

**MINUTES OF THE METROPOLITAN WATER DISTRICT
OF PLEASANT GROVE**

January 19, 2022

5:00 pm

PRESENT:

Mark Bezzant	Chair
Brian Andrew	Vice-Chair
Frank Mills	Board Trustee
Marty Beaumont	Board Trustee

STAFF PRESENT:

Denise Roy	Finance Director
Kathy Kresser	Assistant Secretary
Tina Petersen	City Attorney

EXCUSED: Board Trustees Dave Holdaway and Paul Pierpont.

The Board of Trustees of the Metropolitan Water District of Pleasant Grove held a meeting on January 19, 2022 in the Community Room 108 S 100 E, Pleasant Grove Utah at 5:00 pm.

Chair Mark Bezzant welcomed everyone to the meeting and indicated that Board Trustees Dave Holdaway and Paul Pierpont were excused. He then noted that the meeting is being recorded and that no one from the public was in attendance.

1. Open and Public Meeting Act training. Presenter: Attorney Tina Petersen.

Attorney Petersen reminded the Board that they are supposed to get the Open and Public Meeting training once a year. She then explained that the Act specifically says that it is the intent of the Act is to aid in the conduct of the people's business and they are to take their actions openly and that their deliberations are to be conducted openly. The first thing to remember is that all meetings are open to the public, however there are some exceptions to the definition of meeting where a closed meeting can happen and it is closed to the public.

One of the main purposes of the Act is to make sure that you as a Board are not conducting business outside of a formal meeting like calling each other, texting each other, emailing each other and making decision about items that are on the agenda before you get into the meeting.

Attorney Petersen then explained the definition of a meeting. A meeting is defined as the convening of a public body when a quorum is present. The definition of "meeting" is qualified by the description that it must be for the purpose of discussing, receiving comments from the public about, or acting on a matter over which the public body has jurisdiction or advisory power. Social meetings are not subject to the Open and Public Meeting Act.

"Convening" is defined to mean the calling of a meeting of the public body by a person to do so, for the purpose of either discussing or acting on a matter over which that public body has jurisdiction or advisory power.

The Act also requires that certain noticing requirements of the meeting are met, which the secretary of the Board usually handles. The noticing must declare when, where and what the meeting is about to ensure that the public has noticing of what the governing body is going to discuss in the meeting. It is required by the state that the public body gives annual notice of when the meeting will be held. Even if you noticed the meeting at the beginning of the year you still need to give at least 24 hour notice prior to the meeting with the date, time and place of the meeting.

Attorney Petersen continued on by saying the if for some reason the Board has to hold an emergency meeting, noticing is required and given the best notice practical. An emergency cannot be held unless an attempt has been made to notify all members of the public body and a majority of the public body approves calling the meeting.

Agenda items need to be posted and if an item is not on the agenda final action cannot be taken, however at the discretion of the chair an item brought up by the public can be discussed, if not final action is taken on the matter.

There are some exceptions to the rule regarding closed meetings. These exceptions are very narrow and they are spelled out in the Act. Some people think that the closed meeting needs to be noticed on the agenda but that is not the case as long as the regular meeting is noticed properly and 2/3 of the body vote to go into the closed meeting. As the City Attorney for the Council she always advises that if they know they are going to go into a closed meeting before the meeting is held it is put on the agenda so the public knows what is going to be talked about. Trustee Andrew clarified that they could go into a closed meeting as long as the meeting is open to the public first. Attorney Petersen answered in the affirmative.

Chair Bezzant remarked that a question came up earlier when Trustee Pierpont informed the Board that he wouldn't be able to attend the meeting tonight and was wondering if he could call in. What is the rule in terms of that? Attorney Petersen replied that you can appear electronically, but the statute requires the body to have an electronic meeting notice, which you do, but it needs to be noticed at least 24 hours in advance that a member is going to attend electronically. Trustee Andrew suggested that that notice be added to future agendas because of Covid. Chair Bezzant agreed.

