

EMIGRATION IMPROVEMENT DISTRICT
BOARD OF TRUSTEES REGULAR MEETING
THURSDAY, AUGUST 18, 2016

EMIGRATION CANYON FIRE STATION
5025 EMIGRATION CANYON ROAD
SALT LAKE CITY, UTAH

Board Members in Attendance: Mike Hughes – Chair, Mark Stevens – Vice Chair, David Bradford – Secretary/Clerk

Ex Officio: Eric Hawkes – Treasurer, Jeremy Cook – Legal Counsel, Don Barnet – Barnett Intermountain Consulting, Joe Smolka – Project Manager and Fred Smolka

1. Consent Approval – Minutes for July 21, 2016

MOTION: Mark Stevens made a motion to approve the minutes of the July 21, 2016, Board of Trustees meeting as written, David Bradford seconded the motion.

VOTE: Unanimous in favor of the motion.

2. Financial Considerations & Report

Eric Hawkes reviewed the monthly financial report and fund balances as of August 17, 2016, as shown on his printed report. Mark Stevens asked about revenues regarding legal actions and standby fees and concern over recouping the costs. Eric stated with confidence that legal fees will be recovered.

Mark Tracy inquired about a new operating expense of \$10,000.00 to explore Pinecrest. Eric replied that money was budgeted in the beginning of the year to explore options for other water sources but hadn't been used for anything. Mark Tracy pressed the issue and Chair Hughes clarified that money was budgeted by the EID Trustees and not Eric.

3. System Repairs & Maintenance Report

Eric Hawkes discussed a number of leaks. He talked about a failed connection to a saddle at 72 North Pioneer Fork Road. They were able to replace both saddles at the townhouse which fixed the problem. Eric then explained a leak at the top of Old Oak Road, caused by a split pipe which was fixed and repaired. He reported a compaction, an old leak, which exposed itself just below Margarethe Lane due to a PRV valve leak on the main road which undermined the area. Salt Lake County had partially filled the area with asphalt but a section started to give way. Eric

described how the area was cut open, compacted and patched. He explained a leak at Little Tree Circle, reminding board members of another leak in the same area last June 20, 2015. Both leaks were caused by a failed saddle and appear to have been leaking for quite some time. Chair Hughes asked if the saddles were the old brass ones. Eric confirmed that they were. Chair Hughes questioned material of old saddles being brass. Bob Stagers interjected that old saddles were made of cast iron. Chair Hughes realized the saddles involved have been replaced and asked for Fred Smolka's input. Fred wasn't sure. Joe Smolka was then asked for his opinion and he recalled stainless steel saddles but thought saddles involved in leaks were original material. Mark Tracy interrupted and asked about Joe Smolka's involvement with the EID. Joe remarked that he was just a private sub-contractor. Eric continued discussion and expressed concern regarding remaining saddles in area and isolation valve that won't properly seat. He also mentioned, as a contributing factor, that Little Tree Circle is a high pressure area. Chair Hugh asked if saddle was eaten away and Eric confirmed that it was. He also asked Fred how many saddles were replaced in that area. Fred remembered one saddle replaced on the main Pioneer Fork Road and at least 3 on Little Tree Road. Mark Tracy interrupted again asking about Fred Smolka's involvement with the EID. Fred replied that he wasn't involved and hasn't been for quite some time. Fred stated that all together 4 or 5 saddles have been replaced in that area. Chair Hughes asked Eric how many remaining saddles are on the line and indicated that they should probably all be replaced given the history along with the valve. Fred interjected that it's better to replace equipment in good weather. Chair Hughes indicated that work should to be done, Mark Stevens and David Bradford agreed. Fred Smolka added that Larry Hall will remember specific details of area and knows what needs to be done.

