

Tab 2

MONDAY, FEBRUARY 26, 2024

Minutes of the 880th meeting of the Metropolitan Water District of Salt Lake & Sandy Board of Trustees held Monday, February 26, 2024 at 4:30 p.m. at 3430 E Danish Road, Cottonwood Heights, UT 84093.

The following trustees attended the board meeting:

Tom Godfrey	-Chair
John S. Kirkham	-Vice Chair
Patricia Comarell	-Secretary
Donald Y. Milne	-Trustee
John H. Mabey, Jr.	-Trustee
Cindy Cromer	-Trustee
Joan Degiorgio	-Trustee

The following staff and guests attended the board meeting:

Annalee Munsey, General Manager
Gordon Cook, Assistant General Manager – Chief Operating Officer
Wayne Winsor, Assistant General Manager – Chief Administrative Officer
Darin Klemin, IT Manager
Ammon Allen, Engineering Manager
Kelly Stevens, Senior Engineer
Nathan Scown, Operations Manager
Steve Slack, Maintenance Manager
Jeff Matheson, Laboratory Manager
Sonya Shepherd, HR Program Manager
Breana Jackson, Executive Administrator
Josh Croft, Accountant
Eric Sorensen, Water Resources Manager
Dani Cepernich, Snow, Christensen & Martineau
Dan Hartman, Hartman Management Group
Jesse Stewart, Salt Lake City Public Utilities
Tom Ward, Sandy City Public Utilities
Jacob Young, Jordan Valley Water Conservancy District
Mike Whimpey, Central Utah Water Conservancy District
Marie Owens, AE2S
Brad Buswell, Carollo Engineers
Elliot Meyer, Salt Lake Tribune
Justin Jenkins, David Evans & Associates
Josh Martin, Sundt
Jordan King, Kimley-Horn
Amalia Andrews, Kimley-Horn
Alan McKean, David Evans and Associates, Inc.
Troy Warner, First Class Home Mortgage
Steve Van Maren, Sandy City Resident

Work Session

1. Vision Statement
2. Other

Board Meeting

1. Call to order
2. Public comment
3. Legislative update
4. Engineering Committee report
 - a. Consider approval of consultant agreement for alternative funding sources
 - b. Consider approval of consultant agreement for community relations and public participation services
 - c. Consider approval of cooperation agreement with City of Cottonwood Heights
 - d. Consider approval of construction contract for SLAR-CC project
 - e. Consider approval of ESDC contract for SLAR-CC project
 - f. Consider approval of capital transfer for SLAR-CC
 - g. Reporting items
5. Consider approval of Board Meeting minutes dated January 24, 2024
6. Consider acceptance of financial reports
7. Reporting/Scheduling items
 - a. Water supply and demand update
 - b. FY 2025 budget schedule
 - c. Update on property tax meetings
8. Finance Committee report
 - a. Consider approval of changes to Policies and Procedures Chapter 3, Fiscal and Budget
 - b. Reporting item
 - i. Semi-annual Deposit and Investment report
9. Recess

Public Hearing relating to the issuance of up to \$56 million of water revenue bonds; and related matters

1. Call to order
2. Present on SLAR-CC Bond Resolution and Process
3. Public comment
4. Close public hearing

Public Hearing relating to the District's Water Conservation Plan

1. Call to order
2. Present on the District's Water Conservation Plan
3. Public comment
4. Close the public hearing

Board Meeting

1. Reconvene
2. Consider approval of Supplemental Resolution 1932 authorizing the issuance of up to \$23 million of water revenue bonds; and related matters.
3. Consider approval of Supplemental Resolution 1930 authorizing the issuance of up to \$33 million of water revenue bonds; and related matters
4. Consider approval of resolution 1931 adopting the Metropolitan Water District of Salt Lake & Sandy Water Conservation Plan 2024 Update
5. Other business
6. Items to be discussed at future meetings
7. Closed session
 - a. Pending or reasonably imminent litigation
10. Adjourn

Work Session

Vision Statement

Ms. Comarell shared her notes from interviews with board members and District staff regarding the District's vision statement. She explained the synchronicity between the staff and the board's ideas for the District's goals and future. Ms. Comarell identified the possibilities for improvement and the words that work well from the current mission statement. She requested feedback from those present at the work session for what is worth pursuing and what can be left out of the vision statement. The board and staff discussed the balancing acts identified, the structure of the vision statement, and the keywords from the current mission statement that should be carried into the vision statement.

Board Meeting

Call to order

At 4:30 p.m. the Chair, Mr. Godfrey, called the meeting to order and welcomed board members, staff, and visitors.

Public comment

No public comments were made.

