

MINUTES OF BOARD OF COUNTY COMMISSIONERS
MILLARD COUNTY THE 3rd DAY OF AUGUST 2010
AT THE COURTHOUSE, FILLMORE, UTAH

PRESENT: Daron P. Smith..... Chairperson
Bart A. Whatcott. Commissioner
Craig Greathouse..... Commissioner

Richard Waddingham County Attorney
Norma Brunson County Clerk
Marki Rowley. Deputy County Clerk

ALSO PRESENT: Tiffany James Magnum Gas Storage, LLC
Sam Quigley Magnum Gas Storage, LLC
Brian Pugh Magnum Gas Storage, LLC
David Hansen Magnum Gas Storage, LLC
Dean Draper Chronicle Progress
Sheryl Dekker Planner & Zoning
Tony Fuller ADF Holdings
Don Fuller ADF Holdings
Rodger Mitchell SITLA
John Andrews SITLA
Linda Gilmor MEDA
Molly Stevens Signature Real Estate
Brandy Grace County Auditor
John Hansen, County Treasurer
Mark Alger SOS Staffing
Robert Dekker County Sheriff

PURSUANT TO AN AGENDA WHICH HERETOFORE HAD BEEN PROVIDED TO each member of the governing body, posted at the principal office of the Millard County Commission, posted on the Utah Public Notice Website, and provided to the Millard County Chronicle Progress, a newspaper of general circulation within Millard County, as required by law, the following proceedings were had:

PUBLIC WAS WELCOMED

The meeting began at 10:00 a.m. after a brief welcome by Commissioner Smith to the public and Commission members.

OPENING STATEMENTS

Commissioner Smith asked if anyone had an opening statement to give. Commissioner

Whatcott said, "Elected officials have the responsibility to adhere to one important rule. They can delegate their authority, but they can never delegate their responsibility. They are always responsible for what is good or bad." Commissioner Greathouse said the invocation. Everyone stood and said the Pledge of Allegiance to the Flag.

WORK MEETING TO DISCUSS INSURANCE RENEWAL RATES - MIKEL SHARP

A work meeting was held to discuss insurance renewal rates. *This meeting in its entirety was recorded and is on file for review at the clerk's office.*

RATIFY THE APPROVAL OF THE BUSINESS LICENSE FOR SAMS ROPING BRAND - OWNER SAMANTHA THOMAS

Commissioner Greathouse made a motion to ratify the approval of the business license for Sams Roping Brand - Owner Samantha Thomas.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

RATIFY THE APPROVAL OF THE BUSINESS LICENSE FOR ANDERSEN'S CONTRACT WELDING AND FABRICATION - OWNER LYNN B. ANDERSEN

Commissioner Whatcott made a motion to ratify the approval of the business license for Andersen's Contract Welding and Fabrication - Owner Lynn B. Andersen.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried.

DISCUSSION AND POSSIBLE APPOINTMENT OF MOLLY STEVENS TO MILLARD COUNTY PLANNING COMMISSION

Commissioner Whatcott said that he has known Molly Stevens for years. She is very pro Millard County and is warm, bubbly and fun to be around. She brings fresh ideas to the meetings. She is very outspoken and does research on stuff and does not make hasty decisions. She will be a good asset to the Planning and Zoning Commission.

Commissioner Greathouse made a motion to appoint Molly Stevens to Millard County Planning Commission.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

Ms. Stevens will be serving the remainder of Paula Christensen's term.

FILING OF DISCLOSURE STATEMENTS

Disclosure statements were filed for the following employees:

Daron P. Smith
Bart A. Whatcott
Craig Greathouse

CONSIDERATION AND POSSIBLE APPROVAL OF THE MILLARD COUNTY PUBLIC DEFENDER

Commissioner Smith said that the commissioners met in a special commission meeting on August 2, 2010. They interviewed four individuals who submitted information in response to the county's Request for Proposals. The commissioners asked each individual the same series of questions. Each individual gave an opening statement stating their interest and reasons for wanting to contract with the county to provide service. The commissioners appreciated all those who applied.

