

Jan-1995

Leeds Domestic Waterusers Assn.

376 South Main Street

PO. Box 460627

Leeds, UT 84746-0627

LDWA BOARD				
PRESIDENT:	GENE HANSEN	879-2271	SUSAN SAVAGE	879-2207
VICE PRESIDENT:	DON STEPHENS	879-2441	THOMAS STIRLING	879-2357
SEC. TREASURER:	SANDRA BROWNING	879-2345	BERT LEANY	879-2901
January 12, 1995				

President Gene Hansen Conducting

GENERAL BUSINESS:

- OPENING PRAYER
- MINUTES: READ and Approve:
- FINANCE STATEMENT read and Approve:
- _____
- _____

NEW BUSINESS:

- Approve info for share holders memo
- Plan Annual share holders agenda for feb 3rd
- Power backup
- _____
- _____

UNFINISHED BUSINESS:

- Roof on shed needs finished
- Up grade lines
- Assessment on improved frontage
- _____
- _____

Tap Sales: not paid in full

- S.M. Bullard \$500.00 Deposit- Expired home being built
- Bundy Danna L \$500.00 Deposit
- Houston, Dianna & Dyer, Linda \$500.00 Deposit
- _____

94 New Tap Sales:

- 479 Bud Wall Paid for
- 480 Van Leavitt Paid for
- 481 Ned Sullivan Paid for
- 482 Marell Walton Paid for
- 485 Joe Jimerson, Sorrenson Paid for
- 486 James Herpel Paid for
- 488 Coy Wiley Paid for

• 7 taps sold 1994-

• 2 taps sold 1995-

• 150 being used

• 174 taps sold

Tap transfers

- | | | | |
|---------------------|-------------------|------------|---------------|
| 467 Rogers-to | 483- Reeves | 468 Penner | 484- Jones |
| 440 Sullivan | 487- Janice A Roy | 390 Dodge | 489- Langston |
| 441 Sanvick | 490- Fairbank | 318 Carr | 491- Friese |
| 469 cw construction | 492- Braman | 27 george | 493- Thornton |
| 350 fosster | 494- Mills | 111 taylor | 495-Armstrong |

Close Meeting

2nd page

WATER MEETING IN SLC

Change state to county
sentence in () parentheses

People not able to locate in St George
would build in the surrounding
communities, but would shop in St George.

This will cause a need for total
county planning to include all services.

3rd page. I don't think I explained it
this precise but would like the minutes to
show.

3rd page

Our Hydrogeologist - - -

BLM land North North East of
the well house, along the L₁ (L₁ prime)
line on the hydrogeologic survey, just before
it crosses the Grapevine Wash. Then we
will ~~only~~ have to dig less than 200 ft to
the Navaho sand stone which is around
spell it for me

160 ft thickness ^{some} additional We should
drill into the Kayenta ~~some~~, our well
proves that it will produce water ^{and} equipped.

This should be drilled ^{and} out
back up well using our existing water rights.

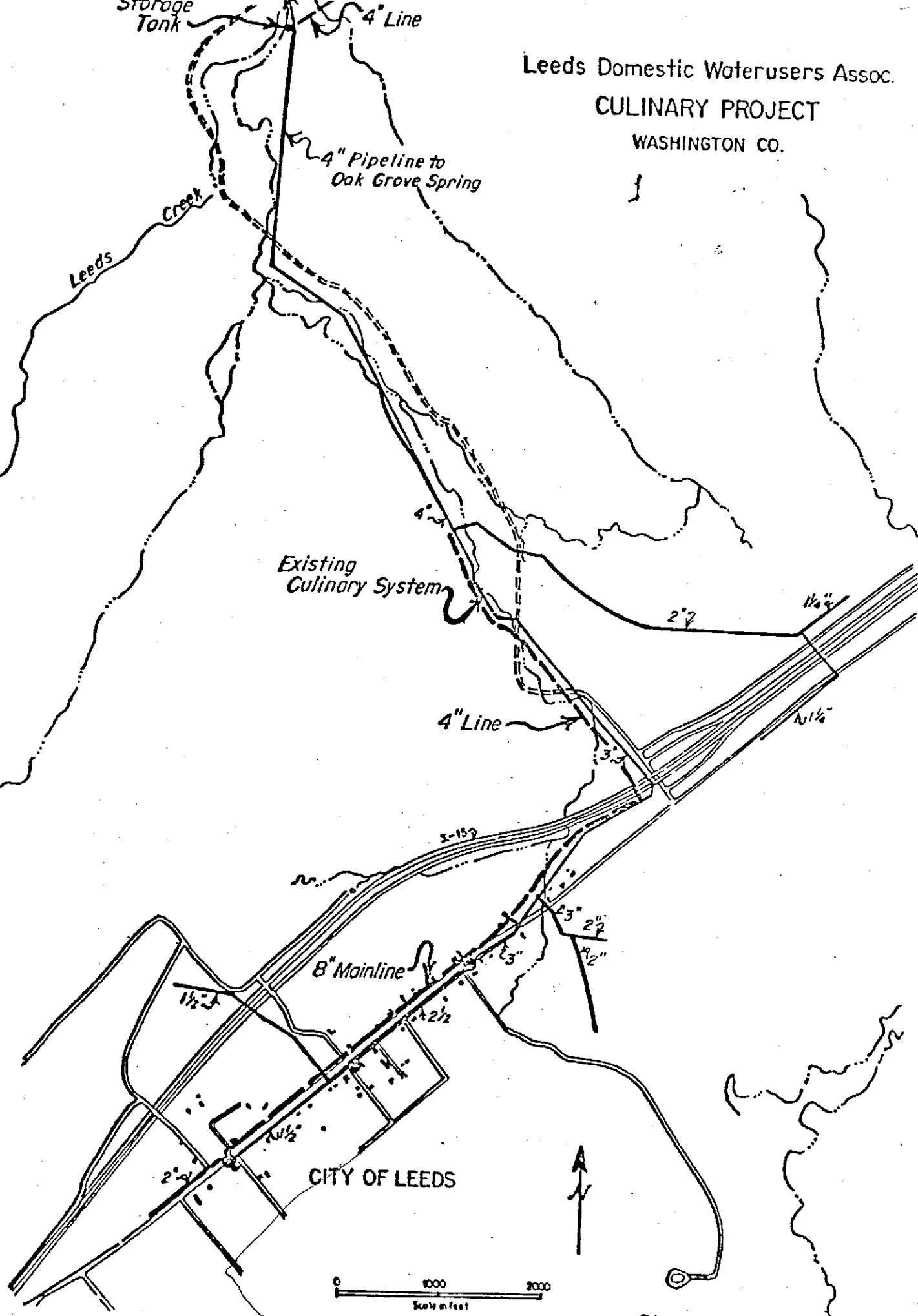
Thoughts Regarding the Leeds Town Community Survey

1. Leeds is conducting a survey in order to revise or renew the Leeds General or Master Plan.
2. A Master Plan is an expression of the residents of a town stating the residents desires of where and how it should grow, how it should be run, What businesses and industries the residents would like to have.
3. The Master Plan has no required format. It has no force of law. It is merely an expression of what the residents want.
4. After the Master Plan is finalized, then the Zoning Ordinance and the Subdivision Ordinances put the desires of the residents into a binding legal form.
5. After attending the Leeds Town Dream Meeting and reading the Leeds Town Community Survey that was included in our Municipal Garbage Collection Bill envelope, it is my opinion that we should answer some other questions such as:
 - a. Why did you move here?
 - b. Do you like the town or do you think it should be changed? If so, how?
 - b. Do you agree with the Master Policy Declaration that shows how and where the town should grow in the future? If not, how should this plan be changed?
 - c. The town is bound to grow in the future. How fast do you think it should grow and how big should it get?
 - d. Should we try and control the growth? If so, why, and how should we do this?
 - e. What do you think the advantages and disadvantages of a Municipal Water System are compared to a privately owned water system? Which type of water system would you prefer?
 - f. Do you think the elected officials of the Town Council and other boards and committees should try and run the town the way the residents want it to be?
6. In summary, it is my opinion that our present Master Plan is a good plan that contains some very valuable charts and information and should be revised rather than rewritten.

A Concerned Resident,

Bill Schweer
Bill Schweer

Leeds Domestic Waterusers Assoc.
CULINARY PROJECT
WASHINGTON CO.



Div of Water Resources

Leeds Domestic Waterusers Assn.

376 South Main Street

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Leeds, UT 84746-0627

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SEC. TREASURE:	SANDRA BROWNING	879-2345	BERT LEANY 879-2901

WATER MEETING IN SALT LAKE CITY

by Bert Leany

People not able to locate in St. George would build in the surrounding communities, but would shop in St. George

This will cause a need for total county planning to include all services.

Our Hydrogeologist:

BLM land north East of the well house, along the L, (L-L prime) line on the hydrogeologic survey, just before it crosses the Grapevine Wash. Then we will have to dig less than 200 ft. to the Navajo Sand Stone which is around 160 ft. thick here. We should drill into the Kayenta. Our well proves that it will produce water.

This should be drilled and equipped as our back up well using our existing water rights.

Jan 1995

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JANUARY 13, 1995

Those in attendance: President Eugene Hansen, Don Stephens, Bert Leany, Thomas Stirling, Susan Savage, and Sandra Browning.

CONDUCTING: President Eugene T. Hansen

PRAYER: Thomas Stirling

MINUTES: The minutes were discussed and corrections made. Bert Leany provided corrections and a short written outline of the meeting he attended in Salt Lake City to be added to the minutes.

In the minutes, Susan Savage explained that three by-law changes voted on at the special shareholder's meeting were omitted from her explanation of items voted on. Therefore, she felt they should be explained and voted on again at the February Shareholder's Meeting. Gene suggested that these items have already been voted on and were posted in the post office and town hall for those interested. After a brief discussion, Don Stephens suggested tabling the issue for later on in the meeting.

Bert Leany moved to approve the minutes and Thomas Stirling seconded the motion and all approved.

FINANCIAL STATEMENT: The year end financial statement was discussed. Don Stephens moved to approve the year end financial statement and Bert Leany seconded the motion and all approved.

CHRISTMAS PARTY: Gene asked if Sandra had paid our share of the Christmas party that we attended with the Town of Leeds. It had not been paid and Sandra was told to pay \$6.50 per person who attended the party. Eight people attended for a Cost of \$52.00. The correct cost per person attending the party was \$7.50 and so another check for \$8.00 was sent to the city for a total of \$60.00.

NEW BUSINESS:

POWER BACKUP: President Eugene Hansen informed the board that the Town of Leed has a three phase diesel generator that they do not need. It would run the pump to our well. We need to ask the town to donate it to the LDWA. Also Roy Brewer has a G.I. trailer that would carry the generator.

SPECIAL SERVICE DISTRICT: President Eugene T. Hansen told board members that our 16 acres may be included in the Angel Springs Special Service District. If so, it may cause some problems.

Gene asked Sandra to check with the county recorder to see if we are included. If we are in the special service district, then we will find out what we need to do.

Don asked how a special service district is formed. If it is like annexation, and there are a couple of holdouts, they are forced to be apart of it.

If the state will allow Hidden Valley to transfer their 79 acre feet of water to Angel Springs; then we want to know, so if we buy Hogan Springs, could we transfer it to our well. We will test the state on this matter.

Don Goddard was told by Kerry Carpenter that Hidden Valley was not allowed to transfer their 79 acre feet of water into Angel Spring. The LDWA will look into it.

TAPS: The board was told by Gene that the Margaret Armstrong's tap problem have been resolved. We worked closely with her lawyers and with the boards approval, Margaret has three taps.

METER READING: Bert and Gene have been trying to get a accurate meter reading on the meter up at the splitter box, but this is impossible because of the air serging in the line. Bert said that the water flow fluctuates from 190 gallon a minute to 400 or 500 gallons. They are going to try to change the

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meter where the vent is and the vent where the meter is to see if that will help. They even changed the vent pipe and it did not help.

Don Stephens explained that the flow of water from the spring is the heart of whether we can go with the Beal development or not. This must be determined soon. Bert and Gene will work on this problem.

RIGHT OF WAY: Gene was disappointed that the town of Leeds was not represented at this meeting because at the last town council meeting they talked of the right of way for Wayne Hood and Merrill Stirling and they planned to give an answer tonight.

Dick Parry wants the right of way now, so the six inch water line can be put in and building can begin. The one option is to put the line out to Wayne Hood, Washburns and back out to Beals. Or if they are going to follow the Eldorado Road then the water line can follow the right of way of the road and not out in someones field.

Susan Savage asked if the LDWA was planning to up date the six inch line above Beals by the time Dick Parry is ready to build. Don Stephens said "No, that has never been negotiated".

Don Goddard told the LDWA that the Town Council may have got some miss information. When Don Goddard talked with the power company, they would prefer the line be on private property so if it has to be moved, who ever moves it has to pay the expense. If it is put on the right of way of the road and the town decides to move it then they have to pay the cost. The town must maintain the right of way after two years.

Aerial photographs: Bill Schweer has aerial I photographs that he has been studying of the area in consideration for the right of way. He feels that the photographs should be looked at before any conclusion is made. Don Stephens suggested that the board should meet with Bill. An appointment was made with Bill Schweer at 9:00 a.m. Monday morning to study the photos. Susan asked what we were going to do and Gene explained that the LDWA want to find the best way to bring the line down from DeBrandt's to the cement tank. Don Stephens said that what we are trying to do is respond to a request that has been made by Bluth, Parry, and others to bring down the line to the cement tank.

BUILDING APPLICATION: The LDWA wanted to talk to the Town Council about is the building application. It states that a \$500.00 deposit for water is necessary to start building, but if the building application is rejected by the town then the \$500.00 will be refunded. They deleted the fact that if the property owner does not build within 18 months then they loose their \$500.00 deposit. If the Town approves then this needs to be put on the application. Merrill Stirling's 18 months is over in August.

LEEDS RV PARK: Linda Dyer and Dianne E. Houston wanted to put two more rows of trailers (21) in their trailer park. They desired to purchase two more taps from the water company. Gene explained that they could not have two taps but only one. At a later date they might be able to trade some of their irrigation water for another tap. If the LDWA accepts their proposal. A \$500.00 deposit was received on one tap.

QUIT CLAIM DEED: Gene assigned himself to fill out a quit claim deed by getting a description of Ned Sullivan's property that he turned over to the LDWA, 25 feet to service the water line. After Ned signs the deed, Gene will file it with county. The same thing will have to be done for Merrill Stirling.

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PECAN LANE: The people, who own the trailer house on Pecan Lane, will move in the 15th of January. The meter, yoke, and everything is there, it just has to be turned on. They have run about 470 feet of six inch line and also another 260 feet of line that runs west. They have paid the \$500.00 deposit but have not paid the \$2,000.00 balance. When this is paid their water can be turned on. Thomas Stirling explained that they have also put in another tap for Butch (their father). Gene said that while the line was de pressurized they hot tapped the second line.

UNFINISHED BUSINESS: Paul Manis will finish the roof on the shed at the cement tank. The LDWA plans to up grade the line in the near future.

FRONT FOOTAGE ASSESSMENT: There are two locations in town that when land is sold; an assessment will be charged to new buyers for improvements made by the LDWA. Gene showed those present the areas on the Town of Leeds map. Board members were given a map. One area is on the road to the CC Camp and across to Ned Sullivan's corrals and up to Ned Sullivan's house. The other area is down by Woody Fillmore and up to Robert Weight on both sides of the road. Don Stephens explained that we need to meet with the Town Council and discuss how we can handle these assessments. Gene wants to red flag the map of areas that need to be accessed and also put in the building permit that assessments and water tap deposit must be paid before building is permitted. Don Stephens asked when we will meet with the town and Gene suggested that Monday when the board meets with Bill Schweer about the right of way ; that they could also meet with the town council and explain the front footage assessment.

TAPS: 150 taps in use and 174 sold.

STATEMENT: This morning before this meeting, Susan Savage presented each board member with a paper and explained that she did not ask to be on the agenda at the Annual Shareholder's meeting or on the agenda of tonight's meeting, but since the board took a direction, she felt that she needed to make a statement of her own position.

The board asked questions and Susan answered from contents of her letter.

Susan Savage stated that she was asked by the previous board of the LDWA to call upon the State engineer and find out how we could get more water and he told her that if the town, the culinary, and the irrigation companies would work together that most of our problems would be solved.

Don Stephens told those present that we have tried to work with the irrigation company and so far have been unsuccessful. Mel Evans from the town was given figures and material on pressurizing the irrigation system for the town and he said that he would pursue this issue for the town. Later he said that he hadn't done much on the program and was really not sold on it.

Bert Leany commented that Glenna Dodge called him to talk with Merlin about pressurized water system. A few minutes after he hung up the phone; Merlin called Bert with Shane (his son) on the other line. They talked about an hour and with Shanes help; Merlin was going along with the ideas and was even making suggestions. Bert believes that Merlin can be convinced if he is handled right and with Shanes help.

Bert Leany explained that he was not able to attend the special shareholder's meeting in November for he was out of town. What he feared most was that it was illegal to only have 310,000 gallons and then allocate 40,000 gallons a month per shareholder. And he was really concerned. When Don and Bert were working the water proposal, Don Stephens contacted the state engineer in Cedar City, Mr. Carpenter, and he said, that all the state looks at is the 84,000,000 gallons that we use for a year. We can allocate 40,000 gallons per month with no problem. Bert also talked with Rick Hafen our lawyer and he said the same thing. As long as we don't use over our total allotment, we are alright. So

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this is less water per tap . As we sell more taps, it is going to be so that we will have to cut it back. But studied and adjusted each year as we set the rates for the following year.

