

Horseshoe Irrigation Company

Annual Shareholders' Meeting

February 24, 2023

7:00 PM

Horseshoe Irrigation Company held the annual shareholders' meeting February 23, 2023 at 7:00 p.m. The meeting was held in the Spring City Municipal building, 45 South 100 East, Spring City, UT.

1. Executive Business:

A. Welcome: President Randy Strate opened the meeting by welcoming the shareholders in attendance. He then introduced the board members and staff.

B. Attendance:

- i. Board Members: Randy Strate, Chad Beck, John Stevens, Matt Francks, Scott Sunderland, Cody Harmer, and Mike Black (excused).
- ii. Staff Members: Kristy English, Ken Jensen.
- iii. A roll showed 41 shareholders attending in person, and 23 via zoom.

C. Minutes from 2022 annual meeting: Kristy read the minutes from the previous annual meeting. Motion to approve the minutes: Randy Second: Shareholder Stephen Wright Question on the motion: All Aye

2. **2022 Financial Reports review:** Randy went through the income and expense reports from 2022, as well as the company balance sheet.
3. **2023 Budget overview:** Randy briefly reviewed the anticipated income and expenditures for 2023 and explained that the budget drives the assessment rates.
4. **Company Website:** Randy showed the shareholders the useful tabs of the company website.
5. **2023 Water year projection:** Randy showed photos from the past seven7 years of the snowpack each year in February, including one from last week. Randy also showed restrictions from those years and graphs of water use to illustrate the affect the snowpack has on the water year. He talked about pressure problems due to the number of users on the systems. Currently it looks like it's going to be a good water year and Randy is hoping for a mild Spring so there won't be flooding problems. The city is working with the irrigation company on flood mitigation measures.
6. **Status of Water Shed Flood Prevention Grant Project:** This grant has been in the works for a few years. The primary purpose of the grant is flood protection, but the grant also allows for conservation, efficiency, and recreation facilities. The city is the sponsor of the grant and Horseshoe Irrigation is the co-sponsor. Randy reviewed all the proposed projects within the grant. The storage right has been reestablished that will allow for 700-acre-feet for the proposed reservoir. Randy next discussed residential meters. The grant will pay for 75% of the cost of this project and the company applied for a state grant that will pay 70% of the remaining 25% of the cost, so the irrigation company will have to pay about 7% of the total cost. There will be a significant cost associated with this project, specifically the long-term financial burden of maintaining, replacing, and reading the meters. He said we're hoping to be in the public comment part of the grant

process by late summer 2023. Randy explained that some projects may not be undertaken because it will be a challenge for the company to cover their portion of the cost of every project.

7. **Company cost increases:** Costs have doubled in the last two years and Randy reviewed some things that will increase the cost to the company, including the grant projects, the meter installation and long-term maintenance cost, the growth of the company, and the state is now enforcing the requirement of reporting all water usage monthly including the purpose of the use. As a result of all these challenges Randy discussed the potential need to hire a full-time company manager. Randy pointed out that the class A assessment has incurred only a small increase in the last 15 years, but the operations and maintenance assessments have more than doubled due to the cost. Randy expects that an additional assessment for the meters may need to be created for the residential connections to cover those specific costs.
8. **Residential Well policy update:** The company has allowed shareholders to transfer their shares through change application for the purpose of drilling residential wells for about 20 years. The significant number of these in the last several years has resulted in discussions with the Division of Water Rights on how to handle requirements because of all the change applications. There is some disagreement between the company and the state on these requirements. A 6-month moratorium has been put in place on the company approving new change applications while the company works on this with the state and the current company policy is being evaluated and revised as needed. The irrigation company is working as quickly as possible, and Randy doesn't expect the moratorium to go longer than the 6 months. It is the top priority of the board currently.
9. **Board member 3-year term elections:** There was no interest from anyone submitted to the company to fill the Board positions of Chad Beck, Scott Sunderland, and Mike Black. Randy Strate motioned that all three are reinstated for another 3 year term. Second: John Stevens Question on the motion: All Aye
10. **Question from shareholders and open discussion time:**
 - a. LaMond Tullis asked about the flood prevention part of the grant from oak creek and if that will affect the Pete Hansen system. Randy explained some of the discussion the board has had about getting water to the Pete Hansen system from either the penstock line, or the outlet of the reservoir, to reduce loss. The Pete Hansen system is a challenge because it's a small system and it's a challenge to get water to that system late in the year.

Adjourned 8:43 pm

Kristy