Steve Hook asked if all repairs were included in the financial report and their impact on the budget and repairs expense. Eric replied that some repairs are included but not all of them. He further commented that there have been more repairs to the water system this year than last year. Budget had included repairs to Brigham Fork Well but water supply is good. Mark Tracy inquired about the Brigham Fork Well, its use and problems. Eric replied that well isn't being used and they don't know what is wrong. Chair Hughes interjected that exploration is needed to figure out the issues. Mark Tracy asked what the budget amount was to fix Brigham Fork Well. Don Barnet said the overall budget was \$150,000.00. Eric explained that amount was put into maintenance and repairs. Chair Hughes replied that budget is used anywhere it is needed to maintain the water system to keep it going. Mark Tracy inquired about the water leak in Pinecrest and efforts to determine the source of the leak. Eric stated that they are still looking at meters in the area and monitoring for any changes that surface. Mark Tracy asked about the chlorine that was previously detected. Eric replied that no chlorine has been detected recently, only by the water along the road. Mark Tracy asked question regarding water loss. Eric stated that it varies, depending on a lot of different factors. Chair Hughes indicated that there is a lot that goes into that equation, wells have to be exercised, fire hydrants, leaks and so forth that isn't metered to the public. Mark Tracy asked about EID's water right and if they are in compliance. Chair Hughes responded that they are.

4. Water Right Leases – Connection to system and deadline update

Eric Hawkes talked about the letters he sent out on May 4, 2015 to 8 residents who have leased water rights from the district and their options. He wants to give the residents more time to respond to the August 30, 2016 due date. Chair Hughes asked how many people have responded to the letter. Eric stated that 2 homeowners have procured and purchased water rights and 2 others are in the process of connection. There are 4 residents that haven't responded. Chair Hughes inquired if the 4 homes were occupied and residents were aware of the letter. Eric replied that they were and suggested giving homeowners until October 30, 2016 to respond and issue another letter. Chair Hughes asked David Bradford to weigh in on the matter and he felt that original deadline should be upheld but no penalty for late response. Mark Stevens agreed and thought residents should be encouraged to reply. Chair Hughes said that a reminder letter should be sent with a response date and Jeremy Cook agreed. Mark Tracy asked Eric about comments he made to Dinko Deheric pertaining to his water usage. Eric clarified that he informed Dinko Deheric that the State holds the authority to regulate water usage not EID.

5. Response to State Auditor's Office Report – Jeremy Cook

Jeremy Cook addressed the response to the State Auditor's report. In his opinion, the recommendations set forth are fine. Jeremy proposed EID responding with appreciation for their advice and notification that they are in the process of adopting policies to conform to all their recommendations. He further stated that he will have a document at the next board meeting to adopt policies that implement all the recommendations. Chair Hughes expressed approval.

Steve Hook inquired about information and background of the report. Jeremy informed that it was anonymous complaints made to the Auditor's office that addressed a number of issues. The findings and recommendations are normal and policies will be adopted to better serve the public. He explained that EID will comply completely to the findings and recommendations made by the State. Steve Hook advocated public awareness of lawsuit and auditor's report. He also expressed concern over increased legal fees and financial drain on the tax payers. Jeremy defended costs and legal fees. He indicated that he will draft a response and policy for procedures to be implemented. Chair Hughes mentioned that the process has also included interviews with board members. Steve Hook asked if audit was finalized. Jeremy Cook replied that it's a findings and report for a specific time period, January 2014 thru June 2015 and their job is to help districts. Jeremy further stated that this report isn't a bad thing, residents will benefit. Mark Tracy asked who signed the auditor's report. Jeremy explained that report isn't final, it is a draft report that EID has a chance to respond to. Mark Tracy then asked if Jeremy or any other EID trustees was ever contacted by the Utah Public Safety Division or Public Corruptions Division? Chair Hughes replied that he wasn't contacted or was aware of anyone who was. Mark Stevens and David Bradford both responded likewise.

6. Water Levels & Report

Eric reported that the level of the Upper Freeze Creek Well has remained consistent. Issues with telemetry on August 4, 2016 made the water level drop -70 ft. and an additional -70 ft. the following day. Eric explained that he and Larry Hall measured the well the old school way with poly tube and a pressure gauge using an air compressor to lower 1,000 ft. of tubing to measure