Legislative Update

Mr. Dan Hartman provided a legislative update for the board. He noted HB243 has proceeded to be reviewed by the House, and HB280 has changed to a study bill. Mr. Hartman explained SB270, a bill proposing a study of Utah Lake and how it can benefit the Great Salt Lake. He then described HB453, a bill that deals with the mineral extraction industry.

Mr. Mabey explained Utah Lake is a source of supply for the District based on an exchange with Utah Lake Distributing Company that has water rights in Utah Lake. He noted the importance of protecting the storage rights and current active storage in Utah Lake.

Ms. Cromer asked if there are any items that would impact employees or the District. Mr. Hartman noted some bills that have to do with record retention and apprenticeships.

Consider approval of consultant agreement for alternative funding sources

The District has identified hundreds of millions of dollars in projects over the next several years. These projects and the associated budget limitations have been discussed at length with the board and its committees. The District seeks alternative funding sources, such as grants and low-interest loans, to address infrastructure needs while balancing property tax and water rates. The District sees the assistance of a consultant beneficial to develop a program wherein the District can strategically balance its capital improvement plan with alternative funding sources. To obtain such services, staff proceeded with a Request for Statement of Qualifications. Three consultants' submitted responses, the selection committee evaluated the responses and recommended AE2S as the preferred consultant.

The Engineering Committee discussed this item on February 14, 2024, and recommended approval of the professional services agreement. Mr. Kirkham noted tasks will be approved individually, with board approval required for any task exceeding \$50,000.

Mr. Kirkham motioned to approve a professional services agreement to AE2S to provide alternative funding strategy services through June 30, 2029. Ms. Cromer seconded the motion and the motion passed unanimously.

Consider approval of consultant agreement for community relations and public participation services

Recent and upcoming District efforts have highlighted a need for the District to improve its public presence. This was most recently felt during the October 2023 Multi-hazard Mitigation Plan process, and is anticipated to continue throughout the Cottonwoods Connection project. To obtain consulting services for community relations and public participation, staff proceeded with a Request for Statement of Qualifications. Six consultants' submitted responses, the selection committee interviewed three of the consultants, and the committee recommended Kimley-Horn and Associates, Inc. as the preferred consultant.

The Engineering Committee discussed this item on February 14, 2024 and recommended approval of the professional services agreement. Mr. Kirkham noted tasks will be approved individually, with board approval required for any task exceeding \$50,000.

Mr. Kirkham motioned to approve a professional services agreement to Kimley-Horn and Associates, Inc. to provide public engagement services through June 30, 2029. Mr. Milne seconded the motion and the motion passed unanimously.

Consider approval of cooperation agreement with City of Cottonwood Heights

The Salt Lake Aqueduct Replacement – Cottonwoods Conduits (SLAR-CC) project will be constructed entirely within Cottonwood Heights City. Utah Code Section 17B-1-103(2)

authorizes the District to “construct and maintain works and establish and maintain facilities, including works or facilities... across or along any public street or highway” provided the District restores the street or highway. The District is obligated to comply with reasonable rules and regulations of the impacted governmental entity and must pay reasonable inspection fees. The impacted entity may not require the District to pay a license or permit fee or file a bond. The District and Cottonwood Heights City have worked to draft an agreement regarding construction standards, road work and restoration requirements, as well as insurance requirements.

The Engineering Committee discussed this item on February 14, 2024 and recommended approval of the agreement including any minor modifications as needed.

Mr. Milne motioned to approve the cooperation agreement with Cottonwood Heights City for construction of the SLAR-CC in city streets, with minor modifications as needed and approved by the General Manager and District legal counsel. Ms. Degiorgio seconded the motion and the motion passed unanimously.

Consider approval of construction contract for SLAR-CC project

The Cottonwoods Connection Project (SLAR-CC) will construct three new pipelines between the Little Cottonwood Water Treatment Plant and Big Cottonwood Water Treatment Plant. The Cottonwoods Conduits 1 and 2 (CC-1 and CC-2, respectively) are Salt Lake City facilities. The Salt Lake Aqueduct R (SLAR) is a District facility. The District proceeded with a notice inviting bids for construction. Four bidders were prequalified. The apparent low bid for construction was split between two contractors.

Ms. Munsey noted a need for improvements on the LCC intake and the server room at LCWTP. She explained the District plans to proceed with this contract and look for additional funding for these items when staff has a better understanding on the cost associated with the improvements.

The Engineering Committee discussed this item on February 14, 2024, and recommended approval of contracts to COP Construction and Whitaker Construction.

Mr. Kirkham motioned to approve \$13,059,522.88 to COP Construction for the construction of CC-1 and CC-2 and \$57,269,309.09 to Whitaker Construction for construction of the SLAR. Mr. Milne seconded the motion and the motion passed unanimously.

