

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

Held October 3, 2018

A regular Board meeting of the Board of Trustees of the Jordan Valley Water Conservancy District was held Wednesday, October 3, 2018, at 3:01 p.m. at the District office at 8215 South 1300 West, West Jordan, Utah.

Trustees Present:

Corey L. Rushton, Chair  
Wm. Brent Johnson  
Scott L. Osborne  
Stephen W. Owens  
Ronald E. Sperry  
Lyle C. Summers  
John H. Taylor

Trustees Absent:

Greg R. Christensen  
Karen D. Lang

Staff Present:

Richard Bay, General Manager/CEO  
Bart Forsyth, Assistant General Manager  
Alan Packard, Assistant General Manager  
Brian Callister, Maintenance Department Manager  
Shane Swensen, Engineering Department Manager  
Shazelle Terry, Operations Department Manager  
Reid Lewis, General Counsel  
David Martin, Chief Financial Officer/Treasurer  
Brian McCleary, Controller  
Debbie Petersen, Human Resources Manager  
Beverly Parry, Executive Assistant  
Jessica Morgan, Administrative Assistant  
Jessica Richards, Administrative Assistant  
Travis Christensen, Registered Engineer

Also Present:

Greg Anderson, Public Works Director, Kearns Improvement District  
Erik Betz, Videographer, KSL-TV  
Chris Blackwood, Managing Director, PFM Asset Management LLC  
David Dobbins, City Manager, Draper City  
Chris Finlinson, Assistant General Manager, Central Utah Water Conservancy District  
Craig Frisbee, Utility Manager, City of West Jordan  
Bruce Hicken, Finance Director, Kearns Improvement District  
Keith Lord, General Manager, Taylorsville-Bennion Improvement District  
Brien Maxfield, Senior Engineer, Draper City  
Marc McClure, PFM Asset Management LLC  
Annalee Munsey, Assistant General Manager, Metropolitan Water District of Salt Lake & Sandy  
Terry Pollock, General Manager, Magna Water District  
David Robertson, Vice President, Lewis Young Robertson & Burningham  
Mark Stevens, Reporter, KSL-TV

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Ryan Willeitner, Engineer, Jacobs Engineering  
Mike Wilson, Project Manager, CRS Engineers

**Call to order and introduction of visitors**

Mr. Corey L. Rushton, Chair, convened the regular Board meeting of the Jordan Valley Water Conservancy District Board of Trustees at 3:01 p.m. on Wednesday, October 3, 2018, in the administration building at 8215 South 1300 West in West Jordan, Utah. Mr. Rushton introduced the members of the Board and visitors. Mr. Greg Christensen and Ms. Karen Lang were excused from the meeting.

**Approval of common consent items**

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Mr. Rushton presented minutes of the Executive Committee meeting held September 10, 2018; the regular Board meeting held September 12, 2018; and the Trustees Expenses Report for September 2018. Mr. Rushton called for a motion. Mr. Owens moved to approve the minutes of the meetings held September 10, 2018 and September 12, 2018, and the Trustees Expenses Report for September 2018. Following a second by Mr. Summers, the motion was approved as follows:

Mr. Christensen – not present	Mr. Johnson – aye
Ms. Lang – not present	Mr. Osborne – aye
Mr. Owens – aye	Mr. Rushton – aye
Mr. Sperry – aye	Mr. Summers – aye
Mr. Taylor – aye	

**Public comments**

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There were no public comments.

**Consider adoption of Resolution No. 18-22, “Amending Jordan Valley Water Conservancy District’s Policy Manual”**

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Mr. Reid Lewis, General Counsel, explained that this resolution proposes two revisions to the District’s Policy Manual. The first is a revision to the Administrative Policy and Procedures Manual which would allow District employees to purchase surplus property if the sale is held through a public auction. The second revision would incorporate in the Retail Water Service Manual the tiered water rates approved by the Board in June 2018. Mr. Lewis recommended adoption of Resolution No. 18-22. Mr. Osborne moved to approve Resolution No. 18-22, Amending Jordan Valley Water Conservancy District’s Policy Manual. Following a second by Mr. Sperry, the motion was approved as follows:

