

TIMPANOGOS SPECIAL SERVICE DISTRICT  
ADMINISTRATIVE BOARD MEETING MINUTES

APPROVED

May 18, 2017 6:00 p.m. Conference Room

Board Members

Present: Mark Johnson David Bunker Chris Condie  
Brian Braithwaite Craig White Lynn Walker  
Mack Straw Sullivan Love Chandler Goodwin  
Tracy Wallace Dale Ihrke

Excused: Spencer Kyle Commissioner Bill Lee

District Staff: Jon Adams, District Manager, Shannon Hansen, Human Resource  
David Barlow, District Engineer Joe Martin, CPA  
Danette Smith, Board Secretary

Others: Brandon Wyatt, Bowen Collins & Associates  
Kyle Greene, Squire and Company  
Brandon Heidelberger, Brown & Caldwell  
Keith Larsen, Bowen Collins & Associates  
Todd Godfrey, Hayes Godfrey Bell

**Call to Order**

Mark Johnson, Board Chair, called the meeting to order. 6:01 p.m.

**Public Comment**

There was no public comment.

**Approval of Minutes**

**1. Approval of the April 27, 2017 Administrative Board Meeting Minutes**

**Brian Braithwaite made a motion to approve the minutes from the April 27, 2017 Administrative Board Meeting. Lynn Walker seconded the motion. Those voting "Aye" – Mark Johnson, David Bunker, Mack Straw, Brian Braithwaite, Chris Condie, Lynn Walker, Craig White, Tracy Wallace, Dale Ihrke, Sullivan Love, and Chandler Goodwin. The motion passed with a unanimous vote.**

**Consent Calendar**

There were no items on the consent calendar.

**Financial Report**

Joe Martin started with the annual financial report. Squire & Co. was in attendance to present the 2016 Audit. Joe said the auditors came at the beginning of March and finished their field work by the end of March. We could have issued the report at the first part of April, but we were holding off because of some sensitive information related to the lawsuit. The accounting standards require when there is liability that is probable and estimable, you have to record that, so we waited to see what was going to happen. We were waiting to see where everything settled out and then finalized the report.

Joe said on page 11 of the annual financial report, the statement of revenues, expenses and changes in net position, near the bottom non-operating revenues and expenses are \$6.6 million, right below that we have a special line, lost contingency, \$24.25 million is a loss we recorded in December in our 2016 financial statements. If you turn

1 back one page to current liabilities, there is a loss contingency payable, the same \$24.25 million. That is something  
2 that changed just recently that we had to record as part of the prior year. Joe said he would encourage the board to at  
3 least read the Management's Discussion and Analysis. This section is a high-level overview of the financials, with  
4 three years' comparative. It is a good place to look and understand the financials of the District.

5 Kyle Greene, Squire & Company thanked Jon, Joe, Shannon and staff. The field work was done the end of March  
6 and Kyle gave credit to staff for having the books ready and being prepared. Kyle said the Auditors Report, talks  
7 about management's responsibility, the auditor's responsibility and gives the auditors opinion. The auditor's opinion  
8 is unmodified, it is a clean opinion. Kyle said the last four pages are the compliance reports. The report on internal  
9 controls; as part of government standards we look at internal controls, there are no matters to report to the board on  
10 that. The auditor's report on state compliance; there was a clean opinion, in all material respects, with the state  
11 compliance requirements.

12 Tracy Wallace asked if next year, is there something we should be looking into as far as the asset management?  
13 Kyle said yes, the asset management and what is going to have to be replaced within five years. Tracy said as he was  
14 looking at this, he thought the asset management may change the way things are reported. Joe said he did not think it  
15 would be a huge difference because our financial reporting is reporting what has happened, where the asset  
16 management, part of its purpose is to help us know how to plan for the future. Tracy said that is what he was talking  
17 about was looking at future items in the Management's Discussion and Analysis. Joe said there is a section that says  
18 this is what you have to look forward to in the future, and the asset management will help us with that section of the  
19 report.

20 Joe said on page 31-32 there are budget to actual schedules included, even though not required as part of the  
21 annual audit, Joe wanted to include them with the year end balances. There is a five-year comparison, that is not seen  
22 every month, so you can see how we have done over the last five years. There is a bond compliance report, which  
23 shows that we have met our bonds.

24 Joe said April's impact fee report shows that not everyone has reported for April yet. Everything has been  
25 submitted and reported through March. The deadline is 30 days after the month, so those are not considered late yet.  
26 Joe said we reconcile this impact fee report to the monthly financial statements that are put together, to make sure  
27 they have accounted for all the impact fees.

28 The very first page of the monthly financials for April is the statement of net position. If you want to know how  
29 the District is doing financially, you look at the bottom of the report at the unrestricted net position, which is \$42  
30 million, that is what is available to meet our ongoing obligations. Joe said in the current liabilities section, we still  
31 have this loss contingency payable, that is on our balance sheet, that has not been paid, and will be at some point. In  
32 the budget to actual reports, there will have to be some adjustments made like we do every year, when we are sure  
33 how certain revenues are going to turn out. Our miscellaneous revenue is up; Joe said he is not sure what is in that to  
34 cause it to go up. As far as expenses there is not really anything that is out of line, our interest income is a little low,  
35 we have a lot money in the bank which is going to change once we pay this liability.

