District Engineer
Raymond Mondragon, Water Operations Manager
Dallas Henline, Wastewater Operations Manager

Also Present:

Nathan Bracken, Smith Hartvigsen, PLLC
Don Olsen, Epic Engineering
Jason Luettinger, Bowen Collins & Associates
Dan Peay, Magna Metro Township
Joel Workman, AQS, Inc.
Darrell Child, Olympus Insurance
Todd Richards, Magna Resident

Call to Order: Mick Sudbury called the meeting to order at 10:35 am.

Public, Board, Staff join in the Pledge of Allegiance.

Welcome the Public and Guests: Chairman welcomed those in attendance.

Public Comment: None.

Chairman asked if any of the staff or board members had a conflict of interest with anything on this agenda. There were no conflicts of interest.

Approval of Common Consent Items:

Minutes of the regular board meeting held November 30, 2021

Minutes of the election canvass certification board meeting held November 16, 2021.

Expenses for November 11 to November 30, 2021:

General Expenses: \$301,420.88

Project expenses paid by bond proceeds: \$21,153.95
Zions Bank bond payments: \$83,575.62

A motion was made by Jeff White, seconded by Dan Stewart, to approve the minutes of the regular board meeting held November 30, 2021, the minutes of the election canvass certification board meeting held November 16, 2021, and for the approval of the general expenses, project expenses paid by bond proceeds, and the Zions Bank bond payment from November 11 to November 30, 2021, in the amount of \$301,420.88, \$21,153.95, and \$83,575.62, respectively. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart yea, and Jeff White, yea.

Discussion and possible motion to approve Resolution No 2021-05 regarding adoption of the District's Final 2022 Budget: A motion was made by Jeff White, seconded Dan Stewart, to adopt the Resolution 2021-05, regarding the adoption of the 2022 Final Budget of Magna Water District. The motion was approved as follows: Mick Sudbury, yea, Jeff White, yea and Dan Stewart, yea.

Discussion and possible motion to approve the District's 2022 Insurance coverage provider: Clint indicated to the Board that the District has had Olympus Insurance as the insurance provider for the last five – six years. They have been a great value for the District. Management did ask Utah Local Governments Trust to give the District a proposal for insurance purposes this year. As the cost of the premiums are compared and the services offered, Olympus Insurance is the preferred provider. Darrel Child addressed the Board informing the Board that Olympus's process each year to perform an onsite evaluation of the District's facilities. Darrell expressed when the onsite visit is done, they are always impressed with the quality of the management, facilities and the investments that are made from the community to provide very good outcomes to the public from water and sewer services. Olympus updates annually all details that an underwriter would look at, as they evaluate and determine the cost of the insurance. All property schedules, inland marine, and vehicle schedules have been updated. This year the underwriters had a focus in a couple of areas. One was in cyber liability, underwriters evaluated the coverage will address the nature of the risk the District may have, and to ensure the District has protocols and procedures in place to prevent these events. Darrell reported to the Board a very thorough process of that has been completed and reviewed by the insurance company. The insurance underwriter has a very high bar on policy holders that they will accept into the cyber liability insurance program, which the District met the underwriter's standards. Another area of focus is to evaluate the excess liability amount the District has in their insurance policy. Olympus feels the District has adequate excess liability coverage currently. When Clint met with Darrell to review the District's policy, it was brought to his attention, included in the policy is ID fraud protection. This is for any employee/board member of the District, if anyone has an event of ID fraud, they can contact the insurance and can get assistance in working through the details of rectifying their identification compromised by the ID fraud. A motion was made by Jeff White, seconded by Dan Stewart, to approve the District's 2022 insurance coverage provider to be Olympus Insurance. The motion was approved as follows: Jeff White, yea, Mick Sudbury, yea and Dan Stewart, yea.

Discussion on surplus property and possible motion to approve a surplus sale: A motion was made by Jeff White, seconded by Dan Stewart, to approve holding a surplus sale and the