Commissioner Whatcott made a motion to approve Tate Bennett as Millard County's Public Defender.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried. Further discussion confirmed that Mr. Bennett had separated himself from the practice he currently worked for and will move to Millard County.

The county and Mr. Bennett will sit down and go through the terms of the contract and will bring it back to the commission board for approval. Commissioner Smith said that all the applicants did a great job.

PUBLIC HEARING FOR THE PURPOSE OF RECEIVING PUBLIC COMMENT ON CONDITIONAL USE PERMITS (CUP) FOR A NATURAL OR MANUFACTURED GAS STORAGE AND DISTRIBUTION FACILITY (MAJOR) (SALT CAVERN NATURAL GAS STORAGE FACILITY) AND A GAS PIPELINE RIGHT-OF-WAY (MAJOR) PROPOSED BY MAGNUM GAS STORAGE AND MAGNUM SOLUTIONS, LLC — APPLICANT. #Z-2010-008 AND APPLICATION # Z-2010-009

Commissioner Greathouse made a motion to enter into a public hearing for the purpose of receiving public comment on CUPs for a natural or manufactured gas storage and distribution facility (major) (salt cavern natural gas storage facility) and a gas pipeline right -of-way (major) proposed by Magnum Gas Storage and Magnum Solutions, LLC - applicant # Z-2010-008 and application #Z-2010-009.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

Present were: Sheryl Dekker, Dean Draper, Linda Gilmore, Sam Quigley, Tiffany James, Dave Hansen, Molly Stevens, John Hansen, Brian Pugh, Tony Fuller, Roger Mitchell, John Andrews, and

Mark Alger.

Commissioner Smith called the public hearing to order at 11:00 a.m..

Sam Quigley, General Manager for Magnum Gas Storage, Tiffany James, Director of Environmental Services for Magnum Gas Storage, and Dave Hansen, Hansen, Allen & Luce Engineering, gave a detailed presentation and answered questions as to where the natural gas storage will be located, what it has done to get to where it is at this point and what to expect from the gas storage when it is in place.

John Andrews, Associate Director of SITLA, stated that SITLA offers its support for this project.

Dean Draper, Chronicle Progress, asked the following questions regarding Magnum Gas Storage's project and was given the following answers:

Q Is Magnum planning on pumping 5,000 acre feet (af) a year or a combined 10,000 af a year?

A It will be a combined 10,000 af a year for the two caverns. The engineer design is for 5,000 af a year for the first 4 ½ years on the first two caverns. Then there will be a down period before the third and fourth caverns will be started. Magnum will be pumping only eight years out of the sixteen years.

Q Will it be centrally assessed?

A Yes.

Q Will this project depreciate to nothing at some particular point like any other centrally assessed project, will the value go to \$0 in 30 years?

A The taxing method that will be used will be the same method that applies to every other industry site across the State of Utah and every other state in the US.

Q Will it be like IPP? Will it have a significant depreciation over its life?

A It depends on the way it is assessed. Using the cost approach or the historical cost, then depreciation is calculated based on the life expectancy following a standard rate of depreciation.

Q Will depreciation start at the outset or will it start when its completely installed?

A The State Tax Commission would assess it based on a percentage of what is complete up to the point it is fully operational. If it is done in phases, each time it will take the value of that phase and would add the value back into the total volume.

Q What is the anticipated tax revenue at the beginning?

A The value is still undetermined at this point. Therefore, the tax revenue is not known.

Q Does Magnum have a projected value for this project?

A The pipeline and the project total is in the several hundred millions of dollars. It is a very expensive construction project.

Q What will the life span of the project be?

A It has a long life span.

Q Would you be looking at expanding from the four caverns to more in the future?

A There is definitely a possibility, but the current plan is for only four caverns.

