

LEEDS DOMESTIC WATERUSERS

15 South Main
P.O. Box 460627
Leeds, Ut. 84746-0627

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|---------------------|-----------------|----------|----------------|----------|
| President | Scott Hayes | 879-2457 | David Stirling | 879-2090 |
| Vice President | Scott Ricci | 879-2150 | Ray Beal | 879-2238 |
| Secretary/Treasurer | Sandra Browning | 879-2345 | Ron Whitmer | 879-1968 |
| Water Master | Jim Parnell | 879-2854 | | |

January 27, 2005

The Leeds Domestic Waterusers Association Meeting Agenda:

At the Leeds Town Hall at 7 p.m.

Those in attendance:

Welcome:

Prayer:

Pledge:

Minutes:

Financial Statement:

Water Report: Scott Ricci

Shareholder's concerns:

Amendment to By-Laws Don Goddard

Water Bill: Greg Palmer

Water Overage: Jerry Obrey

Water pressurized valves and other items: Frank Jackson

619-0750 CELL FRANK

619-0815 HELPGE TEND

TUE-SAT

New Business:

Cellular phones

Water System Manager

Assignments for the February Shareholder's meeting and go over the budget:

Old Business:

Kayla Brown's letter from December

Shareholder Meeting

2/8/05

EX MEETING TOWN HALL

WED. FEB 2 7:00

WATER TEST

Silver Reef Highlands problems and update:

Sitla update:

Board member reports:

Scott Hayes:

Scott Ricci:

Ray Beal:

Ron Whitmer:

Dave Stirling:

Meeting adjourned:

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January 27, 2005

LDWA monthly meeting at the Leeds Town Hall
Thursday, at 7 p.m.

Those in attendance: President Scott Hayes, Vice President Scott Ricci, Ray Beal, Ron Whitmer, David Stirling, and Secretary Sandra Browning. Shareholders: Don Goddard and Dale Barnes.

Welcome: Scott Hayes

Pledge: Ray Beal

Prayer: David Stirling

Minutes: The minutes for November 2004 were discussed with corrections made and Scott Ricci made a motion to accept the corrected minutes and David Stirling seconded the motion and all approved. There was no meeting held in December, but we did have a joint Christmas Dinner with the Town of Leeds employees at Molly's Restaurant.

Financial Statement: The check registry and the profit and loss statement were gone over for the months of November and December and Ray Beal moved to approve the check registries and the monthly profit and loss statements for November and December and Scott Ricci seconded the motion and all approved.

Water Report: Scott Ricci told the board that we had good water tests in November and December. In January we had rains and flooding in our area and so the State asked us to do several water tests to make sure our water was bacteria free. We did take several investigative water test and on January 12 we had coliform in the water. The spring was chlorinated. The monthly water test for January was a good test. We also took an Alpha Beta water test. We have one more Alpha Beta test to take this year and then we will not have to take the test again for three years.

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Water Overage: Scott Hayes turned the time over to Jerry Obrey who asked to be on the agenda. Jerry went on a trip and one of his water lines broke causing a water overage. Jerry said he fixed the leak as soon as he got home. He asked if the board would wavier this overage for he has always paid his bills on time in the past. Ray Beal made a motion that we waive the \$66.00 owed to LDWA since it was in the winter and there was plenty of water. David Stirling seconded the motion and all agreed.

Water Bill: Greg Palmer wrote a note to the LDWA Board asking to wavier the late fees on his water bill over the past several months. The board decided that they would not wavier his late fees. Mr. Palmer came before the board about six months ago and asked to have the late charges removed from his water bill and the board did wavier the charges at that time. However, Mr. Palmer did not continue to keep up with his water payments as he promised. The board decided that Greg could work off the late charge if he so desired. Scott H. asked Sandra Browning to write Greg a letter and tell him that if he would pay off the monthly charges that the board would be glad to let him work off the late charges.

Damage to Frank Jackson's property: Frank Jackson came to the water meeting to ask for reimbursement for damages that LDWA did when they looped a water line on his property and promised to clean up the damage and did not do so. After much consideration Ron Whitmer made a motion that LDWA credit Mr. Jackson's account for the damage done to his property and David Stirling seconded the motion and all the board members agreed.

LDWA should have cleaned up the damage after completing the loop in the water line. Mr. Jackson has paid his water bills in the past and has been very cooperative. Mr. Jackson will be credited \$500.00 on his water bill

Amendment to by-laws presented by Don Goddard.

Don Goddard with the help of his attorney, John Maybey, wrote a new Article IX , Section 5 for LDWA's bylaws that he would like to be approved by the board and voted on in our annual Shareholders meeting to be held, February 8th, 2005.

The amendment states that developers shall provide the association with both sufficient water rights and sufficient water from a water source before connecting to LDWA's water system,. such as, a new well or water contracted from other sources.

Don feels that LDWA should not accept water rights "only" from developers who want to build in our area. He feels they should provide a sufficient water source also, before connecting to the association's water system. If we continue to take water rights only the wells in the area could dry up from new development use. He told the board that he has a lawyer and if his well dries up he will take LDWA to court.

It was suggested that the board members research the amendment and then have our lawyer go over it and then the board will meet in an executive meeting to express their findings and go over our lawyers findings and then vote on this amendment. At this time if the board feels that the shareholders should vote on this amendment, a special shareholder's meeting will be scheduled. There is not enough time to have a vote on it at the Feb. 8th. shareholder's meeting, but a special shareholders meeting can be called.. A copy of this amendment will be attached to these minutes - January 27, 2005. Each board member has a copy of the amendment to study. Scott Hayes told the board that we are going to get to the point where this water system will have to change the bylaws concerning water taps.

We need to stick to our guns with what we classify as a development and what water rights and water a developer needs to bring into our system.

Scott H. said that as far as the water rights and a water source provide; this is the question we need to decide upon tonight if we want to go along with this amendment.

Ron Whitmer said he would not feel comfortable approving this amendment at the present time until he finds out what other towns in the area are doing with similar problems. Scott Hayes stated there is not enough time for the board members to research this amendment and have our lawyer look it over before our shareholder's meeting, but we can plan to do the research and if and when the board approves this amendment a special shareholder's meeting can be called. The board members all agreed with Scott H.

NEW BUSINESS:

Cellular phones: Scott Hayes suggested that instead of LDWA paying full price for a cellular phone for the President and Water operator and maybe the Vice President, that LDWA consider paying each cell phone owner \$50.00 per month to go toward their own phone. The board felt that this was a good idea and could save LDWA money. We will talk about it at the next executive meeting. We will look into "T" Mobile, Verizon, and others.

The contract with Sprint Cellular phone service has been cancelled and we are being charged a huge fee so Scott Hayes will cancel the Sprint service immediately.

Water System Operator: Jim Parnell gave Scott Hayes his three weeks notice of resignation of his job as water system operator for LDWA around December 7th. 2004, This would take effect 12/31/04. He also wrote a letter of resignation.

LDWA put an ad in the Spectrum Paper, for a water operator and received several resumes.

It was suggested that we interview the applicants that live close to or in the Town of Leeds first. So we will set up a date for an executive meeting for this purpose. February 3rd. was decided upon if we can get the Leeds Town Hall at 7 p.m.

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We will be interviewing three applicants Brett Comas, Michael Boone, and Colin Korpi. at different times during the evening. We want someone close to Leeds with some knowledge of water systems, plus they need to be willing to be trained if they are not already certified.

Payment Box: Scott Hayes told the board that at the last Town Meeting, the Town approved LDWA's payment box being placed at the Town Hall and Scott Hayes and George Fridell will find a place to secure it so it can't be removed. The payment box is in front of Coy Wiley's place at the present time.

Board Member assignments for February's Annual Shareholder's meeting:

Welcome: Scott Hayes

Pledge: Ray Beal

Prayer: To be announced

Minutes of 2004 annual shareholders meeting read to the shareholders by Sandra Browning

2005 Budget explained by Scott Hayes

Water Tests and Reports for 2004 by Scott Ricci

Accomplishments of 2004 David Striling

Goals for the year 2005 Ron Whitmer

Shareholder's question and answer period conducted by Ray Beal

incharge of the election: Scott Hayes

OLD BUSINESS:

Letter from Kayla Brown: Kayla Brown sent a letter to LDWA asking for a copy of a letter that LDWA received some months ago. This letter was misplaced and we have not been able to find it. We have asked Richard Freeman to send us a copy, but we received no reply. So we are unable to send a copy to Kayla. Kayla also wanted in writing the answer to the question "Has LDWA or do they plan to assist Leeds Irrigation Company in their effort to pipe the irrigation ditch that runs through the Silver Reef Estates Subdivision?" And Sandra Browning was asked to write the letter and send it to Kayla. And the answer to the question is that LDWA has not helped the irrigation company. Kayla also asked for a copy of our by-laws.

Silver Reef Highlands update: Scott Ricci explained to the board that The Land Mark Testing and Engineering Company, has been hired by Silver Reef Highlands to check the work done by Sunland Construction Company in installing the water lines, tank, and roads. The Land Mark Company has come out and tested nearly 30 times. However, there has not been any testing up by the new tank. Scott R. told Bush and Gudgell that he

I WAS CALLED
BUT THE INSP. DID
NOT SHOW

wanted to be at the tank when the welding was inspected for he knows what the welding should look like, but he was not called. He hopes the welding was inspected. We have test reports from them from 10-18-04 to 1-19-05. On the maps the pink area is where the testing was done and the blue dots are where the density tests were done and the green dots are an area of below finished grade. They have actually done pretty good on their inspections. They said that the hydrants have been inspected. Scott H. said he was told that not all of the hydrants have shutoffs, but Scott Ricci said that some of the shutoffs were on the other side of the street and he would check this out tomorrow. Scott R. told the board he found that some of the lines did not have any pipe in them and he had to show the construction company. The construction company will also be doing the tie-ins. The trenches in some areas were not buried deep enough.. Scott R. said that when they start coating the tank we have to make sure the coating is applied right and the density of the coating both inside and out is checked to be evenly applied. Scott said that the construction company used a good quality vinyl water pipe.

WERE NOT INSTALLED AS SHOWN ON THE G-DRAW

Leaks in Our water System: There are some leaks that need to be checkout and fixed. The leak by the Yin Silver Reef was made by the contractor and they need to repair it. There is a leak out in the field by the Leeds Cemetery which is our water line and it needs to be fixed. Until we can fix the leak, a valve can turn off the water. The water leak by the tunnel is not our water. (Going to Angel Springs).

Sitla update: There was no update.

Letter to Bert Leany: Scott H. asked Sandra Browning to write a letter to Bert Leany to accept his offer to reduce the amount of money we owe him for his "A" Irrigation water for the Irrigation Company will not let us transfer his "A" water to the spring. And that was why we bought the water in the first place. Sandra will write the letter.

Ray Beal put the budget for 2005 together and then went over it with the board members. The finished 2005 Budget will be sent to the shareholders and discussed at the Annual Shareholder's Meeting..

Scott Hayes: Sandra Browning was asked to send a thank you note to the Fire Department for the safety equipment they gave us. She said she will send them a thank you note.

Scott Ricci: The source protection plan is due now. There are several leaks in our water system that need to be fixed. One leak is down by the cemetery, a leak has developed by

Ray Beal's place, there is a leak by the "Y" that goes to Silver Reef, and there seems to be a wet spot by the new tank that should be checked out as soon as possible.

No other board member had anything that needed to be discussed.

Meeting adjourned: Ray Beal

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FEBRUARY 3RD. 2005

SPECIAL EXECUTIVE MEETING AT THE TOWN HALL
THURSDAY, FEB. 3RD. 2005 AT 7 P.M.

THOSE PRESENT: PRESIDENT SCOTT HAYES, VICE PRESIDENT SCOTT RICCI, RAY BEAL, DAVID STIRLING, RON WHITMER, AND SANDRA BROWNING. ALSO KEN MILLER AND MR. DRAKE REPRESENTING SITLA. CANDIDATES FOR THE NEW WATER OPERATOR'S POSITION. WERE PRESENT FOR INDIVIDUAL INTERVIEWS. BRETT COMAS, MICHAEL BOONE, AND COLIN KORPI.

WELCOME: PRESIDENT SCOTT HAYES

SITLA: KEN MILLER REPRESENTING SITLA ASKED FOR A FEW MINUTES TO PRESENT WHAT HE FOUND ABOUT WATER AVAILABLE FOR THE SITLA DEVELOPMENT.

KEN MILLER FOUND THAT OUR WELL PUMPS ARE EACH 15 AMPS AND EACH PUMP CAN PUMP 155 GALLONS A MINUTE. BUT HE WAS NOT SURE THAT BOTH PUMPS COULD BE RUN AT THE SAME TIME, HOWEVER, THE LDWA BOARD SAID THEY THOUGHT THE PUMPS HAVE BEEN RUN AT THE SAME TIME. (THIS WILL HAVE TO BE CHECKED OUT.) IF BOTH PUMPS RUN AT THE SAME TIME THEY WILL PROVIDE 300 GALLONS PER MINUTE. THE ONLY WAY TO FIND OUT IF BOTH PUMPS RUN AT THE SAME TIME IS TO BRING IN ANOTHER METER IN AND CHECK OUT THE FLOW. TO PROVIDE MORE WATER FROM THE WELL MR. RHODES, THE MAN WHO INSTALLED OUR LAST TWO PUMPS TO THE WELL, TOLD MR. MILLER TO TRADE THE SECOND 15 AMP PUMP ON THE BOTTOM FOR A 30 AMP PUMP. THIS WOULD COST APPROXIMATELY \$14,000.00. THE CAPACITY IS DEFINITELY IN THE WELL.

