

Cottonwood Mutual Water Company

Board of Directors Meeting Minutes (Times in parentheses is the time from the beginning of meeting)

Friday, December 14, 2022; 6:30 PM

Board Members:

Earlene Lee	District 1	2022-2025	Present
Blaine Murray	District 2	2022-2025	Present
Heidi Dorius	District 3	2021-2024	Present
Dave Dutson	District 4	2021-2024	Present/ Phone
Sean Dorius	M at L	2021-2024	Present
Mike Johanson-	President / Manager		Present
Jennifer Jensen –	Secretary/ Treasurer		Present

Visitors:

Zack from Lee's Market; Duane Johnson Develop for Lee's Market; Jessie Summers Resident; Bill Chip Resident

1 President

- A. Call meeting to order @ 6:30 pm - Motion by Heidi, 2nd by Earlene, Unanimous
- B. Declare any conflicts of interest – None
- C. Specify allotted time for each agenda item – 15 minutes
- D. Past Minutes from September 14th & November 10, 2022, Heidi still doesn't approve September minutes and regarding the November minutes, Heidi concerned that there is not enough information in the minutes as to why the Will-serve for Lee's Market was not approved. Not just that there were questions, but it needs to be noted that there was "no information" at all regarding the will-serve, not even a name for the will-serve. Blaine motion to table approving the minutes for both September and November; Heidi 2nd motion – Unanimous
- E. Approve share cancellations & reissues; Motion by Blaine 2nd Earlene; unanimous

2. (3:24) Review officer nomination & election. Was put on the website for shareholder's who might be interested in wanting a position could submit a nomination. Only one was submitted by Mike Johanson for president. Wording on website that was approved by the board was "they must" submit. Clarification from Heidi & Dave that the board members were reaching out to others outside of the board that might be interested but the board members were already being considered. Dave claimed that his feedback from some shareholder as to the wording on the bill card that went out. Dave directed them to the Bi-laws so they would know what the responsibilities were. Mike explained to visitors about the positions and the election.

Motion for the following positions by Sean as follows: Heidi 2nd Unanimous (all board members were ok with their suggested position)

President - Blaine
Vice-president - Heidi
Secretary - Earlene
Treasurer – Dave

Dave wanted clarification of any compensation for any of these jobs. Possible amend the motion to add Sean as a Vice President, and that each member has read the Bylaw Article 4 sections 4.7; 4.8; 4.9; 4.10.

Blaine amends Sean's motion to add Sean as a Vice President also. Heidi 2nd Dave clarifies that the Bylaws have only one Vice President.

Blaine recalls the amended motion and to go back to the original motion. (See above)

Sean and Heidi excused for the remainder of the meeting (19:45)

3. Discussion/Decision finalizing board member oversight assignment for following:

Budget/finance – Dave

Employee & customer relations – Earlene

Regulatory & compliance – Heidi

Operation policies & procedure- Blaine

Planning & Development – Sean

Blaine motion that the above assignments be approved – Dave 2nd Unanimous (Heidi & Sean absent)

4. (21:44) Discussion/Decision authorizing CMWC staff to send Weber Basin Water contract payment in the amount of \$137,049.40 for 878 AF for the 2023 year (average cost per AF = \$286.71)

This is not for wet water but for contracted water right from Weber Basin.

There are three components to make up a water right. 1) Contacted water rights 2) Bring in water source. Wet water is water from wells, springs etc. 3) Storage of water tanks, reservoirs & 4) Infrastructure, pipes, tanks, pumps, and meters etc. We need these contracts to make water rights.

Dave asks about the price of water. Mike states that the base contract amount never changes but also not an end portion on the contract which does change. If the water is not being used due to not being developed yet, they are reimbursing CMWT and are being billed a standby fee. Dave had questions referring to lines on invoice for Weber Basin amount. Price is going up so are they going to buy more for a cheaper rate than what it might be in future. Weber Basin are now limiting the amount of ERU issued. Price might be almost doubled in price in future.