Next Attorney Petersen explained that another thing about closed meetings is that there is a very limited exception. The list is quite long however not all pertain to this Board. The Board can have a closed meeting if they are going to discuss the character, professional competence or physical or mental health of an individual. Hold a strategy session to discuss collective bargaining. Hold a strategy session to discuss pending or reasonably imminent litigation. You can also hold a closed meeting to discuss the purchase, exchange or lease of real property, which might also include water rights. Hold a strategy session to discuss the sale of real property, deployment of security devices and the investigative proceeding criminal intent.

Attorney Petersen said that the minutes of the open meeting that includes any portion of a closed meeting must state the reasons of the closed meeting, where the closed meeting was held and the vote to go into the closed meeting. All open meeting must be recorded as well as written minutes taken, you can not edit the recording. Any member of the public may record the meeting, this may include either audio or video recordings. You do not,

however, have to let the recording interfere with the conduct of the meeting or preventing the public from commenting.

The last item is that is a criminal offense to knowingly or intentionally violate the Open and Public Meetings Act. A private individual can enforce the Act by bringing a law suit to enforce the Act and the State Attorney General can investigate. Anything that is discussed in the closed meeting must stay in the closed meeting. It is a criminal offense to violate the closed meeting rules.

Chair Bezzant wondered about legal action, would Attorney Petersen represent the Board if needed. Attorney Petersen answered in the affirmative. He then asked if there were any further questions for Attorney Petersen, being none, he thanked Attorney Petersen for coming and presenting.

2. Review Q1 & Q2 of the FY2022 budget and final FY2021 Audit Report for the Pleasant Grove Metropolitan Water District.

Finance Director Denise Roy noted that the Board had asked to see the details to go along with the expenditures of the budget. The first four pages is the first quarter, July to September. This report shows cash in lieu of that has come in from developers. It also shows the purchase of water shares. The next two pages is the detail of the quarter. The next quarter is from October to December and she has printed the detail for both quarters.

In quarter two it shows that water assessments that have been paid and to whom they have been paid. She noted that they were getting interest on the cash that they have and last year she just dumped all of that together as one line item, this year she is doing it by month.

Trustee Beaumont explained that the acquisition of the water finally happened this year. The intent was that the purchase wasn't supposed to happen until next year. He asked if there is anything that needs to happen to make sure that that is covered. Director Roy responded that they maybe ok but she would like to do a formal budget amendment. The assessments were \$330,000 and the water share acquisition was \$125,000 so as long as they don't go over total budget then they should be ok. In the State of Utah the auditor would give them a comment in the report if the expenses were over budget.

Trustee Andrew asked if the acquisition was the water rights from the Valley Grove Development. Are they still planning on acquiring the water rights? Trustee Beaumont replied that the water shares have been acquired and paid for. The plan was to purchase the water and then pay them back over five years, but it ended up being half of what was expected, so they went ahead and paid for the water rights.

Director Roy commented that what they will do is when they bring the FY2023 budget to adopt they will also do a budget amendment of the FY2022 budget, both will require a public hearing.

Next Director Roy went to the audit report. She noted that there are two separate audits done, one for the city and one for Metro. The auditors do a separate audit then add them together, but they do stand on their own. There were a couple of things that came up, she

then directed the Board to page 15 of the audit report. Some times that auditor asks for confirmation from both debts. They have asked for confirmations on the first long term debt that they have with Provo River Water Users (PRiWUA) but they have never asked for on the Provo Reservoir Water Users Association (PReWUA) until this last year. When she called them she found out that PReWUA had refinanced the debt which lowered the interest rate for the debt. They were paying about \$19,000 a year to service the debt but with the refinance they are now paying about \$17,000 a year. In the future she will provide confirmation from both entities.

Director Roy remarked that the only comment that the auditors gave was that the District did not present a Fraud Risk Assessment to the Board of Directors. She filled out one for the City but not for the District. She will fill one out for the District and submit it and put it on the website for FY2023. She then went over the Fraud Assessment form. One item on the form asks if employees and elected officials are required to annually commit in writing to abide by State and ethical behavior. The City doesn't do this but they sign a conflict of interest disclosure. If the Board signs this then it would give 20 more points on the assessment.