Mr. Christensen – not present	Mr. Johnson – aye
Ms. Lang – not present	Mr. Osborne – aye
Mr. Owens – aye	Mr. Rushton – aye
Mr. Sperry – aye	Mr. Summers – aye
Mr. Taylor – aye	

**Financial matters**

**Review purpose and timing of new bond issuance**

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Mr. David Martin, Chief Financial Officer, explained that it has been over two years since the District’s last new money bonds, which was the 2016A bond issue for \$65 million. He reported that those funds have been completely spent on various capital projects. He noted that since 2015, the District has funded 100% of its repair and replacement type capital projects through pay-go capital. Mr. Martin stated the 2019 new money bonds for approximately \$35 million will fund the Southwest Aqueduct project, CWP development charges, 10200 South Pipeline project, and various other capital projects. He then summarized the timing of the new money bond issuance and reviewed the financing team that will be used.

**Review bond market, issuance process, and structure of new bond issue**

Mr. Martin introduced Mr. David Robertson, Vice President of Lewis Young Robertson & Burningham, who reviewed the current bond market, stating that the local and national economies are strong, unemployment is low, tariffs are impacting the stock market, and federal interest rate increases are tied to inflation. Mr. Robertson reported the bond supply is lower this year due to the 2017 tax reform, the market's interest in tax-exempt bonds remains strong, and while interest rates are still relatively low, they have been steadily rising. Mr. Robertson then reviewed the new money bond structure and bond issuance process.

Mr. Ron Sperry, Finance Committee Chair, stated this bond issue has been discussed by the Executive Committee and agreed that this is a good time to issue bonds.

Mr. Summers asked who meets with rating agencies, and what is the purpose of the meetings. Mr. Robertson explained that in the past there have been site visits which include various staff, such as the General Manager, Treasurer, Assistant General Managers, and one Board member. He stated that these meetings allow staff to present their case to the rating agencies and allow for open communication between the District and the rating agencies.

Mr. Owens asked what the costs of issuance for the \$35 million bonds will be. Mr. Robertson said the total cost will be between one and one and one-half percent or lower.

Mr. Owens asked which Member Agencies will benefit from the projects funded by this bond and how the District will make sure impact fees from new connections will contribute towards repayment of the bonds. Mr. Martin stated that most Member Agencies will benefit from the projects funded by the bonds. The District has hired Lewis Young Robertson & Burningham as consultants to update the District's impact fee study which will include looking at the current costs of the District's system, future projects, calculating capacity, and calculating the cost to connect to the system.

Mr. Osborne asked if the District's rating would be upgraded with the increase in funding the last couple of years due to high water demands. Mr. Robertson stated since the District has a large capital projects list, higher debt, and it is on the lower side of the AA+ rating for the debt service coverage ratio, there will likely not be a change in the rating.

**Consider setting public hearing date on November 14, 2018, at 3:00 p.m. for issuance of up to \$35 million of water revenue bonds and related matters**

Mr. Martin recommended setting a public hearing date on November 14, 2018, at 3:00 p.m. for issuance of up to \$35 million of water revenue bonds and related matters. Mr. Rushton called for a motion on the recommendation. Mr. Sperry moved to set a public hearing date on November 14, 2018. Following a second by Mr. John Taylor, the motion was approved as follows:

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|-------------------------------|-------------------|
| Mr. Christensen – not present | Mr. Johnson – aye |
| Ms. Lang – not present        | Mr. Osborne – aye |
| Mr. Owens – aye               | Mr. Rushton – aye |
| Mr. Sperry – aye              | Mr. Summers – aye |
| Mr. Taylor – aye              |                   |

**Consider adoption of Resolution No. 18-23, "Approving an Interlocal Agreement Between the Redevelopment Agency of Draper City and the Jordan Valley Water Conservancy District"**

Mr. Martin recognized Mr. David Dobbins, Draper City Manager, in the audience and reviewed the Draper South Mountain Community Reinvestment Project. He stated the property is located along Highland Drive, between Porter Rockwell Trail and Bangerter Parkway, and will consist of 72 acres of commercial development. The interlocal agreement has a 30% pass-through to the District, 20-year term, maximum tax increment of \$1,260,659, and a trigger date by 2021. Mr. Martin stated Localscapes will be utilized in the proposed landscaping. Mr. Martin recommended adoption of Resolution No. 18-23, Approving an Interlocal Agreement between the Redevelopment Agency of Draper City and the Jordan Valley Water Conservancy District.

