

# Cottonwood Mutual Water Company

## Board of Directors Meeting Minutes

Wednesday February 8, 2023, 6:30 PM

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### Board Members:

Earlene Lee	District 1	2022-2025	Present	Secretary
Blaine Murray	District 2	2022-2025	Present	President
Heidi Dorius	District 3	2021-2024	Present	Vice-President
Dave Dutson	District 4	2022-2025	Present	Treasure /Zoom
Sean Dorius	M at L	2022-2025	Present	
Mike Johanson-	Manager		Present	

Visitors: Bill Coutts; Michael Oldenborg; Robert McConnell; Kenneth Baker; Jamie Falaschi; Keving Kurtz; Travis Devere; Louise Earley; Scott McMillan; Jesse Summers; Noelle Dunkley; Steve Wood; Kellie Harding; Bill Chipp and Don Barnett (Zoom)

#### 1. President Blaine

A: Called meeting to order @ 6:35 pm Heidi 1<sup>st</sup>, Earlene 2<sup>nd</sup> unanimous

B: Declare any conflicts of interest: None

C: Specify allotted time for each agenda item: 15 minutes

D: Approved meeting minutes of January 11, 2023: Motion by Sean, Heidi 2<sup>nd</sup> unanimous

E: Approved Share cancelations & reissues Motion Sean, Heidi 2<sup>nd</sup> unanimous

#### 2. Public Comment / Questions for the Board.

Opening remarks from Blaine regarding the denial of MGSWC request. Last year's board didn't agree to it. No evidence or agreement from CMWC & MGSWC. Heidi commented that she was on the board last year and they as a board were not aware of it or how the money from MGSWC was paid out. Mike explained that the board prior to Heidi, had agreed to do the management and was in favor of it. Mike forgot the board wanted a written proposal and didn't get it done. No harm to shareholders, good working relationship. Proof of agreement in meeting minutes of past board meeting.

Second Issue: (5:44) New Board is looking at other things that are taking time and resources, so we are not in a position to make the commitment to perform tasks that MGSWC has asked us to do. There are too many things we are working on now that need our time and our staff time. We had a week to consider it and didn't take it lightly, but we all felt we shouldn't take it on at this time. It was not rushed into, no underlining agenda, no underhanded going on. We can't take it on in good faith that we could do a good job and have no problems. Sean comment, our secretary had to use extra hours every week to do her work, who was a pro of what she did. But needed extra time to do the work for our business. Doesn't make sense that we would take more on and with the lack of new secretary, Dave comment: (8:59) Resources was issue talked revisit once we got the staffing up to speed. 72% of shareholders have an interest in culinary and secondary water who have their concerns we need to address. We just can't comment, and we don't have the

resources at this time. Mike clarification that Jennifer (secretary) was hired as full time of 36 hours per week and working for MGSWC the other hours.

Opened up for questions/comments from visitors. Bill Chipp Claims there was no added cost to CMWC due to the payment from MGSWC to CMWC. Everything they did for MGSWC was paid for with shared equipment. Question to Mike if there was any harm done to CWMC doing the work for MGSWC? Mike's felt in his opinion that that it enhanced the overall service to the community that was given. Question if money was saved by both shareholders? Mikes responded that he believed so but hadn't been quantified. (13:15) Janie Falaschi: Question to disclose what changes that are ongoing that is taking up the time? Blane answers No, Internal issues. Unable to discuss at this point and will share with the shareholders once they are resolved. Louise Earley (14:35) Question: If cooperation with both boards helps the shareholders, then as shareholders it should be the top priority for the board. If there are resources to be shared for both companies that would benefit, then both. MGSWC didn't need an answer till March 1, 2023, time to get together to work it out. If it was done last year, why not this year. Blaine answers that the issues the board are working on are going to take some time and will still not disclose them Question from Travis Devere Was the decision made regarding the cost or numbers? He wants to see the numbers and Blaine explained the decision had nothing to do with the numbers but because of the recourses. The timing of losing two employees was top priority at this time. Question Noelle Dunkley stated they did not need us to make a decision in one week to know if it was something we could work out possible at later time. Did the board ask Kevin or Jennifer what effect it had on their workload, but they are no longer with company to ask. Question by Bill Cloutts: Could there be a separate person to do work for MGSWC and do it for both companies? The board would consider his suggestion. Question by Josh Jenks: Want to know the dollar amount to make it work and keep employees Possible to hire at a higher wage that will keep them. Cost was not part of the decision. Heidi thanks everyone for their suggestions and anyone can email them into the board for review. Suggestion to put the equipment on the table to be shared between both companies to lower costs to shareholders. Dave comments that we can re-visit it in the future with dollar amount and regarding equipment. But it is hard to have it done by March 1, 2023. Bobby McConnell comments that he has information regarding the Storage Capacity Agreement that he would like to share with the board before moving on but was denied due to not having anything to do with MGSWC so he can email Blaine any information.