items not sold to be disposed of. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve Change Order #2 for the 2021 Steel Tank & Secondary Clarifier Painting and Repair Project: Trevor presented the Change Order #2 from Golden West Painting to address the corroding structural needing to be repaired. The contractor received two bids from subcontractors to do the work. The change order also extends the contract an additional 28 days. A motion was made by Jeff White, seconded by Dan Stewart, to approve Change Order #2 for the 2021 Steel Tank & Secondary Clarifier Painting and Repair Project in the amount of \$16,000. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve Amendment B to Epic Engineering task order for the 2021 Steel Tank & Secondary Clarifiers Painting and Repair project by \$11,000: A motion by Jeff White, seconded by Dan Stewart, to approve Amendment B to Epic Engineering task order for the 2021 Steel Tank & Secondary Clarifier Painting and Repair Project. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve the 2022 Regular Board Meeting Schedule: A motion was made by Jeff White, seconded by Dan Stewart, to approve the 2022 Regular Board Meeting Schedule. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to participate in the 2022 Operator's Challenge: Clint indicated with COVID this was put on hold. Dallas indicated there was a meeting held to see how much interest there was in the operator challenge. Dallas wanted to know if the Board would be interested in sending operators for the challenge in 2022. The Board wanted to know what the costs would be to assist in making the decision. The Board wanted to see if the money spent on the operator's challenge would be better spent on training our new employees. A motion was made by Jeff White, seconded by Dan Stewart, to table a decision of participating in the operator's challenge in 2022. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve awarding the Zone 3 Culinary Water Booster Station Pump Upgrade and Zone 3 Secondary Booster Pump Station project to Newman Construction in the amount of \$1,870,480: Trevor indicated this amount includes the bid for moving the stockpile. Further investigation in having Newman move the stockpile (bid schedule C) needs to be performed before its awarded. Staff recommends awarding bid schedules A & B in the amount of \$1,690,480. A motion was made by Jeff White, seconded by Dan Stewart, to award the Zone 3 Culinary Water Booster Station Pump Upgrade and Zone 3 Secondary Booster Pump Station project to Newman Construction in the amount of \$1,690,480. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve Epic Engineering task order for construction management of the Zone 3 Culinary Water Booster Station Pump Upgrade and Zone 3 Secondary Booster Pump Station Project in the amount of \$114,000: A motion was made by Jeff White, seconded by Dan Stewart, to approve the task order from Epic Engineering for construction management on the Zone 3 Culinary Water Booster Station Pump Upgrade and Zone 3 Secondary Booster Pump Station Project in the amount of \$114,000. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve the Fraud Risk Assessment of the District for 2021: LeIsle presented the annual risk assessment that is required to be adopted by the State Auditor's Office. The District is at a score of 325 points which is in the Low Level of Fraud Risk. At the end of 2020 the District was 275. A motion was made by Jeff White, seconded by Dan Stewart, to approve the Fraud Risk Assessment for 2021, the motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Discussion and possible motion to approve the Indigo Water contract proposal for WWTP operations assistance, troubleshooting and training: Dallas indicated would like to enter an agreement with Indigo Water to improving the training material and training sources for our operators. They are a firm that offers trainings on process efficiency and provides training material and possible onsite visits if needed. They have an online portfolio of categorical study information that would be beneficial to both our water and wastewater operators. Clint explained that this agreement comes because Dallas has reached out to a certain person at Indigo on several occasions for guidance who has been happy to aid, however, is looking now to have an agreement with the District to charge the District for additional consultation. Jeff indicated he would like to get a project price for training for each employee and a price breakdown for each of the new employees may need. Jeff indicated he would like to have Dallas determine what could be utilized online versus talking to one individual, or even having an onsite visit from Indigo. Jeff also expressed he felt like building an inhouse library with the money would be beneficial also before entering into a contract.

Report & Discussion from General Manager: Clint indicated that the District has continued the interview process for the wastewater collections position. They interviewed someone this week that seems promising and would like to go to the next step, this prospect has already been on the walk through of the facilities. They would like to move to the background check step. This prospect has mechanical background.

OPERATIONS:

Water: Clint indicated there is some safety training options for the employees that they are investigating. There has been a couple of incidents with equipment operation and can see there is a need for additional safety training.

Wastewater: The backup generator is up and going at the wastewater admin building and have been reviewing fuel storage and budgeting for that. Management feels there is significant deficiency in diesel fuel storage in the event of an emergency. Management is actively investigation a solution for this. The District is currently at an eight-hour storage level and would like to be at least at a 24-hour level. Jeff warned Staff of the bacteria that can grow on fuel storage if it is kept too long.

General Office: Some of the outside lights have been replaced at the general office and changed the style of the lighting in the drive through, that are brighter and have helped with the parking lighting.

Discussion on District's actual vs budget status as of November 30,2021: LeIsle informed the Board the actual vs budget status was provided to the Board. As of November 30,2021, we have an overall net income of about \$6,000,000. Note that \$1,700,000 is noncash revenue from contributed capital from Little Valley Gateway. The other operating income is well above to 2020 due to the hydrant rental and usage. We are 6% lower than 2020 in water sales and 5% below budget. Property tax revenue, we have received almost 85% of the property tax revenue. The overall expenses are below budget, and 14% higher than 2020.

Engineering projects update:

Segment 1a Sewer Project (30" Sewer trunk line): This project is near completion. Whitaker has some manholes that need to be manholes and raise to grade on 21st. They are waiting to complete that until the gas line is complete.

2019 Secondary Water Line Project: The final walk through has been done. Finished all the punch list items, this project is complete.