Gene said that as time goes on we will have to limit use of the water but it would be with the big users such as the church and this would be done by charging higher overage amounts. Bert said that the charges would be not on a curve but he liked what Susan said one a sliding scale.

Fred Friese ask if we were using the flow of the spring only for the 84,000,000 gallons we use. Fred said that he has seen the spring produce half the amount on a lean year. Don Stephens told Fred that even if the spring went dry that we would be close to producing the amount we needed by just pumping the well.

Bert also stated there is a chance we might have to cut back under those conditions. (we might have to ration the water.)

Don Goddard said that the well was supposed to pump 190 gallons per minute, but a test was made and it was only 150 gallons per minute. There may have to be some work done on the well such as pulling the bowl and etc.

Don Stephens said that Gene and Don tested the well with Mr. Campbell and they got 115 gallons per minute. We have budgeted to have some work done on the well.

Don Stephen moved to change the by-laws to put a cap on the water at 392,000 gallons per shareholder per year.. Bert Leany seconded the motion. Four voted for the proposal and Susan Savage opposed. (Susan Savage sent a certified letter opposed to the proposal to the secretary the next day.) 1-14-95. *Letter attached.*

Susan Savage moved to resubmit three items that were not explained at the special shareholders meeting to be explained at the annual shareholders meeting and to be voted upon again.

ANNUAL SHAREHOLDERS MEETING: AGENDA February 7th, 1995 at 8:00 p.m. (Tuesday)

ASSIGNMENT MADE:

BUDGET: Bert Leany

EXPLANATION AND REVOTE: (three items on the by-laws) Susan Savage

EXPLANATION OF ITEM ONE TO BE VOTED ON Gene Hansen

EXPLANATION OF ITEM TWO TO BE VOTED ON Don Stephens

ACCOMPLISHMENTS FOR 1995: Don Stephens

FUTURE ITEMS TO BE ACCOMPLISHMENTS: Thomas Stirling

UP FOR REELECTION: Gene Hansen and Bert Leany

It was moved by Don Stephens that a budget be included in each notice of the shareholder's meeting and Susan Savage seconded the motion and all approved.

Bert Leany moved to adjourn.

Leeds, Wtch
January 13, 1995

To the Secretary of Leeds Domestic Waterusers Assn:

In accordance with the Association By-laws, Article IV, Board of Directors, and Section 9. Presumption of Assent, I hereby file my dissent on the Board's Jan. 13, 1995 decision to accept the status and proceedings of the Nov. 15, 1994 Special Shareholders' Meeting as legal and binding upon the shareholders, and to move forward based upon that decision, or shareholder vote, to reduce the annual shareholder allotment from 480,000 gal/year to 310,000 gal/year.

My reasons are as follows:

1. The meeting was improperly called; (Article III, Sec. 2)
2. The meeting was not properly given notice to the shareholders; (Article III, Sec. 2)
3. Critical aspects were manipulated by individuals without board approval, without knowledge of board members and/or in certain instances in direct violation of board decisions.
4. I am seriously concerned with what the shareholders believed they were voting on. I believe their comments show they were ... significantly unclear.

I request that my dissent and this explanation be included in the minutes of the Board Mtg, 1-13-95.

Respectfully Yours,
Susan Savage, Director
LDWA

KENDRICK J. HAFEN
ATTORNEY AT LAW
2766 RED MOUNTAIN DRIVE
P. O. BOX 623
SANTA CLARA, UTAH 84765

(801) 634-0244

FAX (801) 634-0078

November 29, 1995

Mr. Don Stephens, President
Leeds Domestic Waterusers Association
45 South Mesa View Ave.
P.O. Box 460627
Leeds, UT 84746-0627

Re: Validity of Special Shareholders Meeting and associated matters

Dear Don:

In your November 12, 1995 letter you request that I respond in writing to several questions regarding the special shareholders meeting held November 15, 1994. You specifically requested that I review material enclosed with your letter and respond to the following questions:

1. Could the board or any of its members as now constituted or as constituted last November be held liable?
2. Are the changes made to the Bylaws [at the November 15, 1994 meeting] contrary to state or local law?
3. Was the special meeting called illegally?

In responding to these questions I address them in the reverse order in which you ask them starting with question 3: "Was the special meeting called illegally?" Article III of the LDWA Bylaws sets out those individuals or groups of individuals authorized to call special meetings as follows:

Section 2. Special Meetings. Special meetings of the Shareholders may be called for any purpose at any time by the President, by any two of the Board of Directors, of [sic] written request of 25% of the shareholders.

From the information available to me, it is not clear who actually called the special meeting for November 15, 1994. In Susan Savage's letter to me dated January 20, 1995, she infers that the special meeting was called by Don Stephens, a director of LDWA at the time. She and Mr. Stephens attended a joint meeting between the LDWA Board and the Leeds Town Council in which, Susan states, Mr. Stephens committed to a special meeting. She also points out that she did not join with Mr. Stephens in committing to hold a special meeting. Susan does not identify the date of the meeting with the Leeds Town Council nor if Mr. Stephens committed to a specific date for the special meeting. In her letter Susan further states, "I stated in board meetings that I

had questions about the proposal being prepared [amendment to bylaws and special meeting?]..." This reference suggests that the LDWA Board met on at least one occasion sometime after the joint meeting with the Town Council and before the special meeting.

I also have in my possession a letter dated October 15, 1994 addressed to LDWA shareholders stating that LDWA has called a special shareholders meeting scheduled for November 15, 1994. This letter is signed by the president and the secretary. The letter dated November 1, 1994 giving official notice to all shareholders of the special meeting was sent to all stockholders over the caption "LDWA Board".

From the discussion above, I conclude that while Mr. Stephens may have been the individual initiating the special meeting, the October 15, 1994, letter announcing the special meeting and signed by the president ratified the calling of the special meeting if it was initially called by an unauthorized individual. I draw further support for this conclusion from Susan's letter that references discussion of the special meeting and subjects to be discussed and the November 1, 1994 letter giving official notice of the meeting to the shareholders over the caption LDWA Board. These circumstances support explicit or implicit ratification of the special meeting by the Board through its knowledge of the special meeting (which may have been called without proper authority) and then its acquiescence in taking no action to cancel the meeting. The Board members' attendance at the special meeting lends further support of this ratification of the validity of the meeting. My analysis of the facts in my possession is that the meeting was validly called either by express or implied ratification by the president and/or Board.

Your second question is whether the changes made to the Bylaws at the special meeting are contrary to state or local law?

The LDWA articles of incorporation and bylaws are the contracts that define the relationships between LDWA and its members. To the extent that the activities and relationships defined in these documents are not illegal or violate constitutional provisions, the members can agree on the terms to include in the contracts. There is nothing in the Bylaws as amended that I consider to be illegal or prohibited by constitutional provisions. Notwithstanding this general observation, I will discuss the amendment to Article II regarding the commitment of water to each member because this amendment appears to be the main cause of concern.

Before amendment in the special meeting, Article II, Section 1 (2) stated, "That the availability of 40,000 gallons of water per shareholder per month shall be unimpaired." The amended provision states, "That the availability of 40,000 gallons of water per shareholder per peak usage month shall be unimpaired." The question is not whether the change is illegal, but what effect this change has on the shareholders as a whole given the relationship between the shareholder and the existing water rights of LDWA.

In a mutual water company the shareholder or member has the right to demand the aliquot portion of the water as his proportion of stock bears to all the company stock. In the case of LDWA there are no shareholders only members; therefore, each member has an equal call upon the water of the corporation. To illustrate this point, if there are 200 members in the corporation

and the corporation has a total diversion right of 1.20 cfs then each member has a call for 0.006 cfs (2.7 gpm) of water ($1.2 \text{ cfs} \div 200 \text{ members}$). A continuous flow of 2.7 gpm will produce 3,888 gallons per day and 116,640 gallons per month. This quantity is nearly triple the amount of water guaranteed under the Bylaws. This illustrates that under both the original and amended versions of the Bylaws, each member's aliquot share of the water rights will produce far more than the 40,000 gallons per month. If a member's aliquot portion of the company's water right produced less than 40,000 gallons per month, then there could be a problem.

The real problem is that during the peak month, members will try and use more than their proportionate 2.7 gpm to water their gardens--more like 10-15 gpm. If all members simultaneously use three to four times their aliquot portion, the total diversion will exceed the diversion limits of LDWA's water rights. Not only that, members will complain that there isn't enough capacity in the system to meet their peak demands--which may be true. However, in a technical sense, there is sufficient water to satisfy each member's aliquot portion of the corporation's water right. However, everyone may not be able to irrigate at their total convenience.

The other parameter members must live within is the total allocation of water--approximately 198 acre feet per annum for domestic and irrigation use. In the event all 200 member use the 40,000 gallons per month for the peak months of June, July and August then they have used up 74 acre feet of water. This leaves approximately 22,000 gallons per month per member for the 200 members during each of the remaining nine months. This is still a hefty allocation (considering the average indoor use is only about 12,000 gallons of water per month), but may not be sufficient if substantial irrigation is taking place. Based upon these figures there does not appear to be a problem with guaranteeing the 40,000 gallons per month when each member's aliquot portion of water right will yield almost three times this amount. The figures used in this example are not totally correct because I do not know the exact number of members in LDWA, but expect these numbers are fairly close.

The third question concerns liability of the previous or current Board as a result of the actions related to calling the special meeting and amending the Bylaws. If my analysis of the situation is correct, ie. that the special meeting was called by the appropriate individual or group of individuals and the amendments to the bylaws are internally consistent and do not violate any laws, constitutional provisions, or constitute a breach of the contracts between the corporation and member, there is nothing to be liable for. If, on the other hand, the meeting was called without authority or the bylaws violate a statute or constitutional provision or breach the contracts between the corporation and members there is a possibility that liability could attach to the present or past directors or officers.

Officers, and trustees (directors) of corporations, whether for profit or not for profit,

"stand in a fiduciary relation to the corporation."¹ As a fiduciary of the corporation the officers and trustees are subject to the duty of care and duty of loyalty to the corporation. The Utah Supreme Court defined the duty of care required of officers and trustees as follows:

The rule most in harmony with the character and well-being of such an institution appears to be that the directors, in administering its affairs, must exercise ordinary care, skill, and diligence. Under this rule, it is necessary for them to give the business under their care such attention as an ordinary discreet business man would give to his own concerns under similar circumstances.²

The duty of care, among other things, requires that the officers and trustees attend board meetings, be sufficiently involved with the corporation to have a general knowledge of the major transactions of the business, and object to mismanagement, self-dealing, or other illegality.

The duty of loyalty is of concern in situations where an officer or trustee has an interest which is adverse to that of the corporation or its shareholders. The duty of loyalty requires that officers and directors not make secret or private profits out of their official positions and must give the corporation the benefit of any advantages they obtain in their official positions. The Utah Supreme Court defines this duty as:

... a fiduciary responsibility to serve the interest of those who elect him which he must discharge with fidelity and which he should not desert for his own gain.³

This fiduciary duty requires, among other things, that officers and directors not accept or misappropriate business opportunities belonging to the corporation, use "inside information" to reap personal profits which rightfully belong to the corporation or to other shareholders, and avoid or fully disclose any situation when the officer or trustee is also an officer or trustee of another corporation with whom the corporation is transacting business, including transactions between the corporation and the officer or trustee personally.

My assessment is that there has been no breach by any director or officer of the duty of care to the corporation or its members. Because there is no breach of the duty of care there can be no liability. However, if there is a determination that a director has breached a duty of care, then there could be an assessment of liability on behalf of the corporation or on the individual member. However, the liability may be limited by a number of factors: first, by the Bylaws themselves; and second, by statute.

¹*Richardson v. Arizona Fuels Corp.*, 614 P.2d 636 (Utah 1980).

²*Warren v. Robison*, 19 Utah 289, 57 P. 287 (1899).

³*Cox v. Berry*, 19 Utah 352.355, 431 P.2d 575, 577 (1967).

First, Article VII of the Bylaws indemnifies the officers and directors of LDWA. This indemnification is against "any and all claims and liabilities to which he has or shall become subject while, or after serving by reason of serving as a Director or officer, or by reason of any action alleged to have been taken, omitted, or neglected by him as such Director or officer..." However the indemnification does not cover a claim arising out of willful misconduct or gross negligence.

Second, in 1987 the Utah Legislature, in response to cases which appeared to hold officers and trustees to higher standards of conduct, amended existing laws to limit the liability of officers and directors in nonprofit corporations and permit limiting the liability of directors in "for profit" corporations. This legislation was influenced by the rising cost and uncertain availability of director and officer liability insurance and the ability of corporations to attract and retain high caliber board members. The provision of this legislation applicable to nonprofit corporations is §16-6-107, Utah Code Annotated 1953, as amended, which states:

(1) A trustee or officer of a nonprofit corporation is not personally liable to the corporation or its members for civil claims arising from acts or omissions made in the performance of his duties as a trustee or officer, unless the acts or omissions are the result of his intentional misconduct.

(2) A trustee or officer of a nonprofit corporation who signs any articles, statement, report, application, or other document filed with the Division of Corporations and Commercial Code, which the trustee or officer knows to be false in any material respect, is guilty of a misdemeanor.

This amendment immunizes officers and trustees of nonprofit corporations from liability to the corporation and its members arising from civil claims in the performance of his fiduciary duties, to the extent that his actions do not constitute intentional misconduct. However, it does not immunize the officers and trustees from criminal liability, nor from liability to a third party, not a member of the corporation, who might be damaged from the negligence of the officer or trustee.

An additional protection is provided by the Liability Protection for Volunteers Act, §78-19-1 et seq., Utah Code Annotated 1953, as amended. This act appears to extend immunity from liability to third parties to officers and trustees of nonprofit corporations under certain circumstances. The particular circumstances are that a "volunteer"⁴ does not incur liability when

⁴"Volunteer" means an individual performing services for a nonprofit organization who does not receive anything of value from that nonprofit organization for those services except reimbursements.

(b) Volunteer includes a volunteer serving as director, officer, trustee, or direct service volunteer.

the corporation maintains a "financially secure source of recovery."⁵ Section 78-19-2 provides the exemption from liability as follows:

(1) Except as provided in Subsection (2), no volunteer providing services for a nonprofit organization incurs any legal liability for any act or omission of the volunteer while providing services for the nonprofit organization and no volunteer incurs any personal financial liability for any tort claim or other action seeking damage for an injury arising from any act or omission of the volunteer while providing services for the nonprofit organization if:

(a) the individual was acting in good faith and reasonably believed he was acting within the scope of his official functions and duties with the nonprofit organization; and

(b) the damage or injury was not caused by an intentional or knowing act by the volunteer which constitutes illegal, willful, or wanton misconduct.

(2) The protection against volunteer liability provided by this section does not apply:

(a) to injuries resulting from a volunteer's operation of a motor vehicle, a vessel, aircraft or other vehicle for which a pilot or operator's license is required;

(b) when a suit is brought by an authorized officer of a state or local government to enforce a federal, state or local law; or

(c) where the nonprofit organization for which the volunteer is working fails to provide a financially secure source of recovery for individuals who suffer injuries as a result of actions taken by the volunteer on behalf of the nonprofit organization.

(3) Nothing in this section shall bar an action by a volunteer against an organization, its officers, or other persons who intentionally or knowingly misrepresent that a financially secure source of recovery does or will exist during a period when such a source does not or will not in fact exist.

(4) Nothing in this section shall be construed to place a duty upon a nonprofit organization to provide a financially secure source of recovery.

(5) The granting of immunity from liability to a volunteer under this section shall

⁵"Financially secure source of recovery" means that at the time of the incident, a nonprofit organization:

(a) has an insurance policy in effect that covers the activities of the volunteer and has an insurance limit of not less than the limits established under the Utah Governmental Immunity Act in Section 63-30-34; or

(b) has established a qualified trust with a value not less than the combined limits for property damage and single occurrence liability established under the Utah Governmental Immunity Act in Section 63-30-34.

have not effect on the liability of the nonprofit organization providing the financially secure source of recovery.

An examination of this statute reveals that personal liability is exempted when an alternate fund for recovery is available. In other words, the legislature had no problem with limiting personal liability if the corporation had a "financially secure source of recovery" which could be called upon to pay out funds if liability was found. While the individual is not personally liable, the corporation may be liable for the damages resulting from the act of the trustee, officer or employee. Also, there is no exemption from liability from illegal, willful or wanton acts, nor from the enforcement of state, federal or local law, nor from injuries resulting from the operation of a vehicle for which a license is required. The nonexemption for injuries resulting from the operation of a vehicle for which a license is required is probably inserted because of the availability to the operators of these vehicles of insurance for injuries at a reasonable cost.

Section 78-19-3 sets out the exceptions under which the corporation is not liable for the acts its trustees, officers and employees as follows:

A nonprofit organization is not liable for the acts of omissions of its volunteers in any circumstance where:

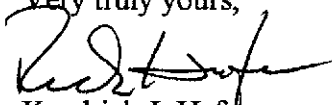
(1) the acts of its volunteers are not as described in Subsection 78-19-2(1), unless the nonprofit organization had, or reasonably should have had, reasonable notice of the volunteer's unfitness to provide services to the nonprofit organization under circumstances that make the nonprofit organization's use of the volunteer reckless or wanton in light of that notice; or

(2) a business employer would not be liable under the laws of this state if the act or omission where the act or omission of one of its employees.

