

**WEBER BASIN WATER CONSERVANCY DISTRICT
 BOARD OF TRUSTEES MEETING
 THURSDAY, JULY 27, 2023, 9:00 A.M.
 DISTRICT HEADQUARTERS**

- 1) Welcome & Pledge of AllegianceChairman Jensen
- 2) Consideration of Approval of Minutes for Regular Board Meeting and
 Hearing on Petitions for Water Contracts held June 29, 2023,
 and Orientation Meeting held June 26, 2023Chairman Jensen
- 3) Consideration of Approval of Forth Quarter
 2023 Financial ReportTrustee Buttschardt
- 4) Presentation of the Utah State Auditor’s Annual
 Fraud Risk AssessmentGen. Mgr. Paxman
 and Mgr. Bravo
- 5) Consideration of Approval of Interlocal Agreement with
 Community Reinvestment Agency of Weber CountyGen. Mgr. Paxman
 and Mgr. Bravo
- 6) Consideration of Approval of Petitions for Water Contracts,
 Transfers of Water, and Water Cancellations Mgr. Searle

A. WEBER COUNTY:

Petitions for New Water

- 1) Capital Reef Management, LLC.....0.38 a.f. other
 West Haven (15-092-0048)
 - 2) Hylands Ranch Condominiums0.08 a.f. other
 West Haven (15-726-0026)
 - 3) R Dean & Cynthia Jensen Living Trust..... 0.65 a.f. Dist. 4
 Huntsville (21-166-0001)
 - 4) Woodmere Homes LC0.38 a.f. other
 West Haven (15-756-0001)
 - 5) Whitney Newey0.38 a.f. other
 West Haven (15-756-0003)
 - 6) Woodmere Homes LC0.38 a.f. other
 West Haven (15-756-0004)
 - 7) Joshua Lynch0.38 a.f. other
 West Haven (15-756-0005)
- 7) Water Supply ReportMgr. Olsen
 - 8) Consideration of Approval of Purchase
 of Heavy EquipmentGen. Mgr. Paxman
 and Mgr. Sorensen
 - 9) General Manager’s ReportGen. Mgr. Paxman
 - 10) Other Business

**MINUTES OF A REGULAR MEETING OF THE WEBER BASIN WATER
CONSERVANCY DISTRICT BOARD OF TRUSTEES HELD THURSDAY, JULY 27,
2023, 9:00 A.M., AT DISTRICT HEADQUARTERS**

Present:

Chairman, Marlin K. Jensen
Trustee Mark D. Anderson
Trustee Jared Andersen
Trustee Randy B. Elliott
Trustee Scott K. Jenkins
Trustee Angie Osguthorpe
Trustee Christopher F. Robinson
Trustee Paul C. Summers

Excused:

Trustee Kym O. Buttschardt

Scott W. Paxman, General Manager/CEO
Jody Williams, Legal Counsel
Mike Malmborg, Legal Counsel

Brittney Bateman, Fin. Analyst
Calysta Bravo, Fin. Manager
Suzy Eppens, Contracts Administrator
Darren Hess, Assistant General Manager
Josh Hogge, Mgr. of M&I
Shane McFarland, Mgr. of Engineering
Brad Nelson, Assistant General Manager
Riley Olsen, Mgr. of Water Supply & Power
Greg Pierce, Mgr. of Strategic Initiatives
Jon Parry, Assistant General Manager
Kendall Searle, Mgr. of Administration
Kathy Wood, Mgr. of Human Resources

Daniel Stephens, Promontory Commerce Center
Dallin Curriden, Promontory Commerce Center
Trevor Datwyler, AE2S
Stephanie Russell, Weber County

I

WELCOME & PLEDGE OF ALLEGIANCE

Chairman Jensen welcomed all in attendance and excused Trustee Buttschardt. He then led the group as they recited the Pledge of Allegiance.

II

CONSIDERATION OF APPROVAL OF MINUTES

Chairman Jensen presented the minutes of the regular board meeting and hearings on petitions held June 29, 2023 and orientation meeting held June 26, 2023 for review and approval. There were no additions or corrections.

