



NOTICE OF PUBLIC MEETING
OF THE
METROPOLITAN WATER DISTRICT OF PLEASANT GROVE

Notice is hereby given that the Board of Directors of the Metropolitan Water District of Pleasant Grove will hold a public meeting at **5:00 p.m. on Wednesday, June 21, 2023** in the Community Room 108 South 100 East, Pleasant Grove, Utah. This is a public meeting and anyone is invited to attend. ***Please note one or more members of the Board may be joining the meeting electronically.***

AMENDED AGENDA

1. Public Hearing to consider for adoption a Resolution (2023-02MWD) adopting the Metropolitan Water District of Pleasant Grove final budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024. **A copy of the proposed budget is available at the Records Office, 70 South 100 East.**
2. Fraud Risk Assessment discussion.
3. Discussion on purchase price of irrigation water shares.
4. Review and Accept the minutes of the May 17, 2023 meeting.
5. Adjourn.

CERTIFICATE OF POSTING

I certify that the above notice and agenda was posted in three public places within the Pleasant Grove City limits. Agenda also posted on State (<http://pmn.utah.gov>) and City websites (www.plgrove.org).

Posted by: /s/ Kathy T. Kresser, MWD Assistant Secretary

Posted: June 9, 2023 Time: 2:00 p.m.

Place: City Hall, Library and Community Room 108 S 100 E.

***NOTE:** If you are planning to attend this public meeting and, due to a disability, need assistance in understanding or participating in the meeting, please notify the City Recorder, (801) 785-5045, forty-eight hours in advance of the meeting and we will try to provide whatever assistance may be required.

RESOLUTION NO. 2023-02 MWD

A RESOLUTION OF THE METROPOLITAN WATER DISTRICT OF PLEASANT GROVE, UTAH COUNTY, UTAH ADOPTING THE FINAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024.

WHEREAS, the Metropolitan Water District of Pleasant Grove (MWD) is an independent special service district; and

WHEREAS, the Metropolitan Water District of Pleasant Grove is required to adopt a budget annually; and

WHEREAS, the Metropolitan Water District of Pleasant Grove held a duly noticed Public Hearing on June 21, 2023 to adopt the Final Fiscal Year 2023/2024 Budget.

NOW, THEREFORE, BE IT RESOLVED that the Metropolitan Water District of Pleasant Grove, Utah County, State of Utah, does hereby adopt the proposed Final 2023/2024 Budget, attached hereto as Exhibit "A".

PASSED AND ADOPTED by the Metropolitan Water District of Pleasant Grove, Utah this 21st day of June, 2023.

Mark Bezzant, Chair

ATTEST:

Kathy T. Kresser, Assistant Secretary

Motion: Board Member _____

Second: Board Member _____

<u>ROLL CALL</u>	<u>Yes</u>	<u>No</u>	<u>Absent</u>
Mark Bezzant	_____	_____	_____
Brian Andrew	_____	_____	_____
Marty Beaumont	_____	_____	_____
Frank Mills	_____	_____	_____
Paul Pierpont	_____	_____	_____
Craig Veenker	_____	_____	_____
Neal Winterton	_____	_____	_____

Metropolitan Water District of Pleasant Grove

Enterprise Fund

	Prior Year Actual-2022	Beginning FY 2023 Budget	Amended FY 2023 Budget	Estimated Actual	Adopted FY 2024 Budget
Revenues					
Interest		-	-	-	-
Water Rental Revenues	-	250,000	250,000	250,000	250,000
Developer Contributions	120,607				
Cash in Lieu	303,104	150,000	150,000	100,000	100,000
Other Revenue	3,057	-	-	13,000	-
Total Revenues	426,768	400,000	400,000	363,000	350,000
Expenditures					
Audit	1,800	2,000	2,000	2,500	2,000
Water Share Acquisition		125,000	125,000	100,000	125,000
Principal Payments					
Interest Payments	4,467				
Capital Outlay					
Other Expenditures	214	1,000	1,000	33,000	1,000
Olmstead Power Loss					30,000
Water Assesments	274,322	400,000	400,000	300,000	370,000
Total Expenditures	280,803	528,000	528,000	435,500	528,000
Change in Net Assets	145,965	(128,000)	(128,000)	(72,500)	(178,000)

Fraud Risk Assessment

Continued

*Total Points Earned: 315 395 *Risk Level: Very Low Low Moderate High Very High
> 355 316-355 276-315 200-275 < 200