SUMMARY

In summary, my conclusions are that: 1) the special meeting was validly called, if not initially by an authorized individual, then subsequently by ratification by the president or the Board as a whole through the letters sent out announcing the special meeting; 2) the amendments to the Bylaws are not in violation of any constitution, statute or contract right of the members of LDWA; and 3) there has not been a breach of the officers' or directors' duty of care to the corporation or stockholders and there is no liability for any action taken in calling or noticing the special meeting held November 15, 1994 nor for the amendment of the Bylaws that occurred in that meeting. Please call if you have any questions.

Very truly yours,


Kendrick J. Hafon

Leeds Domestic Waterusers Assn.
376 South Main Street
PO. Box 460627
Leeds, UT 84746-0627

LDWA BOARD				
PRESIDENT:	GENE HANSEN	879-2271	SUSAN SAVAGE	879-2207
VICE PRESIDENT:	DON STEPHENS	879-2441	THOMAS STIRLING	879-2357
SEC. TREASURE:	SANDRA BROWNING	879-2345	BERT LEANY	879-2901

Dated 1-22-95

Let the board minutes show we have had two board meetings, since our last meeting. Wednesday 1-18-95 at 4:30 p.m. Town Hall- to act on the motion by Don Goddard, to put items on shareholders agenda:

1. By Law changes, subject to rewording.
2. To adapt Robert's Rules of Order: Which when voted on, four were against. and Susan Savage was in favor.

Don Stephens then resigned from the board.

Saturday 1-22-95 - 1:30 p.m. (Where Bert Leany works at the D.I. In St. George)

1. To reinstate Don Stephens on the board. All in favor with one conditional "yes".
2. Finalized material to go to shareholders. And to outline agenda for annual shareholder's meeting.

Let the board minutes also show that February 4th, 1995 at 7:00p.m. at the townhall we held a short meeting to finalize the shareholders agenda for February 5th. Also a recap of the events of the last week to bring Susan up to date. Also an approval for the software necessary to protect the records of the association.

Leeds Domestic Waterusers Assn.
376 South Main Street
PO. Box 460627
Leeds, UT 84746-0627

1-24-95


LDWA BOARD				
GENERAL MANAGER	GENE L. NISSEN	879-2271	SUSAN SAVAGE	879-2317
VICE PRESIDENT	DON STEPHENS	879-2441	THOMAS STIRLING	879-2357
SECRETARY	SANDRA BROWNING	879-2345	BERT LEANY	879-2901

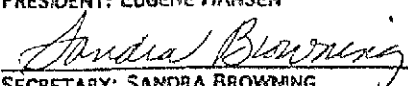
NOTICE OF ANNUAL SHAREHOLDERS MEETING
FEBRUARY 7, 1995
AT 8:PM
LEEDS TOWN HALL

In accordance to LDWA Bylaws notice of annual shareholders meeting to be held this night.

Enclosed Items

1. Copy of bylaws voted on Nov. 15, 1994.
2. 1995 approved Budget.
3. Proposed changes in present bylaws.
4. Election of 2 new board members.


PRESIDENT: EUGENE HANSEN


SECRETARY: SANDRA BROWNING

c Waterusers Assn.
 h Main Street
 Box 460627
 JT 84746-0627

1-24-95

1995 Budget proposal:

INCOME	BUDGET 1995
Taps	
150 Taps	\$24,000
Transfer fees	\$100
New Taps: \$2500/110 taps	\$25,000
Clinar income: transfer fees	\$130
Water use Commercial	\$6,500
Interest on checking-cash 1	\$240
Interest on Savings-cash 2	\$1,087
Interest on CD--215	\$326
Interest on CD--797	\$198
Wtr Rental Incom	50
	\$62,561

A. BOARD	
SUSAN SAVAGE	
THOMAS STIRLING	
BERT LEANY	879-1901

SHAREHOLDERS MEETING
ARY 7, 1995
T 8:PM
TOWN HALL

s notice of annual shareholders

EXPENSE	BUDGET 1995	Approved 1995
Water Purchase	\$0	
Accounting	\$100	
Bank Charges	\$85	
Insurance	\$1,500	
Water reading	\$600	
backhoe	\$400	
other labor	\$500	
Leads trip (rent)	\$0	
Legal	\$2,600	
Maintenance and repair	\$1,500	
Office Supplies	\$500	
Postage	\$700	
Property Tax	\$600	
Paving and Repair	\$100	
bookkeeping wage	\$4,200	
Pans repairs	\$3,000	
Salvar Reel Repair	\$0	
State of Utah tax/fees	\$593	
Susc Water test	\$500	
fed tax other	\$500	
fed tax IPS	\$200	
Office Equipment maintenance	\$500	
Town of Leeds	\$400	
Travel Exp. & education	\$1,500	
Utah State Surplus	\$0	
Utah Power and light	\$450	
1992 Loan	\$6,462	
Paid on 1990 tank (stout)	\$0	
1990 Loan	\$7,200	
telephone	\$150	
Capital Investments/Divid	\$2,500	
Engineer Exp New tank	\$1,000	
Water survey		
Upgrade lines	\$12,500	
Total Expense	\$50,747	
Contingency	\$11,614	
	\$62,361	

. 15,1994.

bylaws.

ibers.

Proposed projects	
upgrade main line 5200 ft	\$78,000
replace ground well #1	\$1,500
upgrade pumpout facility	\$10,000
drill storage well #2	\$50,000
Total projects	\$139,500

Eugene Hansen
 PRESIDENT: EUGENE HANSEN
Sandra Browning
 SECRETARY: SANDRA BROWNING

Proposed or amended bylaw changes for Shareholder meeting Feb. 7th 1995

Item 1

Section 3. Notice of Meetings.

Written notice of each meeting of the shareholders shall be given by, or at the direction of, the Secretary or other persons authorized to call a meeting, by personal delivery or by depositing the notice in the mail, postage prepaid, addressed to the shareholder's address last appearing on the books of the Association, not less than ten (10) nor more than fifty (50) days before such meeting, to each shareholder entitled to vote thereat. Such notice shall specify the place, date and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. No issues shall be voted upon in any shareholder meeting other than those specified in the notice.

Proposed changes to these bylaws shall be included in materials mailed to shareholders. In addition, any items to be voted on at said meeting shall also be included in materials sent to shareholders and other materials as may be deemed appropriate by the Board of Directors for the edification of shareholders.

Item 2

The agenda for the regular Shareholder's meeting to be held February 7th 1995 shall include the following items:

1- Article IX, section 4 of the Bylaws state in part "To determine the number of shares to be sold, the Board of Directors will reserve 310,000 gallons of water per year per Shareholder, plus a reasonable reserve to support fire fighting, leakage, and other obligations".

This is not definitive enough since the amount held in reserve is not defined.

The Board of Directors proposes that this sentence be changed to read "To determine the number of shares to be sold, the Board of Directors will reserve 392,000 gallons of water per year per Shareholder. This figure includes a reserve to support fire fighting, leakage, and other obligations."

Item 3

Explanation of following 3 items presently voted on Nov 15, 1994

ARTICLE I

NAME, LOCATION AND PURPOSE

The name of the association is "Leeds Domestic Waterusers Association", hereafter referred to as the Association.

The principal office of the Association shall be in Leeds, Utah.

The Board of Directors may authorize the maintenance of all or part of the Association's records at locations other than the Association's principal office.

The purpose of the Association shall be as set forth in the Articles of Incorporation.

Section 7. Voting.

The affirmative vote of the majority of the shareholders represented at the meeting shall be the act of all the shareholders. The vote upon any business before a meeting shall be by ballot. No proxy voting shall be allowed.

ARTICLE X

ASSESSMENTS AND WATER CHARGES

Section 1. General Assessments.

The Board of Directors, prior to the beginning of each calendar year, shall determine the amount necessary, if any, in addition to the amount collected during the year.

Item 4

Election of two new board members this year for two year tenure

Bylaws changes & updates have been made and voted on, by the shareholders at special meeting held Nov. 15, 1994.

**BYLAWS
OF
LEEDS DOMESTIC WATERUSERS ASSOCIATION**

**ARTICLE I
NAME, LOCATION AND PURPOSE**

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The principal office of the Association shall be in Leeds, Utah.

The Board of Directors may authorize the maintenance of all or part of the Association's records at locations other than the Association's principal office.

The purpose of the Association shall be as set forth in the Articles of Incorporation.

**ARTICLE II
MEMBERSHIP**

Section 1. Membership Policy.

Any person, group of persons, or organization possessing the qualifications of eligibility for ownership of common stock as prescribed by the Articles of Incorporation, Bylaws and regulations of The Board of Directors, may be admitted as a member upon payment of a fee to be set by the Board of Directors and by making such other contributions or fulfilling such other conditions as the Board may deem necessary.

The fees, contributions and conditions shall reasonably ensure:

(1) That the pro rata value of each shareholder's interest, on a replacement cost or fair market value basis, in the assets of the Association is not diluted by additional memberships.

(2) That the availability of 40,000 gallons of water per month per shareholder, for peak usage (month, i.e.: June, July, August, shall be uninterrupted.

(3) That the quality of water in the system shall remain high.

(4) That the new additions and improvements to the distribution system shall be of high quality.

(5) That the cost of water supply to existing shareholders shall not be subject to unnecessary or unreasonable increase.

(6) That the existing components of the water pumping, conveyance, storage and distribution system shall be repaired, repaired or improved on a periodic basis.

(7) That the Association shall maintain adequate financial reserves.

Shareholders shall not be entitled to connection and water use except upon payment of connection and monthly service fees. One share shall entitle a shareholder to one connection, upon payment of such fees.

Section 2. Voting Rights.

Regardless of the number of shares held, a shareholder shall have one vote. If title to a dwelling and lands has been transferred or conveyed either by contract or deed and the share is held in trust, the Board of Directors may upon receipt of evidence of transfer and payment of a fee equal to a share transfer fee, allow the new owner to vote the share appurtenant to his/her dwelling while such share is held in trust.

Section 3. Certificates for Shares.

The shares of the Association shall be represented by certificates in a form approved by the Board of Directors. Such certificates shall be signed by the President and the Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue shall be entered on the stock transfer books of the Association. All certificates surrendered to the Association for transfer shall be canceled and no new certificate shall be issued until the former certificate shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued herefor upon such terms and conditions to the Association as the Board of Directors may prescribe.

Section 4. Transfer of Shares.

Transfer of shares of the Association shall be made in the manner specified by Title 70 A, Chapter 6, Utah Code Annotated. The Association shall maintain stock transfer books and transfer of stocks shall be made only on the request of the holder or by his/her legal representative, who shall furnish proper evidence of authority to transfer, or surrender for cancellation the certificate for such shares and pay all assessments and charges current, except as noted in ARTICLE II, Section 5. The Association shall have the absolute right to recognize the person in whose name the share stands on the books of the Association as the owner thereof for all purposes.

Section 5. Status of Stock Appurtenant to Lands.

All existing service connections that supply water to human dwellings, and all new shares of stock held are intended to provide water service to a specific human dwelling and associated lands. These shares are appurtenant to the dwelling and property they serve. An appurtenant share may not be separately transferred, or otherwise conveyed from ownership of the dwelling or the property served without the express written approval of the Board of Directors.

If the dwelling and lands are conveyed but the shareholder conveying the dwelling and lands refuses to transfer the appurtenant shares to the new owner, the Association may at the election of the Board of Directors, cancel the shareholders (Grantor) share and issue the share to the new owner (Grantee). The new owner shall then be entitled to all the rights of a shareholder in the Association.

**ARTICLE III
MEETINGS OF THE SHAREHOLDERS**

Section 1. Annual Meetings.

The annual meeting of the shareholders for the election of Directors, the presentation of the annual report of the Association and for the transaction of such other business as the Board of Directors may determine, shall be held in Leeds, Utah on the first Tuesday of February at the hour of [8:00pm.] If the day of the annual meeting of the shareholders is a legal holiday, the meeting will be held at the same hour of the first day following which it is not a holiday.

Section 2. Special Meetings.

Special meetings of the shareholders may be called for any purpose at any time by the President, any two of the Board of Directors, or by a written request of 25% of the shareholders. No business other than that specified in the notice shall be conducted at a special meeting.

Section 3. Notice of Meetings.

Written notice of each meeting of the shareholders shall be given by, or at the direction of, the Secretary or other person authorized to call a meeting, by personal delivery or by depositing the notice in the mail, postage prepaid, addressed to the shareholders' address last appearing on the books of the Association, not less than ten (10) nor more than fifty (50) days before such meeting to each shareholder entitled to vote thereat. Such notice shall specify the place, date and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. No issues shall be voted upon in any shareholder meeting other than those specified in the notice.

Section 4. Record Date.

The Board of Directors may fix a date not less than ten (10) nor more than fifty (50) days prior to any meeting as the record date for the purpose of determining shareholders entitled to notice of and to vote at such meeting of the shareholders. In the event no date is fixed, the record date shall be the date of mailing

notice of the meeting. The transfer books may be closed by the Board of Directors for a period not to exceed fifty days for the purpose of determining shareholders for any purpose.

Section 5. Waiver of Notice.

The notice provided for herein above is not indispensable and any meeting of the shareholders and its deemed validly called for all purposes if all shareholders are represented at the meeting and a quorum is present and waivers of time, place and purpose of such meeting and the absence of any shareholder before or after said meeting by those shareholders not so represented or the presence of a shareholder. Its attendance of any shareholder at a meeting in person, without protesting prior to the commencement of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by that shareholder.

Section 6. Quorum.

The number of shareholders present at the meeting of the shareholders shall constitute a quorum for any action.

Section 7. Voting.

The affirmative vote of the majority of the shareholders represented in the meeting shall be the act of all the shareholders. The vote upon any business before a meeting shall be by ballot. No proxy voting shall be allowed.

Section 8. Procedure.

The order of business and all other matters of procedure at every meeting of shareholders shall be determined by the presiding officer, but shall, as nearly as practical, follow this form:

1. Call to order.
2. Proof of notice of meeting or waiver thereof.
3. Reading and action on any unapproved business.
4. Reports.
5. Election of Directors and other business.
6. Adjournment.

**ARTICLE IV
BOARD OF DIRECTORS**

Section 1. Number.

The affairs of this Association shall be managed by a Board of five (5) Directors. The Board of Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Association as they deem proper.

Section 2. Term of Office, Qualifications.

At each annual meeting, the shareholders shall elect Directors for terms of two (2) years, with an odd number of even numbered years and an even number on odd numbered years.

Directors shall be elected at the annual meeting of the shareholders and shall hold office until a successor has been elected and qualified.

Election of Directors shall proceed as follows: Nominations shall be made from among the members present. Nominees shall be shareholders. Notices of all nominees shall be given to the Board of Directors in order that all members present may be aware of the name of all nominees. There shall be at least twice as many nominations as there are vacancies. Voting shall be by ballot. The President shall appoint three (3) judges from those present to rule on qualifications of nominees, disputes, and to canvass the votes. The results of the voting will be announced immediately after the voting is completed at the meeting.

Section 3. Removal.

Any Director may be removed from the Board, with or without cause, by a majority vote of the shareholders. In the event of death, resignation or removal of a Director, a temporary successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his/her predecessor.

Section 4. Compensation.

Directors shall not receive compensation for services they may render as directors to the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

Section 5. Regular Meetings.

A regular meeting of the Board of Directors will follow each annual meeting of the shareholders. In addition, other regular meetings of the Board of Directors shall be held at such date and time as may be determined from time to time by resolution of the Board of Directors. Written notice of each regular Board meeting shall be delivered or mailed to all Directors at least two (2) days prior to the regular meeting.

Section 6. Special Meetings.

Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors after at least two (2) days written notice to each Director.

Section 7. Quorum.

A majority of the number of Directors shall constitute a Quorum for the transaction of business. Any act or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 8. Action Without a Meeting.

Whenever the Directors are organized or permitted to take any action by vote, such action may be taken without a meeting on written consent, acting from the action on behalf of all the Directors.

Section 9. Reciprocity of Assent.

A Director of the Association who is present at a meeting of the Board of Directors of the Association at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless notice of dissent shall be entered in the minutes of the meeting or unless notice of dissent is given in writing to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

Attendance of a Director at a meeting shall constitute a waiver of notice of the meeting unless attendance is for the express purpose of objecting to the manner of calling or conducting the meeting.

**ARTICLE V
OFFICERS AND THEIR DUTIES**

Section 1. Enumeration of Officers.

The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a secretary and a treasurer, who need not be members of the Board of Directors nor shareholders of the Association, and such other officers as the Board may from time to time create by resolution.

In its discretion, the Board of Directors may leave unfilled for any such period it may determine any

office except those of President and Secretary.

Section 7. Election of Officers.

The election of officers shall take place at the final meeting of the Board of Directors following each annual meeting of the shareholders. The Oath of Office will be administered by the secretary of the Association to each new Director at the same meeting.

The Oath of Office shall read as follows:

"I, (name) do solemnly swear (affirm) that I will support, obey and defend the Constitution of the United States, the Constitution of this state, and the Articles of Incorporation, the Bylaws and all other lawful regulations governing the operation of Leeds Domestic Waterusers Association, and will discharge my duties with fidelity."