Motion was made by Trustee Jenkins, seconded by Trustee Summers and the motion carried unanimously, approving the minutes as presented.

III

**CONSIDERATION OF APPROVAL OF FOURTH QUARTER
2023 FINANCIAL REPORT**

In Trustee Buttschardt's absence, Chairman Jensen invited Mgr. Bravo to present the fourth quarter 2023 financial report. Mgr. Bravo stated this is the final month of the fiscal year. She said the District practices accrual based accounting so some adjustments will be made to June before finalizing Fiscal Year 2023. She then presented an in-depth review of the O&M report.

Mgr. Bravo reviewed the revenues and expenses, and the year-to-date budget verses the fiscal year budget. She stated revenues from water sales and taxes exceeded what was anticipated and the excess will be added to the reserves.

Trustee Robinson asked what interest we earn on reserves. Mgr. Bravo answered a large portion of the reserves are in the PTIF which yields just above 4% and some reserves are in bonds which yield anywhere from 0 to 4%.

Trustee Summers motioned to approve the financials as presented, and the motion was seconded by Trustee M. Anderson. The vote was unanimous approving the May 2023 Financial Report as presented.

IV PRESENTATION OF THE UTAH STATE AUDITOR'S ANNUAL FRAUD RISK ASSESSMENT

Chairman Jensen asked Mgr. Bravo to continue with the fraud risk assessment.

Mgr. Bravo reported the state auditor has implemented a fraud risk assessment tool with recommended policies for local governments. She said the Board has a Fiduciary Committee which reviews District's policies compared to the state auditor's recommendations. Mgr. Bravo reported the annual fraud risk assessment requires a review of the results by the Board by the end of the fiscal year. She then reviewed the document in detail. The results of the assessment will be submitted to the auditor's office with the District's financial statements. She stated the District has all recommended policies in place with the exception of having a licensed or certified CPA, CGFM, CMA, CIA, CFE, CGAP, or CPFO on the management team. Mgr. Bravo stated she is in pursuit of her CPFO and anticipates her certification next year. She also stated Fin. Analyst Bateman is a CGFM and remains on staff. Mgr. Bravo then reviewed the Fraud Risk Assessment and Basic Separation of Duties in detail. She said the District's positions line up with the state auditor's requirements.

V CONSIDERATION OF APPROVAL OF INTERLOCAL AGREEMENT WITH COMMUNITY REINVESTMENT AGENCY OF WEBER COUNTY

Mgr. Bravo presented the Promontory Commerce Center Community Reinvestment Agency (CRA). She shared a map and said this area is about two miles west of the county corner and is currently Wadeland Dairy Farms. Mgr. Bravo stated the intention is development of public-owned regional infrastructure and is in line with Weber County's West Weber General Plan. She further stated that there will be manufacturing and industrial uses, and the development will create approximately 6,380 jobs. Mgr. Bravo then shared the following summary:

- 80% of Tax Increment for 25 years for all taxing entities
- 10% of total funds are required to be dedicated for low-income housing
- 5% of total to Agency (administrative costs)
- Total increment capped at \$3 million over 25 years (District)
- Trigger date no later than January 31, 2025
- Construction Costs anticipated to be \$103 million
 - 20% funded by TIF – 80% developer funded

Mgr. Bravo then reviewed the impact to the District and presented the following estimates:

- ~350 acres of green belt property
 - Current tax collections ~\$364/year
- Estimated 25-year tax collection *without* TIF: \$9,100
- Estimated 25-year tax collection *with* TIF: *\$459,041
**(Estimated increment ~\$2,249,705 – 20% to District)*
- Total increase of \$449,941
- Estimated collections post CRA ~\$98,000/year

Discussion continued and Mgr. Bravo answered questions from the board.

Trustee Jenkins mentioned the District’s plans to replace and upsize the Little Mountain Tank in this area and stated the District is ready for this expansion. He stated his support for this project and the enhancements it will offer the community. Gen. Mgr. Paxman mentioned the CRA and similar projects will impact the District’s time frame on constructing a treatment plan in this area.