water level. He stated well level remains the same, around -900 ft. Mark Stevens asked Eric if he was worried and he responded that he was very nervous but cycling is very normal for water levels. Mark asked how deep the well goes. Eric thought it was approximately 1,100 ft. but Don Barnett remembered 1,060 ft. Eric reported that Well I stayed relatively consistent at -70 ft. Upper Freeze Creek Well is primarily being used. Chair Hughes asked Eric how long Brigham Fork Well was exercised and if any of that water goes into the system. Eric replied that none of the water goes into the system, but its flushed about 30 minutes, pumping approximately 200 gallons 3 times a week. Bob Staggers asked why well is flushed. Eric stated that it is to keep it a viable well if ever needed. Mark Tracy asked why Brigham Fork Well wasn't being used and if Eric noticed any color or smell commonly associated with iron bacteria. Eric replied that the well draws up debris and sand but hasn't noticed any other issues recently. Water flows automatically into the environment with normal drainage. Fred Smolka interjected that tests are done frequently and Eric added bacteria tests are done 3 times a week.

Don Barnett explained his water use graphs on the projection screen. He discussed that water usage is up from the past 2 years due to no summer rains. Total usage shown since expansion to water system from 2009 to present. The total water usage a little below the mean for past 8 years. Per capita usage is in lower end which is consistent and normal with northern parts of the State due to lack of summer rain. Mark Tracy asked question regarding data. Don Barnett clarified that data reflects total amounts of water pumped not use per home.

7. Any Items requested by the visiting public

Bob Staggers requested permission to place a park bench, that he would purchase, on the level area left of the Upper Freeze Creek Well. In a brief discussion, Chair Hughes clarified that the land Bob was referring to is owned by EID. Mark Stevens commented that bench couldn't be permanent and expressed no problem with it. Chair Hughes had no issues with park bench and permission was granted.

Steve Hook requested information regarding maintenance on Brigham Fork Well and whether legal fees were impacting decision making. Chair Hughes stated that the issue with the well is based more on the type of summer and available water more than funds. Having the ability to turn on the well if needed is a priority but weather isn't cooperating this year. Mark Stevens asked for clarification pertaining to weather because he wants issues with well resolved. Repairs have been put off for 3 years. He suggested an evaluation in September but Chair Hughes pointed out that once the well is pulled the work has to be done. He was reluctant to pursue well repairs now. Fred Smolka pointed out that autumn is a good time to do the work, possibly October. Mark asked if drillers would have to be booked now. Chair Hughes responded that they would. Don Barnett agreed and suggested doing well project in early spring before water is in high demand. Discussion ensued regarding the best time of year to work on a well and complications that arise, opinions varied. Chair Hughes asked for Don's specific input and he talked extensively about the possible issues and costs. Mark stated that it would be more cost effective to rehabilitate well vs. drilling a new one. Chair Hughes agreed and wants Don to look into situation, availability of rig and put some ballpark figures together. Chair Hughes asked for David Bradford's opinion and he agreed that is should be looked into.

Steve Hook asked if EID was anticipating revising legal fees budget based on the process and what they know. Chair Hughes replied that they are most likely to adjust it either way. Jeremy Cook commented that it is hard to know with legal matters, things can change.

Mark Tracy asked what the levels of the 5 monitoring wells are. Eric Hawkes replied that they are working on it and will have results after purchase of a probe to measure the wells. Chair Hughes interjected that they committed to a 45-day window and they will get it done in the next 15 days.

Dana Bowen asked how the information of the 5 monitoring wells will be given to residents. Chair Hughes answered that they will post it or Eric Hawkes can email the results personally to her. Dana appreciated his response and also requested a comparable and explanation of the results if needed. She offered to inform other residents on Sunnydale Lane. Don Barnett explained to Dana that there are 2 monitoring wells and the differences between the two.

Mark Tracy asked Chair Hughes a personal question regarding his involvement in a bankruptcy in 2007. Chair Hughes replied honestly that he was involved but no criminal activity to defraud creditors was determined.

8. Closed Session – Pending Litigation

MOTION: David Bradford made a motion to convene in closed session to discuss pending litigation. Mark Stevens seconded the motion.

VOTE: Unanimous in favor of the motion.

The Board of Trustees met in closed session from 8:02 p.m. to 8:35 p.m. to discuss pending and imminent litigation

MOTION: David Bradford made a motion to dismiss from closed session and to adjourn the regular meeting. Mike Hughes seconded the motion.

VOTE: Unanimous in favor of the motion.

The regular meeting of the Emigration Improvement District meeting adjourned at 8:35 p.m.

Minutes Approved