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	<u>200</u>	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest?	<u>5</u>	5
b. Procurement?	<u>5</u>	5
c. Ethical behavior?	<u>5</u>	5
d. Reporting fraud and abuse?	<u>5</u>	5
e. Travel?	<u>5</u>	5
f. Credit/Purchasing cards (where applicable)?	<u>5</u>	5
g. Personal use of entity assets?	<u>5</u>	5
h. IT and computer security?	<u>5</u>	5
i. Cash receipting and deposits?	<u>5</u>	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	<u>0</u>	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	<u>10</u>	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	<u>20</u>	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?	<u>20</u>	20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	<u>20</u>	20
7. Does the entity have or promote a fraud hotline?	<u>20</u>	20
8. Does the entity have a formal internal audit function?	<u>20</u>	20
9. Does the entity have a formal audit committee?	<u>20</u>	20

*Entity Name: Metropolitan Water District of Pleasant Grove

*Completed for Fiscal Year Ending: 6/30/2023 *Completion Date: 6/2/2023

*CAO Name: _____ *CFO Name: Denise Roy

*CAO Signature: _____ *CFO Signature: Denise Roy

*Required

MINUTES OF THE METROPOLITAN WATER DISTRICT
OF PLEASANT GROVE
May 17, 2023
5:00 pm

Please note one or more members of the Board may be joining the meeting electronically.

PRESENT:

Mark Bezzant	Chair
Brian Andrew	Vice-Chair
Marty Beaumont	Board Trustee
Frank Mills	Board Trustee
Paul Pierpont	Board Trustee joined the meeting at 5:19 p.m.
Craig Veenker	Board Trustee
Neal Winterton	Board Trustee

STAFF PRESENT:

Denise Roy	Finance Director
Kara Kresser	Planning Tech

Excused: Kathy Kresser Assistant Secretary

The Board of Trustees of the Metropolitan Water District of Pleasant Grove held a meeting on May 17, 2023 in the Community Room 108 S 100 E, Pleasant Grove Utah at 5:00 pm.

Chair Mark Bezzant called the meeting to order and welcomed everyone to the meeting. He then noted that the meeting is being recorded and that no one from the public was in attendance for the public hearing items. He then thanked Kara Kresser for filling in for Assistant Secretary Kathy Kresser.

1. Review and approve Quarter 3 of the Metropolitan Water District Financials.

Chair Bezzant asked if there were any questions regarding Quarter 3 of the District Financials, being none, he called for a motion.

MOTION: Trustee Andrew moved to approve the Quarter 3 Metropolitan Water District Financials. Trustee Beaumont seconded the motion. Board Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Marty Beaumont, Yes; Frank Mills, Yes; Craig Veenker, Yes; and Neal Winterton, Yes. The motion passed unanimously.

2. To consider for approval a Resolution (2023-01MWD) ~~tentatively~~ adopting the FY24 tentative budget for Metropolitan Water District and providing an effective date.

Trustee Winterton requested that the Board approve the tentative budget not tentatively approve

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the budget, the budget needs to be approved. He noted that the verbiage in the agenda was incorrect.

Trustee Beaumont noted that it looks like there is another budget line item for power loss at the Olmstead but it shows a zero budget but they know that there is going to be a power loss every year. They don't know what that loss will be, it will depend on the water year. He then asked if it made sense to take a portion of the \$400,000 and put \$30,000 or \$40,000 in the Olmstead budget. Director Roy replied that in the past that has been coming out of the water fund. Trustee Winterton noted that the water level has been down in the past while it was under construction. Director Roy stated that she can start putting funds in there if that is where it is going to be charged to. Trustee Winterton felt that \$30,000 should be enough to take care of that line item.

Trustee Beaumont recommended that they move a portion of the \$400,000 into the Power Loss Olmstead line item budget in the amount of \$30,000.

Trustee Mills reported that Resolution 2023-01MWD should state that the budget is passed and accepted by the Metropolitan Water District Board instead of the City Council. Director Roy replied that it was probably just a copy and paste error so in the motion note that that needs to be changed to the Metropolitan Water District Board.

MOTION: Trustee Beaumont moved to adopt Resolution 2023-01MWD adopting the tentative budget FY24 Metropolitan Water District Budget and providing an effective date, with the correction on the Resolution that the budget is being passed and adopted by the Metropolitan Water District of Pleasant Grove Board and not the Pleasant Grove City Council. Trustee Mills seconded the motion. Board Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Marty Beaumont, Yes; Frank Mills, Yes; Craig Veenker, Yes; and Neal Winterton, Yes. The motion passed unanimously.

Director Roy suggested that the Boards set a public hearing date to adopt the final budget.

MOTION: Trustee Andrew moved to hold the public hearing meeting to adopt the final budget on June 7, 2023 at 5:00 pm in the Community Room. Trustee Beaumont seconded the motion. Board Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Marty Beaumont, Yes; Frank Mills, Yes; Craig Veenker, Yes; and Neal Winterton, Yes. The motion passed unanimously.

3. Review and Approve minutes of the January 25, 2023 meeting.

Chair Bezzant asked if there were any corrections to the January 25, 2023 meeting minutes, being none he called for a motion.