(30:29) Blaine is concerned about the older homeowner's payment and those that are now building new home with a higher rate. Do people pay different rates???? But right now, it is averaged out because Kurt Ludwickson (not sure of last name spelling) from Drill Water (not sure if name of company) talked to a past board members. He informed the board that you're better off to average them all out because there are too many different rates to keep track of & with new move ins, it's just better off averaged out. Dave request following on next work meeting agenda. How much water do we currently have that we are using? Investing before it doubles with current development. Dave questions any increase except for the two additional developments. Mike didn't seem to think so Basic contract amount has not changed.

Motion to approve to pay Weber Basin by Dave – 2nd Earlene- Unanimous (Heidi & Sean absent)

5. (35:00) Will-serve discussion/decision regarding Lee's Market

Mike addresses a question from Heidi's email regarding that Weber Basin is wet water. Weber basin is NOT from wet water, our contract is for water rights. The water from Weber Basin is rented water from the wells. The Weber Basin contract will have a point of conversion that tells which reservoir the water will be coming from. Submit to the State a change application to divert water from the well rather than from the reservoir & where the place of use as our service area. (Review SCADA System Report next work meeting)

(40:18) Requirements for development: source, storage & water rights. Gardner Development has put in tanks, installed a well along with getting them equipped. Duane Johnson along with Rulan Gardner are

working on a million-gallon tank, doubling the amount of storage we have. Both are in the process of drilling for another well & getting it equipped. (41:42) Mike presented a spread sheet on screen of the Balance Sheet of what is available of source and storage capacity in our system. Rulan Gardner is in the process of drilling another well and getting it equipped that was drilled seven (7) years ago. (41:55) Mike now discusses a spread sheet that shows the balance of what is available in the way of source and storage. Mike has a different spread sheet that shows Gardeners Water rights and how it is allotted out. The 2013 settlement agreement show capacity of what Gardner had in the system in the three pressure zones. Mike addresses activities of all the different requests for new will-serves, schools and other new developments, changes, and transfers since that agreement. The agreement that Gardner would get the first 25 gallons per minute 97.99 gallon of source capacity, Water Company get the 2nd 25 gallons. Mike explains the different changes of developing and upcoming new developments. Summary is that the lower pressure zone can serve another 1,705 connections, Middle zone 460 connections. With the available source capacity there are 23.9 indoor ERU'S available. (47:47) Mike shows a slide shown the Water rights that Gardner brought to the table 70-acre feet. There are credits, which leave 37.15, and new developments which include Middle Village East 29 units, Village at Trappers loop building A for 1 acre foot of water. leaving Gardner with 23.1 acre of water left. (49:03) Proof that Gardner has the capacity to serve Lee's Marker based on the water rights they currently have, the storage and the capacity. Gardner has had some issues moving forward with the wells, in not being able to get electrical boxes & other items, pushing back the completion date till possibly January. The new well will increase water capacity by 155 gallons of conditional source.