SCOTT RICCI EXPLAINED THAT AS THE WELL IS NOW, WE CAN NOT FURNISH WATER FOR THE SITLA SUBDIVISION. IT COULD RUN DRY. AN AUTOMATED WATER SYSTEM WOULD HELP TO REDUCE THE IMPACT ON OUR SYSTEM BY CONNECTING ALL THE TANKS TOGETHER AND KEEPING THE WATER LEVEL OF THE TANKS THE SAME AND THE TANKS AND LINES COULD BE MONITORED.

DURING THE DROUGHT WE HAD SHORT PERIODS OF NOT BEING ABLE TO PUMP ENOUGH WATER AS BEING USED
NO

KEN MILLER SAID THAT THERE ARE FORMULAS THAT WE CAN USE TO SEE IF THERE IS A POSSIBILITY TO RUN A WELL DRY. HE DOUBTS IF OUR WELL OR ANY OTHERS WILL RUN DRY.

MR. MILLER WAS TOLD THAT WE HAVE PEOPLE THREATING TO SUE LDWA IF THEIR WELLS RUN DRY IN THE ATTEMPT TO FURNISH WATER TO SITLA'S SUBDIVISION.

RAY BEAL SAID THAT CONSTANT RUNNING OF THE WELL COULD HAMPER THE SPRING AND THIS SHOULD BE TAKEN INTO CONSIDERATION.

THE LDWA BOARD INTERVIEWED THREE APPLICANTS FOR A NEW WATER OPERATOR. BRETT COMAS, MICHAEL BOONE, AND COLIN KORPI. AFTER THE INTERVIEWS THE BOARD DISCUSSED EACH CANDIDATE AND DECIDED UPON COLIN KORPI TO BE THE NEW WATER OPERATOR, FOR HE IS CLOSE BY AT ANGEL SPRINGS AND RUNS THEIR WATER OPERATION.. WE WILL OFFER HIM \$13.00 AN HOUR FOR UP TO 20 HOURS A WEEK PLUS MILEAGE. HE WILL ALSO DO BLUE STAKES ON HIS E-MAIL WHICH IS A PLUS. HE IS A CERTIFIED WATER OPERATOR AND PLANS TO CONTINUE TO TAKE CLASSES TO CERTIFY TO HIGH LEVELS. WE HOPE THAT HE WILL BE A GOOD OPERATOR FOR LDWA.

BUDGET 2005 WAS DISCUSSED AND THE ASSIGNMENTS FOR THE YEARLY SHAREHOLDER'S MEETING WERE HANDED OUT. SUGGESTIONS FOR NEW BOARD MEMBERS WERE SHARED..

MEETING ADJOURNED BY RAY BEAL

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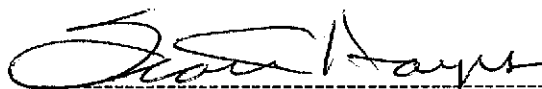
ATTENTION LDWA SHAREHOLDERS

IN ACCORDANCE WITH LDWA'S BYLAWS - THIS IS A NOTICE OF THE ANNUAL SHAREHOLDER'S MEETING TO BE HELD ON THE FIRST TUESDAY IN FEBRUARY OR AS CLOSE TO THIS DATE AS POSSIBLE WHEN THE TOWN HALL IS AVAILABLE - WHICH IS FEBRUARY 8TH. AT 7 P.M.

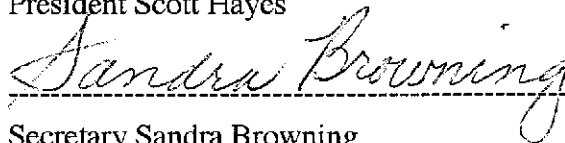
DATE AND TIME: FEBRUARY 8TH, 2005 AT 7 P.M. IN THE LEEDS TOWN HALL.

THERE WILL BE AN ELECTION OF TWO MEMBERS FOR THE BOARD OF DIRECTORS.

ALL SHAREHOLDER'S ARE ENCOURAGED TO ATTEND THIS ONCE A YEAR MEETING TO PARTICIPATE AND VOTE FOR THE PERSONS OF THEIR CHOSE.



President Scott Hayes



Secretary Sandra Browning

WED. 2/10 3:00 PM Town Hall
LEEDS TOWN MEETING

SAT 2/12 11:00 AM EX. MEETING

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14-17 FEB
VIGIL. M.M.
Boomer

February 8th 2005

L.D.W. A. ANNUAL SHAREHOLDER'S MEETING AGENDA

PLACE: LEEDS TOWN HALL AT 7 P.M.

DATE: TUESDAY, FEBRUARY 8TH.

SHAREHOLER'S SIGN IN. DISTRIBUTION OF VOTING BALLOTS AND 2005 BUDGET.

WELCOME: SCOTT HAYES

PLEDGE: RAY BEAL

PRAYER:

MINUTES OF FEBUARY 5, 2004 SHAREHOLDER'S MEETING READ BY SANDRA BROWNING.

APPROVAL OF THE MINUTES BY THE SHAREHOLDERS.

THE 2005 BUDGET EXPLAINED.....PRESIDENT SCOTT HAYES

WATER TESTS AND REPORTS FOR 2004SCOTT RICCI

ACCOMPLISHMENTS OF 2004.....DAVE STIRLING

GOALS FOR 2005.....RON WHITMER

SHAREHOLDER'S QUESTION AND ANSWER PERIOD - DO TO THE INTEREST OF TIME THE SHAREHOLDER'S LIMITED TO TWO MINUTES PER COMMENT AND RESPONSE.

ELECTION OF TWO BOARD OF DIRECTORS THIS YEAR.

SCOTT HAYES AND RAY BEAL - TERMS HAVE EXPIRED.

FOUR NAMES NOMINATED FOR THE TWO VANCANCIES ON THE LDWA
BOARD OF DIRECTORS.

BALLOTS VOTED ON.

BALLOTS COLLECTED BY HELPERS APPOINTED BY PRES.SCOTT HAYES.

RESULT OF THE ABOVE VOTE.

MEETING ADJOURNED.

BOARD TO MEET IN EXECUTIVE SESSION TO ELECT NEW OFFICERS AND
TAKE THE OATH OF OFFICE.

EXECUTIVE MEETING ADOURNED.

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February 8, 2005

THE LEEDS DOMESTIC WATER USERS ANNUAL MEETING

FEBRUARY 8TH. 2005, TUESDAY AT 7 P.M.

AT THE LEEDS TOWN HALL AT 7 P.M.

THOSE IN ATTENDANCE PRESIDENT SCOTT HAYES, VICE PRESIDENT SCOTT RICCI. RAY BEAL, RON WHITMER, AND SANDRA BROWNING. DAVID STIRLING WAS EXCUSED. 40 PEOPLE WERE PRESENT AND 33 SHAREHOLDERS SIGNED IN AND PICKED UP THEIR VOTING BALLOTS AND THE NEW 2005 BUDGET.

WELCOME: PRESIDENT SCOTT HAYES

PLEDGE: RON WHITMER

PRAYER: RAY BEAL

THE MINUTES OF THE FEBRUARY 4TH. 2004 SHAREHOLDER'S MEETING WERE READ AND SCOTT RICCI MOVED TO APPROVE THE MINUTES AS READ AND RAY BEAL SECONDED THE MOTION AND ALL APPROVED.

THE 2005 BUDGET: SCOTT HAYES EXPLAINED TO THE SHAREHOLDERS THAT THE NEW 2005 BUDGET HAS BUDGETED TO START A NEW BUILDING FOR LDWA,

A NEW COMPUTER/PRINTER AND PROGRAM FOR THE ACCOUNTING DEPARTMENT.

ELECTRONIC MEASURING SYSTEM FOR WATER TANK SHUT OFF & AUTOMATIC METER READING SYSTEM.

SCOTT H. STATED THE PROFIT AND LOSS STATEMENT, THE INCOME STATEMENT AND THE NEW BUDGET WERE IN THE BLACK.

WATER TESTS:

SCOTT RICCI EXPLAINED THAT WE HAD A GOOD YEAR WITH ONLY ONE BAD WATER TEST. COLIFORMS WERE PRESENT AND THE WATER LINES WERE CHLORINATED AND RETESTING WAS DONE WITH GOOD RESULTS.

IN 2004 WE WERE REQUIRED TO TEST FOR NITRITES, LEAD AND COPPER, AND ETC. AND ALL TESTS WERE GOOD. WE ALSO DID THE RADIONUCIDES THAT NEED TO BE DONE 4 TIMES IN ONE - EVERY FIVE YEARS.

WITH THE HELP FROM RWAU WE COMPLETED OUR CCR REPORT . (THE COMSUMER CONFIDENCE REPORT). AND IT WAS A GOOD REPORT AND THE REPORT WAS MADE AVAILABLE TO SHAREHOLDERS AND QUITE A FEW DID ASK FOR THIS REPORT.

WE ARE STILL WORKING ON OUR SOURCE PROTECTION REPORT.

WE HAVE CHLORINATED SEVERAL TIMES THIS YEAR TO MAKE SURE OUR WATER CONTAINS NO BACTERIA.

THE IDEA OF AN INJECTION PUMP TO BE PURCHASED WAS CONSIDERED. THS WOULD GET INTO THE WATER LINES IN DEAD AREAS OR LOOPED LINES AND SO WE WILL NOT HAVE TO CHLORINATE THE WHOLE SYSTEM.

ACCOMPLISHMENTS FOR 2005 BY RAY BEAL

SILVER REEF SPECIAL SERVICE DISTRICT MERGED WITH LDWA.

WE HAVE SPENT MUCH OF OUR TIME THIS YEAR WORKING WITH SILVER REEF HIGHLANDS ON THEIR SUBDIVISION
THEIR SUBDIVISION BROUGHT IN A NEW WATER TANK. PLACEMENT
OUR BOARD MEMBERS HELPED TO DECIDE THE SIZE OF THE TANK,
PLACEMENT OF TANK, AND WATER FLOW REQUIRED. THE BOARD ALSO
HELPED DECIDE ON THE SIZE OF THE WATER LINES.

SCOTT RICCI SPENT MUCH TIME INSPECTING THE PROGRESS OF THE SRH NEW DEVELOPMENT AND MAKED SURE THE PIPE WAS PROPERLY BEDDED AND PLACED. THANKS SCOTT!!!

THERE WILL BE 27 LOTS IN THIS PROJECT.

SITLA OR THE SCHOOL TRUST LANDS DEVELOPMENT HAS MET WITH LDWA AND PLANS TO PROCEED WITH THEIR SUBDIVISION SOON. AT PRESENT, PHASE I WILL INCLUDE 44 LOTS OF DEVELOPMENT. A PARK IS ALSO PLANNED AND LDWA WILL FURNISH THE WATER THERE.

WE ACCEPTED BERT LEANY'S OFFER TO LOWER THE AMOUNT THAT

LDWA PAID FOR HIS "A" IRRIGATION WATER SHARES; FOR THE IRRIGATION COMPANY WOULD NOT ALLOW US TO TRANSFER THE WATER TO THE SPRING WHICH WAS OUR INTENSION WHEN WE BOUGHT THE WATER.

LDWA TOOK OVER THE TESTING AND MAINTENANCE OF ALL THE FIRE HYDRANTS. THE WATER OPERATOR AND BOARD MEMBERS COMPLETED THIS YEAR'S TESTING. THE "ISO" REPORT WAS DONE FROM THE HYDRANT TESTING TO DETERMINE THE QUALITY OF OUR WATER SYSTEM WHICH HELPS DECIDE WHAT RATE THE INSURANCE COMPANIES WILL USE. THE 2003 CCR REPORT WAS COMPLETED (THE CUSTOMER CONFIDENCE REPORT) AND MADE IT AVAILABLE TO THE SHAREHOLDERS WHO WERE INTERESTED.

LDWA PURCHASED VESTS FOR THE WATER METER READERS SO HOME OWNERS WOULD RECOGNIZE THEM.

MANY LEAKS WERE FIXED ON MAIN STREET AND ALSO IN SILVER REEF.

GOALS FOR THE YEAR 2005: RON WHITMER;

1. SILVER REEF HIGHLANDS SUBDIVISION TO BE PUT ON LINE.
2. WANT TO CONSTRUCT A BUILDING FOR LDWA FOR STAORAGE AND AN OFFICE.
3. SITLA, SCHOOL TRUST LANDS IS GOING FORWARD WITH THEIR SUBDIVISION AND THIS WILL REQUIRE MUCH EFFORT AND WORK FROM LDWA.
4. UPGRADE WATER LINES AND ELIMINATE WATER LEAKS FROM OUR WATER SYSTEM.
5. ELECTRONIC MEASURING SYSTEM ON TANKS.
6. NEW COMPUTER/PRINTER FOR BOOKKEEPING
7. NEW ACCOUNTING SYSTEM FOR NEW COMPUTER.
8. ELECTRONIC METERS.