MOTION: Trustee Winterton moved to accept the minutes of the January 25, 2023 Metropolitan Water District Board meeting. Trustee Veenker seconded the motion. Board Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Frank Mills, Yes; Craig Veenker, Yes; and Neal Winterton, Yes. Marty Beaumont abstained because he was not present at the meeting. The motion passed unanimously.

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1 Trustee Mills wanted to thank the City for inviting the Board to the Volunteer Dinner that was held. He
2 was also appreciative of getting the correspondence on the discussion that was had on the audit.

3
4 Trustee Winterton wanted to follow up on a discussion that was held on the price that is being paid to
5 acquire water shares. He commented that he has spoken with the City Attorney and she was going to do
6 research on whether or not they need City Council approve to make that determination. He didn't think
7 that they do, he feels that the Board is an independent district in the State of Utah. He thinks that as a
8 Board they can determine what price should be paid to acquire water shares independent from the City
9 Council. He felt that the City Council should be included in the process but feels the Board can do it
10 independently. Trustee Andrew questioned if the City is increasing the cost for cash in lieu of. Looking
11 at what is being charged they are on the lower end of the market.

12
13 Trustee Beaumont commented that from what he understood is that the amount for cash in lieu was based
14 on what water brokers were selling shares for. The water brokers could go out and purchase a share of
15 water for about \$6,200 which worked out to be about \$4,000 per acre foot of water. He set the cash in lieu
16 of amount based on the market because he didn't want to encourage the cash in lieu of. Trustee Beaumont
17 remarked that there definitely needs to be a discussion on whether or not of what the City wants in their
18 water portfolio and whether the City wants to continue on encouraging the cash in lieu of.

19
20 Next Trustee Beaumont commented that the other portion of this is that the amount of what the District
21 buys water shares for is about \$2,400 per acre foot rather than \$4,000 per share, that way they are not
22 competing with the water brokers. If the Board wants to change the rate, then that is something that should
23 be discussed.

24
25 Trustee Winterton said that as he understands it is that PGIC as a company yields 1.6 acre feet which is
26 the basis of \$2,400 which translates into the \$4,000 per share. What he thinks is happening in the past is
27 that there are other water brokers who are buying the PGIC shares and holding onto them in preparation
28 to do a change application to move water in different places, these shares are not coming to Pleasant Grove
29 and he thinks that the Board should be able to purchase the shares through the cash in lieu process, then
30 they can continue to buy shares and build the portfolio. He didn't think it should be more than an action
31 from the Board and they can direct the Chair of the Board or purchaser to do that. He would then like to
32 evaluate what they need to do for cash in lieu of and document that what they are doing is in the best
33 interest of the Board.

34
35 Chair Bezzant suggested that this be listed on the next agenda for discussion.

36
37 **MOTION:** Trustee Winterton made the motion to add the discussion of share purchase price to the June
38 7, 2023 agenda. Trustee Andrew suggested that a summary of cash in lieu of from the last 2 – 3 years so
39 that will give the Board something to justify the change.

40
41 Trustee Beaumont remarked that they are seeing the cash in lieu of cost is about the same, the numbers
42 that you have are the numbers that he has experienced in the last few years. You are saying that the
43 dynamic of people looking for and acquiring those shares, they can't be competitive if they are only
44 offering \$4,000 a share when the market is willing to pay \$5,500 a share. Trustee Andrew questions if the
45 amount that is in the budget is just building up and they are not acquiring any more shares.

46
47 Trustee Mills spoke saying that if they are going to get into the discussion then it would be helpful to
48 know the priority rating of the water that they are getting, so that they can make sure that the water shares
49 they are getting will be available during a drought year.

50
51 Chair Bezzant reminded that Board that there is a motion on the table to add this discussion to the
52 June 7, 2023 meeting. He then called for a second. Trustee Beaumont seconded the motion. Board

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1 Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Frank Mills, Yes; Craig Veenker, Yes; and
2 Neal Winterton, The motion passed unanimously.
3

4 Chair Bezzant noted that Trustee Pierpont had joined the meeting.
5

6 4. Adjourn
7

8 **MOTION:** 5:33 pm Trustee Winterton moved to adjourn. Trustee Beaumont seconded the
9 motion. Board Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Marty Beaumont, Yes;
10 Frank Mills, Yes; Paul Pierpont, Yes; Craig Veenker, Yes and Neal Winterton, Yes. The
11 motion passed unanimously.
12

13 The meeting adjourned at 5:33 p.m.
14

15 The Metropolitan Water District Meeting Minutes of May 17, 2023 were approved by the
16 Board on June 21, 2023
17

18
19 _____
Kathy T. Kresser, Assistant Secretary

20 *(Exhibits are in the City Records office)*
21
22