

## Cottonwood Mutual Water Company

Board of Directors Meeting Agenda

Wednesday, February 6, 2019; 5:30 PM

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Board Members:	Brandon Love	District 1	2016
	Robert McConnell	District 2	2016
	Jim Collins	District 3	2018
	Devin Miller	District 4	2018
	Doug Dingman	Member-at-Large	2018

Visitors: Lent Wilkerson, Scott Trageser

1. President

- a. Called meeting to order at 5:31 pm
- b. Declaration of conflict(s) of interest – Rob McConnell declared a conflict of interest on item 3d and will not participate in the voting.
- c. Approve meeting minutes from December 18, 2018 – **Jim Collins made a motion to approve the minutes; Doug Dingman seconded the motion. All voted in favor.**
- d. Approve share cancellations & re-issues – **Doug Dingman made a motion to approve the share reissues as presented; Jim Collins seconded the motion. All voted in favor.**

2. Public Comment - None

3. Business of meeting

- a. Kathy Collins presentation regarding reservoir - Kathy Collins submitted a letter to the Board making a formal request to store its water on ground owned by CMWC, namely the Silver Leaf Reservoir. Mike J. asked if the Wilkinsons wanted to store the water with or without cost sharing. He informed Ms. Collins that the change application that the Mountain Green Secondary Water filed was approved on Monday and that this would play into consideration for this request to store water. Ms. Collins stated that the water and water right has been stored there for a long time and that they just want to make it formal and legal to store the water there. She said that the State had given Mountain Green Secondary water 163.5 acre feet of storage in four different reservoirs and that it should not negate the fact that they can ask to store water. Mountain Green Secondary is using the water for irrigation. Mike stated that CMWC does not have an agreement with the Wilkinsons nor recognized them having a storage right on the reservoir property, and that the agreement the Wilkinsons entered into was with the Mountain Green Secondary Water company. The CMWC has since entered into an agreement with Mountain Green Secondary. Mike J. encouraged the board to discuss the matter further after some more investigation and Mrs. Wilkinson requested to be present during those discussions.
- b. Discussion / Decision regarding will-serve for the building being constructed on the Scotsman property – Scott Trageser is entering into a land lease to construct a building to house a dance studio of 4750 square feet (NE Corner of the Scotsman development). Mr. Tragser emailed Mike J. on December 6, 2018 with the request, business operating info, and building specs. There is currently a 3-inch water line serving the Scotsman

**Rob McConnell moved to approve the standby assessment of \$140 dollars for the 2019 year and authorizing the staff to send out statements to standby members. Devin Miller seconded the motion. All voted in favor.**

- d. Discussion / Decision on purchase of water company office, garage, land, Kubota, office furniture and refinance of Dodge 1500. By resolution, authorize Mike to seek financing for the office purchase and refinance of the truck and authorize him to sign the necessary documents encumbering the water company to these debt obligations together with authorizing the payment to GCW for office furnishings, Kubota and down payment of the property, building and garage.

Mike J. read the contract terms for the lease with Beehive Broadband, which is five years, effective the date that they sign the contract. In the event the tenant is not at default, the lease will automatically renew for four additional five-year terms. The current lease is \$9,600 per year with a 3 percent increase each year. Discussion ensued regarding the cost and terms of the lease Gardner has with the Beehive Broadband (building and equipment) and whether the water company should include this lease with the purchase, or not.

**Devin Miller moved to accept the information presented and to allow Mike J. to proceed with the financing. Doug Dingman seconded the motion. All voted in favor except for Rob McConnell who abstained.**

- e. Discussion / Decision of cost sharing Powder Horn Rd water line installation. Cost estimate shows an approximate cost to the water company between \$26500 and \$32000.

Mike J. presented to the board a 2015 drawing from Ensign Engineering that shows a water line going up Powder Horn Road. This plan was sent to Fransen Civil to see if this could be used, and Fransen confirmed that everything needed to install a water line is on there. Mike J. will need to write up a few additional items and have Fransen review them, which include:

- Make certain that the water line gets put on the north side of the road to keep it consistent with other installations. Though it would be cheaper to install it on the south side where the houses are currently located, Mike would like to keep it consistent to avoid potential cross connection as much as possible.
- Current service lines to existing homes run through the back of the yard but will transition to connect through the front of the homes when the time comes.
- There will be two fire hydrants, one next to the existing homes and the other by the new home construction currently being built.

Mike Wasuita and Kent Wilkerson obtained a tentative bid for the cost sharing option that the board had previously approved to consider. According to the bid, the proposed cost for the water company ranges anywhere between \$19,450 - \$32,000 and Mike J. would prefer for Mike Wasuita to cover the entire initial cost and then submit an invoice to the water company for reimbursement.