Section 8. Term.

The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he/she shall sooner resign, or be removed, or otherwise be disqualified to serve.

Section 9. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.

Section 10. Resignation and Removal.

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board or any officer of the Board. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. And unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 11. Vacancies.

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such a vacancy shall serve for the remainder of the term of the officer he/she replaces.

Section 12. Multiple Offices.

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 9 of this Article.

Section 13. Duties.

The duties of the officers are as follows:

- (a) **PRESIDENT:** The president shall preside at all meetings of the Board of Directors and shareholders; shall see that orders and resolutions of the Board are carried out; and shall sign all leases, mortgages, deeds and other written instruments and shall execute all checks and promissory notes.
- (b) **VICE-PRESIDENT:** The Vice President shall act in the place and stead of the President in the event of his absence, standby or refusal to act and shall exercise and discharge such other duties as may be required of him/her by the Board.
- (c) **SECRETARY:** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the shareholders; keep appropriate current records showing the shareholders of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (d) **TREASURER:** The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and disburse such funds as directed by resolution of the Board of Directors; sign all checks and promissory notes of the Association; maintain a roster of properties; keep proper books of account; and prepare an annual budget and statement of income and expenditures to be presented to the shareholders at its regular annual meeting, and deliver a copy of the budget and statement at said meeting.

Section 14. Compensation.

No salary or other compensation for services shall be paid in any officer of the Association for services rendered by such officers, except that the Secretary, Treasurer and Manager may receive such compensation as the Board may determine.

ARTICLE VI

FINANCIAL MATTERS

Section 1. Depositories.

The Board of Directors shall select such depositories as it considers proper for the funds of the Association. All checks and drafts against such depositories shall be signed by persons specified by the Board.

Section 2. Contracts, Management Contracts.

The Board of Directors may authorize any officer or officers, agent or agents, in addition to those specified in these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Association and such authority may be general or confined to specific instances.

Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or render it liable for any purpose or for any amount.

Section 3. Fiscal Year.

The fiscal year of the Association shall be the calendar year.

Section 4. Annual Report.

The Board of Directors shall present at the annual meeting of the shareholders the report of the Treasurer giving the annual budget and a statement of income and expenses, and a report of other affairs of the Association during the preceding year. The Board of Directors shall provide a shareholder upon his request, at the expense of the Association, copies of said budget and statement of income and expenses.

Section 5. Books and Records.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any shareholder. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any shareholder at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE VII

INDemnIFICATION OF DIRECTORS AND OFFICERS

Section 1. Indemnification.

Each director and officer of the Association now or hereafter serving as such shall be indemnified by the Association against any and all claims and liabilities to which he/she has or shall become subject while, or after, serving by reason of serving as Director or officer, or by reason of any action alleged to have been taken, omitted or neglected by him/her as such Director or officer; and the Association shall reimburse each such person for all legal expenses reasonably incurred by him/her in connection with, any claim or liability provided, however that no such person shall be indemnified against, or be reimbursed for any expenses incurred in connection with, any such claim or liability arising out of his/her own

willful misconduct or gross negligence.

Section 2. Rights of The Association.

The right of any person to be indemnified shall be subject to written notice being given by the person to the Association upon becoming aware of the existence of the claim or liability. The person shall be entitled to the right of the Association upon the determination of the Board of Directors as to such indemnification. In settling any such claim, action, suit, or proceeding at the expense of the Association, the person shall be entitled to the amount of such settlement and the costs and expenses incurred in connection therewith. A settlement determined by the Directors to be advisable but the Director or officer elects to reject the settlement proposal, the Association shall not be obligated further under these indemnity provisions.

ARTICLE VIII

CORPORATE SEAL

Section 1. Seal.

The Association shall have a seal in a circular form having within its circumference the words "Leeds Domestic Waterusers Association, Utah Non-Profit Corporation", and the year of its incorporation, 1967.

ARTICLE IX

DISTRIBUTION OF WATER

Section 1. Duties of Member and Association.

Subject to provision of agreements with developers, the Association shall install, construct, own and control the main distribution pipe line or lines and laterals, all cut-off valves and all other service lines from the main line to the property line of a member, from which point the member shall at his/her expense, install and maintain the service line to his dwelling or other place of use. The Association shall own the meter on the shareholder's property and shall have the right to enter thereon for the purpose related to the meter. Before connection with the main line, the member shall first obtain a permit to tap said main line and pay a connection fee therefore as fixed by the Board of Directors.

Section 2. Water Use.

No water shall be transported or transferred from the lot or property which has water meter service.

Section 3. Water Storage.

In the event the total supply of water is insufficient to supply all the service connections with the distribution lines for all purposes, the Association shall supply the domestic needs of all connections before any water is delivered for livestock and garden purposes, and shall supply the domestic and livestock needs of all connections before any water is delivered for other purposes. The violation by any member of any regulation or order of the Board of Directors to conserve water shall subject such member to the discontinuance of water for any purpose and such discontinuance shall be monetary or otherwise, as may be established by the Board.

Section 4. Seasonal Water Use.

Since water use varies widely depending upon season, to more prudently use water, the water meter not used in the "off" months may be committed to additional storage. To permit such use, a number of additional shares to be sold, the Board of Directors will reserve 310,000 gallons of water per acre per shareholder, plus a reasonable reserve to support fire fighting, leakage and other obligations. Shares representing the difference between the Association's available water supply and the amount reserved to the shareholders and reasonable reserve may be sold at the rate of one hundred (100) shares per year, which gradually approach the maximum reasonable water use.

ARTICLE X

ASSESSMENT AND WATER CHARGES

Section 1. General Assessments.

The Board of Directors, prior to the beginning of each calendar year, shall determine the amount necessary, if any, in addition to the amount collected during the year from water charges as heretofore provided for, to pay in full the costs of construction, improvement, maintenance and operation, and for payment of any maturing indebtedness of the Association and to provide a reasonable reserve for contingencies and for replacement of capital items. If any such amount is necessary for that purpose, the Board shall make and levy such assessment against the members of the Association to provide the amount. Such assessment shall be levied and collected so that each share of stock represents its proportion of the total assessment.

Section 2. Notice of Assessments.

After the Board of Directors has ordered an assessment on members and within ten (10) days thereof, the Secretary shall give notice of the amount, and the time and place of payment, of the assessment to each stockholder at the address shown on the Association records. Such assessments shall be payable to the Association not later than thirty (30) days after mailing such notice, and delinquent if not paid within that time.

Section 3. Use Rates.

In addition to the assessment provided for in Section 1 and Section 2 of this Article, the Board of Directors, prior to the beginning of each calendar year, shall establish a schedule of rates to be charged for the use of water, based upon the amounts used, as metered on each service connection. Such schedule of rates shall be based upon one-twelfth (1/12) of the total estimated cost, during the normal year, of repairs, improvements, operation and maintenance of the water system and the payment of the principal portion of maturing indebtedness of the Association. The schedule of rates shall provide for a minimum charge for each service connection, whether water be used or not, and for a maximum charge, not to exceed the amount of water used in excess of the maximum amount allowed at the minimum monthly charge.

Section 4. Due Dates.

All water charges shall be payable monthly, and if not paid on, or before, the 15th day after the date of billing for such charges, shall be delinquent.

Section 5. Delinquency Charges.

Delinquency in the payment of either an assessment on members or of any monthly water charge, even though the other might not be delinquent, shall subject the delinquent member to immediate discontinuance of all water service and the cancellation of the stock certificate held by such member. Resumption of water service and reinstatement of stock certificate shall only be made upon payment of all delinquencies, interest, attorney's fees and such other charges and penalties as may be established and applied by order of the Board of Directors in the case of such delinquency.

ARTICLE XI

AMENDMENTS

These Bylaws and any amendments thereto may be amended, altered or replaced by the shareholders at any annual or special meeting of the shareholders.

Leeds Domestic Waterusers Assn.

45 So. Mesa View Ave
PO. Box 460627
Leeds, UT 84746-0627

LDWA BOARD

PRESIDENT: DON STEPHENS
VICE PRESIDENT: THOMAS STIRLING
SEC. TREASURE: SANDRA BROWNING

879-2441
879-2357
879-2345

SUSAN SAVAGE
PAUL DENSLEY
ROBERT COXEY

879-2207
879-2206
879-2376

March 9, 1995

ANNUAL SHAREHOLDERS MEETING
February 7th, 1995 - 8:00 p.m.

LOCATION: Leeds Town Hall

BOARD MEMBERS PRESENT: President Eugene T. Hansen, Don Stephens, Bert Leany, Thomas E. Stirling, and Susan Savage. Secretary, Sandra Browning was also present.

(SHAREHOLDER'S SIGNED IN AND RECEIVED BALLOTS FOR VOTING AS THEY ENTERED THE MEETING. FORTY BALLOTS WERE HANDED OUT.)

CONDUCTING: President Eugene T. Hansen

PRAYER: Don Fawson

WELCOME: President Eugene T. Hansen welcomed the shareholders to the 1995 shareholders meeting.

MINUTES: The minutes from the March 15th, 1994 shareholders meeting were read, and also the minutes were read from the special shareholders meeting in November 15, 1995. The minutes were discussed and Wilma Beal moved to approved the minutes and Alene Cuff seconded the motion.

BUDGET: Bert Leany explained the budget which was approved by the board members in the December monthly meeting. (The by laws state that the new budget must be approved before the end of the year.) He told the shareholders that we have our books audited now, because the Insurance companies require this done.

OPEN FOR DISCUSSION:

President Eugene T. Hansen stated that each shareholder received a copy of the new budget in their notice of the annual shareholders meeting. This was a request made by Leonard Mills.

1994 ACCOMPLISHMENTS: Don Stephens told the shareholders that we did finish the shed at the concrete tank covering the valves. We also extended the water lines to the Bullards by putting new six inch lines under the on ramp South of the town. Thrust boxes were put in so fire hydrants and T's can be put in later. Ned Sullivan and the water company put in water lines to his new home. Fire hydrants, T's and thrust boxes were also installed.

Back flow preventers are still going in as maintenance and meter replacements occurs. All new meters have back flow preventers. (The back flow preventer prevents impure water to enter the water lines to our homes.)

Lead and copper tests passed again but we still have to continue to test.

The LDWA bought a copier and a tape recorder.

Our system has been inspected three times : the Rural Water Company, the state engineer and by the board of health. Our system passed all three inspections.

We modified the by-laws to attach water taps to a dwelling and can not be separated. We changed the way we a lot water to sell water shares to continue our limited growth. This was all approved.

Opened for discussion.

It was asked why we do not have clean water signs up in town. Don Stephens said that this would be put in the minutes and we will address this request.

1995 PROPOSED GOALS: Thomas Stirling told the shareholders, one of the goals for next year is to finish the loop on the south of town by Gene Hansen. So there won't be any contamination and air in the lines. Up grading the lines from Silver Reef down to the cement tank to 6 inch water lines. The route has not been decided as of yet. Roy Brewer is getting some timers to put on the tank so the pump won't work as much at night. A limit switch on the large tank so the pump would stop pumping as the tanks fills. We are considering a new backup well just

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1100 feet northeast of our existing well. Upon checking on this in Cedar City we were told that it probably wouldn't be a problem just to get a permit.

LDWA want to fence around the pump house at the well.

The 16 acres that we own was appraised for \$85,000.00. That was what we paid for it plus we also got the water on the land. We are considering sell it.

OPEN FOR DISCUSSION.

EXPLANATION OF THREE ITEMS TO BE VOTED ON: Susan Savage did not explain three by-law changes that were voted on at the special shareholder's meeting in November. She felt they should be explained tonight and voted on again.

The first item talks of the principle office of the LDWA was to be in Leeds and the change in the by-law was, the board of directors may authorize the maintenance of all or part of the Association's recorders at locations other than the Association's principal office.

The second item discussed was on voting . The voting upon any business before a meeting shall be by ballot.

The third item discussed was in Article Ten, Assessments and Water charges in section 1 and only one word was changed for clarity .

OPEN FOR DISCUSSION.

EXPLANATION BY Don Stephens:

ARTICLE 9 SECTION 4 States that 392,000 gallons of water per year will be held in trust per shareholders. (This includes reasonable reserve for fires and water loss.)

OPEN FOR DISCUSSION.

Doug Burt commented that he bought his water taps with 40,000 gallons of water per month and now some of that amount has been taken away.

Don Stephens explained that Mr. Burt bought a water tap and the LDWA determines the amount of water in that tap by a vote of the shareholders.

We are allotted 84 million gallons per year. 392,000 per tap per year. We are only using 54% of the 84 million gallons per year and for the last 17 years this has been the case. Water rates are set for this year.

Don Goddard explained that Kerry Carpenter the state engineer told him that the only way we will get any new water rights is to buy it. The state will not give us anymore.

Susan Savage talked with Kerry Carpenter and also Jerald Stoker and both told her that we need to utilize our water more. There are many ways to do this besides cutting the amount of water each shareholder gets. The water company, the irrigation company, and the town can work together to solve this problem. Such as pressurized lines and so forth. Wait another four years and re-evaluate.

Alene Cuff said that the board members have come up with a plan and it is a good plan. So let's use it and not wait another four years.

EXPLANATION of item 1 by Eugene T. Hansen

Any item to be voted on at said meeting shall also be included in materials sent to shareholders and other materials as may be deemed appropriated by the Board of Directors for the edification of shareholders.

Wilma Beal Thanked the Board for helping to solve their problem with air in the water lines.

ELECTION OF NEW OFFICERS:

SELECTION OF THREE PEOPLE TO HELP WITH THE VOTING.

Doug Burt, Pat Watkins, and Bob Weight. They will collect the votes and count them.

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ITEMS 1, 2, 3 WERE VOTED ON.

ITEM 1 - 40 voted yes 0 voted no
ITEM 2 - 35 voted yes 4 voted no and one abstained
ITEM 3 - 36 voted yes 2 voted no and 2 abstained

NOMINATION FOR BOARD OF DIRECTORS:

PAUL DENSLEY
DON GODDARD
MEL EVANS
ROBERT COXEY

ALENE CUFF MOVED TO CLOSE THE NOMINATIONS AND DON FRANKS SECONDED THE MOTION.

PAUL DENSLEY AND ROBERT COXEY VOTED IN.

THE MEETING WAS ADJOURNED.

A SPECIAL EXECUTIVE MEETING WAS HELD TO ELECT OFFICERS IN NEW BOARD. DON STEPHENS WAS ELECTED PRESIDENT AND THOMAS E. STIRLING WAS ELECTED VICE PRESIDENT. THEN THE SECRETARY SANDRA BROWNING LED THE BOARD MEMBERS IN THE OATH OF OFFICE. THEN MEETING WAS ADJOURNED.

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April, 10, 1995

ANNUAL SHAREHOLDERS MEETING

February 7th, 1995 - 8:00 p.m.

LOCATION: Leeds Town Hall

BOARD MEMBERS PRESENT: President Eugene T. Hansen, Don Stephens, Bert Leany, Thomas E. Stirling, and Susan Savage. Secretary, Sandra Browning was also present.

SHAREHOLDER'S SIGNED IN AND RECEIVED BALLOTS FOR VOTING AS THEY ENTERED THE MEETING. FORTY BALLOTS WERE HANDED OUT.

CONDUCTING: President Eugene T. Hansen

PRAYER: By invitation.

WELCOME: President Eugene T. Hansen welcomed the shareholders to the 1995 shareholders meeting.

MINUTES: The minutes from the March 15th, 1994 shareholder's meeting were read, and also the minutes were read from the special shareholders meeting on November 15, 1995. The minutes were discussed and Wilma Beal moved to approved the minutes and Alene Cuff seconded the motion and all present approved.

BUDGET: Bert Leany explained the budget, which was approved by the board members at the December monthly meeting. (The by laws state that the new budget must be approved before the end of the year.) He told the shareholders that we have our books audited now, because the insurance companies require this done. Last years budget was a balanced budget and the budget for 1995 is a balanced budget also.

OPEN FOR DISCUSSION:

President Eugene T. Hansen stated that each shareholder received a copy of the new budget in their notice of the annual shareholders meeting. This was a request made by Leonard Mills. Also a copy of the by laws voted on in the special shareholder's meeting was enclosed and the proposed changes in present by laws. The financial statement was not handed out, but shareholders were told that they could obtain a copy by requesting one.

1994 ACCOMPLISHMENTS: Don Stephens told the shareholders that we finished the shed at the concrete tank covering the valves. We also extended the water lines to the Bullard's place by putting new six inch lines under the "on" ramp South of town. Thrust boxes were put in so fire hydrants and T's can be installed later.

Ned Sullivan and the water company put in water lines to his new home. Fire hydrants, T's, and thrust boxes were also installed.

Back flow preventers are still going in as maintenance and meter replacements occur. All new meters have back flow preventers. (The back flow preventer prevents impure water to enter the water lines to our homes.) Lead and copper tests passed again, but we still have to continue to test.

The LDWA bought a copier and a tape recorder.

Our water system has been inspected three times : the Rural Water Company, the state engineer, and by the board of health. Our system passed all three inspections.

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We modified the by-laws to attach water taps to a dwelling which can not be separated. (Except by board approval.) We changed the way we allot water, so we will be able to continue our limited growth. This was all approved at the special shareholder's meeting in November.

OPEN FOR DISCUSSION:

It was asked why we do not have clean water signs up in town. Don Stephens said that this would be put in the minutes and we will address this request.