Legal Counsel Malmborg stated he reviewed the contract and views this decision as a policy decision from the board. He shared his approach in reviewing the contract, stating he assessed if the school and county have agreed to the same terms and conditions being proposed and they have. Mgr. Bravo stated the school district will take it for approval in September.

Trustee Robinson thanked staff for including the waterwise contract language in our consideration of the CRA and mentioned the development of this area would increase the District’s benefit as it is currently zoned as green belt and does not yield substantial tax revenue.

Motion was made by Trustee Jenkins, seconded by Trustee J. Andersen and passed unanimously, approving the interlocal agreement for the Promontory Commerce Center CRA.

RESOLUTION

BE IT AND IT IS HEREBY RESOLVED by the Board of Trustees of the Weber Basin Water Conservancy District that the Chairman and the General Manager/CEO of said District be and they are hereby authorized and empowered to execute on behalf of said District an interlocal agreement for the Promontory Commerce Center Community Reinvestment Agency on the terms and conditions presented to and considered at this meeting.

**VI
WATER SUPPLY REPORT**

Mgr. Olsen was invited to present the water supply report and showed the following reservoir content data:

RESERVOIR	TOTAL CAPACITY	DISTRICT CAPACITY	ACCRUED TO DIST TO DATE	% OF DIST CAPACITY	HISTORICAL RESERVOIR CONT.	
					AS OF 7/26/22	AS OF 7/26/21
CAUSEY	7,870	6,870	6,672	97%	5,823	4,034
E CANYON	51,200	20,110	22,800	113	32,314	26,200
ECHO	73,940	6,422	0	0	54,257	15,880
LOST CRK	22,510	20,010	18,040	90	10,117	9,680
PINEVIEW	110,150	66,228	60,025	91	59,560	33,230
SMITH-M	8,351	6,560	6,580	100	7,559	3,422
WANSHIP	62,120	60,000	51,644	86	52,266	19,210
WILLARD	<u>247,302</u>	<u>222,273</u>	<u>215,425</u>	<u>97</u>	<u>87,874</u>	<u>106,705</u>
TOTAL	583,443	408,473	381,186	93%	309,770	218,361

Percent of District upstream storage is 89%.

Mgr. Olsen presented a positive water report. He stated the District’s active capacity is 96% so we are still in very good shape. He then presented slides showing the Ogden River, Weber River, and Willard Bay storage. He also discussed the District’s storage allocation, soil moisture levels, precipitation/snotel, forecasted runoff, weather outlooks, and drought monitor.

Mgr. Olsen answered questions from the trustees.

Gen. Mgr. Paxman stated the River Commissioner will be dropping to low flows allocation within the next few days, but as of today the river flows are still high flow allocations.

Legal Counsel Williams asked if there was a point this summer when all reservoirs were spilling at once. Mgr. Olsen replied, yes, back in June for a few days all District reservoirs were spilling.

**VII
CONSIDERATION OF APPROVAL OF PURCHASE OF HEAVY EQUIPMENT**

AGM Nelson began presenting by stating maintenance uses dump trucks in the everyday operations at the District. He said the dump truck that will be replaced by this new one is 20 years old and will be sold once the new truck is acquired. AGM Nelson said the new dump truck is a 2024 Kenworth T880 with an automatic transmission making it easily operated by junior employees. He said the purchase will be through the state contract and recommended approval of the purchase for \$219,930.00.

Trustee Osguthorpe asked if repairs are made in house. AGM Nelson replied that we do have a mechanic on staff that repairs what he can in house, however if the repair is larger, we hire the work out.

Motion was made by Trustee M. Anderson, seconded by Trustee Osguthorpe and passed unanimously, approving the purchase of the 2024 Kenworth T880 Dump Truck using the state contract for a total purchase price of \$219,930.00.

**VIII
GENERAL MANAGER'S REPORT**

Gen. Mgr. Paxman reported his presentation with Summit County went well and reminded all of the upcoming tax hearing at 6:30 p.m. on August 28, 2023. Gen. Mgr. Paxman asked which of the trustees would be able to attend the tax hearing. All trustees indicated that they would be in attendance.