Q Will the brine and evaporation be turned into a usable sellable salt?

A The salt is a very pure sodium chloride. It has about 10% of solubles in it. The cavern is designed with a sump at the bottom, so a lot of the insolubles settle out. The salt has no other chemicals in it but anhydrite and sodium chloride. So when the brine comes out and goes into the pond the brine will almost be 96% or 97% pure sodium chloride and the precipitate will be 100%

Q Will Magnum develop that or will they sublet that out?

A The salt belongs to SITLA. Magnum will be looking for an entrepreneur to develop it.

- John Andrews, SITLA, said that Magnum has the right to extract the salt and to pay a standard royalty to SITLA.

Q What kind of mitigation is there, if there is an unacceptable draw down on the wells of that aquifer?

A They have a complex mitigation plan. In that plan if they see certain things happening it triggers certain actions on the part of Magnum. The mitigation plan is actually a groundwater monitoring mitigation protection plan. Magnum recognizes the responsibility to protect the local water users.

Q What will magnum do if four miles away a land owner's water level drops 100 af?

A That should not happen. The draw down in the well was 120 ft to 150 ft over a 13 day period. The water level is stable and is at peak impact at the well. Magnum is dealing with existing water rights that is already withdrawing from the system.

Q Several small municipalities were approached by Magnum to lease water to them for 5 years. Was that standard or did that differ from place to place and private entities?

A If there is an impact which is unacceptable to the state engineer it will be reviewed by the state engineer and appropriate action will be taken to stop the negative impact.

- There are several leases, the leases from some of the local municipalities were for five years because it was their choice and some were 1 year leases. Magnum was asked by some municipalities to get longer leases for financing purposes to ensure the water is available to complete the caverns.

Q One of the clauses in the municipal leases was the ability for Magnum to assign that water right elsewhere as long as the lease was in force.

A That would contemplate if a company was to buy Magnum. Anytime you do a project like this you have to have a signable lease to function and get financing to essentially build a project.

Q What will the Conditional Use Permit (CUP) fee be?

A The standard fee for CUP will apply plus any additional costs.

Mr. Draper said that Clear Lake and the agriculture wells to the east of Flowell and Fillmore have been drying up the recharge in that system because of the distraction which was approved by the state engineer.

A benefit from Magnum's arrival is the 1800 ft new road in the Magnum confines. Its nice that it was developed but it is not very big.

Attorney Waddingham asked a series of questions regarding Magnum's water usage and other water related issues.

Linda Gillmor, MEDA, addressed the suggestion that both SITLA and Magnum has made about the anchor tenant. The language that is being used right now is potential economic benefit. The CUP requires that it be a specific economic benefit. She would like to see them provide enough power to support this expansion. Doing this would be a specific economic benefit to the county.

Mr. Quigley explained that under FERC they are not a gas sales company and do not have the appropriate authority to sell gas. There will be a high volume of natural gas available at the site by the owner of that gas. Magnum will never own any gas it is just a storage facility. This is Rocky Mountain Power's district so it would be impossible for Magnum to provide power to the rest of the site.

Commissioner Smith said that the proposal mentions that if Magnum is not able to get the amount of power it needs it would build its own natural gas power generators to provide its own power source.

Commissioner Smith said that the Planning Commission did forward this application to the commission with a favorable recommendation. The commission has been working with Bruce Parker, Planning Consultant, and Sheryl Dekker, County Planner, with this process.

Commissioner Smith said that part of his comments were based from when a fiber optic line came through Millard County. It was always said that the county would have the ability to tap onto the line, which was not the case in the end. The commission would like to have more of a concrete commitment for things when talking about potential projects being a part of Millard County.

Ms. Dekker said that there are several attachments to the CUP that are still being worked on. Planning and Zoning will be meeting with Magnum tomorrow to discuss an economic benefit to the county and maybe draw a little closer to something that both can agree on.