Consider approval of ESDC contract for SLAR-CC project

Hazen and Sawyer is the design engineer for the Cottonwoods Connection (SLAR-CC) project. As the project transitions into construction, the District desires to continue utilizing the Hazen team to support construction. Hazen was previously selected through a competitive process in compliance with Utah State Code.

The Engineering Committee discussed this item on February 14, 2024, and recommended approval of the contract.

Mr. Mabey motioned to approve the professional services agreement with Hazen and Sawyer not to exceed \$1,993,086 for Engineering Services during Construction of the SLAR-CC project. Ms. Comarell seconded the motion and the motion passed unanimously.

Consider approval of capital transfer for SLAR-CC

Construction of CC-1 is anticipated to begin in May 2024. Although the pipeline will be fully paid for by Salt Lake City, the District, acting as project manager, will be responsible for paying initial costs and seeking reimbursement from the city. Based upon bids received, it is anticipated construction, engineering services during construction, and contingency expenditures for fiscal year 2024 will be \$5M. Of this amount, approximately \$500k is District expense and the remainder will be reimbursed by Salt Lake City.

The board previously approved \$116,836.02 to Avtec to install new cameras at the POMWTP for the closed circuit television (CCTV) security system. Upgrades at the LCWTP and remote sites were completed in fiscal year 2023. While installing the cameras, the consultant identified three additional tasks not included in the original proposal. These tasks will exceed the fiscal year budget for this item, therefore staff recommended an increase of \$5,000 for this line item.

The Engineering Committee discussed this item on February 14, 2024, and recommended approval of the transfer.

Mr. Kirkham motioned to approve a capital transfer of \$5M for the Cottonwoods Connection project and \$5,000 to complete the POMWTP CCTV project. The transfer will be funded from a combination of capital reserves and unused capital budgets. Mr. Milne seconded the motion and the motion passed unanimously.

Reporting items

Mr. Godfrey welcomed any questions or comments regarding the Capital Projects Report. Mr. Kirkham asked if Jordan Valley Water Conservancy District is working on the projects listed. Mr. Winsor confirmed they are, but the District has not confirmed the budget implications. Mr. Milne asked for an update on the MAR project testing. Mr. Allen confirmed the testing was completed on February 26, 2024.

Consider approval of Board Meeting minutes dated January 24, 2024

Ms. Cromer motioned to approve the Board Meeting minutes dated January 24, 2024. Mr. Kirkham seconded the motion and the motion passed unanimously.

Consider acceptance of financial reports

Mr. Kirkham noted the increase in property tax revenue because of the property tax deadline. He also explained the interest revenue has increased because of new investment opportunities.

Mr. Kirkham motioned to accept the December 2023 financial reports. Ms. Comarell seconded the motion and the motion passed unanimously.

Reporting/Scheduling items

Mr. Scown provided a water supply and demand update for the board. He mentioned the forecast and snow-water equivalent compared to previous years. The most prominent difference thus far is the full reservoirs at the beginning of the winter. Mr. Scown noted Utah Lake had hit compromise which caused water to be released to the Great Salt Lake. This compromise level is decided by the State of Utah to protect any surrounding infrastructure and properties.

Ms. Comarell asked if the Management Advisory Committee will be regularly scheduled on a new day of the week. Ms. Munsey explained this is a special instance to accommodate some scheduling complications.

Ms. Munsey explained when presenting to the city councils, the majority of board representatives will need to be present to discuss the property tax increases. District staff has discussed the process requirements for the increases with Salt Lake and Sandy City Councils.

Consider approval of changes to Policies and Procedures Chapter 3, Fiscal and Budget

Section 3-612 of the Fiscal and Budget section of the Policies and Procedures discusses certain reserve balances. In a review of the Capital Improvement Program (CIP) financial analysis, the Finance Committee considered changes to two reserve policy requirements. Specifically, the committee discussed changes to the Capital Projects Reserve and the Interest Rate Stabilization Reserve. The Capital Project Reserve requires a minimum balance of 15% to 25% of the following 5 years' annual capital expenses at any given time. Using the current goal of 20% would require \$50M to \$72M be placed in the reserve. Achieving these reserve amounts requires an increase in water sales revenue over 100% in FY25 and 40% to 50% each year thereafter for the following 12 years. The update to the Chapter 3 would set a not to exceed amount of \$10M in the capital project reserve account. Interest Rate Stabilization Reserve has a balance of \$3,284,866, and was primarily established in response to the variable rate bonds procured for the Metro Water Project. These bonds have been re-financed for fixed rate bonds. It is recommended this reserve be discontinued and the balance would flow to unassigned reserves.

The Finance Committee met on February 5, 2024 to review the proposed changes and recommended approval.