Gen. Mgr. Paxman reported the District offered first aid training and about 20 employees were trained and certified in first aid, CPR, and the use of AED equipment. He said this is very beneficial to the staff and the District will continue to offer annual training to any employee desiring to be certified.

Gen. Mgr. Paxman said legislative meetings have begun in earnest and he anticipates another very, very busy legislative season regarding water and related issues.

**IX
ADJOURNMENT**

There being no further business for discussion, meeting adjourned at 9:53 a.m.

Respectfully submitted,



Scott W. Paxman, General Manager/ CEO

The Board of Trustees of the Weber Basin Water Conservancy District, Utah, met in public session July 27, 2023, at 9:00 a.m., at District headquarters, Layton, Utah. Meeting was called to order by Chairman Marlin K. Jensen. On roll call the following members were found to be present:

Present:

Chairman, Marlin K. Jensen
Trustee Mark D. Anderson
Trustee Jared Andersen
Trustee Randy B. Elliott
Trustee Scott K. Jenkins
Trustee Angie Osguthorpe
Trustee Christopher F. Robinson
Trustee Paul C. Summers

Excused:

Trustee Kym O. Buttschardt

Scott W. Paxman, General Manager/CEO
Jody Williams, Legal Counsel
Mike Malmborg, Legal Counsel

Brittney Bateman, Fin. Analyst
Calysta Bravo, Fin. Manager
Suzy Eppens, Contracts Administrator
Darren Hess, Assistant General Manager
Josh Hogge, Mgr. of M&I
Shane McFarland, Mgr. of Engineering
Brad Nelson, Assistant General Manager
Riley Olsen, Mgr. of Water Supply & Power
Greg Pierce, Mgr. of Strategic Initiatives
Jon Parry, Assistant General Manager
Kendall Searle, Mgr. of Administration
Kathy Wood, Mgr. of Human Resources

Daniel Stephens, Promontory Commerce Center
Dallin Curriden, Promontory Commerce Center
Trevor Datwyler, AE2S
Stephanie Russell, Weber County

Mgr. Searle stated the meeting was being held pursuant to notice to the public, duly published as required by law, for the purpose of permitting all interested persons to show cause why the respective petitions for water contracts of the individuals as set forth in the notice, copies of which are attached hereto and incorporated by reference as a part of these minutes, for the allotment of water to lands in Weber County, Utah, by the Weber Basin Water Conservancy District, should not be granted.

Mgr. Searle reported there have been no written objections filed against the foregoing petitions and asked for any other objections to be presented at this time. No objections were received.

Thereupon the following resolution was presented and read:

**RESOLUTION GRANTING PETITIONS FOR THE ALLOTMENT
OF WATER BY WEBER BASIN WATER CONSERVANCY DISTRICT**

WHEREAS, acting pursuant to Section 73-9-19, Utah Code Annotated, 1953, as amended, there has been filed in the office of the Weber Basin Water Conservancy District, the following petitions for water contracts requesting the allotment of Weber Basin water annually, pursuant to the terms and conditions set forth in said petition:

A. WEBER COUNTY:

Petitions for New Water

- 1) Capital Reef Management, LLC.....0.38 a.f. other
West Haven (15-092-0048)
- 2) Hylands Ranch Condominiums0.08 a.f. other
West Haven (15-726-0026)
- 3) R Dean & Cynthia Jensen Living Trust..... 0.65 a.f. Dist. 4
Huntsville (21-166-0001)
- 4) Woodmere Homes LC0.38 a.f. other
West Haven (15-756-0001)
- 5) Whitney Newey0.38 a.f. other
West Haven (15-756-0003)
- 6) Woodmere Homes LC0.38 a.f. other
West Haven (15-756-0004)
- 7) Joshua Lynch0.38 a.f. other
West Haven (15-756-0005)

Whereas after the filing of said petitions, it was determined to hold a public hearing on same in the office of the Board of Trustees of the District, and the General Manager/CEO of the District caused due and proper notice of the holding of such hearing to be posted to the Utah Public Notice Website on July 12, 2023, which notice advised all interested persons of the holding of such hearing and of their right to present objections in writing showing cause why such petitions should not be granted, and

WHEREAS, at the hour and place named in said notice, or at a subsequent meeting adjourned there from, the Board of Trustees of the District has met in public session and has heard all persons desiring to be heard and written or other objections having been presented, and

WHEREAS, after due consideration, it is the determination of the Board of Trustees that it is for the best interest of the District that such petitions should be granted.