36 Mark asked if anyone had questions on the asset management meeting held before board meeting. Chris Condie  
37 asked if there was a PowerPoint from the meeting, held before board meeting. Brandon Heidelberger said there was  
38 and he could make that available to Jon to distribute to the board. Jon said there was an assignment to the  
39 Administrative Committee to get together and get some input from the Board on Level of Service. Mark will be  
40 coordinating that.

41  
42 **Chris Condie made a motion to go into closed session to discuss matters of litigation. David Bunker**  
43 **seconded the motion. Mark Johnson took a roll call vote on the motion. Those voting "Aye" – Mark**  
44 **Johnson, David Bunker, Mack Straw, Brian Braithwaite, Lynn Walker, Chris Condie, Tracy Wallace, Craig**  
45 **White, Dale Ihrke, Sullivan Love, and Chandler Goodwin. Those voting "Nay" – None. The motion passed**  
46 **with a unanimous vote. 6:20 p.m.**

#### 47 48 **Closed Meeting**

49 **Chris Condie made a motion to go back into regular session. Lynn Walker seconded the motion. Those**  
50 **voting "Aye" – Mark Johnson, David Bunker, Mack Straw, Brian Braithwaite, Chris Condie, Lynn Walker,**

1 **Craig White, Tracy Wallace, Dale Ihrke, Sullivan Love, and Chandler Goodwin. The motion passed with a**  
2 **unanimous vote. 7:40 p.m.**

3 **Brian Braithwaite left. 7:40 p.m.**

4  
5 **Action Item**

6 **1. Approve 2016 Audit Report – Squire and Company**

7  
8 **Craig White made a motion to accept the Audit Report of 2016. David Bunker seconded the motion.**  
9 **Those voting “Aye” – Mark Johnson, David Bunker, Mack Straw, Chris Condie, Lynn Walker, Craig White,**  
10 **Tracy Wallace, Dale Ihrke, Sullivan Love, and Chandler Goodwin. The motion passed with a unanimous vote.**

11  
12 **Communication**

13 **1. Manager’s Report**

14 Jon said we are continuing to be active on the Utah Lake issues and we have met with Water Quality Board  
15 Members and trying to educate them on our side of the story. With Walt Baker retiring they are going through the  
16 process of selecting a replacement; Jon thinks we have had some serious impact on that outcome. The Utah Lake  
17 Summit meeting is May 23 in Provo. There will be an asset management workshop with Brown and Caldwell here at  
18 the District on May 24 at noon.

19 Jon said the plant was in full compliance for the month of April with a daily average of 17.04 mgd and a daily  
20 peak flow of 20.6 mgd. Effluent phosphorus was 0.24 mg/L, that is good. We have found a sweet spot to keep the  
21 effluent phosphorus down and also have the nitrogen within acceptable limits, but we are growing bugs, which  
22 means more biosolids.

23 Jon said we have a grinder out in the composting area that caught fire. There was extensive damage, and it is  
24 doubtful it is worth fixing. We started the process of filing a claim with our insurance, and it looks favorable. Jon  
25 said South Utah Valley Solid Waste District shut down last July and are not composting anymore. They have a  
26 grinder, which Jon showed the board pictures. It is similar in size to ours. We are under agreement to phase out in  
27 about 3 and a half years. A new grinder is going to be between \$850 thousand to \$1 million. We are not going to go  
28 that route, they had two grinders, they sold the smaller one to Provo City. Jon put an email out to try and hold the  
29 other one, it has been on the public auction site, South Valley got a \$92 thousand bid. They didn’t think that was  
30 enough, so they pulled it off. We have shown interest. We hope to get some money from the insurance company.  
31 Jon said we are getting quotes to repair the damaged grinder but believes purchasing the used grinder would be less  
32 expensive than repairing the old one. There will be some resale value with this at the end of 3 and a half years and  
33 we can continue operations. Jon is looking to the board for approval so we can tie it up. Jon said they are hoping to  
34 get \$120 thousand, but it is probably more realistically around \$100-\$105 thousand. There are some instances with  
35 the state procurement where you can buy used equipment; a public entity buying from another public entity, it might  
36 be something we can work out. Jon said he believes this is a good thing to do, and he would like a nod of approval  
37 and then come back for final approval. They have kept it in good shape and it has a good spare parts inventory with  
38 it.

39 Sullivan Love asked if we knew the cause of the fire. Jon said no, we think it was some kind of a leak that  
40 ignited. It had just been serviced. There was one employee that jammed his thumb, there were no lost time injuries.  
41 American Fork City Fire responded, our guys responded with our hoses and it was contained; the public was not in  
42 any danger. We have enough green waste on hand to keep composting for a while, and we will try to get re-opened  
43 as quickly as possible. Tracy asked if we could rent that for the next 3 weeks while we go through this. Jon said he  
44 could approach them about it. Jon said right now grinding costs are anywhere between \$450 - \$750 an hour  
45 depending on the size of the machine. It would require us to rent one a couple of days at a time about 15 times a year,  
46 which means about \$149,000 a year. It is not worth it, we would pay for it in less than a year and a half. Jon said  
47 we are still selling compost.

48 **Adjourn: David Bunker made a motion to adjourn. Chris Condie seconded the motion. All present “Aye”.**  
49 **Meeting adjourned. 7:50 p.m**