

# Cottonwood Mutual Water Company

## Board of Directors Work Meeting Minutes

Friday, January 5, 2023; 6:30 PM

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### 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
Sean Dorius	M at L	2021-2024	Present
Mike Johanson / Manager			Present

1. Bank requirements to change or add names for writing check purposes. Minutes of the board meeting showing the change of leadership. Forms fill out by individuals who will be signing the checks. The signers to be added along with Mike will be Blaine Murray and Dave Dutson. Question on a bill that was larger than past bills and it was due to a valve leak. (Around \$7,000.00 in Nov. 2022) Detailed discussion of what & who was hired to correct the problem.
2. Audit: (6:30) Mike & Dave discussed the finding of the audit. Control weakness in budget where an excel file can be edited instead of being in a PDF document. Documenting the budget is important.(8:50) Dave will continue to review the budget but will continue looking for questionable balances. Explains the check and balances the company with its deposits and daily payments. (10:30) Audit Adjustment monthly billing amount. (11:50) Question balance amount with Fernwood LCC Purchased lots in Rollins Ranch assessed Stand-by fees. Not all fees were paid. Not sure if the money is collectable by the owner of Fernwood or the current property owner. Could water be stopped for delinquent fees? Possible separate penalty & finance charges for collection? Review those shareholders who have balances & how to collect. Discussion on collection late fee's possible write off certain balances within certain situations. (20:30) Question to the bill rate that needs to be looked into at a later work meeting. Those who have proof of water rights for secondary water who don't have it are they getting billed twice?
3. (24:50) Articles of Incorporation. (Article 8; Water Service Fees, page 7) Discussion regarding the shareholders who have lived in the area for many years paying the same rate as the new developers even though the current rate has increased. (29:07) Explanation from Mike that some people who have a Weber Basin Water Lease contract, do not have change application filed on them, and Mike is working with them. One of the Past Board wanted all the contracts to have the name on them, so they were easier to manage. (34:08) Possibly moving forward those new, coming in should pay their share and the company or shareholders doesn't subsidize for them. In the past the Rural Water Company recommended that the rates all be equal amount. Discussion of the possibility of a huge rate increase in the future from Weber Basin. (39:13)See Section 8 page 7 in Articles of Incorporation. Blaine will have the proper wording to replace the old so it will be uniform... for the next work meeting. (45:42) There is no Commercial rate and due to the situation with Lee's a change for the future the rates could be a higher base charge for commercial vs for individual. No rate based on the meter, or how they are zoned (school & church) Fred Fillpot with Lewis Young, regarding impact fee analysis. For now, we will make the word changes in the Articles of Incorporation so we can move on to it at a later date.
4. (53:27) Storage Agreement: Discussion regarding a Shareholder who approached the board that has water rights to store water in Silver Leaf Reservoir, with proof from the State that he has the

legal right. (See articles: The Reservoir Storage Capacity Agreement, Dam Safety Database Information Viewer, and Water Right Details for 35-11718; 35-5791; 35-8243; 35-199)

**1:01:05** Mike's explanation on why not being able to pull out the water. Need change application for the diversion of water. Question MGSWC not paying for the water they are pumping? Dave suggested it's a legal matter. IS MGSWC getting their water, but the other parties are not able to get their water. **(1:13:50)** Discussion regarding MGSWC taking water out at the wrong time of priority. (They are third in line) Is there going to be enough water for everyone. Does MGSWC have water in Northside Creek they are not using? **(1:26:20)** Going over letter from Attorney regarding ownership of water right or property right or administrative rights. Water to MGSWC is metered but not monitored at this time.

**(1:44:15)** The Board's response: We as a Board are reviewing the agreement and are becoming aware of the details of the agreement. We will be going to talk to our attorney about it. Then we are going to move forward in making sure the next steps are following the rules of what we have agreed to.

5. **1:47:35** Board approved the Exemption of Plan Review with the State Standards. Water sampling. In future possible sampling ports.
6. Bylaws: Wording needs to be changed in the Bylaws regarding the preparation of documents, contracts and cutting and signing company checks. With the new Board, Mike is uncertain what his boundaries are and how involved the Board wants to be with day-to-day decision making. The wordage under the Secretary position, might possibly be added to the President and other officers. Mike needs to keep the Board in the loop as to what and how things are progressing. Need to change the wording to the following "The Board may assign or hire some of the above duties to another officer and/or staff member." after each officers' duties in Bylaws. It will be added for now and the board will address possible more detailed changes in a future meeting.

Kevin will be leaving so will need to put out his job openings. Possible to retain him if we can come up with more money to offer him. Blaine will let Mike know what to do in approaching Kevin and what we have to offer him. Mike Excused **2:19:05**

Discussion on how much or how little information should be in the written minutes. Maybe not so much detail on the side tangents, discussion, or explanation, more details on the agenda items.

**2:20:25** Discussion on the past month's minutes that have yet to be approved and what needs to happen to correct it. In May 2022 minutes states that MGSWC provided proof of storage, but that proof was actually a Withdraw Application. Correction was not made. Blaine suggests we bring up the minutes & separating out Heidi sticking points to be corrected. Question is if the new board can approve past boards minutes??? Dave suggests that we put in our agenda the needed changes so the new board might be able to approve them. Heidi will write up what corrections need to be in the past months minutes in order have the new Board possibly pass them. We will put it on our agenda that we will be noting the correction in our meeting so we can possibly approve all the minutes for the past months still pending for 2022.

**2:37:05** Discussion on the present hired employees regarding the new direction the board is taking, the shift of responsibilities and are they willing to work with us. Discussed the job description of each employee and do the hours equal the job description? Blaine will come up with a job description and possible salary so that we can start looking for a possible replacement for Kevin. Blaine will contact Kevin to see what it might take to keep him hired. **(3:10:40)**