**Devin Miller made a motion to get a formal bid before approving the cost sharing. Rob McConnell seconded the motion and added an amendment to put a top dollar limit on exposure to the water company of \$28,000 dollars. Devin Miller seconded the motion. All voted in favor. Doug Dingman seconded Devin Miller's original motion. All voted in favor.**

- f. Discussion / Decision approving 2019 budget

Center, but they would require a connection for this new area of development. After a study was made, it was determined that they would require .625 gallons of source and would need 400 gallons of equalization in addition to fire storage, similar to a residential connection (.41 acre feet of water right required). Because they will be sprinkling the building the amount of fire storage needed is below 60,000 gallons. Mike J. does not feel the need to raise this amount because the lower zone already has 325,000 gallons of fire suppression storage. In addition, the Scotsman has been leasing for years 8-acre feet of water from Weber Basin, but since 1997 the highest usage they have ever had was 5-acre feet. Mike J. does not believe they would be increasing the demand, but they would need to acquire source and storage from Gardner Development and Gardner currently does not want to let go of that source and storage yet. From the 2013 settlement agreement, the water company has source available (25 gallons) from Rosehill Well #3. The prorated amount for .625 gallons of source would be \$1,075 dollars, in addition to the \$1,500 dollars for the connection fee. The Wilkinson Family is willing to give them 4,000 gallons out of the middle pressure zone where they have storage. Mike J. has a letter from Kathy Collins stating that they sold 400 gallons of storage to the Scotsman Center. The conditions of the will serve include:

- Installation of a 1-inch water line
- Payment of the \$1,500 dollars connection fee (paid Feb. 6, 2019)
- Payment of \$1,075 dollars for source
- Payment has already been made to the Wilkinson family for the storage.
- Inspection from the water company upon installation of the infrastructure for the water meter.

Rob McConnell asked if we are monitoring the number of acre-feet of storage that the Wilkinsons are selling to other individuals. Mike J. responded that he has only heard of them selling 24,000 gallons to the Plyers for Phase 6 (the Wilkinsons have 86,000 gallons of storage).

**Rob McConnell moved to approve the will-serve for the building being constructed at the Scotsman property as proposed by Mike. Doug Dingman seconded the motion. All voted in favor.**

Devin Miller inquired about the excess capacity available for new water connections with the creation of the new wells and tank. Gardner Development has paid for the tank and are not willing to give up any of their storage capacity until they know what will happen with commercial development. Mike J. explained that any developer wanting to connect to the system is required to bring source, storage, and water right.

Scott Trageser asked if the capacity that he bought from the Wilkinsons is different than the capacity he gets from the water company. Mike J. responded in the affirmative and stated that what he bought is storage from the Wilkinsons and underground water from CMWC. For the water right required, the Scotsman will factor that into the 8-acre feet that they have. Scott Trageser stated that they will be installing a 2-inch pipe for future developments. Mike J. requested an engineer drawing.

- c. Discussion / Decision regarding 2019 Standby Assessment. Board to consider adopting and approving a standby assessment of \$140.00 for the 2019 year and authorize water company staff to send out statements to standby members.

i. Rate increase considerations

Mike J. reviewed each line item with the board and explained that the company accountant updated the new budget descriptions, so they differ slightly from last year's line item descriptions. The water rates for 2019 will remain the same but will be readdressed in 2020.

**Doug Dingman moved to approve the 2019 budget as presented. Brandon Love seconded the motion. All voted in favor.**

g. Discussion regarding 2019 Annual Shareholder Meeting

i. Combining with secondary company, discuss district creation

ii. When – Articles state – March - Shareholder meeting letters will be sent out in March for meeting in April

iii. Where – Mountain Green Elementary School

iv. Terms ending for districts 1 and 2: Brandon Love and Robert McConnell, respectively

v. Election protocol – appointments; bylaws & Articles requirements - Bylaws were changed so that solicitations for nominations can be sent out before the annual shareholder meeting.

h. Discussion / update of the water district creation and need for water company to change approach to development – Discussion about the possibility of including the Highlands Water Company with the formation of the new Water District.

4. Reports from president – Mike J. updated the board on the status of each item

a. Lawsuit update

b. Garage construction

c. Report of protests to change application filed on 330 AF

5. Board member questions/concerns - None

6. Adjournment of meeting – **Brandon Love moved to adjourn the meeting. Doug Dingman seconded the motion. All voted in favor.**

The meeting adjourned at 7:03 pm.



Mike Johanson, President



Monalisa Wald, Secretary

Jennifer Jensen

May 14, 2019

Date Approved