NOW, THEREFORE, be it Resolved and Ordered by the Board of Trustees of the Weber Basin Water Conservancy District, as follows:

Section 1. That it is hereby determined to be in the best interest of the Weber Basin Water Conservancy District, that such petitions be granted.

Section 2. That said petitions are hereby granted and amounts of water in acre-feet are hereby allotted to the respective petitioners for the lands for which the same is petitioned, all as above set out.

Section 3. That the Chairman of the District is hereby authorized and directed in the name of the District and on its behalf to execute formal orders granting said petitions allotting water to lands therein described, upon the terms, at the rates, and payable in the manner as in said petitions set forth and the General Manager/CEO of the District is authorized and directed to attest said order.

Section 4. The General Manager/CEO of the Board of Trustees in its behalf, is directed to cause a fully executed copy of said order, to which shall be attached a copy of the petitions upon which the order is made, to be recorded in the office of the respective County Recorder.

Page 3 – Petitions for Water Contract Hearing – July 27, 2023

After consideration of the resolution and order, motion was made by Trustee Robinson, seconded by Trustee Elliott and passed unanimously, approving petitions for water contracts in Weber County and adopting the foregoing resolution.

Approved and adopted July 27, 2023.



Marlin K. Jensen, Chairman

ATTEST:



Scott W. Paxman, General Manager/CEO

(SEAL)

**MINUTES OF AN ORIENTATION MEETING OF THE WEBER BASIN WATER
CONSERVANCY DISTRICT BOARD OF TRUSTEES HELD THURSDAY,
JULY 27, 2023, 8:00 A.M., AT DISTRICT HEADQUARTERS**

Present:

Chairman, Marlin K. Jensen
Trustee Mark D. Anderson
Trustee Jared Andersen
Trustee Randy B. Elliott
Trustee Scott K. Jenkins
Trustee Angie Osguthorpe
Trustee Christopher F. Robinson
Trustee Paul C. Summers

Excused:

Trustee Kym O. Buttschardt

Scott W. Paxman, General Manager/CEO
Jody Williams, Legal Counsel
Mike Malmborg, Legal Counsel

Darren Hess, Assistant General Manager
Brad Nelson, Assistant General Manager
Jon Parry, Assistant General Manager
Kendall Searle, Administrative Manager
Suzy Eppens, Contracts Administrator
Greg Pierce, Strategic Initiatives Manager

I

REVIEW OF THE DISTRICT'S TEN-YEAR FINANCIALS AND REVENUE SOURCES

Mgr. Bravo began presenting an overview of the District's financial stream. She reviewed water rates, taxes, debt (bonds & loans), and other sources of income.

Mgr. Bravo explained the District has dual taxing authority for the Federal Repayment Contract and the State Statute 17B-2a-1006 allowing a maximum statutory rate of 0.0002%. She said tax monies are first obligated to the federal project and any excess can be used elsewhere but cannot be used for debt service. Mgr. Bravo reviewed the major categories where taxes are used including repaying of the federal project, operation and maintenance and repair and replacement of the federal project, disaster mitigation such as flood, drought, or seismic activity, watershed protection including wildfire, fish and wildlife, and regional conservation programs.

Mgr. Bravo then reviewed the District's debt financing. She reviewed bonding, Water Infrastructure Finance Innovation Act (WIFIA), Water Infrastructure Restricted Account (WIRA), grant opportunities, and other financing. Mgr. Bravo reviewed other inflows such as interest and impact fees.