1995 PROPOSED GOALS: Thomas Stirling told the shareholders, one of the goals for next year is to finish the loop on the south of town by Gene Hansen's home; so there won't be any contamination and air in the lines. Up grading the lines from Silver Reef down to the cement tank to 6 inch water lines is another goal. The route has not been decided as of yet.

Roy Brewer is getting some timers to put on the tank so the pump won't work as much at night. Also a limit switch will be put on the large tank so the pump will stop pumping as the tanks fill. We are considering a new backup well just 1100 feet northeast of our existing well. Upon checking on this in Cedar City, we were told that it probably wouldn't be a problem. We just need to get a permit.

LDWA wants to fence around the pump house at the well.

The 16 acres that we own was appraised for \$85,000.00. That was what we paid for it plus; we also got the water on the land. We are considering sell it.

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EXPLANATION BY Don Stephens:

ARTICLE 9 SECTION 4 States that the board of directors will reserve 392,000 gallons of water per year per shareholder. (This includes reasonable reserve for fires and water loss.)

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We are allotted 84 million gallons per year. 392,000 per tap per year. We are only using 54% of the 84 million gallons per year and for the last 17 years this has been the case. Water rates are set for this year. And each year the rates are reviewed by the LDWA.

Don Goddard explained that Kerry Carpenter, the state engineer, told him that the only way we will get any new water rights would be to buy them. The state will not give us anymore.

Susan Savage talked with Kerry Carpenter and also Jerald Stoker and both told her that we need to utilize our water more. There are many ways to do this besides cutting the amount of water each shareholder gets. The water company, the irrigation company, and the town can work together to solve this problem. Such as pressurized lines and so forth. Wait another four years and re-evaluate.

Alene Cuff said that the board members have come up with a plan and it is a good plan. So let's use it and not wait another four years.

EXPLANATION of item 1 by Eugene T. Hansen

Any item to be voted on at said meeting shall also be included in materials sent to shareholders and other materials as may be deemed appropriated by the Board of Directors for the edification of shareholders.

Wilma Beal Thanked the Board for helping to solve their problem with air in the water lines.

ELECTION OF NEW OFFICERS:

SELECTION OF THREE PEOPLE TO HELP WITH THE VOTING.

Doug Burt, Pat Watkins, and Bob Weight. They will collect the votes and count them.

ITEMS 1, 2, 3 WERE VOTED ON.

ITEM 1 - 40 voted yes 0 voted no
ITEM 2 - 35 voted yes 4 voted no and one abstained
ITEM 3 - 36 voted yes 2 voted no and 2 abstained

NOMINATION FOR BOARD OF DIRECTORS:

PAUL DENSLEY

DON GODDARD

MEL EVANS

ROBERT COXEY

ALENE CUFF MOVED TO CLOSE THE NOMINATIONS AND DON FRANKS SECONDED THE MOTION.

PAUL DENSLEY AND ROBERT COXEY WERE VOTED IN.

THE MEETING WAS ADJOURNED.

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SPECIAL BOARD MEETING HELD AT DON STEPHENS HOME.

MARCH 6TH, 1995

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS WAS HELD FOR THE PURPOSE OF DISCUSSING THE SALE OF THE LDWA'S 16 ACRES.

THE BOARD VOTED TO SELL THE PROPERTY TO THE HIGHEST BIDDER BY FRIDAY, MARCH 10TH, 1995.

A LETTER WAS PREPARED TO HAND CARRY TO EACH OF TWO BIDDERS, TOMORROW (MARCH 7TH, 1995); WHICH WILL INCLUDE A COPY OF THE APPRAISAL AND A LIST OF THE TERMS WE WOULD BE WILLING TO ACCEPT. TWO BIDDERS WERE CRAIG SULLIVAN AND GREG ANDERSON BOTH OF ST. GEORGE.

PRESENT WERE: PRESIDENT DON STEPHENS, SUSAN SAVAGE, ROBERT COXEY, THOMAS E. STIRLING, AND PAUL DENSLEY.

THE MEETING WAS ADJOURNED AT 8:30 P.M. (THE MEETING WAS RECORDED ON TAPE. ALSO, COPIES OF THE LETTER GIVEN TO THE TWO BIDDERS ARE INCLUDED.)

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VICE PRESIDENT:	THOMAS STIRLING	879-2357	PAUL DENSLEY	879-2206
SEC. TREASURE:	SANDRA BROWNING	879-2345	ROBERT COXEY	879-2376

April, 11, 1995

MONTHLY MEETING OF THE LDWA - MARCH 10TH, 1995

THOSE IN ATTENDANCE: PRESIDENT DON STEPHENS, THOMAS STIRLING, SUSAN SAVAGE, ROBERT COXEY, PAUL DENSLEY, AND SANDRA BROWNING.

CONDUCTING: Don Stephens

PRAYER: Paul Coxey

MINUTES: Minutes were discussed and corrections made of last months meeting. The date was missing from the minutes also a name was corrected. Susan asked about the letter of protest she sent to the secretary, concerning an issue voted on that she voted a "no" vote but was passed by the other board members. Don Stephens made a motion to attach the letter to the last months minutes. Then Don Stephens made a motion to approve the minutes as corrected and Thomas Stirling seconded the motion and all approved.

Then Executive Minutes were reviewed over a very lengthy period of time. Susan Savage proposed that she be able to add to the executive minutes her objections. Don Stephens said that he would like to look over her objections before they were added to the executive minutes. The executive minutes were not approved and will be reviewed and approved next month.

President Don Stephens moved that at the next board meeting (April 10th, 1995) all executive session minutes that have not been previously approved will be gone over and approved. This motion was seconded by Thomas Stirling and all approved. There will be three minutes to review next month.

Don Stephens said that there were three things that need to be reviewed by our Lawyer; the by-law Article 3 section 3 on voting, and also have him check the by-laws to see if they are legal pertaining to the water distribution, and if the way the November special shareholders meeting was called is legal. This will be written down and sent to the lawyer so his answer will be in writing.

STATEMENT BY PRESIDENT DON STEPHENS: Don stated that he would like something to go into the minutes. That the charges and counter charges and hassling about what occurred in the November meeting has been discussed in these meetings time and time again. It has been discussed in at least two shareholder meetings and there has been no response or action or indication that there is enough general unrest or ill feelings or hard feelings in the shareholders to have challenged the information past and taken care of there on. That those items are now complete and the minutes have been modified to make them complete. Any future action will be taken on the basis of what we want to do from here out and not what has occurred. We need to move ahead. Does anyone have any objections to that.

Paul Densley stated that he had no objections.

Susan said that her comments were not about that. But she felt there were difficulties, especially with the one by-law restricting shareholder voting.

Paul Densley made a motion to send the by-laws to the lawyer to review and see if they are legal. If there are any revisions needed, he can do that. Robert Coxey seconded that motion and all approved.

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April, 11, 1995

RESOLUTION: Paul Densley made a motion to write a resolution that overrides article 3 section 3 in the by laws until it can be voted on by shareholders at the next shareholder's meeting. Robert Coxey seconded the motion and all approved.

Thomas Stirling suggested that the board meet with the Lawyer and resolve this problem.

FINANCIAL STATEMENT: The financial statement was reviewed and Susan Savage moved to approve the minutes and Paul Densley seconded the motion and all approved.

PAST DUE ACCOUNTS: The past due accounts were discussed and there were a few very delinquent ones that Don stated he will contact.

THE LDWA'S 16 ACRES: Our terms to sell 16 acres were as follows: \$500.00 earnest money, \$9,500.00 additional at closing, LDWA carry balance of money at 8% interest per annum, balance paid in 4 equal payments due on the anniversary date of closing, and no penalty for early pay off.

Two bids were received on the 16 acres owned by the LDWA. Greg Anderson and Craig Sullivan both agreed to pay the amount that was asked for the property. Greg Anderson sent a check for earnest money plus asked for current survey. He agreed to pay \$85,000.00 for the land. But Craig Sullivan sent earnest money plus asked for a current survey and then agreed to pay \$85,010.00 which made him the accepted bid.

ASSIGNMENTS: Don Stephens expressed the need to make assignments to board members, because of the many items that needed to be accomplished. Some assignments can be done by paid qualified people.

METER READING (Seeing that it is promptly and accurately done. Hopefully done on the last of the month.

WATER SAMPLING (monthly and annually) Water quality also included.

MAINTENANCE OF WATER LINE.

SUMMER TIME MAINTENANCE OF PUMP

FENCE AROUND THE WELL (We can pay for this to be done, but if it can be done free that's even better.)

ACQUISITION OF WATER (Follow up on Hogan Springs). Rick Hafen is supposed to be working on this. Someone needs to follow up and check with Rick.

MAINTENANCE OF THE WATER LINES FROM THE STEEL TANKS.

LOOP NEEDS TO BE CLOSED (By Gene Hansen's home.)

8" LINE FROM STEEL TANKS TO CEMENT TANK (Both lines the old and new line can be placed in the same ditch and run at half pressure.

BOARD ASSIGNMENTS:

FENCE AROUND THE WELL: PAUL DENSLEY

MAINTENANCE OF THE DISTRIBUTION OF WATER: THOMAS STIRLING

WATER QUALITY AND WATER QUALITY SIGNS: ROBERT COXEY

LINE MAINTENANCE: ALL BOARD MEMBERS PARTICIPATE (SHAREHOLDERS ARE WELCOME TO HELP.)

PUMP: DON STEPHENS

DELINQUENT ACCOUNTS: DON STEPHENS

MAINTENANCE OF MAIN LINE: PAUL DENSLEY

METER READING: SUSAN SAVAGE

CAPITOL PROJECTS: PAUL DENSLEY

ACQUIRE NEW WATER: BERT LEANY (INVOLVE SHAREHOLDERS)

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NEW COMMITTEE: Don Stephens made a motion to make a "Water Acquisition Committee" to involve shareholders and Susan Savage seconded the motion and all approved. Chairman Bert Leany and Eugene T. Hansen will be assigned to this committee.

Don Stephens asked board to think of ways to communicate with the shareholders and involve them.

Paul Densley suggested that we involve shareholders in our projects and to get them interested, we can put updates on what has been accomplished quarterly on the billings and get them to attend the monthly meetings. Also when board members attend special water meeting that they give a report at the month meeting. Thomas Stirling suggested a newsletter.

It was brought up by Robert Coxe that signs of pure water can not be put on state owned roads.

COMMERCIAL ACCOUNTS: Paul Densley asked if we have commercial accounts and he was told that we do not. The businesses pay revenue but on amount of water used. The Leeds RV bought one new tap to enlarge their trailer park.

WATER TESTS: Paul Densley asked about the bacterial tests. Don Stephens said he would help him with the testing and also their would meet with Gene Hansen for more information. Susan Savage said that the Rural Water is a good source of information.

WATER LITERATURE: Don Stephens shared with the board, literature that came in the mail on water meetings available and other water material.

RURAL WATER CONVENTION: Robert Coxe and Paul Densley commented on the Rural Water Convention.

They attended a session on pump repair, repair of well, and types of pipes. They told of a TV camera to put down the hole to see the condition of a well pump. Very costly. 12 to 15 thousand dollars. A sand filter is available if a well has sand in it. The cost of the filter is \$408.00.

At the meeting that Bert Leany and Thomas Stirling attended they showed our drilling log for our well and Thomas stated that the well is pumping better now than it was earlier.

Susan moved to adjourn and Paul Densley seconded the motion.

April 1995

Leeds Domestic Waterusers Assn.

45 So. Mesa View Ave
PO. Box 460627
Leeds, UT 84746-0627

LDWA BOARD

PRESIDENT: DON STEPHENS
VICE PRESIDENT: THOMAS STIRLING
SEC. TREASURE: SANDRA BROWNING

879-2441
879-2357
879-2345

SUSAN SAVAGE
PAUL DENSLEY
ROBERT COXEY

879-2207
879-2206
879-2376

May, 8, 1995

LDWA'S MONTHLY MEETING - APRIL 14TH 1995

THOSE IN ATTENDANCE: PRESIDENT DON STEPHENS, THOMAS STIRLING, SUSAN SAVAGE, ROBERT COXEY, PAUL DENSLEY, AND SANDRA BROWNING.

CONDUCTING: President Don Stephens

PRAYER: Robert Coxey

MINUTES: Minutes were discussed and corrections made. Then the minutes were approved by Susan Savage as corrected and Paul Densley seconded the motion and all approved.

FINANCIAL STATEMENT: President Don Stephens asked if there were any correction or additions to the financial statement. There was no response. Then Don asked that the \$85,010.00 on the financial statement be omitted, from revenue from sales, because the sale of the LDWA's 16 acres has not gone through yet. We can add it in at the time the escrow closes. Robert Coxey made a motion to accept the proposal and Paul Densley seconded the motion and all approved.

MINUTES OF PRIOR MEETINGS NOT YET APPROVED:(Executive sessions)

1. March 6th, 1995 -Minutes of meeting held at the home of Don Stephens. Thomas Stirling made a motion to accept the minutes and Paul Densley seconded the motion and all approved.
2. January 18th and 21st 1995 - Minutes of meetings held at the town hall and at Bert Leany's place of work. Susan's objections/additions to be an addendum to the minutes. Susan Savage moved to approve the minutes and Paul Densley seconded the motion and all approved.
3. December 15th, 1994 - Minutes of the meeting, plus page 2 , an addendum to the minutes. Susan Savage moved to approve the minutes and Thomas Stirling seconded the motion and all approved.

Also President Don Stephens stated for the board's information that the certified letter of protest, Susan sent to the secretary, has been attached to the minutes of January 12, 1995 as the by-laws direct.

LETTER TO RICK HAFEN: A letter was written by President Don Stephens to our lawyer regarding the November 15th 1994 special shareholders meeting. If November 15th meeting was called and conducted correctly. There are several issues we want him to review.

1. If the November 15th meeting was called properly as to by-laws. (Letter to shareholders included.)
2. Shareholders apprised as to the things that were to be done. (Agenda sent to shareholders.)
3. Meeting conducted accordance with the by-laws. (Minutes of Special Shareholder's meeting.)

Also the by-laws will be sent to Rick with the question, are the by-laws in violation of any law.

President Don Stephens asked if the board would approve of him writing the letter and adding documents for Rick to review; if he sends materials to the board members to review before they are sent for legal approval. Robert Coxey moved to approve the motion and Paul Densley seconded the motion and all approved.

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May, 8, 1995

PAST DUE ACCOUNTS: There are several past due accounts and notices were sent out in the last billing to the effect that arrangements are to be made or bills paid by a certain time or the water will be shut off. Don Stephens said that he will make a phone contact with each of the owners of residences of past due accounts. We will move cautiously before we turn any water off.

NEW BUSINESS: Lorin Lee asked the amount of gallons in a share of water, monthly. He was told 32,000 gallons per month. Using a 360 day a year count. If someone puts water into our system they must use the same figures. He asked the value of water and was told by President Don Stephens that our water is valued at "0" or about \$2500 in real property per share. A developer furnishes water for his development, then the home owner pays \$2500.00 per water tap to belong to our organization. Mr. Lee said that water is worth more than "0" amount. He would like to negotiate with the LDWA to buy the water. Don Stephens told Mr. Lee that the water company will have to meet and come up with a proposal and get back with him within two weeks. (Mr. Lee has 18 units of water on seven acres of land on the flat in the city limits.)

ORGANIZATION OF THE BOARD: Don complimented the board on how efficiently they performed their assignments in the last month. When he was on vacation; the water was tested, equipment tested, the bills were sent out, the meters were read, and water test was sent up to be tested.

LEEDS RV : The LDWA was asked if the Leeds RV hooked up their own water lines would there be a fee. It was explained there was to be someone from the water company to over see the work. Don Stephens proposed to add a \$5.00 fee to drill a hole in the line for a hookup.

EIGHT INCH LINE: Don Stephens wants general specifications written up for work to be done to install the 8 inch line from the steel tank down to the cement tank. Then put it out for bid. This needs to be done soon. We need to walk the line. The irrigation company should be approached to see if they would like to use the same ditch for their water line and share the cost with us.

WATER READING: Don stated that the meters need to be read on the last day of the month other than a holiday weekend. Susan Savage also suggested that the person who reads the meter and the person who records the readings should sign their name on the meter reading paper. Paul Densley suggested that a contract be written up with a job description. We are liable for an injury of a child if they are involved with the reading.

We need to correspond with Rick Hafen about this problem.

The board plans to read the meters to see the time it takes. The meter readers have asked for more money and Thomas Stirling suggested we might think about doing that.

COMMUNICATION WITH SHAREHOLDERS: The board agreed to communicate with the shareholders once a quarter in the billings. Starting with the June billing. Board members are assigned to write up a news letter of what has taken place in the last quarter. It will consist of 1/2 page and be turned to the secretary by the 25th or the 26th of the month to be placed with the billings.

Assignment:

June: Paul Densley

September: Susan Savage

December: Don Stephens

Leeds Domestic Waterusers Assn.

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May, 8, 1995

THE ARTICLES OF INCORPORATION: The articles of incorporation, By-Laws and Resolutions need to be gone through and up dated and a committee needs to be set up for this task. Susan Savaged suggested that Don Goddard be asked to be on this committee.

ELECTRICAL WORK: Don Stephens is in charge of the pump on the well. And before the pump is pulled we need to find how much sand is in the well; so Don will work on this assignment.