Mr. Rushton asked Mr. Martin to review the criteria staff looks at when evaluating proposals of this nature. Mr. Martin stated the District wants to support Member Agencies when they have these kinds of developments, installation of waterwise landscaping is required, and an analysis is completed to make sure the District will not be financially harmed by the agreement.

Mr. Rushton asked what the purpose is for the large parking structure planned in the proposal. Mr. Dobbins stated that this project could not happen without the parking structure because there is not room for surface parking. The increased value and investment allows for the amount of square footage being proposed in the project. Mr. Johnson asked if the parking structure will be used for Trax parking also. Mr. Dobbins stated the developer had to purchase property from UTA within their corridor for the proposed road, and it is included in the agreement that UTA will have access to the parking structure for Trax parking.

Mr. Rushton called for a motion on the recommendation. Mr. Johnson moved to adopt Resolution No. 18-23. Following a second by Mr. Sperry, the motion was approved as follows:

Mr. Christensen – not present	Mr. Johnson – aye
Ms. Lang – not present	Mr. Osborne – aye
Mr. Owens – aye	Mr. Rushton – aye
Mr. Sperry – aye	Mr. Summers – aye
Mr. Taylor – aye	

**Engineering, Maintenance, and Information Systems activities**

**Consider approval of funding for CenturyLink to relocate fiber optic communications line to accommodate construction of the Southwest Aqueduct Reach One project**

Mr. Alan Packard, Assistant General Manager, stated the project that is currently under construction on Reach 1 of the Southwest Aqueduct involves a pipeline crossing Redwood Road, approximately one-half mile north of Camp Williams. He said several years ago when UDOT widened Redwood Road and Camp Williams Highway, the District arranged to have a casing installed beneath Redwood Road that would allow for the Southwest Aqueduct to be installed, when needed, without interrupting traffic. He explained that since then, there has been an installation of a fiber optics telecommunications line next to the casing opening which is in conflict with the pipeline. CenturyLink was contacted for information about procedures and cost to relocate the telecommunications line. The estimated cost to relocate the fiber optics conduit line is \$187,000. Mr. Packard recommended the District work directly with either CenturyLink or with its designated contractor for this project. He recommended the Board authorize the budgeted amount of \$187,000 for the District to work with CenturyLink to

relocate the fiber optics in such a way as to accommodate the construction of the Southwest Aqueduct.

Mr. Rushton asked why a competitive bid process was not undertaken for this project. Mr. Packard stated staff has had a similar concern, and in addition to being in contact with CenturyLink, staff has been in contact with CenturyLink's preferred contractor which confirmed the estimated cost for the work. Mr. Packard stated that staff will ask CenturyLink for the opportunity to get multiple quotes.

Mr. Rushton asked what would happen if the Board does not approve this funding proposal. Mr. Packard said if the District does not expend the funds to relocate this fiber optics line, work on the Southwest Aqueduct will need to be suspended until such time as a better arrangement can be worked out.

Mr. Taylor recommended getting a quote for relocation from the District's general contractor. Mr. Packard agreed that this could be done.

Mr. Osborne asked if the District owns a right-of-way at the fiber optics location. Mr. Packard stated that the District has a right-of-way for the pipeline as an easement across private property up to UDOT's right-of-way line. However, the CenturyLink telecommunications line is within the UDOT highway right-of-way, and the District does not have an easement within UDOT's right-of-way.

Mr. Shane Swensen, Engineering Department Manager, stated that the fiber optics line was installed after the District's casing, but CenturyLink did have a copper line in place when the casing was being installed. He stated that Bowen Collins and Associates, the District's consulting engineer firm for the project, evaluated the location and reported that the splice in the line was in a different location from where it is actually located.