SHAREHOLDER'S QUESTION AND ANSWER PERIOD:

DON FAWSON THANKED THE WATER BOARD FOR ALL THE WORK THEY HAVE DONE FOR THE SHAREHOLDERS. HE ASKED HOW OVERWHELMING IS THE WATER JOB?

ANSWER: THE WATER COMPANY IS A BIG JOB, BUT THE BOARD ENJOY THE WORK.

QUESTION: JIM BRAY ALSO WANTED TO EXPRESS GRATITUDE FOR ALL THE WORK THE BOARD MEMBERS HAVE DONE. HIS GENERAL CONCERN WAS HOW WE ARE GOING TO GET ADDITIONAL WATER TO SERVICE THE NEW SUBDIVISIONS THAT ARE DEVELOPING IN THE CITY LIMITS.

ANSWER: THE NEW DEVELOPMENTS WILL HAVE TO FURNISH THEIR OWN WATER FOR THEIR SUBDIVISIONS, SUCH AS, THE WASHINGTON COUNTY SPECIAL SERVICE DISTRICT. THEY WANT TO POOL ALL THEIR WATER TOGETHER AND WHEN DIFFERENT AREAS NEW WATER THEY CAN GET IT FROM THE WATER CONSERVANCY FOR A FEE.

: MAYOR NORMA GIER ALSO EXPRESSED HER GRATITUDE TO THE BOARD AND WANTED THE SHAREHOLDERS TO KNOW THAT THE BOARD MEMBERS HAVE MET OFTEN WITH THE TOWN AND TRIED TO WORK WITH THEM AS MUCH AS POSSIBLE.

DON GODDARD:

QUESTION: WHEN ARE THE BY-LAWS GOING TO BE UPDATED AND MODERNIZED?

ANSWER: A SHAREHOLDER HAS VOLUNTEERED TO HELP REWRITE THE BY-LAWS AND WE PLAN TO GET STARTED SOON.

VOTING:

TWO OF OUR BOARD MEMBERS TERMS HAVE EXPIRED. SCOTT HAYES AND RAY BEAL. WE WILL VOTE TO REPLACE THEM.

FOUR NAMES NEED TO BE NOMINATED AND SHAREHOLDERS WILL VOTE FOR TWO OF THE FOUR. DON GODDARD ASKED THAT EACH NOMINATED SHAREHOLDER SHARE HIS FEELINGS AS TO HOW THEY CAN BENEFIT LDWA AS A BOARD MEMBER.

PENNY WESTON SERVED AS A BOARD MEMBER BEFORE AND IS FAMILIAR WITH THE NEEDS OF LDWA.

BRETT COMAS HAS WORKED WITH WATER AND HAS DONE WORK ON WATER LINES.

KIRK MCCULLOUGH IS NEW TO THE TOWN AND TO THE WATER COMPANY, BUT IS EXCITED TO BE INVOLVED IN COMMUNITY SERVICE.

JARED WESTHOFF HAS BEEN IN LEEDS FOR SEVERAL YEARS NOW AND ENJOYS BEING A PART OF THE COMMUNITY AND WOULD BE WILLING TO LEARN ABOUT THE WATER SERVICE AND HELP OUT.

THE FOUR NOMINATED FOR BOARD MEMBERS WERE PENNY WESTON, BRETT COMAS, KIRK MCCULLOUGH, AND JARED WESTHOFF.

ELDON STIRLING AND FRED FRIESE PICKED UP THE COMPLETED BALLOTS AND COUNTED THEM.

THE NEW BOARD MEMBERS WERE PENNY WESTON AND KIRK MCCULLOUGH.

RAY BEAL MOVED TO ADJOURN THE MEETING.

THE NEW BOARD MET IN EXECUTIVE SESSION FOR NEW BOARD MEMBERS TO TAKE THE OATH OF OFFICE AND THE NEW PRESIDENT AND VICE PRESIDENT WERE ELECTED. PENNY WESTON AND KIRK MCCULLOUGH TOOK THE OATH OF OFFICE. THE NEW PRESIDENT SELECTED WAS KIRK MCCULLOUGH AND THE VICE PRESIDENT WAS RON WHITMER. THE EXECUTIVE MEETING WAS ADJOURNED.

BUDGET FOR 2005

| INCOME | INCOME | EXPENSE |
|------------------------------------|--------------|----------|
| 4100 CERTIFICATES SALES | 43,450.00 | |
| 4200 RESIDENTUAL USE | 91,534.62 | |
| 4300 COMMERCIAL USE | 20,689.76 | |
| 2004 CASH RESERVE | 79,896.54 | |
| | | |
| TOTAL INCOME | \$235,570.95 | |
| | | |
| EXPENSE | | |
| WATER SAMPLING, TESTS | | 900.00 |
| METER READING | | 1800.00 |
| OUTSIDE LABOR | | 13000.00 |
| BLUE STAKES | | 300.00 |
| PARTS EXPENSE | | 19745.95 |
| CEL PHONE | | 1200.00 |
| UTAH POWER | | 8000.00 |
| LEEDS IRRIGATION | | 5000.00 |
| OFFICE SUPPLIES | | 3500.00 |
| TOOLS, ETC. OTHERS | | 2000.00 |
| ADVERTISING | | 300.00 |
| POSTAGE | | 2000.00 |
| MILEAGE | | 5000.00 |
| DUES & FEES | | 500.00 |
| ENTERTAINMENT | | 500.00 |
| ACCOUNTING | | 2600.00 |
| BANK FEES | | 25.00 |
| ENGINEERING | | 1000.00 |
| INSURANCE | | 8500.00 |
| WAGES (SECRETARY) | | 11000.00 |
| WAGES (WATER OPERATOR) | | 15000.00 |
| FED TAX | | 5000.00 |
| USE PERMITS, FOREST SERVICE & ETC. | | 1000.00 |
| TOWN OF LEEDS | | 200.00 |
| OTHER FEES | | 1 00.00 |
| STATE TAX | | 900.00 |
| PROPERTY -COUNTY | | 400.00 |
| STATE PERMITS | | 100.00 |
| BERT LEANY | | 7500.00 |

| | | |
|--------------------------------------|--------------|--------|
| BUILDING | 20,000.00 | 35,000 |
| NEW WATER LINES | 25,000.00 | |
| ELECTRONIC MEASURING SYSTEM ON TANKS | 30,000.00 | 15,000 |
| NEW COMPUTER/PRINTER | 3,500.00 | |
| NEW ACCOUNTING SYSTEM | 10,000.00 | |
| AUTO METER READING SYSTEM | 30,000.00 | |
| | | |
| TOTAL EXPENSE | \$235,570.95 | |

LEEDS DOMESTIC WATERUSERS

255 South Main St.

P.O. Box 460621

Leeds, Ut. 84746-0627

| | | | | |
|---------------------|-----------------|----------|----------------|----------|
| President | Kirk McCullough | 879-6858 | David Stirling | 879-2090 |
| Vice President | Ron Whitmer | 879-1968 | Scott Ricci | 879-2150 |
| Secretary/Treasurer | Sandra Browning | 879-2345 | Penny Weston | 879-2170 |
| Water Master | Colin Korpi | 879-2940 | | |

March 31, 2005

The Leeds Domestic Waterusers Association Meeting Agenda:

At the Town Hall at 7 p.m.

Those in attendance:

Welcome: President Kirk McCullough

Prayer:

Pledge:

Minutes:

Financial Reports:

Water Testing: Scott Ricci

Water Services sold so far this year (2005)*

Developer looking for water:

Rick Sant

Update on Silver Reef Highlands:

Bill from Sunland Construction for leak that they may have caused. *

Rhodes Brothers Estimate for new 30 HP Pump for better pumping capacity of the well.*

Water Operator's Report: Colin Korpi

Ask Who the Weaver hookup is?

Payment Box: Moved from Coy Wiley to the Town Hall.

President and Board Members' Comments:

Moved to adjourn the meeting

* Handout

CHECK REGISTRY FOR THE MONTH OF FEBRUARY 2005

| | | | | |
|---------|------|-----------------|---------|---------------------------|
| 2/01/05 | 3585 | POSTMASTER | 148.00 | POSTAGE |
| 2/01/05 | 3586 | USDA | 225.00 | PERMIT FEE-Forest Service |
| 2/01/05 | 3587 | SPRINT | 330.79 | CELL PHONES |
| 2/01/05 | 3588 | Sandra Browning | 729.27 | WAGES |
| 2/01/05 | 3589 | Sandra Browning | 85.12 | MILEAGE |
| 2/01/05 | 3589 | Sandra Browning | 29.52 | OFFICE SUPPLIES |
| 2/01/05 | 3589 | Sandra Browning | 4.05 | POSTAGE-reports to State |
| 2/01/05 | 3590 | WELLS FARGO B. | 142.46 | FED WH 941 |
| 2/06/05 | 3591 | Sunland Const.. | 2577.64 | Broken water line fixed |
| 2/06/05 | 3592 | M. G. Aldred | 405.00 | Asphalt patch -55 N. Main |
| 2/06/05 | 3593 | UT POWER | 4.45 | ELDH WELL PUMP |
| 2/06/05 | 3593 | UT POWER | 207.86 | LDWA WELL PUMP |
| 2/07/05 | 3594 | BLUE STAKES | 50.00 | Annual membership fee |
| 2/07/05 | 3595 | Sandra Browning | 30.25 | Office supplies-Envelopes |
| 2/07/05 | 3596 | Kelly Johnson | 12.00 | Apply on water bill |
| | | Total | 4981.41 | |

LEEDS DOMESTIC WATERUSERS

255 South Main St.

P.O. Box 460621

Leeds, Ut. 84746-0627

| | | | | |
|---------------------|-----------------|----------|----------------|----------|
| President | Kirk McCullough | 879-6858 | David Stirling | 879-2090 |
| Vice President | Ron Whitmer | 879-1968 | Scott Ricci | 879-2150 |
| Secretary/Treasurer | Sandra Browning | 879-2345 | Penny Weston | 879-2170 |
| Water Master | Colin Korpi | 879-2940 | | |

March 31, 2005

The Leeds Domestic Waterusers Association's monthly meeting

Place: Leeds Town Hall

Time: 7 p.m.

Those in attendance: President Kirk McCullough, Scott Ricci, David Stirling, Penny Weston, Sandra Browning, Colin Korpi (New water operator). And Mr. Sant, a developer

Welcome: Kirk McCullough

Prayer: David Stirling

Pledge: Kirk

Minutes: Corrections were made and Scott Ricci moved to approve the minutes and Kirk seconded the motion and all approved.

Financial Reports: The financial reports were discussed and Scott Ricci made a motion to approve the January and February check registry and the profit and loss statements for January and February and David Stirling seconded the motion and all approved.

Water Testing: Scott Ricci told the board that he did the final water test for the Gross Alpha Beta tests (he had to do three tests this month and then we have five years before we test again. We also did the Pesticides and the VOC's The two tests will cost us aver \$1000.00. These two tests were only done at the spring. We did have a bad water test at SUU and this test was redone and we did have a good reading.

Water Certificates sold so far in 2005:

Hyrum Lefler & Debbie Shakespear – build a home to sell.

Michael Boone build a one family dwelling.

Aaron Schimbeck build a one family dwelling.

Three shareholder's plan to build homes on property where water was included in the purchase price.

Dean and Kayla Brown in Eldorado Hills

Terry and Mary Jane Bleak in Eldorado Hills

Issac and Bonnie Fordham in Alberta Pace Subdivision.

New Developer: Mr. Rich Sant plans to do a development West of the Wells Fargo Museum and he has 7.2 acres of land to develop with 54 acre feet of mining water or 9 shares, which he would like to use as his source of water for his development and he asked if this was possible. The board told him to talk with the State to see if they will approve the mining water transfer. The State may reduce the amount of the water of the mining shares by half. He had to meet the fire flow requirements. He will have to annex to the town of Leeds which could take around a year to complete. Mr. Sant told the board that he will contact the State about about his mining water and then talk with the Leeds Town about annexing into the city limits. Mr. Sant told the board that he does not have any mercury on his property. Then he will be back to meet with the LDWA Board. There are many new developers that want to build in our area soon. Some developers will use Washington County Conservancy for their water.

Bill from Sunland Construction: LDWA was billed for a water leak from Sunland Constuction that the board feels was caused by the contractor's big equipment used in the Silver Reef Highlands Development. Kirk M. will talk with Mr. Young and work out a solution.

Rhodes Brothers Estimate for a new 30 HP pump: We received an estimate for a larger pump for our well so we can get more water out of the well to provide water for the Silver Reef Highlands Development and Sitla's Development. The board felt at the present time that we would not proceed with the new pump. If it is needed in the future, then the new subdivisions could pay for the new pump.

New Water Opertator's Report: Colin Korpi has been with us for five week so far and he has repaired several leaks in our system and has chlorinated some lines and took water tests as needed. He has also done some marking for blue states for Ron Thompson's new water line north of town. Colin feels that we need to move some of our meters in the system.

Payment Box: The Town of Leeds okayed LDWA'S payment box at Coy Wiley's home to be placed at the Town Hall, but the board decided that at the present time it would not be moved.

President and board members comments:

Scott Ricci: Land mark has inspected much of the work done by Sunland Construction, but the inspection is not complete at the present time.