Thomas Stirling reminded the board that the electricity needs to be turned on the well pump. Don Stephens will ask the Utah Power and Light Company to turn on the power. When they do it at their own convenience we save \$75.00. It is a little early but worth it.

SURVEY: When the LDWA's 16 acres were surveyed it was found that there were five parcels instead of three. Payment to Bush and Gudgeall for the survey was okayed by the board.

RE ADJUDICATION: Susan Savage talked with Kerry Carpenter and he told her that we can file on water lost in our area from the re adjudication. Glenn Beal lost water that we should file on.

MORE WATER: Gene Hansen and Bert Leany have been given the assignment to search out new water leads. They are working on Hogan Springs and Blue Springs. The question was asked if we should give them an outline of how to proceed. We need to find all the water we can.

LONG TERM GOALS: Plan for growth. Search out new water. Help city grow in a managed way. Work with the city in a spirit of cooperation. As new homes are built then irrigation water is lost or must be relocated.

WATER PROBLEMS: Sue Curtis' water bill was high, but because it went through her meter it is her problem and she was told so. Thomas Stirling said they put a new yoke on Joanne Thornton's meter. Brandt Jones' meter was run over several time and that is why they were having problems.

TELEPHONE BILLS: Susan Savage told the board that she has telephone bills that she acquired on an assignment from the LDWA to check on the addresses of shareholders and would like to be reimbursed. She was told to submit her bill.

WATER TESTING DATES: Robert Coxey asked Sandra Browning if she needed a copy of the water testing dates. Sandra will make copies and return originals to Robert.

Robert Coxey made a motion to adjourn.

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May, 8, 1995

SPECIAL EXECUTIVE SESSION OF THE LDWA - APRIL 27TH, 1995

The board met in a special meeting called verbally by President Don Stephens. All five members accepted the verbal notice and all were in attendance.

Don called the meeting to order at 7:00 p.m. on the 27th of April 1995 at the town hall.

Susan offered the prayer.

The reason for the special meeting was to discuss the policy of the board to require developers to furnish water and to pay \$2500.00 per service connection or to reduce the cost per service connection.

The possibilities from no charges through the full \$2500.00 was thoroughly discussed.

Paul Densley moved to retain the present policy. Susan Savage seconded the motion and all approved.

NEW BUSINESS:

The board set Monday, May 1st, as a work party day. The board will meet at the town hall at 9:30 a.m. Thomas moved to adjourn. Susan seconded. The meeting was adjourned at 7:50 p.m.

May 1995

Leeds Domestic Waterusers Assn.

45 So. Mesa View Ave
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LDWA BOARD

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May, 31, 1995

MONTHLY MEETING OF THE LEEDS DOMESTIC WATERUSERS ASSOCIATION
MAY 12TH, 1995
HELD AT THE LEEDS TOWN HALL AT 7:30 P.M.

THOSE IN ATTENDANCE: Don Stephens, Thomas Stirling, Robert Coxey, Paul Densley, and Susan Savage. (Sandra Browning was excused.)

CONDUCTING: President Don Stephens

PRAYER: Don Stephens

MINUTES: Minutes of the last regular board meeting were reviewed with no corrections or additions. Thomas Stirling moved to approve the minutes with Paul Densley seconding the motion and all approved. Minutes of the Special Board meeting was reviewed with no additions or corrections. Robert Coxey moved to approve these minutes with Thomas Stirling seconding the motion and all approved.

FINANCIAL STATEMENT: Financial statement was reviewed with no corrections. Paul Densley moved to approve and Robert Coxey seconded and all approved.

ACTION ASSIGNMENTS:

DON STEPHENS: Letter to Rick Hafen: In the process of being compiled.
Delinquent accounts: Notices have been sent out and Don is working with the two delinquent accounts.

ALL BOARD MEMBERS: Information to Lorin Lee regarding developer's responsibility to provide water. (Board members gave Lorin information he requested.)

PAUL DENSLEY: 8" line to cement tank. Incomplete and being worked on.

SUSAN SAVAGE: Susan is working with meter readers to help eliminate some problems.

Leeds Domestic Waterusers Assn.

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May, 31, 1995

PAUL DENSLEY: Communication with shareholders. Paul is working on newsletter to be put in the July billing.

DON STEPHENS: Sand in well. Incomplete.
Power to pump: Don completed this assignment.
Sale of 16 acres to close about May 18, 1995

BURT LEANY AND GENE HANSEN: A charter to be written up for Burt and Gene to go after any water lost in the re adjudication. Susan Savage made a motion that Burt and Gene should file on all water lost in the last re adjudication. Paul Densley seconded the motion and all approved.

LONG TIME GOALS: Don Stephens will attend city council meeting and a report of visit be presented to the board.

NEW ITEMS:

Mel Evans 1. Impact fees and it's effect upon the \$2500.00 water tap fee.

Paul Densley: Finish walking water line to tanks. Scheduled for Wednesday May 16, 1995 at 9:30 a.m.

Paul Densley and Robert Coxey: Trailer cleanup.

Don Stephens: Don will build handrail to valve shed.

Robert Coxey: Question asked: Have they started the gas line to Silver Reef?

Susan Savage: Asked if she was to contact the attorney about the contract for meter readers. She was told to bring proposal to next monthly meeting.

Robert Coxey moved to adjourn Time 9:05 p.m.

Leeds Domestic Waterusers Assn.

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June

LDWA BOARD

PRESIDENT:	DON STEPHENS	879-2441	SUSAN SAVAGE	879-2207
VICE PRESIDENT:	THOMAS STIRLING	879-2357	PAUL DENSLEY	879-2206
SEC. TREASURE:	SANDRA BROWNING	879-2345	ROBERT COXEY	879-2376

July, 10, 1995

LDWA MONTHLY MEETING ----JUNE 9TH, 1995

THOSE IN ATTENDANCE: Don Stephens, Robert Coxey, Eldon Stirling, Paul Densley, Susan Savage, and Sandra Browning. Also present were Mel Evans and Bert Leany.

CONDUCTING: President Don Stephens

PRAYER: Robert Coxey

Minutes: Minutes were reviewed and Robert Coxey moved to approve the minutes and Paul Densley seconded the motion and all approved.

FINANCIAL STATEMENT: Financial Statement was discussed and Thomas Stirling moved to approve the Financial statement and Paul Densley seconded the motion and all approved.

LDWA's 16 acres: President Don Stephens told the board that a payment of \$8,851.17 was made by Craig Sullivan on the 16 acres. Escrow was closed on June 1st, 1995 and we will carry the note. It will show on the next financial statement.

WATER TESTS: The LDWA has received a bill for water tests from the state on the well and the spring. Sandra Browning was instructed to bill half of the water test on the spring to Silver Reef Special Service District as their part for using the water.

RESOLUTION: #93-1 reads:

BE IT RESOLVED THAT:

WHEN DEEMED ADVISABLE BY THE BOARD OF DIRECTORS OF LDWA, WATER LINES MAY BE ADDED OR UPGRADED ADJACENT TO UNDEVELOPED LAND AT THE LDWA EXPENSE, WITH THE PROVISION THAT AT SUCH TIME AS WATER SERVICE IS REQUIRED ON SUCH UNDEVELOPED LAND, THE DEVELOPER WILL REPAY TO LDWA A PORTION OF THE COST OF SUCH ADDED OR UPGRADED LINES BASED ON FRONTAGE FOOT. SUCH COSTS WILL BE IN ADDITION TO CURRENT CONNECTION COSTS.

THE FORMULA FOR DIVIDING COST WILL BE: TOTAL COST OF LABOR AND MATERIALS, INCLUDING FIRE HYDRANTS, VALVES, ETC. REQUIRED BY BUILDING CODE, DIVIDED BY THE TOTAL NUMBER OF FRONTAGE FEET OF UNDEVELOPED LAND ON BOTH SIDES OF ANY STREET SERVICED BY SUCH LINES, MULTIPLIED BY THE TOTAL NUMBER OF FRONTAGE FEET OF THE PARCEL TO BE DEVELOPED.

EACH SUCH ADDITION OR UPGRADE WILL BE IDENTIFIED ON THE LDWA WATER MAP BY PROJECT NUMBER AND PER FOOT ASSESSMENT.

THE LDWA HAS UPGRADED WATER LINES IN THREE AREAS SO FAR, NED SULLIVANS, MERLIN SULLIVANS, AND BRENT HATCH.

A resolution was put before the board, by the President Don Stephens, that the secretary-treasurer prepare an account of cost of new water line installation per front foot. Then enter footage of each of the three projects. There will be a five year time limit for the payoff and after this time limit, this account will be written off. Don Stephens moved to accept this resolution and Susan Savage seconded the motion and all approved.

Leeds Domestic Waterusers Assn.

45 So. Mesa View Ave
PO. Box 460627
Leeds, UT 84746-0627

LDWA BOARD

PRESIDENT: DON STEPHENS
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879-2207
879-2206
879-2376

July, 10, 1995

WATER AQUISTITION: Bert Leany was asked to attend our meeting to see if he and Gene Hansen would be interested in helping us obtain more water. For the next three months we will vigorously pursue this issue. We will give Bert and Gene authority to aggressively do as many filings as possible. Especially, water lost in the rejudication such as, the water that Glenn Beal lost, also Blue springs for any or all water we can get. Refile on old filings that haven't been renewed. Person to person contact such as, Mr. Westcott (the prisbury water). He has indicated that he might sell excess water.

It was proposed by Don Stephens, that the LDWA will provide the mileage and other costs necessary for Bert and Gene to get us more water. Paul Densley moved to approve the motion and Susan Savage seconded the motion and all approved.

STATUS OF ASSIGNMENTS OF BOARD MEMBERS:

THOMAS STIRLING: A subcontractor putting in natural gas lines up on Silver Reef cut the LDWA's lines twice. The meter was damaged and needs to be repaired. A work party is needed to pull up the meter so we can get it repaired. An appointment was made for Saturday at 9:00 a.m. The subcontractor will pay any expense of the water line breaks. Don stated that the LDWA is going to sell our used 2 inch galvanized pipe to the irrigation company to get rid of it, for salvage prices.

Leeds RV plans to manifold all meters together on one new meter. So we will have only one meter to read.

SUSAN SAVAGE: Kelly Johnson said the sequence was changed of the names on the meter reading list. The secretary will check this out. The water meter list should be dated on the date the meter was read. (If it was read on two days then they put two dates on water list.) We need to provide a meter reading procedure and policy for the meter readers.

The cemetery reading was very high again. Mel Evans said that they will check the cemetery meter and we will also continue to read it.

Susan made a contract for the meter readers that was presented to the board members to approve. The board members suggested to Susan that she change the contract to two pages. The first page states the desired procedure we want them to follow. The second page is the agreement for payment.

Don Stephens moved that Susan have a free hand to correct the problem with the meter readers and Paul Densley seconded the motion and all approved.

MEL EVANS OF THE TOWN OF LEEDS: The town is paving some bad spots on the road. We need to bring up some meter lids (even with the road) so the paving can be done. Also the town has received a grant to put in sidewalks and two fire hydrants must be installed. The town wants to know if the LDWA will put in the plugs. The LDWA discussed the matter and told Mel that they would put in the fire hydrants.

PAUL DENSLEY: Paul has the newsletter ready to put in next billing. The board all agreed to use Russell Peine to dig the 8 inch line to the cement tank. The board members also walked the line, except a portion that was under water and this can be walked when water is down. The line looked good.

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July, 10, 1995

Robert Coxey: We had a visit from the Washington County Public Health Department and they inspected the well, all the vents, and openings on the water line. They wrote us up on clearing away brush and Debris from around the well, the gaskets on the lids of the vents, and well head protection and leadders on the well head protection.

We are up to date on all our water tests and Bob talked to Ken Orton with the Rural Water association and he is going to pursue waivering the lead and copper tests for us. He also said that we need to get started on the spring head protection and Ken will help us in any way he can. Don asked Bob to take this assignment and see it through. A work party is needed to clear out the willows and sagebrush around the spring (Grass can be left) and put new seals on lids.

DON STEPHENS: About a year ago the LDWA approved the National Geological Survey to study our well and Don received a call from them wanting to measure our well. It is in a key location to measure the water table. Upon measuring the water, oil was found in the well casing (apparently from over lubricating the pump over the years.) but it has not effected the water so far. This is something we will have to deal with in the near future. An electrical dispenser would meter the oil out more accurately.

Past due accounts are being cleared up.

Don Stephen's went to the town council meeting and expressed that the LDWA wants to work with and co operate with the town. Our desire is to have a better relationship with them. Trailer needs to have a hand railing installed.

Thomas Stirling told the board that he ordered three repair kits for the vents. One vent had a stream of water coming out, but it is repaired and is working fine now.

Paul Densley moved to adjourn.

Paul's Letter put into June Billing -

WE ARE SORRY THAT WATER SERVICE TO SOME SHAREHOLDERS DURING MAY WAS DISRUPTED FOR SOME PERIODS OF TIME. THESE DISRUPTIONS WERE CAUSED BY A SUB CONTRACTOR LAYING NATURAL GAS LINES TO SILVER REEF, CUTTING TWO OF LDWA'S LINES.

ADDITIONAL DISRUPTIONS MAY BE EXPERIENCED DURING THE SUMMER MONTHS. SOME OF WHICH WILL BE CAUSED BY ADDITIONAL REPAIR AND MAINTENANCE TO VALVES AND OTHER EQUIPMENT.

WE ALSO ANTICIPATE ADDING AN 8" LINE FROM THE METER TO THE CEMENT TANK THIS SUMMER.

July 14, 1995-

Leeds Domestic Waterusers Assn.

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LDWA BOARD

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879-2207
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August 7, 1995

LDWA MONTHLY MEETING----JULY 14, 1995

THOSE IN ATTENDANCE: Don Stephens, Robert Coxe, Thomas Stirling, Paul Densley, Susan Savage, Sandra Browning, and Mel Evans representing the Town of Leeds.

CONDUCTING: President Don Stephens

PRAYER: Susan Savage

MINUTES: Included in the minutes was the quarterly message to the shareholders and it was suggested by Susan Savage that the person who wrote the article be recognized. And this was done. Paul Densley moved to approve the minutes and Robert Coxe seconded the motion and all approved.

FINANCIAL STATEMENT: Don Stephens moved that we wait to approve the minutes next month because the check for the sale of the LDWA's 16 acres was not in the financial statement. And all approved.

EIGHT INCH LINE: Russell Peine has started on the 8 inch line and it entails more than we thought. Russell Peine is charging \$5.00 a foot plus bedding sand. Material will run \$5.00 to \$5.50 per foot. This includes pipe and fittings. We plan to extend the eight inch line past the cement tank so it can be flushed out when needed. The first leg is in from line to valve house.

NEW HOMES: Mr. Perry, Bluth, and Hunter are all building new homes this summer all are single dwellings and in the city limits. They will be installing a fire hydrant, but it must be up to code. (Bluth and Hunter have submitted their plans.) Leeds has their own building inspector, Paul Manis.

NEW METER: Mr. Empey's meter was installed and started with zero gallons and will need to be billed for July.

The Leeds RV Court put in new meters and the five meters will be averaged before they are billed.

It is the state law that water companies must charge more for larger water users than small users. Thomas Stirling went with Carl Seierup to try and close the leaky valves at the cemetery.

The cemetery is still using too much water.

GEOLOGICAL REPORT: President Don Stephens told the board that Susan Savage asked him for a copy of the Geological Report to read and keep for her own reference and Don asked other board members if they objected and all approved and so she can have a copy.

SPRINGS: Bert Leany went up to talk to the people on Hogan springs and the water people have backed off and said they would not do anything until we tell them what we are going to do with run off from Hogan springs. This water can go under the highway in a pipe and empty into the water that goes into the Quail Lake. The highway department said this would work fine. The LDWA has a meeting with the water people on Monday and we are going to talk to them armed with this solution. And we can guarantee that it will be accepted.

Submit a plan that the state engineer will accept. (That will be taken to the water board.)

TAPS SOLD YEAR TO DATE: One to RV Park, Ence Realty, and the house next to Cosby.

SUSAN SAVAGE: She reported that she hauled off the weeds from the last work party and is still taking the readings at the cemetery.