Mr. Kirkham motioned to approve the proposed changes to the Policies and Procedures Chapter 3, Fiscal and Budget, Section 3-612. Ms. Comarell seconded the motion and the motion passed unanimously.

Reporting item

Mr. Kirkham noted the semi-annual deposit and investment report has been reviewed by the Finance Committee. Ms. Munsey noted it was also submitted to the State of Utah.

Recess

Mr. Godfrey noted a need for a recess.

Public Hearing relating to the issuance of up to \$56 million of water and revenue bonds; and related matters

Call to order

At 5:43 p.m. Mr. Godfrey called the public hearing to order.

Present on SLAR-CC Bond Resolution and Process

Mr. Jonathan Ward explained the process of issuing bonds in the private sector.

Public comment

Mr. Steve Van Maren addressed the board. He inquired about further information regarding the bonds and how the District has managed a 1% interest rate.

Mr. Kirkham expressed appreciation for Mr. Van Maren. He explained there will be two bonds, one of which will be provided by the Board of Water Resources at 1% interest rate and another bond will be financed through private purchase or public market.

Close public hearing

Mr. Kirkham motioned to close the public hearing. Mr. Milne seconded the motion and the motion passed unanimously.

Public Hearing relating to the District's Water Conservation Plan

Call to order

At 5:48 p.m. Mr. Godfrey called the public hearing to order.

Present on the District's Water Conservation Plan

Mr. Sorensen noted the updates made to the District Water Conservation Plan. He reviewed the sections of the plan which include an introduction and description of the District, sources and water delivery facilities, water measurement, use and conservation, and water

conservation measures and practices. The Water Conservation Plan needed to be updated in order to apply for the Board of Water Resources loan.

Ms. Comarell asked about the board's email addresses as part of the Water Conservation Plan. Ms. Munsey explained the board's current access to these email addresses and the history behind them.

Public comment

No public comments were made.

Close public hearing

Mr. Kirkham motioned to close the public hearing. Mr. Milne seconded the motion and the motion passed unanimously.

Board Meeting

Reconvene

Mr. Godfrey reconvened the board meeting.

Consider approval of Supplemental Resolution 1932 authorizing the issuance of up to \$23 million of water revenue bonds; and related matters

Mr. Ward explained the District initially applied for the entirety of project funding through the Board of Water Resources. The Board of Water Resources was unable to fully fund the project, however they offered a 1% interest rate and that would balance out with the current market value rate. Mr. Ward explained the options for the bond in the public market and asked the board for guidance moving forward in the process. He explained the timeline involved with this process.

Mr. Kirkham motioned to approve Supplemental Resolution 1932 authorizing issuance of up to \$23 million of water revenue bonds; and related matters. Ms. Degiorgio seconded the motion and the motion passed unanimously.

Consider approval of Supplemental Resolution 1930 authorizing the issuance of up to \$33 million of water revenue bonds; and related matters

Mr. Kirkham noted the Finance Committee had discussed this item. The committee recommended the direct purchase option to allow the possibility of refinancing went rates improve. Ms. Cromer asked if the sources of funding need to be drawn down concurrently. Mr. Ward said yes, and explained how the invoices will be paid.

Mr. Kirkham motioned to approve Supplemental Resolution 1930 authorizing the issuance of up to \$33 million of water revenue bonds; and related matters using option "DP" on

BP134 in the board packet. Ms. Comarell seconded the motion and the motion passed unanimously.

Consider approval of Resolution 1931 adopting the Metropolitan Water District of Salt Lake & Sandy Water Conservation Plan 2024 Update

Mr. Mabey motioned to approve Resolution 1931 adopting the Metropolitan Water District of Salt Lake & Sandy Water Conservation Plan 2024 update. Ms. Degiorgio seconded the motion and the motion passed unanimously.

Other business

Mr. Godfrey asked staff to relay the board's congratulations to Tony Rino on his promotion and Jon Jeffries on his 20-year service anniversary.

Items to be discussed at future meetings

Mr. Kirkham noted a FY25 budget conversation during the March board meeting. Ms. Munsey said the Pleasant Grove City conversation will also be brought to the next board meeting.

Closed Session

Mr. Kirkham motioned to go into closed session to discuss pending or reasonably imminent litigation. Mr. Mabey seconded the motion and the motion passed unanimously. All board members were present. The following staff were also present: Ms. Munsey, Mr. Cook, Mr. Winsor, Ms. Jackson, Ms. Cepernich, and Mr. Allen.

Mr. Kirkham motioned to go out of closed session. Ms. Degiorgio seconded the motion and the motion passed unanimously.

Adjourn

At 6:45 p.m. the board meeting adjourned.

Tom Godfrey, Chair

Patricia Comarell, Secretary