Mgr. Bravo said in 2013 the state passed 17B-2a-1010 which requires the District to create a Capital Asset Plan (CAP). The CAP includes an inventory of qualified assets, their estimated remaining life, and an estimate of replacement cost. She said this is reviewed, updated, and submitted to the state every five years. Mgr. Bravo stated the CAP also serves to establish ongoing sources of funds dedicated to the operations, maintenance, and repair and replacement of qualified assets.

Mgr. Bravo then reviewed water rates. She said the cost of ongoing repair and replacement of existing infrastructure is increasing for both the culinary and secondary systems as well as the cost of new infrastructure for meter implementation. Mgr. Bravo explained that new development will be funded through the District 4 water rates and impact fees, and the OM&R of new facilities is also built into the rate.

Mgr. Bravo explained the District, at the board's direction, is increasing to the statutory rate of 0.0002 over a two-year period. She said last year the District increased to 0.000167 and this year is proposing the full statutory rate of 0.0002. She said the board also directed staff to increase water rates proportionately with the tax increase over a four-year period.

Page 2 – Orientation Meeting – July 27, 2023

Mgr. Bravo presented the FY2024 – FY2035 Capital Asset Plan highlighting the following:

- \$1.1 Billion in Budgeted Capital Projects
 - \$294 Million (Project)
 - \$823 Million (District)
 - \$1.1 Billion in Budgeted Revenues (as presented)
 - \$239 Million
 - (Ad Valorem – assuming .0002 for all years)
 - \$458 Million Water Rates
 - Implementation of 4-year plan
 - Ongoing adjustment of rates in line with inflation
 - \$400 Million New Debt
 - \$158.5 Million Bond Issuances (2025, 2027, 2029, 2031, 2032)
 - \$241.5 Million Federal Loans (WIFIA and XM)
 - \$21 Million Reserves
- Current Debt: \$151,127,699
 - Bonds: \$139,072,000
 - Loans: \$12,055,699
- Current Annual Debt Service: ~\$13.5 million
 - Current Debt Ratio of 2.58x (*as calculated by ratings agencies*)
 - Bond Covenants: 1.25x
 - Board Policy: 1.75x
 - Recommendation of Board Fiduciary Committee and approved by the Board
 - Conservative policy is a plus for ratings agencies
- Cash coverage is 1.71x
- Anticipated New Debt: \$400 million
- Anticipated New Debt Service: ~\$15-\$26 million/year
- Anticipated New Debt Service Ratio: 2.5x-3x
 - Cash flow coverage of debt: 1.5x
 - a few years hover around 1.0x coverage over the next 5 years

Mgr. Bravo ended by sharing the impacts of the tax rates in each represented county and compared the District's proposed tax rate of 0.0002 to the comparable water districts in the state. She stated our percentage at the statutory rate of 0.0002 is still the lowest rate, by almost half, of all other Districts.

Discussion continued and Mgr. Bravo and Gen. Mgr. Paxman answered questions from the board.

Trustee M. Anderson asked if the District could pull more from the reserves. Mgr. Bravo stated we will pull \$20M from the reserves this year and continue to pull heavily from reserves for the next five years all while maintaining the requirements on the reserves balance.

Trustee Jenkins commented that there has been a push for users to fund the project but noted that anyone who lives in the service area benefits. Trustee Robinson agreed that everyone benefits, and this should be the focus.

Trustee Jenkins questioned taxes being used to pay debt and where the rules the District follows originated. Mgr. Bravo replied the District Bonding Covenants prevent the District using bonding funds to pay for debt.

Gen. Mgr. Paxman stated that bonding will be expensive, and that is why we are looking at grants and different funding options that are being made available. He stated we will not bond before there is a need.

Trustee Jenkins stated concerns regarding the high debt load, and he requested a more in-depth look and discussion regarding this at a later date.

Trustee J. Andersen agreed with Trustee Jenkins and asked for a good definition of our debt plan at that time as well. Mgr. Bravo stated generational equity is a major issue, ensuring those that are paying the debt are those that are benefiting from the projects and services.

**II
ADJOURNMENT**

There being no further business for discussion, meeting adjourned at 8:45a.m.

Respectfully submitted,



Scott W. Paxman, General Manager/ CEO