

**Bear River Water Conservancy District
Board Meeting
Wednesday, July 27, 2011, 7:00 p.m.
Bear River Water Conservancy District Conference Room
102 West Forest Street, Brigham City, Utah 84302**

Minutes

Present: Trustees: Chairman Clinton Burt, Vice Chairman Ross Rudd, Financial Chairman LaRall Thompson, Richard Day, Stan Stokes, Charles Holmgren, Brent Baugh, Bruce Christensen, Dave Forsgren, Brent Rose and Commissioner LuAnn Adams

Staff: General Manager Voneene Jorgensen, Systems Operator Bob Phippen and Administrative Assistant Judy Hartvigsen

Visitors: Bill Bigelow (Hansen Allen & Luce), Eric Johnson (Blaisdell & Church), Lance Nielsen (Hansen Allen & Luce), Stanley Simmons and Sharon Simmons

Invocation: Board Member Dave Forsgren

Adoption of the Agenda

There were no changes to the agenda.

A motion was made by Board Member Charles Holmgren to approve the agenda as presented. Vice Chairman Ross Rudd seconded the motion. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Day, Stokes, Baugh, Holmgren, Christensen, Forsgren, Rose and Adams voted in favor of the motion.

Approval of the Minutes for June 22, 2011 and July 13, 2011

A motion was made by Commissioner LuAnn Adams to approve the minutes as written for the meetings held June 22, 2011 and July 13, 2011. The motion was seconded by Board Member Charles Holmgren. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Day, Stokes, Baugh, Holmgren, Christensen, Forsgren, Rose and Adams voted in favor of the motion.

Public Hearing

A PUBLIC HEARING TO RECEIVE INPUT FROM THE PUBLIC WITH RESPECT TO THE ISSUANCE OF TAXABLE WATER REVENUE BONDS (THE "BONDS") AND THE ECONOMIC IMPACT THAT THE ISSUANCE OF THE BONDS WILL HAVE ON THE PRIVATE SECTOR. THE BONDS TO BE ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN \$745,000, (WITH PRINCIPAL FORGIVENESS IN THE AMOUNT OF \$445,000 FOR A REPAYABLE PRINCIPAL AMOUNT NOT TO EXCEED \$300,000) ISSUED FOR THE PURPOSE OF (i) FINANCING THE COSTS OF CONSTRUCTING WATER SYSTEM IMPROVEMENTS IN THE BEAVER DAM AREA AND RELATED IMPROVEMENTS; (ii) PAYING COSTS ASSOCIATED WITH THE ISSUANCE OF THE BONDS.

Eric Johnson, bond council from the firm of Blaisdell and Church spoke regarding the public hearing. He explained he is a municipal bond attorney. There is a fear that politicians would unwisely borrow money and the state and federal levels have a lot of rules for public entities to borrow money. It is his job to make sure all are followed. He gave the financing side of the Beaver Dam project. The State of Utah is providing a bond for \$685,000 with only \$240,000 to be repaid and no interest will be charged. The State of Utah feels this is a very important project. The District will only pledge the revenues from the Beaver Dam system for the bond repayment. Other revenues received by the District will not be required. This is unique. Typically a district is required to pledge all of their revenue but we will not be required to do that. It is considered a limited obligation. The benefit of this project is for the Beaver Dam system and the liabilities are for that system. The bond can be repaid at any time with no penalty. If repaid in part, the payment comes off the end of the loan and the yearly payment remains the same. The lender is an agency of the State of Utah (Division of Drinking Water) but they do say if the payment falls into arrears, the interest rate will then be 18% as long as it is in arrears. The District pledges to maintain the system, make the bond payment then build up a reserve fund of one annual payment. Once that is done, a capital facilities replacement fund is built up. Any money left over after these funds are established can be used for whatever purposes benefit the system and the district. Mr. Johnson asked for any questions from the board or others in attendance.

Board Member Bruce Christensen moved to open the public hearing regarding issuance of the bond. The motion was seconded by Board Member Brent Baugh. A roll call vote was taken and all board members voted in favor of the motion.

Sharon Simmons: stated she did not have questions but attended the meeting for information on the Beaver Dam project.

Stanley Simmons: asked how soon the project would begin.

Lance Nielsen: explained the tentative schedule to close the bond on or around September 15 and start construction in mid or late October.

