

UNAPPROVED
MINUTES OF THE
HEBER VALLEY SPECIAL SERVICE DISTRICT
NOVEMBER 14, 2024 – 4:00PM

PRESENT:	Celeste Johnson	Chair
	Heidi Franco	Vice-chair
	Brenda Christensen	Board member
	Clair Provost	Board member
	Steve Farrell	Board member
	Yvonne Barney	Board member
	Mike Johnston	Board member (4:09pm)
ALSO PRESENT:	James Goodley	General Manager
	Tina Rodriguez	District Clerk
	Bryan Provost	Farm Manager (electronic participation)
	Eliza McGaha	Administrative Assistant
	Wes Johnson	Midway City
	Mark Anderson	Zions Bank

AGENDA ITEMS:

1. Introduction of Eliza McGaha
2. Consent Agenda
 - a. Balance Sheet October 2024
 - b. Bank Reconciliation October 2024
 - c. P&L October 2024
 - d. PTIF General Fund October 2024
 - e. PTIF Impact Fee Fund October 2024
 - f. Warrant list for payment
 - g. September 2024 Board Meeting Minutes
3. Consideration of a resolution authorizing the issuance and sale by the District of not more than \$23,000,000 aggregate principal amount of Sewer Revenue Bonds, Series 2025; fixing the maximum aggregate principal amount of the bonds, the maximum number of years over which the bonds may mature, the maximum interest rate which the bonds may bear, and the maximum discount from par at which the bonds may be sold; delegating to certain officers of the District the authority to approve the final terms and provisions of the bonds within the parameters set forth therein; providing for the publication of a notice of public hearing and bonds to be issued; providing for the running of a contest period and setting of a public hearing date; authorizing and approving the execution of an indenture, a bond purchase agreement; and other documents required in connection therewith; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by the resolution; and related matters. (Mark Anderson-Zions 30 min)
4. 2025 Preliminary Budget Review/Set Public Hearing Date (Jim Goodley-30 mins)
5. HVSSD Amended Board Policies- Motion to Approve (Heidi Franco- 15 mins)
6. Resolution Authorizing District Representative- Motion to Approve (Celeste Johnson- 5 mins)
7. Cattail Removal Bids- Motion to Approve (Jim Goodley- 10 mins)
8. Manager's Report (Jim Goodley – 15 mins)
9. Closed Session (Optional) – Discuss Potential Litigation or Personnel Matters (30 min)
10. Adjourn

Celeste Johnson called the meeting to order at 4:02 p.m.

1: Introduction of Eliza McGaha

Celeste Johnson recognized new employee, Eliza McGaha.

2. Consent Agenda

- a. Balance Sheet October 2024
- b. Bank Reconciliation October 2024
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Heidi Franco asked a question about the reconciliation report regarding a payment to Dennis Gunn of \$171.00. Tina Rodriguez answered that it would have been an item that was reconciled but not paid, she would look it up and get an answer.

MOTION: A motion was made by Steve Farrell to approve the consent agenda subject to the clarification of that one item. The motion was seconded by Clair Provost.

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The motion carried with the following vote:

YES: Celeste Johnson, Heidi Franco, Brenda Christensen, Steve Farrell, Clair Provost, Yvonne Barney

NO: None

ABSTAIN: None

3. Consideration of a resolution authorizing the issuance and sale by the District of not more than \$23,000,000 aggregate principal amount of Sewer Revenue Bonds, Series 2025; fixing the maximum aggregate principal amount of the bonds, the maximum number of years over which the bonds may mature, the maximum interest rate which the bonds may bear, and the maximum discount from par at which the bonds may be sold; delegating to certain officers of the District the authority to approve the final terms and provisions of the bonds within the parameters set forth therein; providing for the publication of a notice of public hearing and bonds to be issued; providing for the running of a contest period and setting of a public hearing date; authorizing and approving the execution of an indenture, a bond purchase agreement; and other documents required in connection therewith; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by the resolution; and related matters. (Mark Anderson-Zions 30 min)

Mark Anderson from Zions Bank explained that this is a proposed parameters resolution that would start the bonding process for the district.

The district has an immediate need to address the dredging in the lagoons and other maintenance related issues and projects. There is also an authorization from CIB for \$12.9 million for system expansion that has been available to the district since 2022. The parameters resolution is intended to cover both financings which is expected to be done with two different bonds as well as simplify the process. Mr. Anderson explained that there is up to \$10 million to address current needs and another \$12.9 million for the CIB loan; \$23 million is the maximum that these two bonds could issue with a two percent maximum discount and a term of 31-years. A 30-year amortization has been approved by CIB.

Mike Johnston joined the meeting at 4:09 p.m.

