

Cottonwood Mutual Water Company

Board Meeting Minutes

Wednesday, January 12, 2022; 6:00 PM

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Board Members:

Taylor Nielsen District 1 2019-22 - Present  
Brent Flamm District 2 2019-22 - Present  
Heidi Dorius District 3 2021-2024 - Present  
Shawn Beckstrom District 4 2021-2024 - Present  
Dave Wall at-Large 2021-2024 - Present  
Jennifer Jensen Secretary - Present  
Mike Johanson Manager/President - Present

Visitors: Bill Chip, Kevin Bell, Noelle Dunkley, Ted Taylor, Ray Nettleton, Eric Plyer, Tavis Timothy, Skyler Gardner, Ryan Mellot

1. President - Mike Johanson
  - a. Call meeting to order - 6:00 pm
  - b. Welcome and introduction of new board members
  - c. Approve meeting minutes from November 10, 2021 - Motion by Shawn, Heidi 2nd - Unanimous
  - d. Approve share cancelations & re-issues - Motion by Dave, Brent 2nd - Unanimous
2. Shareholder Comment - Listened to Eric Plyer & Ted Taylor express their concerns about water rights they acquired from The Wilkinson Family Farm. They feel they should be able to use these rights by pumping directly from Silver Leaf Reservoir that is owned by the Cottonwood Mutual Water Company and not by The Wilkinson Family Farm.
3. Skyler from Mtn Green Secondary Water Company presented a Letter of Intent to the CMWC for the acquisition of Silver Leaf Reservoir. Motion made by Shawn and 2nd by Dave - vote was unanimous to enter into a work meeting to discuss LOI @ 6:20 pm. Skyler from MGSWC presented. He stated that acquiring Silver leaf Reservoir would mutually benefit both companies and could be put before the shareholders for a vote. He stated that the LOI is needed as soon as possible so that MGSWC can apply for grant monies from the state before the deadline. There are alot of associated costs in applying for the grant. The grant is needed to re-build, re-inforce and update Silver Leaf Reservoir. A very long, heated, & contentious discussion took place, and the decision was made to approve the signing of the Letter of Intent from MGSWC to Mike Johanson regarding Silver Leaf Reservoir, after a member of the board (Shawn) reviewed it with our water attorney and discussed any concerns we might have with it. Motion to end work meeting was made by Taylor, 2nd by Shawn, - Unanimous. Phone meeting was held on Monday, January 18, 2022 with Water Attorney Chris Bramhall. Shaun voiced his concerns, our water attorney expressed his, and then reminded us that it really didn't matter anyway because signing it does not make it legally binding. It is a letter of intent not a legally binding contract. If in the future, the board decides to go through with allowing the MGSWC to acquire Silver Leaf Reservoir, then at that time, we would sit down and hammer out any concerns we may have and set the terms for the agreement. Mike and Jennifer were also present for the phone call.

4. Discussion of Reservoir Storage Capacity Agreement, water rights, and relationship between MGSWC and CMWC

*As was noted in #2 - Discussion took place between Ted Taylor, Eric Plyer and the board. Water Delivery agreement they are referring to was not between them and the CMWC, the owner's of Silver Leaf Reservoir. The agreement was between The Wilkinson Family Farm & MGSWC. A motion was made by Shawn, 2nd by Dave, Unanimous, to sit down at a later date, with legal counsel and discuss the various agreements.*

5. Discussion of Ted Taylor's request to access water in Silver Leaf Reservoir - Ted presented. Refer to #2 and #4.

6. Morgan County Cottonwoods LLC requests to present to the board a proposed area for adoption into the CMWC service area which includes phases 6, 8, 9 and some areas outside of these phases

*Ray presented to the board. He is asking the CMWC to consider expanding our service area by 39 acres. He is to provide the infrastructure for this. He will be responsible for Source, Storage, and Water Rights for Development. He is still waiting for further information regarding Source.*

7. Review of 2021 expenditures with discussion/approval of 2022 proposed budget - Did not discuss. We ran out of time.

*See attachment for the 2021 expenditures and the proposed 2022 budget*

8. Review of CMWC rate structure and how rates are calculated. Discussion/decision regarding rates for CMWC 2022 rates - We did not discuss. Ran out of time.

*A Google spreadsheet file prepared by Janell Braithwaite of the Utah Rural Water Associate is being shared with you. We can go through this file to better understand the relationship between water rates and differences some customers see month to month with their water bill.*

*Please know that we currently have a base rate of \$49.60 which includes 6000 gallons of water. We then have various tiers that will increase a customer's bill based upon usage. Current Tiers for those without secondary water are:*

- *6000 to 12001 gallons \$2.43/1000 gallons*
- *12001 to 37000 gallons \$2.50/1000 gallons*
- *37001 to 87000 gallons \$2.65/1000 gallons*
- *Greater than 87001 gallons \$3.25/1000 gallons*

*Those having secondary water have the following tiers*

- *6001 to 12000 gallons \$2.43/1000 gallons*
- *Greater than 12001 gallons \$3.25/1000 gallons*

*It has been recommended by the State of Utah that the base rate be set to cover fixed costs and that no water be included in this base. Tiers would be set so customers will pay for actual usage and have an increase rate on usage to promote water conservation.*

9. Ratify 2022 Standby fee of \$250.00 per share - We did not discuss. We ran out of time.

10. Election of Officers: President, Vice-President, Secretary, and Treasurer - We did not discuss. We ran out of time.

*Each year the bylaws state that elections for president, vice-president, secretary, and treasurer. The officers need not be members of the board. Historically, previous boards, have voted me president, Jennifer secretary/treasurer, and with some boards voting each board member as a vice-president. The link to the bylaws can be found at <https://www.cottonwoodwater.com/uploads/5/0/2/0/5020788/bylaws.pdf> Article 4 discusses Officers. This information can be found on page 8 or page 14 of the pdf document.*

11. Questions/Answers/Adjourn - Motion to adjourn @ 9:20pm. by Brent, 2nd by Dave, Unanimous