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 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 the 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.

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

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

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

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

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

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

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

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

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

Chair Bezzant reminded that Board that there is a motion on the table to add this discussion to the June 7, 2023 meeting. He then called for a second. Trustee Beaumont seconded the motion. Board Trustee Votes: Brian Andrew, Yes; Mark Bezzant, Yes; Frank Mills, Yes; Craig Veenker, Yes; and Neal Winterton, The motion passed unanimously.

Chair Bezzant noted that Trustee Pierpont had joined the meeting.

4. Adjourn

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

The meeting adjourned at 5:33 p.m.

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

Kathy T. Kresser

Kathy T. Kresser, Assistant Secretary

(Exhibits are in the City Recorders office)

Metropolitan Water District of Pleasant Grove
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