

MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF TRUSTEES
COTTONWOOD IMPROVEMENT DISTRICT

DATE: October 19, 2022
PLACE : Cottonwood Improvement District Office
TIME: 3:00 P.M.

PRESENT:
Kim Galbraith, Chairman
Wesley Fisher, Trustee
Mark Katter, Trustee
Greg Neff, General Manager/Engineer
Lonn Rasmussen, Assistant General Manager/Operation
Spencer Evans, Chief Financial Officer
Jeremy Cook, Attorney for the District
Jami Phillips, Board Secretary

Public in Attendance: None.

At 3:00 p.m., Chairman Kim Galbraith called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE SEPTEMBER 21, 2022 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting held on September 21, 2022."

MOTION BY: Wesley Fisher
SECOND BY: Kim Galbraith
FOR: Wesley Fisher, Kim Galbraith
ABSTAIN: Mark Katter
AGAINST: None

ITEM 2: PUBLIC COMMENT

None

ITEM 3: FINANCIAL INFORMATION

(A) DISBURSEMENTS - APPROVAL

The disbursement report was provided to the Board for their review, along with the District Manager's Wells Fargo credit card statement. There was discussion on a few items: 1) The Sandy shop garage door parts and repair. 2) The service and maintenance of the District's forklift, which is done in-house. 3) The crushed aggregate purchased for Project 8. A motion was made "to approve and ratify the disbursements."

MOTION BY: Mark Katter
SECOND BY: Wesley Fisher
FOR: Mark Katter, Wesley Fisher, Kim Galbraith
AGAINST: None

(B) FINANCIAL STATEMENTS – REVIEW

Copies of the unaudited financial statements as of September 30, 2022 were provided to the Board for their review. Spencer Evans mentioned the quarterly CID Revenues and Expenses Year-to-Date Comparison (Unaudited) description report included with the financials. There was some mention of the District's earned interest and investment income through PTIF and Moreton Asset Management.

ITEM 4: PRESENTATION AND DISCUSSION OF THE 2023 TENTATIVE BUDGET

Spencer Evans prepared a PowerPoint presentation to coincide with the proposed tentative budget for 2023 reflecting the District's past and current estimated expenses. There was discussion on each slide item. 1) The history and background of the District. The District serves more than 25,000 customers; contributing 6.5 million gallons per day to CVWRF (Central Valley Water Reclamation Facility). The District maintains over 300 miles of collection and trunk line pipes. The District is part owner of the CVWRF Treatment Plant. 2) The boundaries of the District. 3) 2017-2021 Percentage Revenue by Source: Monthly Sewer Fee 77%, Property Taxes 13%, Impact Fees 6%, and Other 4%. 4) Tax Increase Proposed for 2023 discussion. Tax increase of 50%. Tax decreased 45% in 2002. Fees increased \$5.00 per month/RE in 2017. 5) The primary purpose of the tax increase, which explains the background of the CVWRF Treatment Plant required rebuild and the District's 2022 Capital Facilities Plan update and the need to enlarge, due to capacity issues, and rehabilitate some of the District's aging sewer pipes. 6) Discussion on CID's portion of debt service on CVWRF Bonds. The District's portion of debt service has gone from \$0 in 2016 to almost \$4 million per year in 2023. 7) Discussion on the District's Revenue, Expenses and Reserves chart. 8) The District's Reserves with Future Fee/Tax Increases chart. 9) Monthly Fee and Tax Comparison with other districts in the valley. Spencer discussed the following 2023 Budget Highlights: 1) Tax increase of 50%. 2) No increase in monthly sewer rate (\$20/mo/RE). 3) 2023 Board of Trustee election costs. 4) Cost of Living (COLA) increase of 5.0% 5) Various increases for fuel, Blue Stakes, electronic payment processing fees. 6) 2023 is the first full year of debt service on the CVWRF 2020 DWQ bond. 7) Future tax and/or rate increase will be needed. There was some discussion on the essential amount needed for the District's reserves. A copy of the 2023 Tentative Budget, along with copies of the Power Point presentation is attached to and therefore made part of these minutes.

ITEM 5: TENTATIVELY ADOPT 2023 TENTATIVE BUDGET

A motion was made "to tentatively adopt the 2023 Tentative Budget."

MOTION BY: Wesley Fisher
SECOND BY: Mark Katter
FOR: Wesley Fisher, Mark Katter, Kim Galbraith
AGAINST: None

ITEM 6: SET TIME AND DATE FOR PUBLIC HEARING FOR 2023 BUDGET

A motion was made "to set November 16, 2022 at 6:00 p.m. as the date and time of November's regular Board meeting and the Public Hearing regarding the 2023 budget and the Truth in Taxation Hearing."