Mr. Packard said staff will get additional quotes to demonstrate a competitive price and also investigate other ways to relocate the fiber optics line. Mr. Osborne asked if this will delay the project. Mr. Packard responded that it will cause a delay in the project if action is not taken before the November Board meeting.

Mr. Packard recommended that the funds be authorized, and staff be directed to employ the budget in the best possible fashion.

Mr. Rushton called for a motion on the recommendation. Mr. Taylor moved to approve the expenditure of up to \$187,000 to relocate CenturyLink fiber optic communications line to accommodate construction of the Southwest Aqueduct Reach One project, with staff looking into other bids for the relocation work through other contractors at staff's discretion. Following a second by Mr. Johnson, the motion was approved as follows:

Mr. Christensen – not present	Mr. Johnson – aye
Ms. Lang – not present	Mr. Osborne – aye
Mr. Owens – aye	Mr. Rushton – aye
Mr. Sperry – aye	Mr. Summers – aye
Mr. Taylor – aye	

**Operations, Public Outreach, and Conservation activities**

**Consider approval of an amendment to the Landscape Leadership Funding Grant Agreement with Jordan School District**

Mr. Bart Forsyth, Assistant General Manager, stated in June of 2017 the Board approved a Landscape Leadership Grant with Jordan School District to assist with funding of a water efficient demonstration and education garden project at the Jordan Academy of Technology and Careers south campus in Riverton City. He said Jordan School District has requested an extension of time to complete the project, and this amendment would extend the completion date by an additional 12 months. The grant amount would remain unchanged. Mr. Forsyth said that one important component of this project is that it will demonstrate the use of waterwise plants that are salt tolerant.

Mr. Forsyth recommended approval of an amendment to the Landscape Leadership Grant Agreement with Jordan School District.

Mr. Rushton called for a motion on the recommendation. Mr. Owens moved to approve the amendment. Following a second by Mr. Summers, the motion was approved as follows:

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|-------------------------------|-------------------|
| Mr. Christensen – not present | Mr. Johnson – aye |
| Ms. Lang – not present        | Mr. Osborne – aye |
| Mr. Owens – aye               | Mr. Rushton – aye |
| Mr. Sperry – aye              | Mr. Summers – aye |
| Mr. Taylor – aye              |                   |

**Reporting items**

**Report on Jordan Valley Water Treatment Plant 12-MG reservoir open house on October 16th**

Mr. Bay reported the new JWVTP 12-MG reservoir has been in operation through the summer. He said MWDSL and JWCD jointly funded this major new storage and an open house has been scheduled for October 16, 2018. Mr. Bay said legislators, officials from member cities, Board members, and surrounding neighborhood residents have been invited to attend.

**Report on water audit performed during June-July 2018 by the Utah Division of Drinking Water**

Ms. Shazelle Terry, Operations Department Manager, reported on a water audit performed during June-July 2018 by the Utah Division of Drinking Water. She stated that the Utah Division of Water Resources initiated a pilot program with various groups with the intent to enhance the State's water loss programs and to train water utilities in the analysis and management of nonrevenue water. The District participated in phase two of this pilot program. Training was provided on the free audit software that is provided by AWWA which is based upon the standard water audit methodology provided by AWWA. Ms. Terry reviewed the benefits of using the audit software and the results of the District's audit.

**Verification of compliance with selected legal requirements and internal practices**

Mr. Lewis reported the District is in compliance with all policies and practices listed in the Verification of Compliance report. He pointed out a new requirement concerning disclosure of responsibility of homeowners to repair service retail water lines. Mr. Lewis stated the code is incorrect because it defines the service retail water line as extending from the house to the transmission line in the street, but there is a meter in between the two. On September 20, 2018, staff posted on the District website a disclosure stating "The 'retail water line' is a pipe that extends from the house to the meter setter. The 'lateral' is a pipe that extends from the meter setter to the District's water distribution line. It is the responsibility of the record owner of the property for the repair and replacement of the retail water line".

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Mr. Lewis stated that there is a typographical error on Item A under internal practices; the Annual Loss Report was presented to the Board on September 12, 2018, instead of 2017, as shown on the report.