Leeds Domestic Waterusers Assn.
376 South Main Street
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LDWA BOARD

PRESIDENT: GENE HANSEN 879-2271
VICE PRESIDENT: DON STEPHENS 879-2441
SEC. TREASURE: SANDRA BROWNING 879-2345

BOARD OF DIRECTORS

SUSAN SAVAGE 879-2207
THOMAS STIRLING 879-2357
BERT LEANY 879-2901

President Gene Hansen Conducting

GENERAL BUSINESS:

1. OPENING PRAYER
2. MINUTES: READ and Approve:
3. FINANCE STATEMENT read and Approve:
4. **Past Due Accounts: Hand out; Gene**
Debra Green House has been rented to Lefler's -- possibility to have leflers pay.
5. **Tap Sales: That Need to be completed or canceled within time**
Tom Rogers 3/4/93 \$500.00 deposit- close out date 9/4/94
S.M. Bullard 7/17/93 \$500.00 Deposit-close out date 1/17/95

NEW BUSINESS:

1. Thad Utley-- Senior park
2. Cemetery water [should it be free]
3. Lavare Webb- bid for water
4. **Rick Hafen, Report**
 - a. Vote on water shares
 - b. Babylon Filing
 - c. FIC paid on Part time employees [Sandra]
 - d. 11 floater taps [can they be recalled]
5. Application for Special use permit--Need letter from LDWA to authorize application
6. Stockham Water follow up or loose [S.Savage]
7. Appraisal on 16 Acres-Stan Mc Conkie 673-7720
8. Dick Perry ready to go/ La Del Prisbery Water Tap/
9. Marell Walton- has not hooked up meter
10. Joe Jimmerson is building house and has not paid for tap
11. James Herpel is building house and has not paid for tap

UNFINISHED BUSINESS:

1. { Susan Savage } Brent Hatch, Merlin Sullivan: Pay for upgraded lines.
2. **Filing on Water Rights: Don Stevens**
 - a- LDWA Well
 - b- Babylon
 - c- Hogan Springs ----present bid
 - d- Glen Gunters- wants to sell water
 - e- Hydro Electric Power
4. Discussion on present do away with \$16.00
New water rates: \$1.00 per thousand -- Minimum \$10.00
All sold taps has minimum \$10.00 Charge
5. Establish Commercial rates for Businesses in town
6. Springs to Leeds: Extend nipples or Excavate drains on vents, Seal all lids.
7. Bids for Cinder block building door and roof [Paul Minis wants to bid]
8. Audit books

94 Tap Sales: Note when present water taps are sold More water must be made available

479	Bud Wall	New: Paid for Water hook up not complete
480	Van Leavitt	New: Paid for
481	Ned Sullivan	New: Deposit \$500.00
482	Marell Walton	New: Deposit \$500.00
485	Joe Jimerson	New: Deposit \$500.00
486	James Herpel	New: Deposit \$500.00

Six new taps sold for 1994- Balance of four to sell
Notice to be sent to Relaters that are interested.

Close Meeting

Leeds Domestic Waterusers Assn.

45 So. Mesa View Ave
PO. Box 460627
Leeds, UT 84746-0627

LDWA BOARD

PRESIDENT: DON STEPHENS
VICE PRESIDENT: THOMAS STIRLING
SEC. TREASURE: SANDRA BROWNING

879-2441
879-2357
879-2345

SUSAN SAVAGE
PAUL DENSLEY
ROBERT COXEY

879-2207
879-2206
879-2376

August 7, 1995

ROBERT COXEY: Robert asked if Sandra knew of any letters written to the state on water protection. She said she knew of none unless Gene Hansen wrote a letter or letters and sent them in. Bob has been registered to attend a water seminar in St. George on August 3rd. All approved of Bob attending.

TOWN OF LEEDS: Mel Evans told the board members that as they put in the new side walks, some of the fire hydrants will have to be removed and reinstalled. He asked if the water company will take care of this assignment. Don Stephens said the water company will take care of it. The pipe between valve and L are easy to move. The piping is friction fitting and is never welded together. *we agreed to co-operate with them -*

Mel Evans ask if we knew when the Rural Water meeting is being held. Don told Mel it should be in the Rural Water Magazine and will try to get it for him.

Mel also asked if the town could purchase the LDWA's irrigation shares because they could use a grant to buy water and not pay a monthly expense. *Tabled til next months meeting -*

EIGHT INCH LINE: Paul Densley asked if Russell Peine made arrangements for bedding sand and President Don Stephens said that he had. *Burns attorney Hefers -*

LEGAL: We received a bill from our lawyer for a phone call that Judge made to our Lawyer. We did ask Mr. Burns to find out what is our status on the well we both filed on. That was probably what the call was about. *and we paid the bill -*

CLOROX: Don Stephens submitted a bill for Clorox to be put into the well. *spring*

(splitter box)
Susan Savage moved to adjourn

456 Leeds R.V. Houston--	New
498-Jolyn Hickman 363 Prison--	Transfer
499- Mel Evans--388 Dr Brooks--	Transfer
500-Michael Empey--	New
501 Don Feilding-487--	Transfer

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September 4, 1995

LDWA MONTHLY MEETING ---AUGUST 11, 1995

Those in attendance: President Don Stephens, Robert Coxey, Thomas Stirling, Paul Densley, Susan Savage, Sandra Browning, and Joanne Thornton of the Town Counsel of Leeds and Alberta Lee.

CONDUCTING AND WELCOME: President Don Stephens

PRAYER: Paul Densley

MINUTES: Minutes were discussed and corrections made. Paul Densley moved to approve the minutes as corrected and Thomas Stirling seconded the motion and all approved.

FINANCIAL STATEMENT: Financial statements from June and July were reviewed and the first payment on the 16 acres was included in the June statement so all was in order. The financial statements were not approved.

URGENT THINGS TO BE DONE: The four inch meter at Silver Reef that we repaired once is frozen up again and needs to be repaired. It is presumed that a pebble is caught in it. Don Stephens and Paul Densley will work on it Monday.

EASEMENT: We found that we do not have easement through all the properties our lines cross. We have some but not all. Don got plat plans so we can get drawings made. George Foulds has done this in the past, but can not see to do it now. Robert Weight was contacted and will make the drawings. We will take the plat plans down to him. We have to update everything and go to the hall of records and find out where we have easements and where we do not and acquire easements where we do not.

We know that we do not have an easement recorded on Glenn Morgan's property.

DUPLEX: City council member Joanne Thornton and Alberta Lee (a land owner) attended the IDWA's monthly meeting with the concern as to the cost water service would be for a duplex. They felt that one water tap (40,000 gallons) was enough for a two or four duplex residence rental.

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September 4, 1995

The only duplex in town has two water shares and is billed \$32.00 a month plus overages. (When the plumber plumbed the house, he brought one water main out.) Don Stephens asked to table the duplex issue until the board researches our records and discusses this problem. Alberta Lee asked the LDWA to clarify the developer's responsibility on water. Don Stephens told her, the developer furnishes his own water.

WATER READING: Don Stephens asked for Lowther's meter reading. They had a \$60.00 water bill. A new meter was put in 7 or 8 months ago. Don checked the meter's accuracy and it was right on.

GASKETS: The only thing left to do for the County Health Department is put new gaskets on the lids of the air vents on the water line from the spring down to the green tanks. Paul Densley suggested it be done on Monday with the other jobs.

HOGAN SPRINGS: Don told the board that he needs to contact Bert Leany and they will write a report as to how we are going to dispose of the waste water, if we obtain Hogan Springs. This must be approved by the hiway department. Such as, putting a cap on the springs and bringing the water up and put a splitter on it. Then we will take the report up to the State Water Board for the hearing that will be held sometime after September.

LEGAL: Rick Hafen called Don and told him that the Town of Leeds has filed on some water that we had previously filed on. He advised us to protect ourselves by contesting their action. Don told Rick Hafen to go ahead and contest it.

EIGHT INCH LINE: As soon as the 8 inch line is installed; we will need someone to connect it to the existing line. Paul Densley stated that it will be a big job and suggested that the board hire someone to do it. Don also felt we need to put the job out for bid and let professionals handle it. It is something the board won't be able to do. Don Stephens moved that the board hire professionals to do the hookup of the new 8 inch line. Robert Coxey seconded the motion and all approved.

It was suggested that we wait until cooler weather. So we won't use so much water out of the tank.

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WELLHEAD AND SPRINGHEAD PROTECTION LETTERS: We need to work on the wellhead and spring head protection letters. So far nothing has been written, but Robert Coxey attended a seminar and found out how to go about it.

At this seminar, other water companies ask Robert Coxey who we were insured with. Sandra Browning said that she would get that information for him.

Robert Coxey was told at this seminar that each water company needs to have a contingency plan if we have bad water. Don told the board that we take water samples monthly and if there is bad water, the board is notified and then the state water department will tell us what to do. If it is bad enough, we might have to put it in the paper and notify the shareholders. We need a plan of procedure and Don and Sandra will work on this.

Robert Coxey asked who owns the water shed property to the spring. Don said that the land now belongs to the forest service. And the land around the well is BLM ground. The water shed on the aquifer requires 1500 feet from the well or spring on the up hill side and 500 feet on the down hill side. Also certain things are not allowed such as feed lots, dumping stations, petroleum pipe lines and gas stations. The problem we have is the road goes 10 feet below our spring. We can not change the road.

METERS: Susan Savage went with Kelly Johnson to read the meters and it took five hours. Susan told the board that there were a number meters with caps missing. Also the Krueger's meter is above the ground. Thomas Stirling told the board that the Kreugers put in their own meter. Don Stephens suggested the board look at this meter before winter sets in for it could freeze and break on our side of the meter and we would be responsible to fix it.

Thomas Stirling asked if the JB Realty's meter was fixed. The valve that shuts off the meter on the top was broken off. Thomas Stirling's valve is also broken off. Don Stephens asked Thomas to get a list of meters with broken valves and the LDWA will hire someone to dig up the meters and put in new yokes, backflow preventors, and valves. Also the LDWA has a few extra lids that can replace the missing ones.

Susan Savage asked when the Johnson's had their last raise and how many meters read at that time. This will be researched for her.

CEMETERY: Thomas Stirling asked about cemetery water problems. Don told the board that the cemetery did use the overage of water on last months reading. Carl Seierup said the water was left on over a period of time.

Robert moved to adjourn

Sept 13, 1995

October 5, 1995

LDWA MONTHLY MEETING ---SEPTEMBER 8TH, 1995

THOSE IN ATTENDANCE: President Don Stephens, Robert Coxey, Paul Densley, Susan Savage, and Sandra Browning. Thomas Stirling was not in attendance.

CONDUCTING AND WELCOME: President Don Stephens.

PRAYER: Susan Savage

MINUTES: Minutes were discussed and Robert Coxey moved to approve the minutes as presented and Paul Densley seconded the motion and all approved.

FINANCIAL STATEMENT: The August 1995 financial statement was not approved at last month's monthly meeting, so Robert Coxey moved to approve last month's financial statement and Paul Densley seconded the motion and all approved.

After a discussion on the financial statement for September 1995 Susan Savage moved to approve the financial statement and Robert Coxey seconded the motion and all approved.

NEW PIPELINE: Sandra Browning presented a bill from Russell Peine for labor and parts for work done on the new 8 inch line. The board members discussed the bill and then Paul Densley moved to pay Russell Peine and this was seconded by Susan Savage and all approved.

BAD METERS: Don Goddard's meter has not moved for a month and needs to be looked at. Also Don Fawson said his meter was not read, but both Don Stephens and Susan Savage with Kelly Johnson read it.

WORK PARTY: The four inch meter at Silver Reef was repaired by Paul Densley and Don Stephens again. There is only one gasket left to be replaced and that is on top of the cement tank.

COMMERCIAL RATE POLICY: One of the main goals for this meeting tonight is to come to an agreement on a definition of commercial rates versus residential rates.

The Ludlows have two taps, the church has one tap, the RV park has 5 taps, and the city has two. Ludlows and the RV park can be serviced with one big meter (by manifolding the meters). The city has two taps and can not be manifolded because they are on different areas of the town.

Robert Coxey asked why we need a commercial rate. The by-laws would have to be amended if we average out commercial water usage. Susan Savage said that if we averaged out the water usage for commercial rates it would give them a cost break and we can not do that. Commercial often is supplied with a larger size meter. The larger meter is less accurate.

WATER RATES

Don Stephens put the following material on the blackboard to provide information for the board members as they make a decision on commercial rates.

Residential :

Single family dwelling \$2500.00 tap
\$16.00 per month one meter 40,000 gallons \$1.00 per 1,000 gallons overage.
Owner and rented houses --Tenant or owner pay water bill.

Commercial:

Multiple family residence (Homes)
One water share/Dwelling same as residential

Bill paid by owner or renter.
Commercial RV park (Multiple dwelling)
Owner pays all charges --Trailer/meter

Commercial multiple family apartments-tap \$2500.00
one meter and one owner
\$16.00 monthly service charge per dwelling unit and overages.

Don told the board that we can not give an advantage to a commercial account. This is not a law, but a regulation of the rural water association.

Rates are used to 1. Defray expenses and 2. Limit water use.

After much discussion and deliberation the matter of commercial rates was tabled and no decisions were made. An executive meeting was set up for the board in two weeks. In the meantime, they will study the issue and do some research .

Don asked Sandra to write a letter to the Ludlow's explaining that the board discussed commercial rates, but no conclusion was reached and we will let them know as soon as a decision is made. In the meantime, we will average their rates for this month. Also Paul Densley was asked to contact Alberta Lee and let her know that we are still working on the commercial rates and will contact her when this has been accomplished.

Paul Densley asked the secretary to copy the information that Don put on the blackboard about commercial rates. Then send to board members so they will have a copy.

It was decided that Susan Savage would call around to towns in the area and find out how they bill commercial rates.

WATER RIGHT OF WAY FOR THE EIGHT INCH LINE: Don Stephens found through research, in the hall of records, that we do not have a right of way recorded in any of the books for installing our pipe lines in Silver Reef, as we had thought. Don did find two documents (a survey done in 1967) that put our easement just where we wanted the line to go and that was through the churches' property and through a small corner of Ken Frandsen's yard.

Don will check with Rick Hafen, our attorney, about the right of way to get the line through to the meter. Also an recorded easement right through Morgan's land is needed.

WELL HEAD AND SPRING HEAD PROTECTION: Robert Coxey is working on this and said it is a full time job. Bob has a work book that tells the procedures to follow to complete the project.

RURAL WATER ASSOCIATION: Ken Orton will be in Leeds on September 28th, 1995 to meet with the water board and also members of the city planning committee and city council, for a short meeting. He will talk on the Well head and Spring head protection and other matters. Thomas Stirling will attend. Also the board decided to have their executive meeting to discuss the commercial rates and wage rates after the meeting with Ken Orton.

NEWSLETTER: Susan Savage will write a newsletter for next months water billing.

Robert Coxey moved to adjourn.

LDWA MONTHLY MEETING ---OCTOBER 13TH, 1995

THOSE IN ATTENDANCE: PRESIDENT DON STEPHENS, THOMAS STIRLING, ROBERT COXEY, PAUL DENSLEY, SUSAN SAVAGE, AND SANDRA BROWNING. MEL EVANS REPRESENTED THE TOWN OF LEEDS.

CONDUCTING: President Don Stephens

PRAYER: Thomas Stirling

MINUTES: The minutes were discussed and Paul Densley moved to approve as read, Robert Coxey seconded and all approved.

FINANCIAL STATEMENT: The financial statement was discussed and Don Stephens stated that the 16 acres sold to Keith Sullivan should not be an asset on the financial statement any longer and should be removed. Thomas Stirling moved to approve the financial statement as corrected and Paul Densley seconded and all approved.

LARGE METER: Don explained to the board the work done at Silver Reef. The meter in the meter vault was a four inch meter and lines to the vault are six inch and from the vault are eight inch lines, thus slowing the water flow. Everything in the vault was changed to six inch. (Including the meter.) A four inch by pass was also put in; metered by the old four inch meter, now everything is metered.

EIGHT INCH WATER LINE: This project is nearly completed except for some finish up work. The cost will be approximately what we estimated.

PAST DUE ACCOUNTS: There is one big past due accounts and Don Stephens will write a letter to the shareholder to correct this problem.

WATER RATES: COMMERCIAL AND RESIDENTIAL

Robert Coxey presented the board members with a new billing process and the board liked it, but since it is a totally new way to bill; Don wanted the shareholders to be presented with the new billing program at the annual shareholder's meeting for their approval. The by-laws allow LDWA board members to set water rates when needed. President Don Stephens proposed that we present this new billing at the annual shareholder's meeting also proposing that the meters not be read during three months in the winter to reduce the cost of meters being read.

Susan Savage mentioned that the board talked of doing an analysis on our income to make sure that we will make enough to pay our obligations on our loans. We had to raise our rates in order to get our loan on the water tanks.

Don Stephens suggested that an analysis be done by the December LDWA monthly meeting. (Comparing the amount we make on our rates now and the amount that will be made with the new billing procedure.) Susan Savage asked that the analysis be completed by the November meeting as it could make a difference on the 1996 budget; since it is prepared by the amount of money projected to be made in the coming year. Don Stephens and Thomas Stirling will be responsible to do the analysis.

Don Stephens made a motion that the commercial accounts will remain the same until the end of the year; when a new rate will go into effect. Susan Savage seconded the motion and all approved. A letter will be sent to commercial accounts involved in this motion.

REPAIRS: There is a leak in the cross over by the church. Thomas Stirling called for a permit from the State to work on the road to repair the leak. Blue States was also called. Russell Peine will be given the job to dig up the pipe. The road will need an asphalt patch when job is completed.

LOSS OF WATER: Don told the board that we almost ran out of water a few days ago. The regulator that fills the cement tank had gotten air blocked and the air shut off the water thinking the tank was full. The air can easily be bled off and everything is okay for a few months until it happens again. It is the

nature of the regulator that fills the tank to gulp air thinking the tank is full and shuts off the water. Robert Coxey asked if there isn't another regulator that would work better. Don said they could not find any. It would not take much to continue our eight inch line all the way and put in a regulator and hook up to the line. Don said we could set everybody's water pressure in town at 85 to 120 pounds and maintain it forever. Paul Densley suggested that we think of doing something similar by Bert Leany's place also.

BILLING: Don Stephens will write a paragraph to be put in next months billing to explain what has happened during the last few months.

VALVES: There are several valves in town that need to be built up and asphalt put around the area. Mel Evans of the city told the LDWA that they want to fix the sidewalks and the LDWA has some meters that are in the sidewalk that need to be fixed or moved. The LDWA will look into this problem and will work with the city.