Bill Bigelow: stated the completion date should be June or July of 2012

Board Member Bruce Christensen moved to close the public hearing. Commissioner LuAnn Adams seconded the motion. A roll call vote was taken. Chairman Burt, Vice

Chairman Rudd, Financial Chairman Thompson and Board Members Day, Stokes, Baugh, Holmgren, Christensen, Forsgren, Rose and Adams voted in favor of the motion.

Final Bond Resolution - Resolution 02-2011

CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE \$685,000 TAXABLE WATER REVENUE BONDS, SERIES 2011 WITH PRINCIPAL FORGIVENESS IN THE AMOUNT OF \$445,000 AND A REPAYABLE PRINCIPAL AMOUNT OF \$240,000, FOR DRINKING WATER SYSTEM IMPROVEMENTS AND RELATED IMPROVEMENTS IN THE BEAVER DAM AREA, AUTHORIZING ALL OTHER ACTIONS, AND RELATED MATTERS

The draft resolution was provided to the board members in the packet that was mailed to them. Eric Johnson answered questions from the board members. He explained the bonds are taxable. Board Member Charles Holmgren asked about the interest of 18% being taxable if the District went into default and Mr. Johnson agreed that would be the case.

Commissioner LuAnn Adams moved to adopt the final bond resolution, Resolution 02-2011. Vice Chairman Ross Rudd seconded the motion. A roll call vote was taken.

Ross Rudd – Aye	LaRall Thompson – Aye
Brent Baugh – Aye	Bruce Christensen – Aye
Stanley Stokes – Aye	David Forsgren – Aye
Richard Day – Aye	Charles Holmgren – Aye
Brent Rose – Aye	LuAnn Adams – Aye
Clinton Burt - Aye	

Board Member Reports – Trustees

LuAnn Adams: reported she was in a meeting yesterday where they talked about Bear Lake levels. The lake has not peaked as of yesterday. It was at 5921.25 feet. Once the level reaches 5923.65 feet, water will have to bypass the lake as it will be at capacity. Commissioner Adams reported on her progress on the issue of the fire suppression requirements by the county for new construction. West Corinne Water Company had been concerned about the water requirements. The county has developed an information sheet that will be given to those who may want to build homes. She provided the board members with a copy of the information. The county falls under a new state fire code because it is designated as Wild Land Urban Interface. Fire suppression systems are required and possibly a water storage tank in areas where there are no hydrants. This may add \$10,000 to \$12,000 to the cost of a new home. She then reported the County Planning Commission has received a request for a cattle feeding operation. The Planning Commission is requiring a site plan for a permit to graze 2000 head of cattle. She explained the county is not trying to deter agricultural business but there needs to be some consideration for this type of business and the water needs for that many cattle. General Manager Jorgensen expressed concern and recommended the cattle

operation not be located in any water source protection zone. Board Member Forsgren stated Honeyville City requires a site plan for anything other than a residential building and felt it is a good idea. Commissioner Adams explained the county officials owe it to the public to know what the land is going to be used for.

Brent Rose: reported he will continue working on the project for the water system at the Park Valley School after the fair. He expressed his concern that the Park Valley Post Office was one of the post offices that is scheduled to be closed. He has talked to people in Washington but he wants the County Commissioners to get involved in trying to keep the post office. It is very vital to the area. The decision is to be made in 120 days. He stated some of the rural post offices may be moved and located in other buildings such as stores, but there is no where in Park Valley that it can go.

Charles Holmgren: No report

Richard Day: reported South Willard Water Company has been approved for a grant and will be going forward with a feasibility study for a secondary water system using the funds.

Dave Forsgren: No report

Stan Stokes: No report

Bruce Christensen: No report

Brent Baugh: No report

LaRall Thompson: No report

Ross Rudd: No report

Clint Burt: No report

General Manager's Report

South Willard Project update

General Manager Jorgensen reported the cost estimates are being worked on and the District will go into negotiations with South Willard Water Company to obtain the water line that is within the District's service area.

