

LEEDS DOMESTIC WATERUSERS
Annual Shareholder's Meeting Agenda
February 16, 2006
7:00 P.M.

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

- II. Review 2005 Minutes

- III. Reports
 1. Projected 2006 Budget
 2. Report of 2005 Water Tests
 3. Accomplishments in 2005
 4. Goals for the Year 2006

- IV. Action Items
 1. By-Law Amendment/Definition of Developer
 2. Should LDWA Join the Water Pooling Agreement?
 3. Should LDWA be Given to Leeds City?

- V. Voting of New Board Members

- VI. Executive Session
 1. Oath of Office/New Board Members
 2. Election of Officers

LEEDS DOMESTIC WATERUSERS
ANNUAL SHAREHOLDER'S MEETING
February 16, 2006
7:00 PM

Present: Kirk McCullough, Ron Whitmer, Joanne Dawson, Scott Ricci, David Stirling, and shareholders represented on the attached attendance roll

Absent: Penny Weston (resigned)

Meeting was opened at 7:10 PM by President Kirk McCullough, Conducted by Ron Whitmer

Call to Order:

Welcome: Ron Whitmer

Prayer: Kirk McCullough

Pledge of Allegiance: Scott Ricci

Minutes: Scott Ricci **MOVED:** To approve 2005 Annual Shareholder's Minutes. Kirk McCullough **SECONDED.** **MINUTES APPROVED.**

REPORT ITEMS

Item: Projected 2006 Budget/Kirk McCullough

\$80,000 was allocated to Wonder Lane because of needed maintenance to the pipeline. Even though it's the largest allocation, the actual cost will be \$130,000.

The cash reserve item was included as an expense on the 2006 Budget/Balance Sheet. It was proposed that next year we present a financial statement separating it from the projected expenses. Show it as an account for accumulating or sustaining a reserve, and show money taken out of it, if any, for expenses.

The School Land Trust will automate our tank system at their expense and does not show on the budget.

The metering system for each individual meter will be done gradually as we replace the meters. Money was allocated instead to the maintenance of the pipeline.

31% of our revenue comes from overages used for watering yards. There was a drop in revenue due to the new irrigation system. Last year's budget was \$235,000, this year's \$193,000.

Item: Report of 2005 Water Tests/Scott Ricci

A clean system was reported for the year except for one false positive test for bacteria. This test resulted after a storm. The water tested was never in the system. The system was shut off at the Spring, the water by-passed the tank and cleared up on its own without chlorination. After the system resumed the whole system was chlorinated as a precaution.

The following tests were taken and found successful: Nitrate tests taken from the Spring and the Well. VOC's (Volatile Organic Compounds) taken from the Spring and the Well. Pesticide tests taken from the Spring. And the 4th Quarter radio nuclei test.

Needed for 2006, testing on 10 houses built between 1982 and 1986 with copper pipes and lead sauder.

Item: Accomplishments in 2005/David Stirling

The subdivision Silver Reef Highlands and a new water tank are online.
750 feet of pipeline on Main Street between Cherry Lane and Center Street was replaced for \$13,000. Money was saved by using the same trench contractors had for the Water Conservancy line.
Hired a new Secretary/Treasurer: Joanne Dawson, and have a new Water Operator: Colin Korpi.

Item: Goals for the Year 2006/Ron Whitmer

Create a more efficient paper trail system. Implement work orders. Improve the filing system, and in general become more organized.
Follow through with the School Trust Lands' commitment to automate our tank system.

ACTION ITEMS

Item: By-Law Amendment/Definition of Developer

Don Goddard prepared and presented an amendment to the By-Laws stating that a developer has to supply his own water along with its accompanying infrastructure. Historically a developer was defined as one who had 3 lots or more. In 1998, it was 5 lots or less. Since a developer has greater impact to LDWA's water supply than lots with existing infrastructure, the definition of a developer is now one who provides all services and improvements, along with their accompanying infrastructure, to properties within a development. A developer will provide water service to that development by bringing in his own "wet" water source.

The amendment guarantees enough water for our existing lots plus the original allowance of 39,000 gallons for each home as a buffer, and enough for fire protection.

Don Goddard MOVED: To accept and pass his amendment to the By-Laws. Kirk McCullough SECONDED. SHAREHOLDERS VOTED. MOTION PASSED.

Item: Should LDWA Join the Water Pooling Agreement?

The Water Pooling Agreement has been in negotiations for a year and a half. LDWA is a private company. Ron Thompson of the Washington County Conservancy is limited to serving public municipalities and prefers to do business with the City. The deadline for joining is soon. The Water Conservancy and attorneys have ended changes to the agreement and have asked that we take it or leave it as it is. Ron Thompson said he will write an amendment to the agreement if LDWA chooses to join. To date, no amendment has been seen. Ron has promised to supply water to the developers on the north side of town, with or without the City or LDWA involvement. Ron prefers to sell water wholesale and have the purchaser retail back to the customer and maintain the system. One of the stipulations to using his water is having a sewer system in place.

