

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING OF THE  
BOARD OF TRUSTEES OF JORDAN VALLEY WATER CONSERVANCY DISTRICT**  
(Unapproved and Subject to Change)

Held November 13, 2018

The Executive Committee meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held Tuesday, November 13, 2018, at 4:05 p.m. at the District office at 8215 South 1300 West, West Jordan, Utah.

Trustees Present:

Wm. Brent Johnson  
Karen D. Lang  
Scott L. Osborne  
Stephen W. Owens  
Ronald E. Sperry  
Lyle C. Summers  
John H. Taylor

Trustees Absent:

Corey L. Rushton, Chair  
Greg R. Christensen

Staff Present:

Richard Bay, General Manager/CEO  
Alan Packard, Assistant General Manager  
Bart Forsyth, Assistant General Manager  
Brian Callister, Maintenance Department Manager  
Jason Brown, Information Systems Department Manager  
Matt Olsen, Communications Department Manager  
Shane Swensen, Engineering Department Manager  
Shazelle Terry, Operations Department Manager  
David Martin, CFO/Treasurer  
Reid Lewis, General Counsel  
Brian McCleary, Controller  
Debbie Petersen, Human Resources Manager  
Beverly Parry, Executive Assistant  
Jessica Morgan, Administrative Assistant  
Kurt Ashcroft, Human Resources Manager designee

**Welcome**

Mr. Scott L. Osborne, Vice Chair, called the meeting to order at 4:05 p.m. As Ms. Karen Lang needed to leave the meeting by 4:30 p.m., the second agenda item, discuss annexation of lands into the District, was discussed first.

**Discuss  
annexation of  
lands into the  
District**

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Mr. Bay updated the Board on the Olympia Hills development and annexations in Kearns and Herriman City that are in progress. He said the Board will soon need to act on a petition from Olympia Hills to annex into the District. The size of the development raises two questions: what water efficiency and water conservation standards does the Board want to require and how the Board wants to fund water infrastructure and water supplies needed for new lands annexed into the District. Mr. Bay said Mr. Reid Lewis, General Counsel, has developed a draft petition which includes a requirement for water efficiency standards and language stating the District may impose a water availability fee as a condition of annexation. He asked the Board to consider three questions: 1) is the Board okay with staff giving the draft petition to the Olympia Hills developer, 2) is the Board ready to identify boundaries, including any lands

within the District, the member cities, or improvement districts, within which those lands are grandfathered in and exempt from a water availability fee, and 3) is it possible to grandfather in standby customers, meaning Copperton Improvement District.

Mr. Taylor said he believes the District's responsibility is to those with which the District currently has water supply contracts and their buildout, and new development should pay for the cost to develop new water supplies.

Mr. Sperry said the water needed for these new developments is a reallocation of water usage, but with the higher density developments, it will eventually require additional water supplies.

Mr. Summers said he is in favor of a water availability fee if it makes the new developments pay for the cost to develop new water supplies that will be needed because of the higher density population.

Ms. Lang asked if the water availability fee would be paid upfront or as an increased wholesale price over the years. Mr. Bay said the District could calculate it as an upfront fee and amortize over 20 or 30 years as a surcharge per acre foot.

Mr. Osborne said he does not think the fee should be spread over many years, but it should be an upfront fee which might make developers reconsider high density developments.

Ms. Lang said she supports an upfront water availability fee. Mr. Taylor stated if the fee is earmarked an "impact fee," there may be laws and regulations the District would need to consider. Mr. Owens agreed with the concept of an upfront water availability fee.

Mr. Bay said because of laws and regulations associated with "impact fees," staff recommends basing the fee on costs that the District is currently incurring for new water, such as the Central Water Project.

Mr. Johnson said the District needs to take every precaution so developers will not be able to sue the District over fees imposed on new developments. Mr. Bay said the fee would need to be uniform for any future lands annexed into the District and the water availability fee could be updated as needed.

Mr. Bay asked if the Board would like to include Copperton Improvement District (CID) in the grandfathering resolution that will be brought before the Board at the Board meeting on November 14, 2018. Mr. Osborne said he would like to include a caveat that the District will grandfather CID's current contract capacity delivered by the District, and anything greater would not be grandfathered in.

Ms. Karen Lang left the meeting at 4:45 p.m.

**Review agenda  
for November  
14, 2018, Board  
meeting**

Mr. Bay reviewed the proposed agenda for the November 14, 2018, Board of Trustees public hearing/regular meeting. Some of the topics for discussion and consideration included: public hearing relating to the issuance of up to \$35 million of water revenue bonds; approval of Board and Committee meetings schedule for 2019; discuss and approve a response to State Auditor's Office regarding professional services procurement and bond marketing; approval of an underwriter engagement agreement for marketing of water revenue bonds; two financial matters; adoption of Resolution No. 18-25, Amending JVVCD's

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Policy Manual; adoption of Resolution No. 18-26, Annexations of Real Property into the JWCD; four engineering project items; a report on District awards/recognitions and presentations at AWWA Intermountain Section conference; and various routine reporting items. A closed session was also proposed to discuss the sale or purchase of real property and/or water rights or water shares and information provided during procurement process. An open session will include an approval to exchange District property with real property located at 2297 West 2550 South, West Haven City.

**Discuss audit report by Gilbert & Stewart for fiscal year ending June 30, 2018**

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Mr. Brian McCleary, Controller, stated the financial auditors will report to the Board on Wednesday about their audit procedures and results of JWCD's annual audit. This report will be the official financial statement for the year ended June 30, 2018. The report will then be distributed and placed on the State Auditor's website and will be used by rating agencies and other industry analysts to evaluate the District's performance. Mr. McCleary reviewed the draft audit report.

Mr. Owens asked if the audit includes verification of any fraud in the District. Mr. McCleary said the report reviews internal controls which include sampling, employee interviews, and testing of procedures.

Mr. Osborne asked who the members of the audit committee are and questioned if there is enough independence in the audit committee to make sure the audit is being complete enough to detect or eliminate fraud. Mr. Sperry said that even though there are internal practices in place, an internal auditor could help eliminate opportunities for fraud.

**Discuss a response to State Auditor's office regarding professional services procurement and bond marketing**

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Mr. Bay said the State Auditor initiated a review of the four largest water districts' procedures for selecting professional services for a finance team in public finance bonding and the method of marketing bonds. He said each district received a confidential, draft audit report which was provided to the Board. The State Auditor has submitted five recommendations and has asked for a Board response. Mr. Bay provided a draft letter of response for the Board to review and approve at the November 14<sup>th</sup> Board meeting. He briefly reviewed the Auditor's recommendations and the District's draft response.

**Adjourn**

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Mr. Rushton called for a motion to adjourn. Mr. Summers moved to adjourn the meeting. The meeting was adjourned at 5:35 p.m.

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Corey L. Rushton, Chair of the Board of Trustees

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Richard P. Bay, Clerk