Allen Young, contractor, was told that he must go by the minimum requirements of the Town of St. George for installing water lines, tanks, and etc., but has not always done so. Scott R. suggested that LDWA do a walk through of the subdivision without the Sunland people. We will do our own walk through and make our own check list and also list things that need to be accomplished before we will turn on the water. The lines will need to be tested, flushed, and sterilized before we can put water in the new lines.

David Stirling: David got a bid to replace LDWA's bad water line on main street. We can do this when the irrigation company and Water Conservancy District put a line through Town. The bid was \$13.53 a foot to replace the pipe on main street. The old pipe is an inferior pipe and probably will continue to break and leak.

Moved to adjourn the meeting.

CHECK REGISTRY FOR THE MONTH OF MARCH 2005

| | | | | |
|---------|------|------------------|------------|-----------------|
| 3/03/05 | 3597 | COLIN KORPI | 270.05 | WAGES |
| 3/03/05 | 3598 | COLIN KORPI | 29.44 | MILEAGE |
| 3/03/05 | 3599 | SANDRA BROWNING | 729.27 | WAGES |
| 3/03/05 | 3600 | SANDRA BROWNING | 85.12 | MILEAGE |
| 3/03/05 | 3601 | WELLS FARGO BANK | 188.36 | FED WH. 941 |
| 3/03/05 | 3602 | UTAH POWER | 194.74 | LDWA WELL PUMP |
| 3/03/05 | 3602 | UTAH POWER | 4.45 | ELDH WELL PUMP |
| 3/03/05 | 3603 | SUU | 70.00 | WATER TESTS |
| 3/03/05 | 3604 | POSTMASTER | 148.00 | POSTAGE |
| 3/14/05 | 3605 | SUU | 115.00 | WATER TESTS |
| 3/14/05 | 3606 | LEEDS WATER CO. | 107.63 | IRRIG.ASSES |
| 3/14/05 | 3607 | ROYCE BROWNING | 200.00 | NEW CERTIFICATE |
| 3/14/05 | 3608 | KELLY JOHNSON | 28.00 | WATER BILL |
| 3/14/05 | 3609 | KELLY JOHNSON | 115.50 | READ METERS |
| 3/27/05 | 3610 | USDA | 25.79 | WATER PERMIT |
| 3/29/05 | 3611 | STAPLES | 36.00 | ENVELOPES |
| 3/31/05 | 3612 | POSTMASTER | 74.00 | POSTAGE |
| | | TOTAL | \$2,421.35 | |

LEEDS DOMESTIC WATERUSERS

255 South Main St.
P.O. Box 460621
Leeds, Ut. 84746-0627

| | | | | |
|---------------------|-----------------|----------|----------------|----------|
| President | Kirk McCullough | 879-6858 | David Stirling | 879-2090 |
| Vice President | Ron Whitmer | 879-1968 | Scott Ricci | 879-2150 |
| Secretary/Treasurer | Sandra Browning | 879-2345 | Penny Weston | 879-2170 |
| Water Master | Colin Korpi | 879-2940 | | |

April 21, 2005

The Leeds Domestic Waterusers Association Meeting Agenda;
At the Town Hall at 7 p.m.

Those in attendance:

Welcome: President Kirk McCullough

Prayer:

Pledge:

Minutes:

Financial Statement:

Water Testing: Scott Ricci

New Sitla Development:

115 AC 44 LOT

KEN MILLER

TODAY IS WHAT WE NEED

Bill from Sunland Construction:

\$1700 - PAID

MON. 4/25
9:00 AM

Walk the lines on SRH Development:

Water Operator's Report:

President and Board Members Business

President interested in looping all our water lines in our system.

Moved to adjourn the meeting

Hyd. Meter USE MAKE UP USAGE SHEET

LEEDS DOMESTIC WATERUSERS

255 South Main St.

P.O. Box 460621

Leeds, Ut. 84746-0627

| | | | | |
|---------------------|-----------------|----------|----------------|----------|
| President | Kirk McCullough | 879-6858 | David Stirling | 879-2090 |
| Vice President | Ron Whitmer | 879-1968 | Scott Ricci | 879-2150 |
| Secretary/Treasurer | Sandra Browning | 879-2345 | Penny Weston | 879-2170 |
| Water Master | Colin Korpi | 879-2940 | | |

April 21, 2005

The Leeds Domestic Waterusers Association Monthly Meeting:

At the Town Hall at 7 p.m.

Those in attendance: President Kirk McCullough, Vice President Ron Whitmer, Scott Ricci, Penny Weston, Colin Korpi, Norma Gier (Mayor of Leeds), Sandra Browning and Representatives from Sitla. Curt Gordon, Rich Hafer and Ken Miller. Also Jerry Browning and Ken Orton from Rural Water of Utah were present.

Welcome: President Kirk McCullough

Prayer President Kirk McCullough

Pledge: Ron Whitmer

Minutes: The minutes were discussed and Kirk McCullough moved to approve the minutes and Ron Whitmer seconded the motion and all approved.

Financial Reports: The check registry and the profit and loss statement were discussed and Scott Ricci moved to approve the check registry and the profit and Loss statement and Kirk McCullough seconded the motion and all approved.

Water Testing: Scott Ricci: The VOC's and the Pesticides Test had to be re-tested because the bottles contained chlorine. The re-testing was good. Our monthly water test was taken and contained no bacteria.

New Sitla Development: The Sitla group reminded LDWA that they contributed to the building of the new water tank and the new water lines in the Silver Reef Highland's project. Sitla gave land to Silver Reef Highlands in exchange for water that Sitla needed to start their new development. They plan to begin their project soon. The phase I of their subdivision consists of 44 lots and a portion of their 115 acres is already in the city limits. (4 lots are already annexed into the Town of Leeds. They are in the process of annexing into Leeds the rest of their property.)

70 AC

The Sitla engineer, Ken Miller, told LDWA that if one of the two pumps to the well is updated, there would be enough water in the well to supply water for the new Sitla Subdivision.

LDWA told the Sitla Group that we are hitting our maximum in well capacity. In fact, just a few weeks ago the tanks were very low because of the water use and SRH and Sitla are not on our system at this time. Sitla said they realize that they will be an impact on our system and would like to do their share. They talked of helping to install the automatic controls on our system to keep the tank at peak levels at all times.

The new tank capacity is ~~350 gallons per minute.~~ 320,000 GAL.

They are requesting the same water standards as SRH of .85 of water for each lot.

Sitla wants some time to put things on paper to present LDWA and will get back with LDWA in ten days or so and set up a meeting.

Sitla asked if they could walk the SRH Subdivision with the LDWA Board and they were invited to attend.

CONSTRUCTION EQUIPMENT
Bill From Sunland Construction: The Sunland Construction Company sent LDWA a bill for a water leak on the Silver Reef Highland Subdivision. LDWA felt that the leak was from their heavy trucks going over the water line and creating a leak, but Sunland stated that the water leak was already there before they started construction. We were not sure what caused the leak. LDWA felt that Sunland Construction overcharged when they fixed the leak. We came to an agreement with Sunland and LDWA paid \$1700.00. In the future the board and the contractor should agree on a price and LDWA will require a reasonable bid.

Silver Reef Highland Report:

UNDER
Scott Ricci told the board we can not turn on the water to Silver Reef Highland's water lines until we know that the lines have been sterilized and flushed. If this is not done our complete water system could be contaminated. Scott has not received a report on the quality of the welding done on the new tank. LDWA has not received any tests results on the tank density. The overflow system is not adequate and needs to be corrected. Many other items will not pass inspection. The LDWA board plans a walk through of the Silver Reef Highland's project to check the water lines and tank. This will benefit LDWA and a list will be compiled to present to Dallen Gardner before we will accept the lines and tanks and okay water to be put into the lines. It was decided that the board would walk SRH's water lines on Monday, April 25th. at 8 a.m. The board members will meet at the subdivision.

Each SRH's new shareholders will be charged a connection fee that has not been determined by the board as of yet. A monthly fee and overages has not been determined by LDWA's board members.

Hydrant Meter: It was agreed to raise the cost of using the water hydrant meter to \$2.00 per thousand. Colin Korpi will read the hydrant meters in use on a monthly basis and turn the reading to Sandra Browning to bill the users.

Mayor Norma Gier: Norma Gier suggested that since both the town of Leeds and LDWA are looking for a secretary/treasurer that they go together and hire one person full time for both companies. The board will consider this proposal. Also both the Town and LDWA are considering building a new structure and she suggested that the Town and LDWA build a building together. The town has four and 1/2 acres for a new building to be constructed. The board will take this under consideration. The mayor also reminded the LDWA Board that Utah Power is coming to meet with the Town of Leeds on Saturday, April 30th, at 10 a.m. at the Town Park to discuss what they plan to do to reduce the power outages in Leeds. If it is inclement weather the meeting will be held at the Harrisburg Club house. Everyone needs to attend.

Water Operator's Report: Colin Korpi has been very busy inspecting the SRH Development along with putting in meters for new construction, replacing bad meters, and monitoring the hydrant meters that are in use. The water test was good for the month of April. The new meters Colin Korpi put in were for Dean Brown and Terry Bleak in Eldorado Hills.

President and board members business:

Kirk is interested in looping all our water lines in our system. Kirk will talk to Dallin Gardner about LDWA not received any updates on the progress of SRH.

The meeting was adjourned.

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
June 23, 2005
7:00 P.M.

- I. Call To Order
 1. Welcome
 2. Prayer
 3. Pledge of Allegiance

- II. Review Minutes

- III. Financial Reports

- IV. Business Items
 1. Waterline on Wonder Lane *PRICE NEXT MONTH*
 2. Sitla

- V. LDWA Board Updates
 1. Computer, computer program, and copy machine^{*}
 2. Lab testing (COD & TSS, E-Coli) and training registration
 3. Annual dues to Rural Water Association of Utah
 4. Items for Gary Tanner
 5. Letter to Kirk from Trust Lands Administration
 6. Kirk's signature for bank account forms and Olympus Insurance

- VI. Adjourn

Minutes
LEEDS DOMESTIC WATERUSERS
June 23, 2005

Present: Drake Howell, Curt Gordon, Lawry Snow, Don Goddard, Ken Miller

Board Members Present: Kirk McCullough, Scott Ricci, Penny Weston, Colin Korpi,
Joanne Dawson

Absent: Ron Witmer, David Stirling

Meeting was opened at 7:10 PM by President Kirk McCullough

Welcome: Kirk McCullough

Prayer: Kirk McCullough

Pledge of Allegiance lead by: Kirk McCullough

STANDING BUSINESS

Item: Introduction

Kirk McCullough introduced Joanne Dawson as the new Secretary/Treasurer for LDWA. She is replacing Sandra Browning.

Item: Minutes

There were no minutes for the month of May due to Sandra moving. In review of April's minutes, SITLA made a correction to the bottom of the first page: ("4 lots are already annexed into the Town of Leeds. They are in the process of annexing into Leeds the rest of their property"). It should read: We have 160 acres in town, we just annexed 40 acres.

Approval of the minutes was tabled for additional time to study them.

Item: Financial Reports

No report was made. Joanne said LDWA is waiting for a new computer and computer program. Without a new system in place, bills cannot be paid or payments entered to generate a balance sheet. For the same reason customer bills cannot be sent in July. Instead a bill will be sent in August for both July and August.

AGENDA ITEMS

Item: Waterline on Wonder Lane

Don Goddard said in the 40 years he has lived on Wonder Lane, he has had substandard service. He said they are being served by a 2" steel pipeline that is above ground in some places. This same line has been ripped up by farmer's plows and freezes in winter. Also last year there was a fire in front of Susan Savage's yard coming close to her gas tank. Twenty years ago they had a fire fanned by wind and thought they were going to lose everything. He said they need an 8" waterline to provide better service and fire protection. He would like the board to install this waterline this year or as soon as possible.

Kirk said the information given him included a bid of \$200,000 for such a project even though it is only 6/10 of a mile. He said the problem was that the line would be crossing properties on an angle. The pipeline needs to follow a fence line so farmers don't dig it up. It was proposed that a line connect at Silver Reef Road, go down Wonder Lane, and follow the existing fence lines. Kirk said we need to check the feasibility of this proposal in the next 30 days and get another price on it. Don said they would pay for the hydrants if LDWA paid for the pipeline. Kirk concurred as long as it met with the rules of the company. Kirk wants a decision made in two months.

Item: SITLA

Lawry Snow, representing SITLA, said their intentions are to develop a subdivision very similar in look, feel, and scope as Silver Reef Highlands. They asked for a letter of service from our water company so they can complete the approval process for their subdivision. They feel their development will bring improvements to our water system. They said they will:

1. Upgrade the pump delivery system by replacing a 15 horse power pump with a 30 horse power pump. Ken Miller of Miller Consulting, an engineer, feels it would provide additional infrastructure increasing capacity and safety to our system.
2. Provide fire protection with this increased capacity.
3. Install an automatic metering system. Pump Station
4. Transfer 38 acre feet of water.
5. Promise not to use a previous contractor

Scott questioned how much the water company will benefit. He had three concerns: 1) SITLA's subdivision is a "stand alone system" that does not tie into the old system but overflows from their tank to our tank. 2) Silver Reef would gain some fire

protection but not a lot because of a low pressure situation caused by 4" pipes. The fire protection would improve only if they had 8" pipes. 3) That the automated system will keep the tanks consistently full so we can benefit from the needed overflow. With these concerns the LDWA wants:

1. The automated-metering system
2. Assurance the automated system will keep the tanks full
3. SITLA to loop the system and tie into Eldorado Hills

With the use of a map it was decided SITLA will tie into the LDWA system on Silver Hills Road and their new road way approximately 420 feet (give or take) East of Silver Reef Road. SITLA said they were happy to do this if LDWA gives them an impact fee credit. They also requested feed back from LDWA as to exactly what they are committing to. Penny Weston said the Board needs to have a clear understanding what the impact fee credit will be.