WORK PARTY: Paul Densley mentioned that a tree has blown over by the cement tank and must be removed. Also a tamper proof lock needs to be put on the valve house. This can be done at the same time a gasket is put on the lid of the cement tank and a lid (plate) put on the meter vault. Monday at 10 a.m. was agreed upon to do the work.

SOURCE PROTECTION PROGRAM: Robert Coxey met with Ken Orton of the Rural Water Association two weeks ago about the Source Protection Program. No one from the city attended the meeting even though they were invited. The Rural Water wants the city to be involved also. Don informed Robert that Robert Weight of the planning commission will be involved and Mel Evans from the city. Even though the spring head and well head are not within the city limits; Rural Water still wants city participation.

The source protection program protects water sources such as our well and spring from contamination. Two miles around the spring is checked for contamination and then the owner of the property is determined, which is the Forest Service and then we get a letter from them stating that before they give any permits and allow any building in the area that they will notify us. The same with the well, only the BLM owns the property and 1500 feet is the amount instead of two miles. Robert told the board that we will need to put a six foot chain link fence around the spring and also the well to protect our interest there. We will need to get permission from BLM and Forest Service. Would like to get this done this Fall.

Robert Coxey asked that a check for ten dollars be sent to Ken Orton for maps that the LDWA needed. Also, we need to send a card to the Rural Water magazine and change the address from Gene Hansen to a board members address. Robert Coxey's was decided upon.

The water testing is all completed for the year and the state has been notified and all is in order. Once we get the source protection in, the fences up around spring and well then some of the testing we are doing now will no longer be required.

Don presented a bill for \$45.80 for materials to fix the meter vault at Silver Reef.

TOWN NEWSLETTER: Susan Savage said that she would write a note in the town newsletter on the merits of the LDWA and the board said it was fine if it was her own ideas and not from the LDWA.

Robert Coxey moved to adjourn.

Nov. 1995

Leeds Domestic Waterusers Assn.

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LDWA MONTHLY MEETING---NOVEMBER 10TH, 1995

THOSE IN ATTENDANCE: President Don Stephens, Thomas Stirling, Robert Coxe, Paul Densley, Susan Savage, Sandra Browning, Don Goddard, and Mel Evans Representing the town of Leeds.

CONDUCTING: President Don Stephens

PRAYER: President Don Stephens

MINUTES: The minutes were discussed and Susan Savage moved to approve as corrected and Paul Densley seconded the motion and all approved.

FINANCIAL STATEMENT: The financial statement was also discussed and there was a question on the check register of what Western Rock provided for the 8 inch pipe line project. The financial statement was not approved until this question is answered. It will be presented at next months meeting for approval.

CHAIN LINK FENCE FOR SPRING: Robert Coxe will contact the Forest Service to find out what we need to do to obtain a permit to install a chain link fence around the spring, for the Source Protection project the LDWA is working on.

HOGAN SPRINGS: Eugene Hansen and Bert Leany did a study on the water in Hogan Springs for the LDWA to change the point of diversion from that spring to our well. Upon completing their study, a background letter was written by Gene and Bert and presented to Don Stephens.

Don Stephens moved that this letter, along with a letter of explanation that Don wrote, be sent to Kerry Carpenter for his consideration. Paul Densley seconded the motion and all approved. (Don's letter of explanation will be sent to Gene and Bert for their approval first.)

WATER RATES:

The LDWA has only sold three taps this pass year instead of the ten normally sold. This has reduced our projected profits for the 1995 year greatly. Reducing the amount of income from water billings now, could be a problem.

Don Stephens suggested that we leave the single family rates as they are for one more year.

Restructuring the commercial water rates must be done before the end of the year. Don did an analysis on the commercial rates and found that if the rates were changed as was proposed, \$5,047.64 in revenues would be lost. Also the LDWA is charging the highest rate for overages in the area at one dollar a thousand. Eighty cents is the next highest rate on overages charged.

We need to define a commercial rate. Such as, anyone who has a business license is commercial. Some towns install larger meters for their commercial rates and only one meter is used.

Businesses considered commercial are:

Rental units, RV Parks, Public places such as, church, cemetery, city building, parks, and post office. Stores, beauty shop, auto shop, restaurant, and motels are also considered commercial.

The board may have to evaluate each commercial account as to the amount of water used and what it costs. Things to consider about commercial rates:

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1. Each meter stands on its own.
2. Overage will be paid by the month.
3. Classes of commercial rates:
 - a. Apartments.
 - b. R V Parks
 - c. Manufacturing
 - d. Commerce (Cottage industry)
 - e. Public meeting house

Don Goddard said other areas bill commercial rates by the size of line or size of meter.

Paul Densley stated that no matter what size lines or meter a commercial business has, they are still billed for water usage. Various classification of commercial rates can be established by amount of water used.

Robert Coxey said that the towns, he was familiar with, charged by the size of the tap.

Don said that we have commercial businesses that have two and one with five taps. Now how do we relate these to shares on stock in the water company. This has to be related, some how, to reveal how many taps are available. If the commercial tap uses two million gallons a year. What we do is divide the 392,000 gallons into the two million and that is the amount of shares he would buy and that is the price he would pay. And the rate would be what ever the monthly rate is; times the amount of shares plus overage at the rate we decide. Does this sound reasonable? We have to make some adjustment to find a proper billing rate. This must be resolved by the end of the year. Don Stephens suggested that we table this problem and meet sometime before the next monthly meeting.

Susan Savage was asked to check with small towns in the area and get information as to the procedure they use to bill commercial rates.

The issue of commercial rates was tabled until Susan gets this information. Then the board will meet.

METER AT SILVER REEF: The LDWA needs to hire a contractor to put chip and seal on the turn around at the meter at Silver Reef. Some plants need to be replaced and the area cleaned up. The work party will do this next week. (Wednesday, November 15th at 10:00 A.M.) Don Goddard volunteered to level out the area with his machinery before the chip and seal is put down.

DELINQUENT ACCOUNTS: Don Stephens asked Sandra to look for Howard Humphrey's check 151. He did not get this canceled check back. Also Bud Lowther's meter was read wrong. Not 782220 but 702220 and should be billed for \$16.00. (making the amount of 26,000 gallons used)

THOMAS STIRLING: The 2 inch water line that went across the road and down to Merlin Sullivans place was replaced by a new line on the church side. It was cut off and circled back to where the old line was. So that is why, when we open that valve, we were getting water in the road. So we cut it off on the other side of the street. And the two valves that were in the street were taken out. Also Don said that the line down by Gene Hansen needs to be looped so we wont have that dead air in the line.

Thomas said that we have a loop in the line down at Ray Brown's place, but it's closed because we have to dig down and straighten the box because we can't get a wrench on it to open the valve.

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Over on Vista there are two valves in a box next to the fence that are in the old existing line and are no good and need to be busted out of there, lids taken off and covered with dirt. Don Stephens said that they need to get a back hoe and get this done and black top the area.

PAUL DENSLEY: Paul told the board that they cut up the dead tree at the cement tank and got the gasket and seal on top of the tank, lock on the valve house, but hand rail was not put on pipe from valve house to cement tank. This could be done the 15th of November at the next work party.

ROBERT COXEY: Bob said that he needs the Well Driller's Log for our Well. Don Goddard said that Hal Rhodes on airport road would have a copy. Al the State Engineer should have a copy also.. This was done in 1976. Robert Coxey suggested that we table the fence project until next month.

SUSAN SAVAGE: Susan asked about the letter to be sent to our attorney, Rick Hafen, about the legality of last years shareholders meeting. It has been sent.
Don Fawson trimmed his hedge so meter readers could read his meter.
The LDWA wants to put the meter readers on a contract for contract labor. The board will write up what they want in a contract. Susan will call our attorney, Rick Hafen, and ask about contract labor and if we can do it and have him write a contract with what we want in it.

BILLINGS: In next months billing a definition of specific responsibilities of each board member will be included. Susan Savage was assigned to write this paragraph.

The meeting was adjourned.

Dec 1995
Leeds Domestic Waterusers Assn.

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LDWA MONTHLY MEETING--DECEMBER 8TH, 1995--AT THE TOWN HALL

THOSE IN ATTENDANCE: President Don Stephens, Thomas Stirling, Robert Coxey, Paul Densely, Sandra Browning and Mel Evans of the City of Leeds. Susan Savage was ill and not able to attend.

CONDUCTING: President Don Stephens

PRAYER: Robert Coxey

MINUTES: Thomas Stirling made one correction that Mr. Rhodes first name was Al and not Hal. Robert Coxey moved to approve the minutes and Thomas Stirling seconded the motion and all approved.

FINANCIAL STATEMENT: Thomas Stirling moved to approve the financial statement from last month and Paul Densley seconded the motion and all approved. (Last month the financial statement was not approved until the board members were given a breakdown on the billing from Western Rock. The board felt \$700.00 was too much for road base and materials. But special road base material was brought in that was more expensive.)

After some discussion Paul Densley moved to approve this month's financial statement and Thomas Stirling seconded the motion and all approved.

Don Stephens asked for a cost breakdown for the eight inch line and a year end financial statement. Sandra Browning said that she would get them for him.

CHIP AND SEAL: Don Stephens has been trying to find a company to do a chip and seal coating at the turn around at Silver Reef. So far, no company has been available to do the work. When the eight inch line was put in, the existing chip and seal was dug up.

WATER LEAKS: There is a water leak by Thomas Stirling's home and one by Parry Harritt's home which involves a flapper valve that does not leak when it is off, but does leak when it is turned on. Also there is a leak by Brad Lewis's home. All need to be fixed.

Thomas Stirling told the board that there are two old meter boxes on Vista that are not in use and need to be removed. The lids can be taken off and a sledge hammer used to break them up.

LETTER FROM ATTORNEY: Don Stephens wrote a letter to our attorney, Rick Hafen, in regard to the legality of the last special shareholder's meeting that the LDWA held. In response, Rick confirmed the legality of the procedures used and the meeting held.

NEW WATER TAP: Blaine and Wanda Schouten were in attendance at the LDWA meeting to get their water certificate transferred and this will be done.

NEW HOME: Keith Sullivan met with the LDWA Board to find what he needed to do to get things organized in order to build a new home for a client. Things seemed to be in order and he was told that a water certificate would be needed.

ROBERT COXEY: Coy Wiley told Robert Coxey that we were sending his billings to the wrong box number. Robert also turned bills in for mileage to Cedar City on water business and copies made at Kinkos. Robert made a trip to Cedar City to take up the water tests to SUU and then went to Al Rhodes,

Leeds Domestic Waterusers Assn.

45 So. Mesa View Ave
PO. Box 460627
Leeds, UT 84746-0627

PRESIDENT: DON STEPHENS
VICE PRESIDENT: THOMAS STIRLING
SEC. TREASURE: SANDRA BROWNING

879-2441
879-2357
879-2345

SUSAN SAVAGE
PAUL DENSLEY
ROBERT COXEY

879-2207
879-2206
879-2376

the man who dug our well, to get a copy of our Well Rights Log, Robert was told that the Rural Water Rights, who has an office in Cedar City would have a copy. We need three copies on hand for future use.

Al Rhodes told Robert to be sure that we change the oil when we start up the well this coming spring.

Robert is writing two letter for the well head and spring head protection program and will have the board members read them for their approval. Also their are signs that the IDWA need to put up that are required by the state.

The chain link fence, around the well, is in the planning for Spring. The fenced in area will be approximately 20 feet by 30 feet to enclose the pump house. Razor wire may be used around the top and a four foot gate was suggested, just enough for a man to get through.

COMMERCIAL RATE CHANGE: The rate change must be completed and commercial shareholder notified before the end of the year.

The rate change will also be presented to the shareholders at the February 8th meeting at 8:00 p.m. But their approval is not necessary.

COMMERCIAL RATES: Paul Densley told the board that we need to come up with a structured commercial rate.

Some suggestions discussed by board members were:

Don Stephens presented three items.

1. Averaging meters is "OUT".
2. Each meter stands alone each month.
3. Increase base rate by X dollars.

Paul Densley suggested that we charge commercial rates to \$16.00 dollars a month for 10,000 gallons of water (instead of 40,000 gallons). Commercial accounts can recover water rates.

Robert Coxey suggested that meters could be a larger size.

Don told the board that each commercial account must be looked at separately.

We need to have a formula to follow.

We need a definition for Commercial rates to cover all businesses such as, RV and motel, Cottage industry, manufacturing, and etc. Duplex rate must be decided on also.

Base rate can be the same for all users. And then charge for overages.

Residences have one share for each hookup but commercial can be required to have more than one water tap depending on the amount of water used in doing business.

It was decided to table the issue of commercial rates until more research can be done. The board will meet in executive session soon to create the new commercial billing procedure.

BAD DEBT: Don Stephens will communicate with the shareholders that are late with payments.

Robert Coxey moved to adjourn.

Handwritten: Hansen
Dec
Leeds Domestic Waterusers Assn.
376 South Main Street
PO. Box 460627
Leeds, UT 84746-0627

EDWA BOARD				
PRESIDENT:	GENE HANSEN	879-2271	SUSAN SAVAGE	879-2207
VICE PRESIDENT:	DON STEPHENS	879-2441	THOMAS STIRLING	879-2357
SEC. TREASURE:	SANDRA BROWNING	879-2345	BERT LEANY	879-2901

The agenda for the regular Shareholder's meeting to be held February _____ shall include the following items;

1- Article IX, section 4 of the Bylaws state in part "To determine the number of shares to be sold, the Board of Directors will reserve 310,000 gallons of water per year per Shareholder, plus a reasonable reserve to support fire fighting, leakage, and other obligations".

This is not definitive enough since the amount held in reserve is not defined.

The Board of Directors proposes that this sentence be changed to read "To determine the number of shares to be sold, the Board of Directors will reserve 392,000 gallons of water per year per Shareholder. This figure includes a reserve to support fire fighting, leakage, and other obligations."

Year end 1994

Balance Sheet for the Current Fiscal Year.

Assets

<u>Current Assets</u>	<u>Actual</u>
Accounts Receivable	4,927.81
Cash 1	6,385.34
Cash 2	36,301.63
FS-CD (1611215)	12,254.55
FS-CD (2098481)	10,000.00
FS-CD (9910767)	6,730.87
Total Current Assets	76,600.20
<u>Fixed Assets</u>	
82 Storage Tank	89,465.25
90 Storage Tank	93,408.19
Furniture & Fixtures	1,234.95
Irrigation Co.Stck (2 shr...	6,400.00
land (16.73 acres)	48,182.00
Pipelines,tank,mtrs,hydrn...	245,070.18
Total Fixed Assets	483,760.57
Total Assets	560,360.77

Liabilities

<u>Current Liabilities</u>	
Sales Tax Payable	119.17
Total Current Liabilities	119.17
<u>Long-Term Liabilities</u>	
82 Tanks (Uth Wtr Rsrc no...	6,461.50
90 Tank(Uth Wtr Rsrc note)	51,212.93
Total Long-term Liabilities	57,674.43
Total Liabilities	57,793.60

Owners Equity

<u>Equity Accounts</u>	
Retained Earnings	111,559.87
Stockholder's Equity	391,007.30
Net Income	0.00
Total Equity Accounts	502,567.17
Total Liabilities and Owners Equity	560,360.77

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December 13, 1995

TO: COMMERCIAL WATERUSERS

FROM: LDWA BOARD OF DIRECTORS

SUBJECT: CHANGES IN COMMERCIAL WATER RATES.

1. Pursuant to Article 10, Section 3 of the Bylaws, the following changes will be made to the water use rates for the year 1996.

A. Rates for single family residences remain the same as 1995 rates.

B. New and separate rates shall be established for Commercial and Industrial uses.

C. Commercial and Industrial use is defined as follows:

Class 1: Industrial properties: Which includes manufacturing establishments, public meeting places, and those commercial operations where water is a major part of their business, such as; car wash, laundry faculties, electro plating, public swimming pool and etc. Class 1 also includes businesses which comprise a mixture of class 1, 2, or 3 businesses.

Class 2: Properties designed to accommodate commercial enterprise, such as; stores, office buildings, garages, restaurants, motels, RV parks, camping grounds, and etc. where water is not a major part of the business.

Class 3: Multiple family dwellings, include duplexes, apartment buildings acquired to produce income. and mobile home parks where mobile homes are anchored and otherwise fixed for long term occupancy and are not serviced by a separate meter for each unit.

D. Specifically excluded from commercial rates are those businesses conducted out of the home where culinary water use is incidental to the business and not an essential and integral part of it. Including Insurance sales, tax preparation, building contracting, arts and crafts; and so forth.

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December 13, 1995

E. Changes in rates are as follows:

1. Overuse charges shall be assessed each month for each meter. Each meter stands alone for all service connections.

2. In months where meters are not read, such as; December, January and February, any overuse shall be averaged for the months in which the meters are not read.

3. The monthly service charge shall remain at \$16.00 per month.

4. The service charge for commercial users includes the first 20,000 gallons of water used. The next 20,000 gallons will cost sixty cents per 1,000 gallons used. For each 1,000 gallons over 40,000 gallons per month, the cost remains as is; at \$1.00 per 1,000 gallon.

5. New Class 1 rates will be reviewed by the board of directors at the time the service connection is made. Rates will be established at that time.

Existing Class 1 rates have been reviewed by the board and will be the same as rates described above.

6. These new rates shall be effective January 1, 1996.

Signed,

