

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

DATE: February 14, 2024
PLACE : Cottonwood Improvement District Office
TIME: 3:30 P.M.

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

James Durrant, Trustee, was unable to attend.

Public in Attendance: None.

At 3:30 p.m., Chair Wesley Fisher called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE JANUARY 17, 2024 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting held on January 17, 2024."

MOTION BY: Kim Galbraith
SECOND BY: Wesley Fisher
FOR: Kim Galbraith, Wesley Fisher
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. A motion was made "to approve and ratify the disbursements."

MOTION BY: Kim Galbraith
SECOND BY: Wesley Fisher
FOR: Kim Galbraith, Wesley Fisher

AGAINST: None

(B) FINANCIAL STATEMENTS – REVIEW

Copies of the unaudited financial statements as of January 31, 2024 were provided to the Board for their review. Spencer mentioned the summary listed under Subscription and Dues reflects the annual dues payment made to the Utah Association of Special Districts.

ITEM 4: DISCUSS PROPERTY TAX / FEE INCREASE SCENARIOS

Greg Neff mentioned that the Board had requested the District's updated Forecast and Revenue Increase Scenarios for discussion. Spencer Evans spent a lot of time on them; however, they are still projections. Scenarios 1 through 8 were provided to the Board, along with a memo from Spencer that contains a few points to consider as the Board reviews the various revenue increase scenarios presented. Some of the needs making the revenue increase necessary: CVWRF, the District's aging infrastructure, the District's Capital Facilities Plan and inflation. Some of the scenarios have multi-year increase possibilities and Greg suggested if the Board chooses one of these scenarios, it's a good idea to set expectations with the public with any caveats included. There were questions and discussion on adopting future standard fee increases, along with how that affects future Board of Trustees and the future Board's various options. Greg mentioned that he and Spencer discussed the District's reserves target balance, which should be between \$10 and \$15 million; however, this is a Board decision. Management can update these forecast scenarios yearly to the Board for discussion and adjust the outlook for fee increases as needed. Greg read the text message he received from Trustee, James Durrant. James mentions in his text that his first preference is Scenario 7, it's a small adjustment yearly, which keeps it at the forefront of doing something, but also gives us options to adjust as we go through each year.

Spencer prepared and presented a PowerPoint displaying some of the previous scenarios, along with a few new scenarios, which include an additional year for 2029. The proposed scenarios include possible fee increases, property tax increases and a combination of both, along with a multi-year fee increase for the next couple of years. Chair Wesley Fisher prefers Scenario 5; however, in order to meet the District's target reserves, he would like to propose the 2024 fee increase to be \$4 with the 2025 tax increase and a 2026 \$4 increase. The Board concurs that a fee increase, along with a tax increase scenario makes sense. Spencer updated the numbers to reflect Chair Wesley Fisher's request.

After some discussion and with the requested changes/updates to Scenario 5, created Scenario 9: \$4 fee June 2024, 75% tax 2025, \$4 fee June 2026, the Board concluded to hold a public hearing March 20, 2024 at 6:00 p.m., with the proposed monthly \$4 fee increase beginning June 1, 2024. There was discussion for the District to inform the public with this fee increase proposal, along with the possibility of future increases.

Spencer discussed the timelines and some of the requirements for a 2025 tax increase; The proposed tax increase public hearing would be held in conjunction with this year's November, 2024 budget hearing. The public hearing for the proposed \$4 fee increase to take effect in March, 2026, would be held in conjunction with the District's 2025 budget hearing. There was discussion on different tax increase notices, percentages and possible adjustments.

Spencer will verify the accuracy with the requested changes/updates being discussed, which is now to be Scenario 9 and will email it to the Board, along with posting it to this month's Board packet.

ITEM 5: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Kim Galbraith reported on the following CVWRF matters for the January 24, 2024, Board meeting: 1) The welcoming of Board member, Kim Galbraith, back to the Board. 2) CVWRF had no recordable injuries in 2023; this is CVWRF's third year with no recordable injuries. 3) CVWRF received a \$117 thousand Builders Risk Insurance rebate. 4) Discussion on CVWRF's upcoming Arbringer Training. 5) CVWRF entered into a lease agreement with a sheetrock company adjacent to the

Plant on 900 West. It was negotiated at \$85,000 per year; it was formerly \$27,000 per year. 6) CVWRF's Chair and Vice-Chair were elected: Debra Armstrong was re-appointed to the Chair position; Don Russell was re-appointed to the Vice-Chair position. 7) CVWRF had committee assignments; Kim Galbraith volunteered to serve on the Retirement Committee. Don Russell volunteered to serve on the Employee Services Committee. 8) CVWRF's 2023 annual GRAMA request report was presented. 9) A bird caused some power wires to cross resulting in the pole catching on fire. The pole has been replaced. 10) There was a quick review on capital projects; progress on some, slower progress on others. The costs of the projects are expected to be higher than what was bid out or anticipated.

Greg Neff informed the Board of a couple of items discussed in the CVWRF's manager's meeting: 1) Bio Solids disposal issues will be discussed in CVWRF's upcoming Strategy Session to be held in February. 2) There will be some financial Board approval requests in CVWRF's February's board meeting: Stainless steel for the clarifiers. A compost tarp winder to cover the compost piles. 3) CVWRF is still trying to obtain Builders Risk Insurance for the rest of the projects; there may be possible updates and approval requests in February's Board meeting.

TEM 6: MANAGEMENT REPORT

Greg Neff thanked the Board for being willing to move the meeting to discuss Item 10.

ITEM 7: BOARD REPORT

Chair Wesley Fisher requested Greg Neff to repeat a PowerPoint summary of the District's properties, etc. Chair Wesley thinks it is very helpful, especially for a new Board member. Chair Wesley also encourages the other Board members to take a few moments and visit the District's Murray and Sandy shop.

ITEM 8: INFORMATION ITEMS

None.

ITEM 9: CLOSED SESSION TO DISCUSS LITIGATION

At 4:21 p.m., a motion was made "to move into a closed session to discuss the purchase, exchange, or lease of real property.

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

The closed session ended and Chair Wesley Fisher moved to reconvene to the open session of the regular Board meeting.

ITEM 10: PROJECT 7 (U, PHASE 2) – DISCUSSION AND APPROVAL OF EASEMENTS PURCHASE

The District is in the process of preparing for construction of Capital Project 7. This project requires the purchase of two easements where the new pipeline will be located. Over the past two years, the District has been working with the State of Utah and Salt Lake County, the two property owners involved, to acquire easements. The District now has proposed agreements for the purchase of the easements. They were discussed in the closed session. A motion was made "to approve the purchase of the easement from the State of Utah for \$17,000 and the easement from Salt Lake County for \$9,000."

MOTION BY: Kim Galbraith

SECOND BY: Wesley Fisher
FOR: Kim Galbraith, Wesley Fisher
AGAINST: None

At 4:35 p.m., a motion was made “to adjourn the regular Board meeting.”

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

PREPARED BY: Jami Phillips, Secretary