It was proposed that Lawry draft a letter, prepared to the Board's satisfaction, the agreements made by both parties so each will know what SITLA is committing to. This draft will be E-mailed to Kirk for approval.

Curt Gordon said after approval for the subdivision has been made and they have a plat on record it will be six months before they start construction. It will be another six months, a year in all, before the actual building of homes.

BOARD MEETING

Item: Rate Increase

Kirk said our easement with BLM has gone up 400%, from \$125.00 to \$600.00 in a 4 month period. Additionally we have more paid labor involved than ever before. He said we are going to have to have a rate increase in the near future. Scott said we first need to decide what we are going to charge these new subdivisions. He said Silver Reef Highland and the School Trust Land are coming in at .85 per lot and everyone else at 1.2. He felt that even with a bigger pump there would be no guarantee of enough water up there. These subdivisions have only been given rights for .85 and if they use more water they will be dipping into the amount of water the rest of the town uses. Kirk said we would be penalized severely for that. Scott said we should consider sterilizing the one line that permits use of the well. Colin said there is plenty of water running down the creek. Kirk asked for the Board's consideration on this matter and input as what the increase should be.

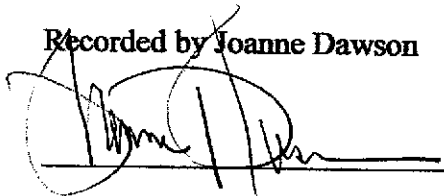
Colin said when using State Money for a loan, the State stipulates water should be \$39.00 a month per person and the hook up fee be \$5,000.00. Scott said we are now charging \$5,000.00 to hook up except for the initial property owners of Eldorado Hills

June 23, 2005
LDWA Minutes
Page 4

who pay \$2,450.00. By way of explanation he said when Eldorado Hills joined they came in with a complete system (infrastructure) and also gave \$35,000.00 to LDWA. However, if the original owners sell their property before connecting, the new owners will pay \$5,000.00. The Board decided to make the subject of rate increase an agenda item for next month.

Adjourned 8:30 PM

Recorded by Joanne Dawson

A handwritten signature in black ink, appearing to be "Joanne Dawson", written over a horizontal line. The signature is stylized and somewhat cursive.

Check Registry
June 2005

| <u>Date</u> | <u>Check #</u> | <u>To The Order Of</u> | <u>Amount</u> | <u>Reference</u> |
|-------------|----------------|------------------------|---------------|------------------------|
| 6/1/05 | 3647 | Utah Power | 4.35 | ELDH Well Pump |
| 6/1/05 | 3648 | Kirk McCullough | 50.00 | Cell Phone |
| 6/1/05 | 3649 | Colin Korpi | 999.28 | Wages |
| 6/1/05 | 3650 | Colin Korpi | 238.04 | Mileage |
| 6/1/05 | 3651 | Joanne Dawson | 192.70 | Wages |
| 6/1/05 | 3652 | Sandra Browning | 729.27 | Wages |
| 6/1/05 | 3653 | Sandra Browning | 119.63 | Mileage |
| 6/1/05 | 3654 | Bert Leany | 7500.00 | Water Share Pymt |
| 6/1/05 | 3655 | Postmaster | 148.00 | Postage |
| 6/2/05 | 3656 | Kelly Johnson | 20.00 | Water Pymt |
| 6/2/05 | 3657 | Kelly Johnson | 124.00 | Meter Reading |
| 6/2/05 | 3658 | Staples | 45.65 | Toner, office supplies |
| 6/2/05 | 3659 | Wells Fargo Bank | 408.50 | 941, Payroll tax |
| 6/2/05 | 3660 | Scholzen's | 589.35 | Meters & parts |
| 6/3/05 | 3661 | Dirtworks | 630.00 | Outside labor |
| 6/8/05 | 3662 | Leavitt Group/STG | 125.00 | Bond on Joanne |
| 6/9/05 | 3663 | Kemp Burdick | 1216.30 | 990 Financial |
| 6/27/05 | 3664 | Olympus Insurance | 1014.00 | Annual Renewal |
| | | TOTAL | 14,154.07 | |

**Proposal
2005 Budget**

| | Income | | Expense | |
|--------------------------------------|--------|----------------------|---------|--|
| | 2005 | | 2005 | |
| Income | | | | |
| 4100 Certificate sales | \$ | 43,450.00 | | |
| Transfer fee | \$ | - | | |
| 4200 Residential Use | \$ | 91,534.62 | | |
| 4300 Commercial Use | \$ | 20,689.76 | | |
| 4250 Late Fee | \$ | - | | |
| 2004 cash reserves | \$ | 79,896.57 | | |
| | \$ | - | | |
| Total Income | | \$ 235,570.95 | | |
| Expense | | | | |
| Water Sampling, tests | \$ | 900.00 | | |
| Meter reading outside Labor | \$ | 1,800.00 | | |
| Blue Stakes | \$ | 13,000.00 | | |
| Parts expense | \$ | 300.00 | | |
| Cel Phone | \$ | 19,745.95 | | |
| Utah Power | \$ | 1,200.00 | | |
| Leeds Irrigation | \$ | 8,000.00 | | |
| Office Supplies | \$ | 5,000.00 | | |
| Tools, Etc, others | \$ | 3,500.00 | | |
| Advertising | \$ | 2,000.00 | | |
| Postmaster | \$ | 300.00 | | |
| Millage Expense | \$ | 2,000.00 | | |
| Dues, and Fees | \$ | 5,000.00 | | |
| Entertainment | \$ | 500.00 | | |
| Accounting | \$ | 500.00 | | |
| Bank fees | \$ | 2,600.00 | | |
| Engineering | \$ | 25.00 | | |
| Insurance | \$ | 1,000.00 | | |
| wages, (Sec.Treas. Billing,) | \$ | 8,500.00 | | |
| Wages (Water operator) | \$ | 11,000.00 | | |
| Fed Tax | \$ | 15,000.00 | | |
| Use Permits, Forest, | \$ | 5,000.00 | | |
| Leeds Town | \$ | 1,000.00 | | |
| Other fees | \$ | 200.00 | | |
| State Emp. Tax | \$ | 100.00 | | |
| Property Tax | \$ | 900.00 | | |
| State permit | \$ | 400.00 | | |
| Burt Leany Loan | \$ | 100.00 | | |
| | \$ | 7,500.00 | | |
| | \$ | - | | |
| | \$ | - | | |
| Building | \$ | 35,000.00 | | |
| New water lines | \$ | 25,000.00 | | |
| Prove up sources | \$ | - | | |
| Electronic Measuring system on tanks | \$ | 15,000.00 | | |
| New Computer/printer [approved] | \$ | 3,500.00 | | |
| New Accounting System | \$ | 10,000.00 | | |
| Auto Meter reading System | \$ | 30,000.00 | | |
| Electronic Meters. | \$ | - | | |
| Water purchase | \$ | - | | |
| | \$ | - | | |
| Total Expense | | \$ 235,570.95 | | |

**ATTENTION
TO ALL LEEDS DOMESTIC WATERUSERS
REGARDING
JULY'S WATER BILL**

LDWA has moved its office and is currently in transition from an outdated computer program to one that will meet the growing needs of Leeds. To accommodate this transition there will be **no bill sent in the month of July**. However, in August you will receive a bill for both July and August. We ask that you plan accordingly, and we apologize for any inconvenience. Thank you for your patience.

If you have any questions call 879-2022.

Check Registry
July 2005

| <u>Date</u> | <u>Check #</u> | <u>To The Order Of</u> | <u>Amount</u> | <u>Reference</u> |
|-------------|----------------|----------------------------|---------------|---------------------------|
| 7/4/05 | 3665 | Best Buy | 1900.40 | Computer/Printer |
| 7/6/05 | 3666 | Colin Korpi | 842.35 | Wages |
| 7/6/05 | 3667 | Colin Korpi | 367.21 | Mileage |
| 7/6/05 | 3668 | Joanne Dawson | 740.98 | Wages |
| 7/6/05 | 3669 | Joanne Dawson | 32.59 | Mileage |
| 7/6/05 | 3670 | Wells Fargo Bank | 330.36 | 941, payroll tax |
| 7/6/05 | 3671 | State Tax Comm | 215.00 | 2 nd Qtr taxes |
| 7/6/05 | 3672 | Kirk McCullough | 50.00 | Cell Phone |
| 7/18/05 | 3673 | Kelly Johnson | 132.50 | Meter Readings |
| 7/18/05 | 3674 | Kelly Johnson | 20.00 | Water Bill |
| 7/18/05 | 3675 | Ut Unemployment Comp. Fund | 24.78 | 2 nd Qtr taxes |
| 7/31/05 | 3676 | Kemp & Burdick | 88.50 | Financial Statements |
| 7/31/05 | 3677 | City of St. George | 8.00 | Water Testing |
| 7/31/05 | 3678 | Dirtworks | 760.00 | Outside Labor |
| 7/31/05 | 3679 | Rural Water Assoc. | 215.00 | Annual Dues |
| 7/31/05 | 3680 | Scholzen's | 325.20 | Meter & Parts |
| 7/31/05 | 3681 | Utah Power | 9.11 | ELDH Well Pump |
| 7/31/05 | 3682 | MG Allred | 435.00 | Outside Labor |
| | | TOTAL | 6,496.98 | |

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
August 4, 2005
7:00 P.M.

- I. Call To Order
 - 1. Welcome
 - 2. Prayer
 - 3. Pledge of Allegiance

- II. Review Minutes

- III. Financial Reports

- IV. Business Items
 - 1. Don Goddard/Waterline on Wonder Lane
 - 2. Running Water Line on Property Owned by Alberta Pace
 - 3. Water Lines and Hydrant for Rey Storker's Property (Future Storage Units)
 - 4. Billing Hydrants
 - 5. PRV on Main Line
 - 6. Proposed Rate Increase

- V. LDWA Board Items
 - 1. Computer Program
 - 2. Vests for Meter Readers

- VI. Adjourn

Minutes
LEEDS DOMESTIC WATERUSERS
August 4, 2005

Present: Don Goddard, Greg Morrison, Alberta Pace, Neil Pace, Dallin Gardner

Board Members Present: Kirk McCullough, Scott Ricci, Colin Korpi, Ron Whitmer, David Stirling, Joanne Dawson

Absent: Penny Weston

Meeting was opened at 7:05 PM by President Kirk McCullough

Welcome: Kirk McCullough

Prayer: Ron Whitmer

Pledge of Allegiance lead by: Kirk McCullough

STANDING BUSINESS

Item: Minutes

Correction: Page 2, item 3, and Page 3, item 1, change term "automated metering system" with "pump control."

Minutes were approved.

Item: Financial Reports

A separate check registry was provided for June, 2005, and July, 2005. A Profit and Loss sheet was not available this month due to problems with the computer program.

AGENDA ITEMS

Item: Waterline on Wonder Lane

Don Goddard said last month's proposal for placement of the pipeline is the better way. It was proposed last month that a line connect at Silver Reef Road, go down Wonder Lane, and follow the existing fence lines. It was questioned why the need for an 8" pipe instead of a 6" one. Ron wondered if there were plans for future development. Don, speaking for himself, could not see any changes in the near future. However he felt there was a need for an 8" pipe to cover their concerns for fire safety. He said the gas tank along the freeway could easily become ignited. David asked if any bids had been made on this proposal. There had been talk with various people but none had been made. Kirk asked Colin to get someone to give an estimate on the cost of this proposal.

Scott asked Don if he had talked with the people wanting to develop North of him. Don said the developers have problems. 1) They cannot get a right-of-way across the gully because of the protection law of imminent domain. He said Susan wrote a letter to the mayor saying the family would allow a right-of-way into Madison Junction but only if it is cemented and has a locked gate limiting access to emergency vehicles only. 2) If they use the North part of Wonder Lane across the gully, the County says they need to have asphalt. And, 3) there is the question of cost and how to assign responsibility for it

Item: Irrigation Proposal

Don Goddard suggested when the pipeline for the pressurized irrigation system goes through town, and a number of people want to purchase water taps, that LDWA pick up the cost of connecting those taps. The cost of connection would be approximately \$400.00. The property owners would then agree to reduce their culinary use to 15,000 or 20,000 gallons a month and sign a contract to that effect. He felt this would give LDWA another 10,000 to 15,000 gallons of water to use elsewhere. Ron asked if property owners would be leasing the water or buying shares of irrigation. Don said they would be purchasing shares.

