

**MINUTES OF THE  
WATER ISSUES TASK FORCE**

Tuesday, July 19, 2011 – 3:00 p.m. – Room 450, State Capitol Building

**Members Present:**

Sen. Peter C. Knudson, Senate Chair  
Rep. Patrick Painter, House Chair  
Sen. Margaret Dayton  
Sen. Scott K. Jenkins  
Sen. Benjamin M. McAdams  
Sen. Aaron Osmond  
Rep. Melvin R. Brown  
Rep. LaVar Christensen  
Rep. Susan Duckworth  
Rep. Kay L. McIff  
Rep. Michael E. Noel  
Rep. Douglas Sagers

**Members Absent:**

Rep. Larry B. Wiley

**Staff Present:**

Mr. J Brian Allred, Policy Analyst  
Mr. Nathan W. Brady, Policy Analyst  
Mr. Tracy J. Nuttall, Associate General Counsel  
Ms. Wendy Bangerter, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Painter called the meeting to order at 3:10 p.m.

**MOTION:** Rep. McIff moved to approve the minutes of the June 14, 2011 meeting. The motion passed unanimously. Sen. McAdams was absent for the vote.

**2. Mutual Water Companies**

Ms. Tracy Nuttall, Associate General Counsel, addressed the question of whether the Task Force should recommend changes in the code to better recognize the uniqueness of mutual water companies.

Mr. Fred Finlinson, Utah Water Coalition, reviewed several potential scoping options that the coalition's working group identified.. One of those he referred to as the "rifle shot" approach would be to consider what needs to be changed in specific areas of the code.

Mr. Steve Clyde, attorney, Clyde Snow & Sessions, PC, distributed two memos that addressed the nature of mutual water companies and shares of stock in mutual water companies. He stated that legislation is probably the most sensible approach since the court decisions will take too long. He said there is no consistency or uniform approach among other states for developing a mutual water company code.

Task Force discussion followed. Chair Painter said he thinks the "rifle shot" approach would be a better choice than rewriting the entire code.

**MOTION:** Rep. Sagers moved for the Task Force to work with the water coalition using the "rifle shot" approach to study various sections in the nonprofit code and put in place clarifications so that the water code and the nonprofit code compliment each other. The motion passed unanimously. Sen. McAdams was absent for the vote.

### **3. Lake Powell Pipeline/Bear River Project**

Mr. Allred, Policy Analyst, gave background information for the Lake Powell Pipeline/Bear River Projects and reviewed statute regarding the Lake Powell Pipeline project. He discussed possible ways to finance the projects and ways the state could provide financing assistance to entities interested in water development projects. He reviewed construction time lines for the two projects.

Mr. Dennis Strong, Director, Division of Water Resources, distributed Lake Powell Pipeline Project - Possible Bond Payment and Revenue Scenario and gave an overview of the project.

Mr. Rich Amon, Office of the Legislative Fiscal Analyst, distributed "State Bond Capacity." He illustrated the estimated outstanding debt and constitutional debt limits and explained general obligation bond debt.

### **4. Water Development Financing**

Mr. Nathan Brady, Policy Analyst, gave an overview of current local water projects and posed the question whether the state can do more to facilitate current local water projects by providing a means for alternative financing.

Mr. Strong distributed "Utah Board of Water Resources Funding." He addressed current loan programs and gave a summary of projectiles, costs, and revenues of those programs.

#### **Panel on large project financing needs:**

Mr. Tage Flint, Weber Basin Water Conservancy District (District), distributed "Future Water Funding Needs." He explained the uniqueness of the District as it provides many categories of water and explained its responsibility to manage and operate the federal Weber Basin Project. He reviewed population growth, future capital expenditures, and future demand and conservation.

Mr. Richard Bay, Jordan Valley Water Conservancy District (JVWCD), distributed "Future Water Funding Needs" for the JVWCD. He reviewed water conservation progress and plans for development of new water supplies in the future. He expressed concern for meeting future funding needs.

Mr. Gene Shawcroft, Assistant General Manger, Central Utah Water Conservancy District (CUWCD), explained the unique position of CUWCD in working with municipalities, as well as other conservancy districts, who each have their own master plans for water conservancy. He reviewed their current projects and the current district and federal funding involved in those projects as well as future funding needs.

The panel members responded to questions from the Task Force. They emphasized that district

funding needs are based on a larger scale because federal funding for new western water projects has ceased.

### **Potential impact on bond rates of a state guaranty**

Mr. Scott Robertson, Principal, Lewis Young Robertson & Burningham, Inc. explained that his firm acts a financial advisors to several water conservancy districts. He distributed a memorandum that explained funding issues relating to state and local projects. He also discussed the possibility of using the 1/16th percent sales tax, similar to what schools do, to fund state and local water projects.

Mr. John T. Crandall, Executive Vice President, George K. Baum & Company, distributed "Estimated Yield and NPV Benefit on Utah Water Revenue Bonds- Utilizing the State of Utah's Moral Obligation Pledge." He reviewed the potential impact on bond rates of a state guaranty and addressed the potential impact of utilizing bonds issued by local and private entities.

Task Force discussion followed.

Mr. Randy Crozier, Director, Duchesne County Water conservancy District, encouraged the Task Force to try to understand the entire issue of director versus shareholder.

### **5. Other Task Force Business - Determination of next task force meeting**

The next task force discussed when to hold the next meeting.

Chair Painter asked that Rep. McIff, Rep. Noel, Rep. Christensen, and Rep. Brown meet with the non-profit code issues and Rep. Duckworth, Rep. Sagers, and Rep. Wiley meet to discuss water financing and bring back recommendations. He asked Sen. Knudson to make assignments from the senate.

### **6. Adjourn**

**MOTION:** Sen. Jenkins moved to adjourn the meeting. The motion passed unanimously.

Chair Painter adjourned the meeting at 5:30 p.m.