

Cottonwood Mutual Water Company

Board of Directors Work Meeting Minutes

Monday **October 30, 2023; 6:00 pm**

Board Members:

Earlene Lee	District 1	2022-2025	Present
Mark Greenwood	District 2	2022-2025	Present
Heidi Dorius	District 3	2021-2024	Present
Matt Bingham	District 4	2022-2023	Present
Greg Watkins	M at L	2021-2024	Present
Mike Johanson / Manager			Absent

Greg and Mark update the rest of the board regarding the meeting held on October 26, 2023, regarding Lee's Marketplace and related issues. In attendance: Greg Watkins, Mark Greenwood, Matt Johnson, Duane Johnson, Rulon Gardner, Bobby McConnell and Mike Johanson

1. Most of the conversation of the Service boundaries. Mike was supposed to send Greg some documentation to get clarification. The boundaries need to be cleared up before we can move on.
2. Discussion on a hybrid maintenance and water service agreement with Gardner/Johnson. Mark suggested that they just turn the infrastructure over to CMWC and they could have storage credit. They said no, they want five more years for depreciation of the well. But getting the infrastructure after that timetable and be done with them. Have the two attorneys write it up and negotiate, but the board must agree on the agreement before signing anything.
3. Do we want to go into another agreement with Gardner with a history of not fulfilling the agreements in the past? Trust factor is an issue. We are already tied to the tank because of the fire storage at the Middle School. We haven't even considered DURST offer.
4. Heidi has yet to get any answers to the questions she had presented at the October 26th meeting. Mark will follow up with them.
5. Draft Agreement would be with other culinary company not Rulon. Maintenance agreement and what will happen if they default.
6. Mike needs to make a comment regarding the Public Service Commission and Service area. We are uncertain of the service area boundary and would like to time to determine it before a final decision is made.
7. Motion by Mark: Hybrid Maintenance and Water Service Agreement.

Direct Matt Johnson and Robert McConnell to create a draft maintenance and water service agreement. The length of the maintenance agreement would have a term of 5 years and then automatically convert to a water service agreement (or equivalent) where the infrastructure is deeded over to CMWC and Gardner/Johnson receive credits for water right/source/storage. We also would like to include the following conditions to this agreement.

- Severability

- Terms of default well defined with he at fault party paying all of the legal fees.
- CMWC would provide the service and include the developments as part of its service area. Gardner/Johnson would only own infrastructure and would not be providing the service.
- Progressive CMWC ownership of the infrastructure. When water rights, source, or storage that is allocated/purchased from Rulon/Gardner that is then Serviced by CMWC, CMWC will then receive that same percentage of ownership in the infrastructure. Same for the capacity of the wells and water rights. A third party (title company or equivalent) would manage the transfer of the money and change of ownership. Fees for this service would be included in the connection fees.
- Annual fee paid to CMWC by Gardner/Johnson of \$50K to manage the tank, meters, and wells, excluding repairs. Management only includes sampling, inspections, reporting, and any other administrative tasks. Need to specify a due date, terms of default.
- Required third party inspection of the tanks and wells at the end of the 5-year term to determine condition of the infrastructure. Any damage or wear beyond what is expected from the use of the equipment would need to be repaired by Gardner/Johnson. Inspection costs split between the parties.
- Any change or expansion of the Gardner/Johnson system needs to be an approved by both CMWC and Gardner/Johnson

Matt B 2nd the motion and amendment Greg and Earlene Yea, Heidi Nay

8. Discussion on the trust issue between Company Manager and the board. A copy of the letter "Concerns of the Water Manager" will be emailed to Matt and Greg. Possibly have the Manager account to someone on the board in the future. Will need further discussion on how to proceed.

9. Next Board meeting on Nov. 8th meeting. Agenda items. Assign Board positions and discuss the idea of the subcommittee. Have an open Q & A session. Change the time of our meeting time to 6:00 pm from 6:30 pm.