Scott felt this would cut too much into the company's revenue. With less money coming in and more going out, LDWA would have to increase their rates. He said much of their revenue comes from people using culinary water to irrigate trees and gardens. With the irrigation system in place, culinary use would stop. Colin said the advantage of having this system would be the "phenomenal increase" of water being saved. Water would not be diverted to gopher holes, trees, or debris. The Board agreed there would be a saving of water but the concern of depleting revenue still remains.

Item: Waterline on Alberta Pace's Property

Alberta Pace introduced Greg Morrison from the Market Street Investment Group. She said this Group purchased 67 acres of mountain top from her and are ready to develop the mountain. She said she is building a road through 8 acres of commercial land up to the line of their property. She said Ron Thompson has brought his water line down to their road and will be running it down to Leeds. He told her there are two different ways to buy water from him. The first would be to wholesale to LDWA then have LDWA retail to them (their preference). The second would be to retail to them without going through LDWA.

Alberta feels it would benefit LDWA to buy wholesale. The wholesale amount per share would be \$2,000. The retail would be about \$5,000. She said between her, Market Street, and Bob Anderson combined there are 90 acres. That would be 130-150 hookups making at least \$300,000 for LDWA plus monthly. She said that Ron

Thompson's sell of monthly water is quite reasonable and feels certain our money would double. She said in the 32 years she has lived here, she has never seen LDWA have enough water or enough money. She feels this proposal would solve both problems. She also encouraged the Board to talk with Ron and get the exact figures from him and have him answer any questions.

Greg Morrison said the development would be done "in one shot." He said they would be single family dwellings on one acre lots. He said they are not planning on having any more than 90-100 lots. Scott asked if there has been any plat planning with the city. Greg said no because they are working out some other details.

Ron Whitmer asked how they are going to get water pressure up the mountain. Alberta said they are putting in a 12" line. She said the highest point of the mountain is 100 feet lower than Anderson Junction. She said they have engineers working on it. Scott said that would be 40 pounds of pressure and asked if the County has inspected the line. She said yes and that Ron Thompson is "keeping tabs on it." His people are putting the line together including the welding of the seams. Colin felt there would be an additional expense to LDWA because of the need to provide maintenance, testing, billing and installation of meters. Alberta said as developers they are required to "pay up front" so we would be able to meet those expenses. Kirk's concern was if we should have a shortage of water would they have access to our water. David wondered if there would be a mixing of well and spring water. David felt we would be setting precedence; if we get water from Ron Thompson, then somebody down the road will want us to do the same for them and eventually the water will have to be mixed to meet the demand. Alberta said they are required to have 2 sources of water in case one fails and didn't think they would have to mix. She said their system would be good for ecology. That Ron Thompson will not allow anybody to hookup to his water supply if they have septic tanks. She said the water will not go into the ground but will be filtered instead to make the water reusable enough to irrigate or even drink. It would be 99% pure. She said this filtered water could go into Leeds irrigation system. Scott said it would have to be tested all the time. Alberta said the developer would do the testing.

Kirk was not comfortable making a decision until the Board researched into this water pooling agreement and had a chance to discuss it. Alberta suggested we get an attorney to help us. Greg offered to be a "go between" us and Ron and assist anyway he can. Greg needs to know our direction so he can make plans accordingly. Scott asked Greg to give us a draft copy of a contract so we can "legal check" the proposal.

Item: Rey Stoker's Property/Storage Units

Colin said he gave Rey house pressures for Pecan and Mulberry and told him he would get the hydrant pressures to him later. He also gave Rey the Fire Chief's name and number but Rey has not called back.

Kirk said Rey's line would come in this side of the cemetery up to Cemetery Road. He said its coming off a 6" line on Mulberry but feeds off an 8" line and asked if it is adequate enough for hydrants. Scott said it is acceptable but he needs the calculations for that length of pipe. If Rey's engineers found the culvert that goes under the freeway, this project will allow us to tie into the cemetery if we want to. Colin said there is some property over there that belongs to some Leeds residents. It goes up the hill almost to Angell Spring's tank.

Kirk said Rey is not allowed to do anything until he meets with us and has his engineer's plans on paper. He needs our approval, the County's approval and the Fire Chief's approval. He is still a long way from being ready.

Item: Billing Hydrants

Colin said we need a policy in place to bill contractors who take our meters. He feels they should pay a deposit and be billed monthly. He said we are losing a lot of money. Contractors are using 40,000 to 50,000 gallons of water and not paying for it. In some instances they are keeping the meters for 3 or 4 months. He said a recent reading of a meter was approaching 100,000 gallon usage. He also said he lent a meter to a property owner at 150 Silver Hills Road that needs to be billed. He said meters cost about \$400.00.

A policy was proposed and approved:

- 1) \$600.00 deposit (150% of the cost for a meter and refundable)
- 2) \$20.00 minimum charge for one day or up to 20,000 gallons used
- 3) 20,000 to 60,000 gallons, \$2.00 per 1,000 gallons used
- 4) 60,000 gallons and over, \$3.00 per 1,000 gallons used
- 5) \$50.00 a month plus usage after 30 days

Joanne was asked to prepare a contract for meter or hydrant users, make copies of signed contracts for all parties involved, and to bill them.

Item: Dallin Gardner

Dallin Gardner wanted a detailed list of what he needed to do to get approval and complete his project. He wanted enough clarification to be able to communicate with contractors on what they need to do. After a lengthy discussion, this was the list the Board says he needs:

1. Pipe testing
2. System sterilization (it was agreed LDWA would do this)
3. Fix damaged water meter
4. Have concrete enclosures for air vents (done)
5. Aggregate base on the access road
6. Road base around the tank removed and replaced

7. A 2% grade on the water tank bench
8. Water meter connections (done)
9. Fire Hydrants (done)
10. Lids on finished airways
11. The discharge line under the tank needs a number 14 screen on it and should be above grade 12 and 24 inches

Dallin wanted to know the Board's position on dividing the \$1,800 cost by Sunland to relocate the water meter replacement. He said according to his notes the cost would be divided 3 ways. Kirk said he told Alan we were not going to pay for it. It is the contractor's responsibility. Their operator admitted it. Dallin was told that we need to approve the corrections, the BLM and Forest Service needs to approve, and the county needs to check for compliance of code.

Item: PRV On Mainline

Kirk asked if we have PRVs on our mainline controlling water pressure. Colin said we have 5 to 7 of them. Colin said it shows up as valves on the bill. Scott said according to the State the pressure should be at 35 but some people want higher. Colin said in Silver Meadows they had over 200 PSI. The PRV blew a 6" line down there. Kirk said he is seeing some age in the line and fears a number of problems in the near future. Colin said last week we had 3 leaks in town. One in Silver Reef; a 1" poly hose that wore from vibration. One on Wells Fargo Drive that involved paying an asphalt company to repair. And the other was at 195 Center Street; it had to be moved to the easement where it belongs and the yard reseeded. Colin said the good news about all 3 leaks was that nobody was home the whole week they were repaired.

Item: Proposed Rate Increase

Kirk said easements with the BLM went up \$125.00 for 6 months to \$600.00. Our cost of maintenance is also going up and that we are looking at a necessary rate increase. Colin said when he went to a financial meeting for Angell Springs, the State said their water bill should be \$39.00 a month for 20,000 gallons and the impact fees and hookup fees together should be \$5,000. That is where our criteria should be. Scott said the last time we raised rates was in January 2002. He said we went from \$16.00 to \$20.00 for 30,000 gallons. Scott said we also need to decide what we are going to charge homes in Silver Reef Highlands. They are only entitled to .85 acre foot and should not be billed the same price as those who get 1.2. He also said we need to decide on an impact fee. Kirk asked the Board to put together some numbers to present as a proposal for next month's meeting.

BOARD MEETING

Item: Computer Program

Joanne said that Paul Peine was not willing to write a program for the water company but Doug Hall would. Doug said it would take 1 month to prepare and cost about \$3,000. The Board felt that Joanne could find a program already in use for less money and suggested she call the different entities they recommended.

Item: Vests for Meter Readers

Kelly Johnson said they need reflective vests to wear when they are reading the meters. Some property owners thought they were trespassers. Ron said he gave Kelly a couple of vests and that Jim Parnell had some too. Ron said he would call Kelly.

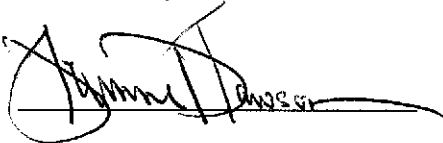
Item: Miscellaneous

Scott reminded Kirk about calling the Brownings about Resource Protection. He says Resource Protection says we are behind and should be in compliance.

Dave proposed that we compensate Scott for all the work he does for the company as an acting water manager. Scott said no thank you. It was proposed we consider getting another water manager and a city manager.

Adjourned 9:25 PM

Recorded by Joanne Dawson

A handwritten signature in black ink, appearing to read 'Joanne Dawson', with a long horizontal flourish extending to the right.

Check Registry
August 2005

| <u>Date</u> | <u>Check #</u> | <u>To The Order Of</u> | <u>Amount</u> | <u>Reference</u> |
|-------------|----------------|------------------------|---------------|------------------|
| 8/4/05 | 3683 | Colin Korpi | 856.19 | Wages |
| 8/4/05 | 3684 | Colin Korpi | 178.88 | Mileage |
| 8/4/05 | 3685 | Joanne Dawson | 873.05 | Wages |
| 8/4/05 | 3686 | Joanne Dawson | 65.28 | Mileage |
| 8/4/05 | 3687 | Wells Fargo Bank | 374.70 | Payroll tax |
| 8/12/05 | 3688 | Postmaster/stamps | 148.00 | Postage |
| 8/19/05 | 3689 | Kelly Johnson | 125.50 | Meter Readings |
| 8/19/05 | 3690 | Kelly Johnson | 20.00 | Water Bill |
| 8/19/05 | 3691 | M.G. Aldred Const | 290.00 | Asphalt Trench |
| 8/16/05 | 3692 | L.E. Cummins Excav | 165.49 | Road Base |
| | | TOTAL | \$3,097.09 | |

Leeds Domestic Water Users Association

Computer Software & Services Proposal

August 22, 2005

(Valid for 90 days)



From:

Kent Jepperson, Sales Executive
kdj@caselle.com

1570 N Main • PO Box 100 • Spanish Fork UT 84660
(800) 228-9851 • (801) 798-1764 fax • www.caselle.com

**LEEDS DOMESTIC WATER USERS ASSOCIATION
Access Database Computer Software/Services Proposal
August 22, 2005**

PROPOSAL SUMMARY

| | <u>Full Service</u> |
|-------------------------------------|-----------------------------|
| Total Software License | \$ 4,000 |
| Less Special Consideration Discount | <3,000> |
| Net Software License | <hr/> \$ 1,000 |
| Total Training | 1,500 |
| Total Conversion & Setup | 1,100 |
| Total Investment | <hr/> \$ 3,600 <hr/> |

A deposit of 50% of the total contract price is required with order.

Two months free support is provided, but only when Caselle's conversion and training are purchased. When Caselle completes the data conversion, a support contract is implemented following the free support. All other support is non-priority and billable as outlined in the support option page.

Support Contract benefits include:

- ◆ Unlimited phone call support for all Caselle application software.
- ◆ Toll-free phone number.
- ◆ Top priority (Goal two hours).
- ◆ Updates and enhancements.
- ◆ Discounts on new releases (Windows, etc.).
- ◆ Basic training for replacement staff (must be scheduled within 60 days of hire date).
- ◆ 50% discount on refresher training.
- ◆ Annual Conference registration discount.
- ◆ Advanced training discount.

Support – After the “qualified” free support, a contract will be \$ 75 per month, billed quarterly.

Call a note from Do we get unlimited phone

**LEEDS DOMESTIC WATER USERS ASSOCIATION
Access Database Computer Software/Services Proposal
August 22, 2005**

| | | |
|--|--|--------------|
| <u>Equipment:</u> | | Not included |
| <u>Operating Software:</u> | | |
| Network Software | | Not included |
| <u>Network Requirements:</u> | Refer to enclosed Caselle System Requirements. | |
| <u>Access Application Software:</u> | | |
| Utility Billing | | \$ 4,000 |
| One Concurrent User License | | Incl. |
| <u>Warranty:</u> | Software – One-Year | Incl. |
| | | \$ 4,000 |
| | Total Software License | \$ 4,000 |
| | Less Special Consideration Discount | <3,000> |
| | | \$ 1,000 |

**Source code is held in escrow with InnovaSafe, Inc. Technology Protection Services
and requires a separate contract, available upon request.**

Training: (At Caselle Location)

| | | |
|-----------------|---------------------|----------|
| Utility Billing | 12 hours one person | \$ 1,500 |
|-----------------|---------------------|----------|

For each twelve-hour class, six hours will be classroom training, and the remaining six hours will be one-on-one conversion review and cleanup with your staff on your data files. Please plan on your staff assisting with clean up for as many days as necessary, depending on the type of information you send and the number of changes. Additional hours will be billed at normal Caselle rates.

Additional people in the same class will each be billed at 25% discount and invoiced when training is complete.

Training hours - 9:00 a.m. to 4:00 p.m.

