

Roy Water Conservancy District

Minutes of Board Meeting

July 13, 2022

5:00 p.m.

The following are minutes of the Board of Trustees regularly scheduled board meeting that was held at Roy Water Conservancy District, located at 5440 Freeway Park Drive, Riverdale, UT 84405, on Wednesday, July 13, 2022, at 5:00 p.m.

Present: Mark Ohlin, Chair; Gary L. Newman, Vice-Chair; Chad Zito, Gary S. Adams, and Jon S. Ritchie, Trustees; Linda Toupin, District Clerk; and Courtney Harris, Records Clerk.

Excused: Rodney Banks, Manager.

I. CALL TO ORDER. Chair Ohlin called the meeting to order at 5:00 p.m. and welcomed everyone present.

II. PLEDGE OF ALLEGIANCE. The Pledge of Allegiance was led by Mr. Newman.

III. APPROVAL OF MINUTES. Mr. Zito made a motion to accept and approve the minutes of June 8, 2022, board meeting as written. Mr. Newman seconded the motion. The motion carried unanimously.

IV. BUSINESS.

A. Public Comments. No members of the public were present.

V. REPORTS FROM MANAGER AND TRUSTEES.

A. Manager & Trustees Reports. Chair Ohlin read from the memo Mr. Banks prepared for the Board:

Phil, Nate, and I met with UDOT's design build team on July 5th and had a good discussion about the 5600 South project. We discussed the impacts the project will have on the District's system and brainstormed about ways to address those impacts. Right now, the process is in a "discovery" mode and will continue this way for about 6 more months. In the future there will be some agreements that UDOT will require the District to approve and sign.

Chair Ohlin said UDOT purchased the old Bamburger rail line. Chair Ohlin said the District does have infrastructure that could be impacted, so the District wants to stay involved in the project. Mr. Zito said the entire freeway interchange will be revised, and there will be a commercial development by Hill Air Force Base called Falcon Ridge. Mr. Ritchie said the project is planned from the freeway to just past 3500 West on 5600 South.

I found out that the "loan" from the Board of Water Resources for the secondary water metering project will be a bond. Apparently, a few years ago, the attorney general's office told the Division of Water Resources that public entities cannot transfer title of their water supply as collateral on a loan which is what the Board of Water Resources typically does for private entities who receive a loan from them. A public entity must go through the process of bonding and then the state of Utah purchases the bond for an interest rate of 1%. In our situation this means that the District will have to bond for \$3,643,000. This will potentially cost the District \$66,000 for the bonding process. Approximately \$15,000 for Zions Bank as financial adviser, approximately \$15,000 for the bonding attorney (Zions Bank recommends Chapman and Cutler which is who the District used on the bond refinance back in 2012), and approximately \$36,000 for

the state to buy the bond. These were all unexpected costs and hoops to jump through. As a heads up, the District will need to consider resolutions and other matters related to the bond in August, September, and possibly October's board meetings. Also, the Board of Water Resources will require the remaining amount of \$643,000 (\$10,000,000 grant [70%], \$3,643,000 bond [25.5%], \$643,000 escrow [4.5%] for a total project amount of \$14,286,000) be placed in an escrow account upfront for the state to buy the bond. The bond payments will be approximately \$283,000 per year for 15 years.

The Board of Water Resources will not award grants and commit loan funds until their August board meeting which is when they anticipate officially notifying the District we will receive a \$10 million grant for the secondary water metering project.

As of July 12th, East Canyon is 72% full, Echo Reservoir is 81% full, and the Weber River basin precipitation is 92% of normal. Currently almost 100% of the state of Utah is in severe to exceptional drought condition. As of January 4, 2022, the District's boundaries were moved to the severe drought category. The Weber River Users made it to July 1st on natural flow which is very good. It is my understanding we began receiving storage water on July 1st. Normally this occurs around June 1st.

Mr. Zito said he has noticed a lot of properties in the District are converting their yards to xeriscape. Mr. Zito talked to Mr. Banks earlier in the week to verify that the District is covered if customers request to have secondary water removed from their property. Mr. Banks told Mr. Zito the Board updated the Rules and Regulations in April to make clear secondary water will not be removed from a property with an existing petition and contract.

B. Review of Monthly Bank Statements and Cancelled Checks. Mr. Newman said the audit committee, consisting of himself, Mr. Banks, and Ms. Toupin, met July 12, 2022, and reported no problems or issues with the monthly bank statements, credit card statements, and cancelled checks.

VI. APPROVAL OF FINANCIAL REPORTS.

A. Monthly Financial Report. Mr. Ritchie made a motion to approve the monthly financial report. Mr. Adams seconded the motion. The motion carried unanimously.

B. 2nd Quarter Financial Report. Mr. Newman made a motion to approve the 2nd quarter financial report. Mr. Zito seconded the motion. The motion carried unanimously.

VII. APPROVAL OF CHECKS.

A. Current Checks. Mr. Ritchie made a motion to approve the checks for July 13, 2022. Mr. Adams seconded the motion. The motion carried unanimously.

VIII. ADJOURNMENT. Mr. Zito made a motion to adjourn at 5:19 p.m. Mr. Newman seconded the motion. The motion carried unanimously.

Minutes Approved

Mark Ohlin, Chair

Recording Secretary