Mr. Quigley said that if the commission will approve the CUP he guarantees that all the final open items will be concluded tomorrow and all questions will be answered.

Commissioner Whatcott made a motion to go out of the public hearing.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried. The public hearing closed at 12:28 p.m..

The regular meeting reconvened.

REVIEW AND POSSIBLE DECISION FOLLOWING A PUBLIC HEARING HELD AUGUST 3, 2010 AND HAVING RECEIVED A FAVORABLE RECOMMENDATION FROM THE MILLARD COUNTY PLANNING COMMISSION REGARDING A CUP FOR A NATURAL OR MANUFACTURED GAS STORAGE AND DISTRIBUTION FACILITY (MAJOR) (SALT CAVERN NATURAL GAS STORAGE FACILITY) PROPOSED BY MAGNUM GAS STORAGE, LLC — APPLICANT. THE PERMIT IS FOR PROPERTY LOCATED SOUTH AND EAST OF THE IPP POWER PLANT AT THE INTERSECTION OF BRUSH WELLMAN HIGHWAY AND JONES ROAD, APPROXIMATELY 10 MILES NORTH OF DELTA. PERMIT # Z-2010-008

Commissioner Smith said that there was a little bit of confusion about the draft conditional use permit, but after visiting with Bruce Parker they were able to straighten it out.

Commissioner Smith said that he had a few issues with the language in the draft CUP and would like to view the CUP further before making a decision.

Commissioner Greathouse made a motion to table the approval of the CUP for a natural or manufactured gas storage and distribution facility (major) (salt cavern natural gas storage facility) proposed by Magnum Gas Storage, LLC - applicant # Z-2010-009 until the next commission meeting.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

REVIEW AND POSSIBLE DECISION FOLLOWING A PUBLIC HEARING HELD AUGUST 3, 2010 AND HAVING RECEIVED A FAVORABLE RECOMMENDATION FROM THE MILLARD COUNTY PLANNING COMMISSION REGARDING A CUP FOR A GAS PIPELINE RIGHT-OF-WAY (MAJOR) PROPOSED BY MAGNUM SOLUTIONS, LLC — APPLICANT. THE PERMIT IS FOR PROPERTY LOCATED APPROXIMATELY 15 MILES NORTH OF DELTA AND TRAVELING IN A NORTH-EASTERLY DIRECTION EXITING AT THE BOUNDARY OF THE MILLARD-JUAB COUNTY LINE. PERMIT # Z-2010-009

Commissioner Whatcott made a motion to table the approve the CUP for a gas pipeline right-of-way (major) proposed by Magnum Solutions, LLC - applicant # Z-2010-009 until the next commission meeting.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried.

DISCUSSION AND POSSIBLE APPROVAL OF AN AGREEMENT BETWEEN MILLARD COUNTY AND SPORTSITES.

Commissioner Greathouse mentioned last meeting that the members of the community felt that the convenience of registering online would not benefit the cost increase. After discussion and talking to the recreation department it was decided that the convenience would not justify the cost increase.

Commissioner Whatcott said that nobody wanted to see an increase but it would be nice to be able to communicate with the coaches after hours and to be able to pay the fees online after hours. It was suggested to add an email address to the current registration form for an additional contact.

Commissioner Whatcott made a motion not to enter into a contract with Sportsites and Millard County.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried.

DISCUSSION AND POSSIBLE APPROVAL OF A PURCHASING FUNERAL FLOWERS POLICY

It has been the practice that when there is a need to send flowers because of the death of an employee or an employee's immediate family member, the clerk's office would send out an arrangement of flowers or a plant to represent all the county departments.

If an individual department wants to send additional arrangements they would need to pool personal money together to purchase those arrangements.

A memo will be sent to each department explaining the details of purchasing funeral flowers.

Commissioner Whatcott made a motion to send a policy letter to each department explaining the details of purchasing funeral flowers which will not exceed \$50.00 and will only be purchased by the clerk's office to represent all the county departments.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried.