The last two things that the Board doesn't have points for but the City does. It asks if the entity has a formal internal audit function and does the entity have a formal audit committee. It doesn't mean that the Board has to do these 2 things but if you do then you can get a total of 395 points. They actually earned 315 points which the scale which means that the Board is a moderate fraud risk.

Trustee Mills asked if it would be beneficial to the Board to adopt the same policy that the City has regarding fraud risk, would that take care of any of this? Director Roy replied that she didn't think so, but if the Board would like a policy in place it can be done. She will get something together and present it at the next Board meeting.

Chair Bezzant asked how many points would they get to just have an audit committee? Director Roy answered that it would be 40 points which would put the Board in the low fraud risk range. If they could get in writing to commit to abide by State and ethical behavior, then that would give another 20 points. The Board agreed to get these policies in place.

3. Discussion on North Union Water Company concerns.

Chair Bezzant said that he wanted this on the agenda for discussion because he sits on the North Union Board and they have some serious issues on getting water through the canal and the leadership of the company. His suggestion would be that at the annual meeting in February he would like to suggest that they nominate a new president for the company. The City is a major stockholder of the company with 200 shares and the Pleasant Grove Irrigation Company has 75 shares.

Trustee Andrew explained why they are concerned with the Company. Lindon City is proposing to take their water out of the canal and if some of the other governmental entities do the same thing that will leave a bunch of very small share holders to bear the burden to

get water down the canal. Lindon City and the others can get their water through other methods.

Trustee Mills asked if there would be enough support from the stockholders to get new leadership. Chair Bezzant answered in the affirmative.

Trustee Andrew noted that he attends the meeting because he is a consultant for Lindon City and Trustee Beaumont and Chair Bezzant attend to represent Pleasant Grove City and PG Irrigation.

Trustee Beaumont commented that there are going to be some tough decision that will need to be made over the next few years with what Lindon is really going to do with the water and with what Pleasant Grove and PGIC will need to do. Pleasant Grove already takes all the North Union water that they can have. PGIC already takes their portion down the ditch and the reality of that is there are some really complex things that each company is going to have to address and North Union will be hard pressed to make all of it work.

Trustee Andrew remarked that if the other government entities take their water out there will be about 40 shareholders owing 1-3 shares left. The government agencies own 94% of the shares. He noted that North Union and Provo Bench water is very valuable and Central Utah would like to buy those shares and even offered to trade ground water for them.

Trustee Mills suggested that Pleasant Grove City, Metro and PGIC send a letter of support to the North Union Company to get new leadership in the Company. Chair Bezzant agreed with that suggestion as he would like to protect the water rights.

Trustee Mills commented that another thing that needs to be brought up is that some of these canals have right-of-way easements that need to be protected also. If they have to find another right-of-way easement to get the water through the canal it can cost a lot of money for the companies.

Chair Bezzant said that with the approval from the Board he will proceed forward.

4. Review and Approve minutes of the September 19, 2021 Metropolitan Water District of Pleasant Grove meeting.

Chair Bezzant asked if there were any corrections or comments on the minutes. Director Roy noted that on the second page it should say expenditures instead of expenders.

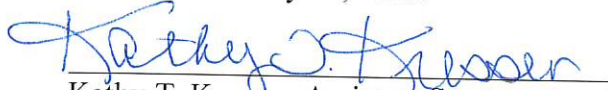
MOTION: Trustee Beaumont moved to adopted the minutes of the September 19, 2021 Metropolitan Water Board meeting. Trustee Andrew seconded the motion. The motion carried unanimously with Board Trustee Members Andrew, Beaumont, Bezzant and Mills voting "Aye."

5. **Adjourn.**

MOTION: At 6:11 pm Trustee Mills moved to adjourn. Trustee Andrew seconded the motion. The motion passed unanimously with Trustee's Andrew, Beaumont, Bezzant and Mills voting "Yea."

The meeting adjourned at 6:11 p.m.

The Metropolitan Water District Meeting Minutes of January 19, 2022 were approved by the Board on May 11, 2022.


Kathy T. Kresser, Assistant Secretary

(Exhibits are in the City Records office)