LEEDS DOMESTIC WATER USERS ASSOCIATION
Access Database Computer Software/Services Proposal
August 22, 2005

Data Conversion & Setup:

We will perform a data conversion from information which you furnish to us. We do not audit or verify the data you submit, although it may be necessary to ask you for clarification of some of the information. **Prior period detail will not be entered.**

Please return all questionnaires and control information sheets that are sent to you. We will ask you to send the first and last page of all reports your system generates for all packages purchased so we can clearly define the information we require. We will then notify you of the reports that need to be sent. The control information sheets along with the requested reports must be submitted before training can be scheduled. If your data can be converted electronically, we will instruct you how to proceed.

Data conversion will be completed as agreed when requested material is received timely and in the format specified by Caselle. **Training will not be scheduled until all preliminary information has been received. Training will be rescheduled if data is not received timely or is incomplete.** Caselle will provide additional cleanup, data entry, or consulting services at the customer's request. These additional services will be billed at the rate of \$125.00 per hour.

Data conversion costs included in this proposal are estimates. Any required adjustments, i.e., additional customer accounts or meters, formats, directories, etc., will be made by invoice upon completion of conversion and training.

It is the customer's responsibility to provide data to Caselle in a readable format. If the Customer is unable to do so, or if data is corrupt or inconsistent, it may be necessary to contract with a third party to assist in gathering and conversion of useable data. Any additional costs incurred for this purpose will be the responsibility of the Customer. Caselle will balance Conversion data to system balances provided by the Customer. If data is to be deleted or omitted at the Customer's request, an additional charge for the deleted records and additional work required to balance to the new total will be billed at \$125 per hour. A letter from the Customer will be required stating that the converted balances have changed per the Customer's request.

Utility Billing: (per directory)

Control file and rate tables will be structured. Customer information will be entered and checked: customer number, name, service address, mailing address, city, state, zip, phone number, meter number, location, deposit amount, deposit date, balances, previous billing's reads, rate tables, nonbills. One format each for bills, delinquent notices and shut-off notices is included. Custom programming to fit specific forms will be charged at normal rates.

\$500 setup + 300 meters @ \$2.00 each =

\$ 1,100

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
August 25, 2005
7:00 P.M.

- I. Call To Order
 - 1. Welcome
 - 2. Prayer
 - 3. Pledge of Allegiance

- II. Review Minutes

- III. Financial Reports

- IV. Business Items
 - 1. Dallin Gardner
 - 2. Rey Storker/Sunrise Engineering
 - 3. Alberta Pace's Proposal
 - 4. Rate Increase Proposal

- V. LDWA Board Items
 - 1. Computer Billing Software
 - 2. Relocate Drop Box
 - 3. Meter Readings

- VI. Adjourn

Minutes
LEEDS DOMESTIC WATERUERS
August 25, 2005

Present: Dallin Gardner, Rey Stoker, Gloria Parnell

Board Members Present: Kirk McCullough, Scott Ricci, Penny Weston, Ron Whitmer, Joanne Dawson

Absent: David Stirling, Colin Korpi

Meeting was opened at 7:06 PM by President Kirk McCullough

Welcome: Kirk McCullough

Prayer: Kirk McCullough

Pledge of Allegiance lead by: Kirk McCullough

STANDING BUSINESS

Item: Minutes and Financial Reports

These items were skipped in order to allow more time for the Business Items on the agenda.

BUSINESS ITEMS

Item: Dallin Gardner: Outlined Discussion

Dallin handed out information packets to the board members. Included in this packet was a list of completed items with documented letters and photos:

1. Sandblasting of inner tank, interior paint, exterior paint, and warranty by Stout Construction documented in a letter signed by Reynold W. Stout. Pictures were submitted showing touch-up paint applied to the tank base retaining ring. (Items 1-4a)
2. Tank Base Soil Density Report by Bush & Gudgell, Inc. approved water tank base compaction and the bearing pressure in a letter signed by Jason L. Tuttle. This test was confirmed in a letter from Dallin Gardner, SRH Development, LLC. (Item 5)
3. Pressure Test on 10" line between Lot #19 and Lots #5 and #9 on Juniper Way was done by Landmark Testing & Engineering. They submitted an inspection report stating the work was in accordance with the building department. The inspector was Justin Bailey, the report was reviewed and stamped with approval by Russell L. Owens. (Item 6)
4. Bush & Gudgell, Inc. reviewed the tank overflow ditch culvert in order to handle the overflow from the tank. Dallin showed a photo of this piping being enlarged. (Item 7)

5. In another letter by Bush & Gudgell, again signed by Jason L. Tuttle, the Silver Reef Highlands water line depth (the depth of cover over the water trunk line is 3 feet) and overflow capacity was found adequate and the 12" culvert under the road also as adequate. (Item 8)

6. Photos were shown for completion of the following (Items 9-11):

- A. Two missing cast iron covers on air vac installation
- B. New tank overflow pipe 12" to 24" above drainage ditch grade with visible #4 screen cover
- C. Broken end of discharge line repaired.

7. Letter from Sunland Construction Incorporated signed by Alan Young gave written warranty for tank site and waterlines of Silver Reef Highlands for a period of one year from their completion date. Letter from SRH Development signed by Dallin Gardner "backs up" the warranty in place of the Sunland Warranty until the Sunland letter of credit is provided. Dallin has requested a Bank Letter of Credit Warranty from Sunland Construction for a one year period in the amount \$23,200. (Item 12)

8. Items that need completion:

- A. Written acceptance by LDWA for Items 1-12
- B. Final system testing and sterilization by LDWA
- C. Tank Base Soil Density
- D. Air Vacs
- E. Change 8" culvert to two 6" or larger pipes adjacent to the 8" culvert
- F. Road base around the water tank
- G. Gravel around the tank and the new road leading to the tank (Sunland Construction agreed to do this)
- H. 12" to 24" fall on the outflow
- I. Repair the outflow pipe
- J. Seeding with BLM seed mix to be completed during the last 2 weeks of October 2005

Item: Rey Stoker/Sunrise Engineering

Rey Stoker is putting in the mini storage units by the freeway annex. He is also responsible for putting in hydrants and meeting with engineers to get water to his property.

Rey said they have 3 hydrants going through the property. He bought the property from Clint Peterson. One of the conditions of the sale was to put an 8" water line in Cemetery Road. Rey was told it would be a simple task of connecting to an existing pipe under the freeway and running a pipeline to Cemetery Road. The project would probably cost \$5,000. He said the referenced pipe is under the freeway approximately 200 feet

North of the overpass. The pipe was put in for the sole purpose of getting water over the West side of the freeway, however, it was put in a bad spot. He said the \$5,000 has turned into \$35,000 to \$50,000.

Showing the board members a map, he thought initially they could come off Mulberry, pick up the pipe, run under the freeway, then follow the edge of the freeway to Cemetery Road. Scott Snow from UDOT said they could not parallel the freeway, but only traverse it at a 90 degree angle. This would put them on the other side of the fence in an environmentally sensitive area: the old CCC Camp. An Environmental Impact Study would be required by the State to access their lane. A right-of-way would also be required to get down to the pipe. This would then put them through another private property which is another wetland and another Environmental Impact Study and another right-of-way. Doing it this way could take at least 2 years, longer than wanted.

The decision was made to start at the cul-de-sac at the end of Pecan Lane, go down Locust Lane then bore under the freeway. Scott Snow said he didn't care where they come into the road as long as they do not encroach the actual on-ramp. There is a wetland between the on-ramp and the freeway and 40 feet of drainage usage. Rey said if they go under the wetlands and not disturb them he will not need a permit. He contacted 3 drilling companies that assured him they can get under far enough to not disturb anything. They can control the direction, the depth, and angle of the drill. A contracted driller will bore a pit down and under the wetlands, the on-ramp, through the drainage usage, and come out on their property. (A "smiling face" configuration with an approximate drop of 400 feet). Sunrise made a topographic view for their engineers and the engineers will prepare plans to do it this way.

The State of Utah requires they obtain an encroachment permit with 2 conditions: 1) They purchase an encroachment permit for \$400 and provide the State with a \$25,000 individual bond for this job. Rey made it clear to anyone bidding the job the permit and bond are part of it. 2) They obtain an encroachment permit from the town of Leeds to come up Locust Lane.

After the State's conditions are met, they will put in the 8" line. Scott Snow said the pressure on that line is 152 pounds. The 8" line is rated at 160 pounds. The State requires they put the pipe in a casing. The wisdom is should one of them fail the freeway will not be washed away; it will be contained. Scott told them he would accept ductile iron or HDPE (High Density Polyurethane). Rey leans towards HDPE. They can get 40' lengths between welds and have a continuous pipe as opposed to ductile with 24' lengths and approximately 19 welds to worry about. Penny wanted to know who would be responsible if one the welds should break. Kirk said it would be LDWA.

The Board feels the 8" line will be adequate. There is nothing to service on that side of the freeway except the cemetery. Steve Lewis (Fire Chief) gave his approval as well.

Niels Fugal is Rey's choice of contractor. They are familiar with this type of drilling. Since they'll have the equipment on site they will do everything: the drilling, the casement, the welding, and running the pipeline through the pit.

The pipe is a plex cove pipe with blue stripes and a 60 PSI. Scott Ricci said they need to have someone witness the welds and that Colin Korpi could be that witness. He said we follow standard specifications.

Rey said they hope to begin drilling in 2 weeks.

Item: Alberta Pace/Water Pooling Agreement

Anything we do on a wholesaling basis is going to tie us to the Pooling Agreement proposal to some degree. All board members were given a complete copy of the agreement this week to review. Kirk encouraged everyone to read it and become familiar with it. He feels we need to understand it better before we can give Alberta an answer.

Market Street Investment Group purchased 67 acres of mountain top from Alberta and are ready to develop. Ron Thompson has brought his water line to their road and will be running it down to Leeds. Ron would like to offer water wholesale to LDWA and have LDWA retail back to them. The other option would be to retail to them without going through LDWA. Ron will supply water to the development with or without us. The Pooling Agreement was written by Ron Thompson. If we decide to buy it wholesale we will have to abide by his agreement. Scott Ricci said the Pooling Agreement is set up for municipalities, not private companies like us.

Penny asked if these people belong to our water company. Scott said the property is not part of Leeds. They would have to annex the property into the city. Kirk said there would be between 120-150 hookups, a revenue of \$300,000 for LDWA plus monthly. He explained that they would sell the water wholesale to us for \$2,000 per share, then we would turn around and retail it for \$5,000 per share.

Gloria Parnell asked if they are requiring Alberta to install a tank on top of the property. Scott said they are installing a 12" pipe and will not need a tank. There will be enough pressure to handle the hydrants and hookups. But they cannot be serviced legally until they are annexed. Kirk said the annexation is number one and number two is researching the pooling agreement.

These were concerns:

- 1) That Ron wants our water. Ron claims he doesn't, just the excess from our usage. It was felt, however, that giving the excess would be one step in that direction.
- 2) It would encourage even more development and more need for water; and
- 3) Bring up the issue of a sewer system. The Pooling Agreement does not allow septic tanks. It would have individual sewer systems know as "membrane systems".

The State approves and prefers this system. Water is treated through these membranes and comes out with water clean enough to irrigate with We would have to convert to this system. Eventually the whole town would have to go to sewer. Kirk said in Washington County there was a 50% increase in water usage to supply sewer systems.

If LDWA decides not to go with the pooling agreement, Alberta will go through the water conservancy. She just felt that we could benefit from this agreement. If LDWA should agree to go with the pooling agreement, Ron Whitmer felt we need to have an attorney assist and protect us with the terms of that agreement.

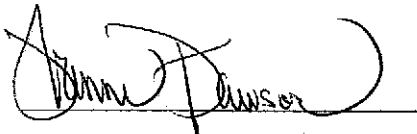
This subject will be a continuing agenda item for the next month's meeting.

BOARD MEETING

There were no items for board discussion due to the length of time needed for the Business Item discussions.

Adjourned 9:40

Recorded by Joanne Dawson

A handwritten signature in black ink, appearing to read 'Joanne Dawson', written over a horizontal line.

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
October 25, 2005
7:00 P.M.

- I. Call to Order
 - 1. Welcome
 - 2. Prayer
 - 3. Pledge of Allegiance
- II. Review Minutes
- III. Financial Reports
- IV. Business Items
 - Water Pooling Agreement
- V. LDWA Board Items
 - Approval for Hydrant/Meter Rental Agreement
- VI. Adjourn

WATER PROOFING #31-4402 (2 25390) SANDHOLLOW CREEK
RAY BEAL

Minutes
LEEDS DOMESTIC WATERUSERS
October 25, 2005

Present: Darrell Nelson, Jim Parnell, Gloria Parnell, Dave Harbour, Jim Vasquez, Joy Stevens, Alice Franks, Don Franks, Dale Barnes, Norma Gier, Neil Pace, Alberta Pace, Don Fawson, Jared Westhoff

Board Members Present: Penny Weston, Scott Ricci, David Stirling, Joanne Dawson, Colin Korpi, Kirk McCullough, Ron Whitmer

Absent: None

Meeting was opened at 7:10 PM By President Kirk McCullough

Welcome: Kirk McCullough

Prayer: Joanne Dawson

Pledge of Allegiance lead by: Kirk McCullough

BUSINESS ITEMS

Item: Water Conservancy Water Pooling Agreement

Kirk declared an open forum and many concerns were expressed:

Penny asked if we would have ownership of our water? Would we be able to pull out of the agreement with ownership? Would we have to pay them? Do we want to become a municipal water company?