OTHER BUSINESS

Commissioner Smith received an Interlocal Cooperative Agreement for the Snake Valley groundwater study from Salt Lake County making a contribution of \$10,000 to Millard County this year.

Commissioner Greathouse made a motion to approve the Interlocal Cooperative Agreement between Salt Lake County and Millard County.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

Commissioner Smith presented an agreement from US Forest Service to fund \$20,000 for Millard County to mag chloride certain roads.

Commissioner Greathouse made a motion to approve the agreement between US Forest Service and Millard County.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried. *Need Copy*

Commissioner Whatcott said that he has a meeting set up with Brian Tridle, US Forest Service, to discuss the Corn Creek area roads.

Commissioner Whatcott presented an agreement between Coca Cola and Millard County. Coca Cola contributed \$4,700 to the East Millard Recreation to help buy two new scoreboards for the East and West church fields in Fillmore, Utah. In return they are requesting exclusive rights to sell coke products during events held by the East Millard Recreation at the church fields.

Commissioner Whatcott made a motion to enter into an agreement with Coca Cola based on the suggestions and approval of Attorney Waddingham and any language changes.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried.

Commissioner Whatcott said that Millard County purchased the scoreboards for \$9,400 with reimbursements back from the following entities: Coca Cola contributed the total cost for one scoreboard, the Utah Army National Guard contributed \$2,000 and Duane's Food Town contributed \$2,300. Commissioner Whatcott is going to ask the softball coach to hold a fund raiser for the remaining \$100.

DISCUSSIONS FROM EACH COMMISSIONER, COUNTY ATTORNEY, ELECTED OFFICIAL AND SECRETARY

Commissioner Whatcott attended a meeting with the Forest Service regarding two fires on Fish Lake National Forest. One fire was in the Ebbs Canyon area and the other one was around the Coffee Peak area. At that time the Forest Service was just going to monitor the fire so Commissioner Whatcott told them that the county would not enter into an agreement to share the costs of fighting the fires if they should come down on county or private property. The total cost would be incurred solely by the Forest Service. With tight budgets Commissioner Whatcott did not want to obligate county funds and resources.

Commissioner Whatcott worked with Una Rae Taylor in conducting rope rescue training for the East Millard Ambulance teams. They spent one hour at the ambulance shed then two hours up Fillmore Canyon setting up haul systems and repel points.

Commissioner Whatcott attended a luncheon/training at the School District offices with several dairyman, ranchers and farmers from the Millard County area on immigration issues and how to use the E-verify system.

Commissioner Whatcott attended the Constitution Defense Council (CDC) meeting in the Capitol Building in Salt Lake City. They discussed the problems the Utah Prairie Dog is presenting to businessmen, private land owners and land developers in Southern Utah Counties, especially Iron County. Because the Utah Prairie Dog is a protected species when it moves onto private property, the land can no longer be developed for commercial or private use. It was brought up that some

commercial properties were worth about eight million dollars, but because of the prairie dog moving onto the property they were now assessed at three million dollars which creates a tax shift from business to the private land owner.

Commissioner Whatcott traveled to Piute County and Wayne County to look at their public health offices, take measurements and visit with county elected officials and county employees. Commissioner Whatcott found that Piute County, with a population of 1,447 people, has a public health office three times the size of Fillmore's public health office. Wayne County's public health office is a little more than twice the size of Fillmore's public health office and serves a population of 2,637 people. Fillmore's public health office serves a population of about 5,000 residents.

Commissioner Whatcott attended an elected officials meeting at the Fillmore Court House. The discussion involved maintenance issues regarding the Fillmore Court House building that needs to be addressed, and upcoming events and training concerning the Court House and its employees.

Commissioner Whatcott attended the Millard County Search and Rescue meeting where Captain Forrest Roper conducted training using GPS (Global Positioning System).