**Report on East Willow Creek annexation to Sandy City**

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Mr. Bay reviewed letters exchanged between the League of Unincorporated Community Councils and the District regarding an annexation proposal on Willow Creek Drive in the eastern Willow Creek area. He stated the Sandy City Council approved the proposed annexation on September 11, 2018. Mr. Bay said this is next in a series of annexations that have happened over the last couple years in this unincorporated area just north of the Sandy City boundaries.

**Report on activities by legislative committees regarding constitutional prohibitions against cities selling water outside their boundaries**

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Mr. Bay reviewed legislation that will be coming before the legislature in the 2019 general session. He stated the Municipal Water Amendment has to do with a long-time provision in the Utah constitution that prohibits a city from selling, leasing, or aliening its water supply, water rights, or water works. This legislation has raised two important questions: 1) with the widespread practice of cities in Utah providing water beyond their corporate boundaries, what is the fate of those retail customers that are outside the city boundary but being serviced; and 2) what will happen in a drought when a city's water supply becomes limited and it has service outside its boundaries. Is it obligated to serve first its city residents before serving those who are relying on a surplus supply outside the city corporate boundaries. Mr. Bay reported that the Natural Resource Interim Committee has asked the Director of the Utah Department of Natural Resources to appoint four committees to work on four different aspects of this issue. He reviewed constitutional language changes recommended by the various committees.

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Mr. Bay reviewed the routine reporting items including: conservation activities report, facilities rental agreements signed by the General Manager, District performance indicators for August 2018, capital projects report for September 2018, financial report for August 2018, water supply report for August 2018, and media coverage.

**Upcoming meetings**

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Mr. Rushton reviewed the upcoming meetings for November including the Conservation Committee meeting, Monday, November 12 at 3:00 p.m.; Executive Committee meeting, Monday, November 12 at 3:30 p.m.; and public hearing/Board meeting, Wednesday, November 14 at 3:00 p.m.

**Closed Session**

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Mr. Rushton proposed to convene a closed meeting at 5:06 p.m. in the Board room of the District administration building at 8215 South 1300 West, West Jordan, Utah, to discuss potential litigation.

Mr. Sperry moved to go into closed session for the discussion. Following a second by Mr. Johnson, the motion was approved as follows:

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|-------------------------------|-------------------|
| Mr. Christensen – not present | Mr. Johnson – aye |
| Ms. Lang – not present        | Mr. Osborne – aye |
| Mr. Owens – aye               | Mr. Rushton – aye |
| Mr. Sperry – aye              | Mr. Summers – aye |
| Mr. Taylor – aye              |                   |

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The closed meeting convened at 5:03 p.m. with all Trustees present, except Ms. Karen Lang and Mr. Greg Christensen. Also present were: Richard Bay, General Manager; Bart Forsyth, Assistant General Manager; Alan Packard, Assistant General Manager; Reid Lewis, Legal Counsel; David Martin, Chief Financial Officer; Shane Swensen, Engineering Department Manager; and Beverly Parry, Executive Assistant.

No votes or actions were taken during the closed meeting.

**Open meeting reconvened**

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The open meeting was reconvened at 5:26 p.m.

**Consider ratification of the Chair's execution of Stipulation and Consent Order**

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Mr. Packard recommended ratification of the Chair's execution of a Stipulation and Consent Order with the Utah Division of Materials Management and Hazardous Substances.

Mr. Rushton called for a motion on the recommendation. Mr. Johnson moved to ratify. Following a second by Mr. Summers, the motion was approved as follows:

Mr. Christensen – not present	Mr. Johnson – aye
Ms. Lang – not present	Mr. Osborne – aye
Mr. Owens – aye	Mr. Rushton – aye
Mr. Sperry – aye	Mr. Summers – aye
Mr. Taylor – aye	

**Adjourn**

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Mr. Rushton called for a motion to adjourn. Mr. Johnson moved to adjourn. The meeting adjourned at 5:27 p.m.

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Corey L. Rushton, Chair of the Board of Trustees

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Richard P. Bay, Clerk