Kirk said Ron Thompson, who put the agreement together, wants to wholesale his water to us at \$2,000 a share but only if we sign the agreement. Why can't we have one without the other?

David doesn't want our spring water to be mixed in with water supplied by contractors for new developments.

Scott said the agreement talks about delivery points. He said it isn't clear what a delivery point is. How many delivery points will Leeds have? Six coming down main street for subdivisions to come off from? Or just one? What are delivery points? Ron says he is never going to take our water, but it says we are going to have to use our facilities to the maximum. Why? A few paragraphs later it talks about Municipal Entities. It is not clear what those entities are.

Penny asked who will monitor these "off shoots". Kirk said Ron will sell us the water but we're going to have to service them, maintain them, do the billing, and etc.

Scott said Ron is going to put in a meter and bill us from that meter. Collection from those using the meter will be critical; there are stiff penalties for not paying the conservancy. The conservancy will tack interest on the bill. It also says in the agreement

they can put liens on us. Scott said this is a long term deal with no out. Once you join, you've joined for fifty years.

He feels there is a problem in the fee structure. It's not tied down to any amount of money. There is no way to know how much the infrastructure is going to cost. Ron has some big projects like bringing water in from Page, Arizona. The Federal Government will pick up 70-80% of the cost, but Ron is going to have to pick up some of the cost as well. Ron does not have the money to build that kind of infrastructure without floating a very costly bond. Additionally, this infrastructure will not be built for us but for the southern end of the county where the large growth is going to be. Our share will be "an equal proportional share" leaving us with no control over the amount we are billed. This means rate increases. We are going to have to charge what the conservancy charges us plus their percentage. Scott feels the increase in rates should be for those using Ron's water, not the town. He also said there would be a mixing of our water with theirs and that we should do everything in our power to keep our spring water separate.

Ron made a pact to supply these new subdivisions. The county and Ron are urging these subdivisions outside our boundaries to annex into our town. Scott feels the town should accept these subdivisions. They are coming no matter what and since the people will be using our roads, the town may as well benefit from their property taxes.

Penny said on page 25 it says "within 30 days after the end of each month, the municipal customer shall compile a report detailing the number of all plats and building permits approved for the month and remit payment of applicable Water Availability Charges to the District along with the report." That's a lot of money for the developer and a lot of bookwork for the water company.

Jim suggested that we counter with an offer to obtain the right to keep our spring water separate. Kirk said Ron might accept as long as we pay for everything to do it.

Darrell had a concern about the common wells they propose to put down. How far will these wells go down? Will they affect our aqua level? Will they drop the table down below our wells?

Darrell said that Ron suggested the town buy the water and form their own water company and make LDWA a customer. The Leeds Municipal Water would be part of the pool to supply the new developments but not the town. LDWA would buy water from Leeds Municipal Water to supply the town but not be part of the pool. This way our springs and wells are protected. If we put a byline in the agreement that if ever there is a need to go to the pooling, the town is already a part of it with LDWA as a customer. Scott said Ron has always talked about this being a safe proposition and an easier way to work around the fact that LDWA is a privately owned company. Also Ron only wants to deal with one entity.

Darrell is concerned that Ron will require impact fees from all the developments, and there could be a penalty for joining late. If a half million dollars would have been made in impact fees during that time, Ron might charge approximately 80% of that half million dollars. There could also be a rate increase up to 5% for fees. Scott said the rates

could be more if they have to maintain and service the system. He said there are 3 different fees this could affect: 1) Impact fees which they call the Water Availability Charge, 2) the monthly Water Development Surcharge, and 3) the Wholesale Delivery Charge. If these increases are to be met to their satisfaction, how much will it take?

Penny asked what this would do to the septic system? Kirk said once we sign, it is sewer from that day forward. The Health Department said it is for new developments and is not retroactive. But if ever any water tests dirty, Norma said, they will come directly to Leeds and Leeds will have to shut down all the "septics."

Norma said the Eastside Communities in Washington County got together and hired someone to help them "plow through" this agreement because they didn't know what do to do either. They asked how do you get out of this agreement? Why is there no representation on their board? The conservancy addressed some of the issues and now there is representation. Based on this most of the Eastside Communities are going along with the agreement, though reluctantly, and the only ones who aren't are the ones who have a better agreement now with Ron.

If LDWA is limited in the amount of water it has then that should limit development allowed within the town. You can only supply water to so many people. Dave Harbour feels this limits the town to annexation. He feels there should be a statement in the agreement that would limit an area within the annexation policy plan of the town or require the city to sign off that we are not going to provide water to that entity. Decisions should come through LDWA or the Town of Leeds before Ron automatically makes other agreements. Norma asked who is going to manage the growth of our community? Ron Thompson or the people here?

Dave added that Ron talks about being "developer of individual water sources." If Ron has control of the water sources, can we drill another well or is he going to say we can't? Will this shut us off from additional supplies? Ron refers to "related facilities" quite often. What are they? Another question is surcharge, why have one? Why add 5% to the cost of the water? Why have an unnecessary bookkeeping issue to deal with? Ron talks about a slush fund. What is he going to do with this slush fund? Dave understands the need for operating expenses and new developments, but a slush fund in case we don't have enough money - in case of what? It doesn't say. Scott said it is so open-ended Ron can move money around to do whatever he wants.

Scott said the problem is that we're so small if we join this association the larger population like St. George will take control. Kirk said if we join the pool and they decide to ration water because theirs is so restricted, even though we have enough water for ourselves, we will be cut to the bare minimum in order to supply them and us. Also, if we have a good summer with excess in the creek to benefit us or the irrigation company, we will have to ask for it. Jim read in the agreement that St. George is demanding that they be first in line to get the water and anything left over will go elsewhere. And Hurricane is powerful enough to demand the same thing.

Jared asked if LDWA will be allowed 1.2 acre feet per water tank for some and

.85 for others in desert-scape zones. He said the State doesn't like the fact that Leeds has this much water. Scott said Ron doesn't like it either. Will LDWA still have the flexibility to operate with what it has currently?

Ron wields a lot of influence in Washington County and the State. Penny suggested that we go out of state for an attorney. If the State is going to give in to him, we need outside representation. Norma suggested Rick Hafen. Rick has studied this matter thoroughly and would be a good source to begin asking, what did you think? What did you find? It would help to have someone familiar with the agreement. It has been revised 15 times.

Don Fawson asked is there any long term financial advantage to being involved in this? Will there be long term costs in maintaining? Scott said there would be a high cost to us if Ron were to supply water to a development that is slow in building. A hydrant would have to be opened to move stale water. This is a lot of water at our expense. It is also a given that the water will be mixed and will (eventually) be chlorinated, another expense.

Don asked about fire storage. By supplying water to the town is he supplying for fire protection as well? There has to be a 120,000 gallon supply. Scott said the city permit process includes fire protection. Jared thinks it should be added that a development pay for their development.

Norma expressed the need for expediency. The documents are going to be ready to sign by the first of the year. Ron is putting pressure on us to hurry. We need to hustle to get our points of concern to him before the deadline and it's too late. He will say we've had plenty of time and we will not have a leg to stand on. As a good source of information, she proposed we contact places like Dammeron Valley and other privately owned companies about their concerns. Who have they been talking to? What kind of legal counsel do they have? Do they have Hafen? Do they have signed contracts? What kind of contracts are they? Are they signing the same thing? Or are they amended contracts? This information might hurry the process and even be free.

In summary, Dave Harbour said of the 50 pages he read he marked 49 of them with problems or concerns. Kirk failed to find anything in the agreement he's comfortable with. The more you read the more questions arise and time is running out. All of the water in this basin has been taken. There is no water available. We cannot supply new developments. As it stands the agreement is too one-sided. Ron has too much freedom to control the money to do whatever he wants with it. Larger populated areas will have more water and more control of it. With the wholesale/retail thing he holds us hostage. This agreement is a no-win situation for us.

Kirk proposed that we prepare an addendum to the agreement with a list of all our concerns and meet with Ron to see what he will do. A copy of this list will be available to anyone wanting it. Penny motioned that we get an attorney, or Hafen. The motion was seconded.

Item: Jared Westhoff

The majority of the money going to the irrigation water project is going to the connection fee. Money needs to be saved and better spent. Jared proposed that the irrigation company and LDWA go to the City and ask them to put an ordinance in place that requires a secondary water system be put into subdivisions. The two water companies could supply or sell water so they would get, depending on the lot size, 1/8th of a share and create 14 new connections to the whole system. It would be a way for the 3 different entities to work together to drive down costs and spread the water out. It would drive down costs to the irrigation water users because more irrigation water users would be on the system. The amount saved would be very significant to all the irrigation share holders. It would be very significant to the developer as well. Right now there is a "bad trend of small users selling their shares and the water being sucked into fewer hands" rather than being spread out. A city ordinance would stop that and allow the different companies to work together to make the water usable for everybody. Also we should be able to hold water in certain areas or lands in trust for future development should some land owners decide to sell.

Jared said this proposal would be a way for LDWA to get revenue out of the irrigation shares they own, or a way to sell them. Scott felt this could be feasible. During the summer 45% of our revenue comes from people using more than 30,000 gallons a month. The irrigation system is going to severely impact those overages to the extent that we're going to have to raise rates.

Ron Whitmer felt having 2 pipelines, irrigation in the yard and culinary in the house, would improve the quality of our community. Penny cautioned the irrigation company to be careful. In New Harmony Heights, New Harmony, a lot of people chose not to hook up to irrigation because they could not afford that and the overage on their culinary water.

Kirk suggested we think about this proposal. There is enough time to look at the options. He said it would be nice to have a situation where everyone wins.

BOARD ITEMS

Item: Hydrant/Meter Rental Agreement

The Hydrant/Meter Rental Agreement as prepared by Joanne was reviewed and approved for use.

Item: Minutes

Page 4, 2nd paragraph in the 8/25/05 minutes, instead of "St. George Steel's" specifications, it should read standard specifications. Correction was made.

Page 5, number 11 in the 8/4/05 minutes it says 14" seam, it should be a 1/4" seam. Correction was made.

Item: Financial Reports

The Profit and Loss sheet was for September and October, 2005. The amount received in overages was almost \$6,000. The only way to offset the loss to pressurized irrigation is to develop in town and raise rates. The State wants us to raise our rate to \$39.00 a month. Raised rates will cause customers to complain. They may ask when they are going to get back 40,000 gallons a month. It was suggested that we raise our rates in the winter when the water usage is lower. The raise of rates considered was \$5.00 per month.

Item: Customers With Outstanding Balances

The policy is to issue late fees after 30 days. After 60 days, give a 30-day disconnection notice with a reconnection fee of \$100.

Item: John Cazier

Kirk said John lost a 2" hole saw in our 12" water pipe that services Silver Reef Highlands. After much research he felt there is no imminent problem and will accept liability up to 5 years. He said he will put together a letter for John and himself to sign.
(Copy of this letter will be included with the minutes.)

Meeting Adjourned: 10:00 P.M.

Recorded by Joanne Dawson

A handwritten signature in black ink, appearing to read "Joanne Dawson", written over the typed name.

Leeds Domestic Waterusers
PO Box 460627
Leeds, UT 84746

October 26, 2005

To Whom It May Concern:

I, lost a 2" hole saw in your 12" water pipe that services
Silver Reef Highlands. Location:

John Cazier

We have researched with the City of St. George and other municipalities and feel there is no imminent problem. I accept liability if this part causes any problems in your system up to five years with a stop loss of \$2,000.

Kirk Mc Cullough
President, LDWA

Approved

**LEEDS DOMESTIC WATERUSERS
HYDRANT/METER RENTAL AGREEMENT**

Received from _____ referred to hereafter as Renter hereby enters into agreement with Leeds Domestic Waterusers Association (LDWA) to accept the Terms and Conditions set forth by LDWA for the rental of the following:

Hydrant # _____
Serial # _____

Meter # _____

Location _____

TERM OF AGREEMENT: The term of agreement shall begin on _____, 20__.
Renter shall be responsible for timely payment of rent and all other provisions of the agreement which are:

1. \$600.00 security deposit paid upfront and refundable
2. \$20.00 minimum charge for one day or up to 20,000 gallons used
3. Between 20,000 to 60,000 gallons, \$2.00 per 1,000 gallons used
4. 60,000 gallons and over, \$3.00 per 1,000 gallons used
5. \$50.00 a month, plus usage, after 30 days

SECURITY DEPOSIT: A \$600.00 security deposit (150% of the cost to replace a meter) will initiate the agreement. Refund of deposit dependent upon fulfilling ALL of the following conditions:

1. Renter has no monies due
2. Renter has surrendered to LDWA any meter, tools, or equipment used and belonging to LDWA.
3. LDWA to deduct from the deposit any costs to repair damages to hydrant/meter.
4. Renter to supply LDWA with a forwarding address for billing and return of security deposit

ENTIRE AGREEMENT: This form constitutes the entire agreement made between the parties and may not be modified unless in writing and signed by both parties.

The undersigned Owner accepts the Agreement

The undersigned Renter has read and agrees to the terms

Name Leeds Domestic Waterusers
Address PO Box 460627
Leeds, UT 84746

Name _____
Address _____

By _____

By _____