Commissioner Smith reported that he attended the National Association of Counties convention in Reno, Nevada in July. He represented the State of Utah as the Utah Association of Counties' President in their policy development process.

Commissioner Whatcott said that he was able to contact Kevin Morris regarding the equestrian park prices. He will bring this item back for discussion at the next commission meeting.

APPROVAL OF JULY 20, 2010 COMMISSION MINUTES

The proposed minutes of a regular County Commission meeting held July 20, 2010 were presented for consideration and approval. Following review and consideration of minor corrections Commissioner Greathouse made a motion to approve the minutes of July 20, 2010, as corrected.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

Commissioner Greathouse made a motion to recess for lunch.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried. The meeting recessed at 12:48 p.m..

NOON LUNCH BREAK

Commissioner Greathouse made a motion to reconvene the meeting.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried. The meeting reconvened at 2:39 p.m..

PUBLIC INPUT

Tony Fuller and Don Fuller came to the commission to discuss their gravel pit permit. They were required as part of the permitting process on their gravel pit to put up a bond, which they did. They had difficulty getting a bonding company to write a restoration bond so the Fullers ended up putting up a \$35,000 cash bond themselves. They opened the gravel pits and started extracting gravel in 2006.

The County Treasurer invested the \$35,000, earning the Fullers some interest income for the first year and a half. The last few years they have not made much money. They are looking for a surety bond to replace the cash bond. They found a company which may be willing to replace the \$35,000 cash held by the county with a bond. Attorney Waddingham wanted to clarify that the property contains no hazardous materials of any type.

They also discussed the possibility of giving the county a trust deed for the amount required by the county as a means of restoring the property after the gravel pit is closed.

Commissioner Smith said that the commission will look into this and bring it back for discussion at the next commission meeting.

AUDITOR'S REPORT

Auditor Grace presented the check edit of August 2, 2010 for the commissioners to review and sign.

POSSIBLE APPROVAL OF HARDSHIP ABATEMENT APPLICATIONS

Auditor Grace presented an abatement application submitted by Ron Stephenson, parcel # R-1775-G-1. Mr. Stephenson was approved for a 45% abatement in 2009. He was living in Montana in 2009 and is still living in Montana because of certain circumstances, which were explained in the application.

Commissioner Whatcott made a motion to deny Mr. Stephenson's abatement application based on the information provided by the assessor's office that this is a non primary residence.

Commissioner Greathouse SECONDED the motion. The voting was unanimous and the motion carried.

Auditor Grace also presented an abatement application submitted by Myron and Joy Johnson, parcel #6450. Mr. and Ms. Johnson have been approved for an abatement in the past. They are over 65 years old and would qualify for the circuit breaker if their income did not exceed the limitation allowed, but they have extreme medical expenses.

Commissioner Greathouse made a motion to abate 45% of Mr. and Mrs. Johnson's property taxes for the year 2010.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the motion carried.

POSSIBLE BOARD OF EQUALIZATION (BOE) DISCUSSION AND OR ACTION

There was none.

TREASURER'S REPORT

Treasurer Hansen presented a copy of the financial collections and distributions for property taxes for the month of July.

Treasurer Hansen gave the commissioners some notes for Attorney Waddingham to review from the Drainage District meeting the two of them attended.

The County Treasurers' Association will have six members not returning to office next year. The commission gave its approval to present something commemorative to those members.

Treasurer Hansen and the commissioners clarified income information that will be required from property tax relief applicants.

OTHER

POSSIBLE CLOSED MEETING PURSUANT TO UTAH CODE ANNOTATED SECTION 52-4-4&5

There was none.

WHERE UPON THE MEETING ADJOURNED

Commissioner Greathouse made a motion to adjourn the meeting.

Commissioner Whatcott SECONDED the motion. The voting was unanimous and the meeting adjourned at 4:01 p.m..

Attest: _____

Approved: _____