Beaver Dam Project update

The Beaver Dam project is progressing well. The Environmental Assessment is now in the public comment stage. The bond resolution has now been passed. Many of the requirements for the bond have been submitted to the Division of Drinking Water. Craig Terry of Parsons Behle and Latimer, has sent the water deed for the last remaining water right to the representatives of the Leola

Erickson Trust to be signed. That will complete the work on the water rights to all be transferred to the Beaver Dam Water Company and then to the District. The pre-qualification notices for contractors have been published and the District has received two pre-qualification packets from Whitaker Construction. Bill Bigelow then explained the pre-qualification process. Contractors are asked to complete the pre-qualification forms and provide required information. Their applications are then reviewed and it is confirmed up front whether they can qualify to construct the project before they put any money and effort into the bidding process. This will make the actual bidding process much smoother. Mr. Bigelow explained there will be two contracts for the project of approximately \$600,000 each. One will be for the storage tank and treatment plant. The other one will be for the development of the springs and the distribution system. Mr. Bigelow stated he is in the process of preparing all of the bidding documents and bids will be accepted in August and opened prior to the next board meeting. The stream alteration permit has been approved by the State Engineer and a letter confirming this was received by the District. The schedule right now is to award the contract by September 15th and begin construction in October.

In meetings with the LDS Church, it has been determined that the church would like to connect the meeting house and Early Park to the District's system. They want to get out of the public water system business and would rather pay a monthly bill for a meter and connection from the District. The church will be constructing delivery pipelines to the Early Park. They will have pressure tanks at the camp and the church would no longer be considered a public water system. The District will operate their springs. The District would not be responsible for irrigation water. The springs will be split between the irrigation and culinary.

Mr. Bigelow introduced Lance Nielsen of Hansen Allen & Luce who has completed the rate study for the project. Mr. Nielsen explained the proposed water rate is \$45.00 per month for 7000 gallons of water and \$1.00 per 1000 gallons over 7000. He provided the board members with a hand-out explaining the results of the water rate study. He estimated that 2012 will start with 24 connections and the study assumes there will be one connection per year for the next ten years. Operating expenses, power costs, maintenance, sampling requirements and the annual bond payment were considered in the study. He estimated the net income the first year would be \$4,000. During the August board meeting there will be a public hearing on the rates and then they need to be adopted by the board.

Collinston Project update

General Manager Jorgensen reported the District is moving forward with the Collinston Project. She has received a draft agreement between the District and Deweyville that is being reviewed. She still needs a letter of commitment from Riverside/ North Garland Water Company and Ukon Water Company before we can go any further. Board Member Forsgren stated Deweyville would like to see it go forward right away.

Bothwell Water Company – Meter re-location

General Manager Jorgensen met with Jay Christensen regarding the desire of Bothwell Water Company to relocate the meter in order to help solve some of their problems. The small size of the transmission lines causes distribution problems throughout the system. They have requested help from the District to move the meter to a different location. The District's concern is Bothwell using our system for summer peaking. Everyone needs more water in the summer. She would like Bothwell to commit to a contract for water on a steady basis throughout the year. They are on an

emergency basis at this time and this has been the situation since 2006. They are only taking very small amounts of water. The District is not able to really help with the distribution problems. We will continue to work with Bothwell Water Company to present some options for them.

General Manager Jorgensen then reported the payment has been made to Honeyville City for the District's portion of the fire flow project. Dave Forsgren stated their project still has \$63,000 left from the total loan for Honeyville's system improvements.

**Financial Business – LaRall Thompson
Approval of Financial Statements**

The financial statements were prepared and included with the packet mailed to the Board Members. Financial Chairman Thompson asked if the board had reviewed the statements and called for a motion of approval.

Board Member Dave Forsgren moved to approve the financial statements as presented. The motion was seconded by Board Member Richard Day. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Day, Stokes, Baugh, Holmgren, Christensen, Forsgren, Rose and Adams voted in favor of the motion.

Unfinished Business – Chairman Clinton Burt

Commissioner LuAnn Adams stated she heard information concerning the County going through a non-attainment area designated by the EPA. She has attended meetings about this and instead of the particulate matter limit at 2.5; they now want to change it to .60. This will affect many places in Utah. She mentioned it to Rep. Rob Bishop but he did not know about it. The public input period is for 30 days and lasts until the end of July. She will provide the information to the board members where comments can be sent.

Public Comment

There were no public comments.

Adjourn

Vice Chairman Ross Rudd moved to adjourn the meeting. The motion was seconded by Financial Chairman LaRall Thompson. Chairman Burt, Vice Chairman Rudd, Financial Chairman Thompson and Board Members Day, Stokes, Holmgren, Rose, Christensen, Forsgren, Adams and Baugh voted in favor of the motion.

The meeting adjourned at 8:10 p.m.