3. NorthSide Creek and Johnson Agreement (31:05) Heidi concerns regarding water rights and filing change applications. Mike and Don Barnett from Barnette Consulting addressed these concerns in length. (32:20). Mike addressed water right A4106 & E5829. Mike stated that a start card (A39384 & water right 35-382) the water right owned by Mr. Johnson. There was not an agreement made for Johnson but Northside Creek had their own start cards that were done by Don Barnett Services with Scott Clarke's name on all the start cards. Mike looking into the future where all the different water systems will become one. Barnett suggests that we identify it as a point of diversion. Water right discussion whose water right are they using? Mr. Barnett explains points of diversion for future flexibility. (44:15) Northside Creek pumped from the creek not a well. Evaporite loss of water will be from

Weber Basin water. Summary by Mr. Barnett: The only ones that own the water right can use the water right unless they have an agreement for someone else to use it. And only the entity that owns the well can use the well unless they have an agreement for someone else to use it. Regardless of our including our points of diversion on each other's water rights. (54:07) All the existing wells have been identified and all future wells have been listed on the change application. The total amount of water we've leased to be available to our shareholders is not affected at all by using our water rights that is being used at that well.

4. Legal Counsel: (59:14) Concerns the amount of money for regarding the time spent and the results received. Heidi proposes looking for new legal counsel. Heidi will look for new counsel to propose at a later time. Concerns regarding pay and expertise of other legal counsel.
5. Dam Safety Report: (1:02:29) Concern regarding the AMEC report dated January 25, 2005. On the AMEC report page 25. Brett Dixon informed Mike that the Division of Dam Safety does not dictate or regulate how a company operates its reservoir. Mike has made changes to the dam as required/ suggested by the state. Updates have been taken since the 2005 report on safety. Monthly dam inspections are being done along with other monthly reports to the state. Possibly have another updated report. There are some suggestions that possibly have MGWWC take on the responsibility in dam failure. Have Mike check into the cost of new evaluation and the changes that have been made. Possibly have the water level higher during the irrigation season.
6. IFFP update (1:19:30) Mike unable to get in touch with Dan on the price.
7. Will-serve Process: Mike explained. Using R309 rules and on peak day demand. There is an application that needs to be completed. Any developer needs to have source, storage, and water rights. The Rollins Ranch tanks is not deeded to the company and is owned by Gardner & Johnson who wanted to wait till it's finished. CMWC does NOT have any excesses capacity credits in any of the tanks that they own.
8. Lee's Market will-serve application status: (1:43:10) Lee's does not have Will-serve due to unable to provide rights, source, and storage from Gardner's development.
9. Dane Wilkinson Will-Serve: His lot is not in the same pressure zone his water is in and he needs to go elsewhere for the water. Gardner will trade capacity/ wet water so it's in the same pressure zone as his lot (lower pressure zone)
10. Question from Noelle Dunkley regarding a good working relation with the developers which the board feels they have.
11. Motion to Adjourn by Earlene and Heidi 2<sup>nd</sup> Unanimous.