Mr. Anderson further explained that the maximum discount may be two percent, assuming the bonds are issued in the public market. The CIB bonds will not be issued in the public market. Mr. Anderson said there will need to be discussion with Mr. Goodley and the board to determine what needs to be financed in the first transaction, then they can look at the rates in the market versus private placement. Mr. Anderson further explained the fluctuation of the rates and the possibilities these bonds may have.

James Goodley asked about the 30-day language in the resolution between adopting the resolution and the public hearing. Mark Anderson explained that there is a contest period that is triggered by notification of the public hearing, which bond counsel will prepare and send out to staff to be posted on the Public Notice Website, the HVSSD website, and a public place. That notice will trigger the 30-day contest period. Further discussion entailed possibilities of how long it may take to go to the market, get funding, and obtain the bonds. The district does not have a current bond rating. Mr. Anderson explained about bond ratings.

The potential amount of the annual bond payment was discussed, and it was estimated that the district would need about 1.5 million to make the bond payment starting in 2026.

For the bond payments, Heidi Franco suggested to the board that it may be easier to raise rates by scaling up for what is needed, suggesting raising rates in 2025 to half of what is needed and then raise rates to the other half in 2026, rather than raising them all at once. Mark Anderson suggested it may be wise to revisit the items that the bonds would be for as things may have changed since the arrival of the current general manager. Celeste Johnson mentioned having a rate analysis done. James Goodley said he did an initial analysis that he will discuss in the next agenda item.

Celeste Johnson said it makes sense to have a financial expert come in and do an analysis and publish the results on the district website which will explain why the rates are being raised. Steve Farrell commented that an impact fee and a rate analysis should be done. Mark Anderson said he would reach out to Susie Decker to contact to Mr. Goodley regarding an impact fee and rate study. Celeste Johnson suggested going ahead with the funding for the immediate projects that need to be addressed. Long-term planning could potentially change that, but something needs to be done now. Mr. Goodley said the projects have been changed but money is the same regarding the impact fee facilities plan from 2021. Mark Anderson commented that although the costs are the same, the eligibility for impact fee participation may be different. He said any other expenses incurred on those projects are eligible for reimbursement through bond proceeds; if they were incurred after CIB, they would need authorization.

Heidi Franco asked Mark Anderson if he would be available to explain the bonding process at the public hearing and if he could have an amortization schedule at that point. Mr. Anderson said he could make himself available and could bring indicative amortization schedules.

MOTION: A motion was made by Steve Farrell to pass the Parameter Resolution, Resolution 2024-11, for the sale of district bonds not to exceed 23 million dollars and set the public hearing for December 12, 2024, at 6:00 p.m. The motion was seconded by Mike Johnston.

The motion carried with the following vote:

YES: Yvonne Barney, Brenda Christensen, Mike Johnston, Heidi Franco, Steve Farrell, Clair Provost, Celeste Johnson

NO: None

ABSTAIN: None

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4. 2025 Preliminary Budget Review/Set Public Hearing Date (Jim Goodley-30 mins)

Mr. Goodley reviewed the preliminary budget and explained the changes. He said he projected increasing the rates to adequately cover the bond payments in 2026 when paying off the CIB and the Zions bond. He said he was contemplating that the rate increase could potentially come into effect in 2025. Mr. Goodley proposed an increase in capital facilities charge for each ERU of \$2.60; going from \$14.65 per month to \$17.25 per month, and an increase of .30 cents in flow charge from 0.65 cents per 1000 gallons to 0.95 cents per 1000 gallons; which equates to about a \$5 increase per monthly bill per ERU for a house that uses 8000 gallons of water per month. He said he produced those numbers to meet metrics suggested by Zions to have a coverage ratio of 1.5 on the debt ratio to be able to make both bond payments. Clair Provost asked Mr. Goodley to send the proposed numbers to MSD and Heber so they can look at them and adjust rates accordingly. There are \$500,000 more operating expenses for the treatment plant in the budget than the previous year; those expenses are attributed to more maintenance and repair.

The board discussed the time frame for raising rates and what to raise them to. It was suggested to wait until a rate analysis had been completed before raising the rates. The rate increase wouldn't be needed until 2026 when it is projected to pay both bonds. There was discussion of future projected projects. Steve Farrell suggested starting the rate increase mid-2025 to build a reserve before having to pay the bond payment. They discussed the two columns showing the budget with and without the rate increase. The proposed rate increase suggested by Mr. Goodley would raise about \$700K in operating revenue in one year. The current rates do not cover annual depreciation. The funding for replacement of our facility is not adequate at the current rates. It was suggested to adopt the budget using Mr. Goodley's numbers and defer the increase to the end of the first quarter of 2025, knowing that adjustments will come the following year based on the rate analysis.

MOTION: A motion was made by Steve Farrell to approve the preliminary budget as discussed and presented, and set the public hearing for December 12, 2024, at 6:00 p.m. The motion was seconded by Clair Provost.