(51:00) Lee's Market & Ace Hardware Store with Zack. CMWC calculation peek water demand, where Zack had calculated by average day demand. The peek calculation was double of what Zack had. County needs a Will-Serve that needs to include all the lots in the project. Mike explains Boards concerns, but Zack claims that the Will-serve is be subject to review of time of the plan of development approval & the developer will need an updated will-serve. Dave questions county requirement of county that each lot has to have water. Zack replies to the question: Morgan County Code requires that each lot within a subdivision have some amount of water allocated. He suggests that the allocated lots be allocated not being developed will have to go back to Morgan County to review what water would be needed. Josh the planner suggested that 1 ERU for each undeveloped plot. Mike suggested that on the Will-served 1) have a provision that an updated will-served will be needed for each lot. 2) Continue to monitor & when they appear before the planning commission that they will be aware that a updated will-serve will be needed. Zack Lee's Market, lot one (1) Seven (7) ERU with lots 2,3,4 & 6 one (1) ERU each. (58:07) Blaine's concerns on stipulations on what could be put on lots. Unknow at this time & if there will be enough water in the future. Mike explains that Gardner now has enough to cover all lots. Mike explained how he came up with how much water they are estimating to use. Duane Johnson claims that the other lots will not be sold until Lee's Market is in place, it is the anchor for the new developments. The Will-serve has to show what is going to be built on the lot so it can be determined at the future date the amount it will use (Jennifer suggested board members go to "Rural Water Right" training online or upcoming training 2023) Dave questions on previous lot 5 approved was for a mixed-use development. Clarification that approves Lee's market and other remaining lots will be reviewed at a future point in time. (1:07:27) Blaine asks Heidi's questions with answers that Mike has reconciled in Gardner's water rights Dave requests copy that Mike will send to him. Dave questions how much water comes from the well when completed. Duane Johnson on how much water and is it a committed to future? Yes, but still under construction Duane claims he asked for only the amount his pumps could distribute but feels it will be more. Comment by Bill Chip: That there is extra water and community members want Lee's Market. Why are we not going forward with the Will-serve. Blaine answers that the board wants to be careful that we don't over commit. Duane Johnson clarifies that on undeveloped lots, once they are sold, the developer will go to the county & review whether they have the correct amount of water for

the new project. County will have an idea how much water will be needed & will require a new will-serve. Lot 5 is sold but the project is not moving. When they decide to move forward, a new will-serve will be required. Duane makes the comment that Lee's Market will be a good tax base for the residence of Morgan County.

(1:21:00) Dave motion to issue will-serve for Lee's Market. Eleven (11) ERU's will be tied up until they are used or developed have on the application and what impact it will have on the water and storage. Include the impact on the source on the Will-serve. Dave brings up the point that if they are only using 6 of the 11 ERU's we are tying up 5 ERU that could be used elsewhere. Not normal to review after one (1) year to see what water usage is being used. Zack is concerned that if using more water than allowed will it be shut down? Or if using more water, who pays the difference, shareholder??? If Lee's using less water, CMWC reimbursed Lee's??? (1:31:10) Dave motion to issue Will-serve for 7 ERU for Lee's Market and 1 ERU for lots 2,3,4 and 6. (total 11 ERU's) Conditional upon the zoning and understanding what will be developed there in the future. Mike will draft a letter for approval before sending it to Lee's. ASAP 2nd Blaine -Unanimous (Heidi & Sean not present)

6. (1:34:16) Will-serve discussion for Dane Wilkinson: Dane hasn't any information from Rulan Gardner this one will be unique due to no secondary water. Dane hasn't received an application so Mike will send it out to Dane

Possible application & review fee schedule. For next work schedule Mike get summary fee for review

Jennifer states her concern regarding the accounting concerns that the change of billing procedure that it could hurt the company.

7-8 Agenda: Invoicing from Kirton-McConkie & Payroll breakdown & employees, Heidi's request these items so she needs to be here to address. Blaine moves to table these two items to the work meeting – Earlene 2nd Unanimous

9. 2023 budget review: Dave wants to go over with Mike. However, regarding the one check signature. Jennifer will create the check. Have Dave approved before Mike signs or have two signatures. Possible have a set dollar amount that would require two signatures. Dave & Mike will get together & go over the audit and present to the board their recommendations at a work meeting as to how to proceed in the future.

Mike suggested upcoming training end of February. Mike will get the board members the information.

Next Board Working Meeting set for Jan. 5th at 6:30 Limited to 2 hours. Next Business board meeting will be scheduled for Jan. 11, 2023, at 6:30 pm

1:53:48 E-mail the Board Meeting minutes for review and possibly be approved at our next meeting to post to Website. Working meeting minutes to board members for review but not to make public.

Blaine motions to Adjourn – Dave 2nd Unanimous (1:55:50)