Water Distribution/Production:

- 1. Water production report:** The culinary water production for November was 98.8 million gallons, an increase of 2.79% from 2020. Year to date production was 1,660.5 million gallons or 5,096.14-acre feet, this is a decrease from YTD 2020 of 11.66%. We have purchased 734.39-acre feet of water from Jordan Valley Water as of November 2021.
- 2. Call out report:** Raymond reported that there was a total of 2 call outs, (1 mainline leaks and 1 miscellaneous) with a total number of 15 hours paid.

WWTP Operation/Collection System:

- 1. Status of sewer system:** Dallas reported Connor McReynolds has passed his Grade IV in Collections this month. There has been no wastewater treatment call outs this month. The status of the plant is great! Samples are good and removal efficiencies are good. We are right where we want to be moving into the cold weather.

Motion to meet immediately in closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonably imminent litigation, and the sale or purchase of real property pursuant to Utah Code Ann. §§ 52-4-204 through 205: Jeff White made a motion to meet immediately in closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonably imminent litigation, and the sale or purchase of real property pursuant to Utah Code Ann. 52-4-204 through 205. The motion was seconded by Dan Stewart, and approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea. The open session of the Board meeting was closed at 12:19 p.m.

Motion to close the closed session and to reopen the open session of the Board Meeting: Jeff White made a motion to close the closed session and reconvene the open session at 1:53 pm. The motion was seconded by Dan Stewart, and approved as follows: Mick Sudbury, yea, Dan Stewart, yea, and Jeff White, yea.

**Meeting Minutes
December 9, 2021**

Consider action on any noticed agenda item discussed in closed meeting: Nathan Bracken indicated during the closed session there have been discussion regarding pending litigation and at the last meeting the Board authorized the acceptance of the settlement offer regarding Terry Pollock's employment lawsuit against the District. Katy Steffey, legal counsel with Smith Hartvigsen PLLC, explained the following: As you all know, Terry Pollock brought a lawsuit against the District claiming discrimination and breach of contract. He was seeking \$100,000's. He ended up extending an offer of \$30,000 which would be covered mostly by the District's insurance carrier and then also the District to continue insurance coverage which is something he would be entitled to as a retiring General Manager. That is essentially the terms of the settlement agreement said forth. They have the payment which would be issued by the District and or it's insurer within 21 days from the effective date of the agreement which means if the agreement is signed today, it would be due 21 days from today. Beginning December 1, 2021, and forward until both Terry Pollock and his wife are no longer alive the District would provide the Medicare supplement plan coverage premiums and those are provided as a reimbursement. Terry pays for the premium, and the District will reimburse every month with the first payroll of each month. As a result of this settlement agreement, once the settlement payment is made within three days Mr. Pollock must dismiss the lawsuit and there is a mutual release meaning both parties relieve each other related to any claims regarding Mr. Pollock's employment. The settlement agreement was signed by Terry on 12/08/2021 and if the District signed today, today is the effective date of the agreement. A motion was made by Jeff White, seconded by Mick Sudbury, to approve the proposed agreement between Terry Pollock and the District. The motion was approved as follows: Mick Sudbury, yea, Dan Stewart, yea and Jeff White, yea.

Adjourn: Having no further business to discuss, a motion was made by Jeff White, seconded by Dan Stewart, to adjourn the meeting at 1:56 pm. The motion was approved as follows: Jeff White, yea, Dan Stewart, yea, and Mick Sudbury, yea.

LeAnne Fitzgerald

Attest

Mick Sudbury

Chairperson

RESOLUTION No. 2021-05

A Resolution Regarding Adoption of the District's Final 2022 Budget

WHEREAS, Magna Water District, provides water and sewer services to residents of the District; and

WHEREAS, on November 18, 2021, the District adopted a tentative budget for the 2022 fiscal year; and

WHEREAS, the District has provided notice pursuant to Utah Code Ann. § 17B-1-609 concerning the tentative budget and of the date, time, and place of a public hearing on the same; and

WHEREAS, the District has made said tentative budget available for public inspection for a period of at least seven days prior to the public hearing in accordance with Utah Code Ann. § 17B-1-608; and

WHEREAS, on December 9, 2021, at 10:00 am., the District held said public hearing on said tentative budget in accordance with Utah Code Ann. §17B-1-610.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the tentative budget adopted on November 18, 2021, as accepted, or amended following the public hearing thereon and as attached hereto, is hereby adopted as the Final Budget of the District for the 2022 fiscal year in accordance with Utah Code Anno. §17B-1-614.
2. The effective date of this Resolution shall be December 9, 2021.

ADOPTED AND APPROVED by majority vote at a duly called meeting of the Board of Trustees on this 9th day of December 2021.

MAGNA WATER DISTRICT

By: *Mick Sudbury*
Mick Sudbury
Chairman, Board of Trustees

ATTEST:

LeIsle Fitzgerald
LeIsle Fitzgerald, Board Clerk