Discussion: Heidi Franco would prefer to raise the rates by half one year and half the next year to get to the 1.4 million needed for the bond. Steve Farrell commented that Mr. Goodley made a valid point that we need to get our debt ratio up to 1.5 to maintain the bonding. If we can do that, he doesn't have a problem with the rates. We need to look out for what it will do to us in the future. We can adjust the final budget for a rate increase and set it for a later date. CIB gives a one-year grace period that starts after completion of the project to have a full year of operation and to gain the revenue from that. Heidi Franco said we need to have a good bond rating and good ratio going into the bonding.

The motion carried with the following vote:

YES: Clair Provost, Steve Farrell, Heidi Franco, Yvonne Barney, Mike Johnston, Brenda Christensen, Celeste Johnson

NO: None

ABSTAIN: None

Mark Austin, a member of the public in attendance, asked Celeste Johnson about the analysis of the fee structure regarding districts throughout the state. She replied using the rate increase that MSD did a couple of years ago as an example. She said that it is helpful information and helps us to know where we fall with the other players in the state.

5. HVSSD Amended Board Policies- Motion to Approve (Heidi Franco- 15 mins)

Heidi Franco led the review of the draft document focusing on the yellow highlights that reflected the final changes recommended by Martha Wingate, legal counsel, and prior board discussion as well as some rewording for clarity. The review also included Ms. Wingate's redlined version.

Section 8 is not ready for approval. The rest is ready for approval with the changes suggested by James Goodley regarding the hay sale, six-month reserve, septage rate changes, and IT policy. Celeste Johnson said she would entertain a motion for approval up to this point knowing that section 8 and exhibits will follow and need approval.

MOTION: A motion was made by Brenda Christensen to accept the amended board policies with exhibits to follow and section 8 to follow. The motion was seconded by Mike Johnston.

The motion carried with the following vote:

YES: Yvonne Barney, Brenda Christensen, Mike Johnston, Heidi Franco, Steve Farrell, Clair Provost, Celeste Johnson

NO: None

ABSTAIN: None

Celeste Johnson asked the board members to do homework on section 8 and bring back the information they found.

6. Resolution Authorizing District Representative- Motion to Approve (Celeste Johnson- 5 mins)

Celeste Johnson said they reached out to Nancy O'Toole to investigate grants. Ms. O'Toole needs to have district representative authority to apply for certain grants. This will be Resolution 2024-12.

MOTION: A motion was made by Heidi Franco to pass Resolution 2024-12 to authorize Nancy O'Toole as an authorized representative. The motion was seconded by Steve Farrell.

The motion carried with the following vote:

YES: Yvonne Barney, Brenda Christensen, Mike Johnston, Heidi Franco, Steve Farrell, Clair Provost, Celeste Johnson

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NO: None

ABSTAIN: None

7. Cattail Removal Bids- Motion to Approve (Jim Goodley- 10 mins)

Mr. Goodley explained that there has been a lot of growth with the cattails around the perimeter and the lagoons, particularly cell one which needs to be dredged. He reached out to several local contractors and received four bids. He recommended that the board consider awarding the bid to the low bidder, High Mountain Construction, for \$25,860.00.

MOTION: A motion was made by Heidi Franco to direct staff to use High Mountain Construction for the cattail removal. The motion was seconded by Brenda Christensen.

The motion carried with the following vote:

YES: Yvonne Barney, Brenda Christensen, Mike Johnston, Heidi Franco, Steve Farrell, Clair Provost, Celeste Johnson

NO: None

ABSTAIN: None

8. Manager's Report (Jim Goodley – 15 mins)

Mr. Goodley said that Red Ledges is interested in continuing to send their sewage to HVSSD. He met with them and Max Covey of JSSD. Mr. Goodley stated that his message to Red Ledges was that they need to make a case to each district on how it would benefit each district before it would be entertained. He told them the board's perspective on taking in additional flow was not favorable.

The new high school is interested in negotiating their impact fee. Their ERUs are 50.5 which amounts to \$210,000 of impact fees. Discussion was not favorable for waiving impact fees.

9. Closed Session (Optional) – Discuss Potential Litigation or Personnel Matters (30 min)

There was no closed session.

10. Adjourn

MOTION: A motion was made by Heidi Franco to adjourn. The motion was seconded by Clair Provost.

The motion carried with the following vote:

YES: Yvonne Barney, Brenda Christensen, Mike Johnston, Heidi Franco, Steve Farrell, Clair Provost, Celeste Johnson

NO: None

ABSTAIN: None

The meeting adjourned at 6:49 p.m.

APPROVED on this _____ day of _____, 2024

Celeste Johnson, Chair

Eliza McGaha, Secretary