MOTION BY: Wesley Fisher
SECOND BY: Mark Katter
FOR: Wesley Fisher, Mark Katter, Kim Galbraith
AGAINST: None

ITEM 7: KEARNS IMPROVEMENT DISTRICT LINE REPLACEMENT AGREEMENT - UPDATE

Greg Neff updated the Board regarding the Kearns Improvement District (KID) line replacement and easement sharing agreement with Cottonwood Improvement District (CID) that was originally presented and approved in the August 17, 2022. However, Jeremy Cook, CID's attorney, after working with KID's attorney made some changes. A copy of the new Cooperative Agreement between KID and CID was discussed, presented and approved in the September 21, 2022 Board meeting. Greg has reached out to KID regarding the latest agreement, but has not heard back from KID.

ITEM 8: EASEMENT ISSUE, GOODER PROPERTY, 7941 S. FOREST OAKS COURT

Greg Neff updated the Board regarding the easement issue located at 7941 S. Forest Oaks Court presented in the September 21, 2022 Board meeting. Mr. Gooder excepted the District's offer in exchange for the easement located at 7941 S. Forest Oaks Court. A copy of the Grant of Easement for 7941 S. Forest Oaks Court is attached to and thereby made part of these minutes.

ITEM 9: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Wesley Fisher reported on the following CVWRF matters for the September 28, 2022 Board meeting: 1) A public hearing for the CVWRF budget was scheduled for October 6, 2022. 2) An equipment exhibition tour reminder for those attending the WEFTEC Conference, October 10-13. 3) A CVWRF plant tour is scheduled for October 26, 2022 at 2:00p.m. All seven entity board members are invited. 4) The CVWRF Tentative 2023 Budget was discussed and adopted. 5) A letter was sent to the Department of Water Quality (DWQ) requesting an 18-month extension for the Phosphorus Effluent Rule Variance Limits compliance deadline. 5) The change order for the Digester Cleanout Pond Liner Installation was approved. 6) Capital Projects update; everything is moving along. 7) There was a closed session to discuss lease of real estate property.

ITEM 10: MANAGEMENT REPORT

(A) PROJECT 8 – UPDATE - This is one of the District's capital improvement projects to increase the line capacity and is being done in-house. The line went from an 18" line to a 24" line significantly increasing the capacity. This project is one of the first projects recommended in the District's recent Capital Facility Plan study. District staff has been working on this project for approximately one month. The project is going well; District staff is doing a great job. The new sewer line is installed, connected and in service. All of the costs are being kept; it is anticipated that there will be a cost savings by doing the project in-house. A future report will be given to the Board for the full project costs.

(B) UPDATE ON TENTATIVE TAX INCREASE PROCESS – There are two required proof of publication notices of proposed tax increase requirements; a two weeks prior and a one week prior to the Public Hearing. Both notices will be posted in the Deseret Newspaper.

(C) WHITAKER CONSTRUCTION GROUND LEASE – UPDATE – Greg Neff informed the Board that since he gave Whitaker Construction the Ground Lease Agreement, with the cash bond requirement, he has not heard back from them. Greg does not think they will lease from the District, but if things change, he will inform the Board.

ITEM 11: BOARD REPORT

Chairman Galbraith discussed his WEFTEC Conference experience in New Orleans, October 10-12, 2022. He discussed some of the classes and exhibitions that he attended, 1) Lessons for Sanitation Off the Grid. 2) CVWRF's General Manager, Phil Heck's organized group visit with a few companies where technology and products have been purchased for the Plant. 3) A Public Officials Roundtable. 4) A Funding Financing and Grants Workshop. 5) The Workforce; How to Engage the Next Generation. Chairman Galbraith mentioned that there were a lot of class choices; He sat through a

couple other presentations and spoke with some of the vendors. There was some discussion regarding the overall relevance value as a trustee.

Greg Neff mentioned that he spent a lot of time in the technical sessions and discussed how things have changed in the industry over the past couple of years. There's a lot of effort now being placed in optimizing the different processes using data science, machine learning, AI to name of few. He attended presentations on nutrient removal, energy recovery and PFAS.

Lonn Rasmussen mentioned that he talked to some vendors and attended some classes.

ITEM 11: INFORMATION ITEMS

(A) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER –
FIRECLAY, PHASE 3 SUBDIVISION, LOT 1 (152 WEST 4250 SOUTH)

At 4:58 p.m., a motion was made “to adjourn the regular Board meeting.”

MOTION BY: Mark Katter
SECOND BY: Wesley Fisher
FOR: Mark Katter, Wesley Fisher, Kim Galbraith
AGAINST: None

PREPARED BY: Jami Phillips, Secretary