New developments outside our boundary require annexation into the city. One solution is to have two separate water companies. The City a municipality servicing these new developments, and LDWA remaining a private company servicing its current service area. The decision to join the pooling agreement belongs to the city. The city wants to address this issue properly by scheduling another meeting with representation from the Washington County Conservancy and our attorneys.

Ron Whitmer MOVED: To table agenda items 2 & 3 under Action Items until the issues can be properly addressed and shareholders can make an informed decision. Kirk McCullough SECONDED. MOTION PASSED.

VOTING OF NEW BOARD MEMBERS

Nominations from the floor were made for four new board members. Three judges were assigned to canvas the vote and tally the results: Donna Ricci, Gloria Parnell, and Susan Roberts. Donna announced the winners. They were:

Scott Ricci, re-elected to a 2 year term
Ron Whitmer, re-elected to a 2 year term
Danielle Stirling, newly elected to a 2 year term
Maurice Hall, newly elected to complete Penny Weston's term of 1 year.

EXECUTIVE SESSION

New Board Members were given the Oath of Office. Election was made among the board members for officers. Maurice Hall was voted as President, and Ron Whitmer as Vice-President.

Meeting Adjourned at 9:00 PM

Recorded by Joanne Dawson

AMENDMENT TO BYLAWS

We, the shareholders of the Leeds Domestic Waterusers Association, do hereby approve and vote to amend the "Bylaws of Leeds Domestic Waterusers Association" by adding a new Article IX, Section 5, as follows:

ARTICLE IX

Section 5. New Developments

New developments of property that desire to receive water service from the Association shall comply with all requirements of the Association before connecting to the Association's water pipe lines. The following are minimum requirements that new developments must meet:

- (1) Developers shall provide the Association both sufficient water rights and a sufficient water source before connecting to the Association's water system. Examples of a water source are a new well or contract water from the Washington County Water Conservancy District or other supplier.
- (2) Developers shall be responsible for constructing and installing all pipelines, valves, and other infrastructure necessary for the delivery of water from the point where the developers' pipeline connects to the Association's water system to the point of delivery for the new uses. Developers may not connect to the Association's system until the requirements of Article IX, Section 1, are met, the new infrastructure is completed, and the infrastructure is inspected and accepted by the Association's engineer or manager.

WHEREFORE, this amendment is made pursuant to Article XI of the Association's Bylaws, and is hereby duly adopted by a majority vote of the shareholders present at its regularly scheduled annual meeting held on February _____, 2005.

Secretary

Date: _____

	BUDGET FOR 2006	
INCOME	INCOME	EXPENSE
4100 CERTIFICATE SALES	45,000	
4200 RESIDENTIAL USE	48,000	
4300 COMMERCIAL USE	12,000	
2005 CASH RESERVE	88,220	
TOTAL INCOME	\$193,220	
EXPENSE		
WATER SAMPLING, TESTS		1,800
METER READING		1,700
OUTSIDE LABOR		14,000
BLUE STAKES		300
PARTS EXPENSE		5,000
CELL PHONE		2,400
UTAH POWER		1,500
LEEDS IRRIGATION		1,600
OFFICE SUPPLIES		3,500
TOOLS, ETC. OTHERS		1,000
ADVERTISING		300
POSTAGE		1,000
MILEAGE		4,000
DUES & FEES		500
ENTERTAINMENT		500
ACCOUNTING		1,800
BANK FEES		35
ENGINEERING		1,000
INSURANCE		5,000
WAGES (SECRETARY)		12,000
WAGES (WATER OPERATOR)		12,000
FEDERAL TAX		5,000
USE PERMITS, FOREST SERVICE, ETC.		1,400
TOWN OF LEEDS		200
OTHER FEES		100
STATE TAX		435
PROPERTY - COUNTY		450
STATE PERMITS		200
BERT LEANY		7,500
BUILDING		13,000
NEW WATER LINES (WONDER LANE)		80,000
ELECTRONIC MEASURING SYSTEM ON TANKS		4,000
NEW COMPUTER/PRINTER		1,000
NEW ACCOUNTING SYSTEM		8,000
STORAGE SHED		1,000
TOTAL EXPENSE		\$193,220

BUILDING	-20,000.00	35,000.00	13,000.00
NEW WATER LINES (WOODEN LINES)	25,000.00		25,000.00
ELECTRONIC MEASURING SYSTEM ON TANKS	30,000.00	15,000.00	4,000.00
NEW COMPUTER/PRINTER	3,500.00		1,000.00
NEW ACCOUNTING SYSTEM	10,000.00		8,000.00
AUTO METER READING SYSTEM	30,000.00		0
STORAGE TANKS			1,000.00
 			<hr/>
TOTAL EXPENSE	\$235,570.95		193,000.00

2004
BUDGET FOR 2005

INCOME	INCOME	EXPENSE
4100 CERTIFICATES SALES	43,450.00	45,000
4200 RESIDENTIAL USE	91,534.62	48,000
4300 COMMERCIAL USE	20,689.76	12,000
2004 CASH RESERVE	79,896.54	55,395 (78,000)
TOTAL INCOME	\$235,570.95	193,200

*Need to transfer
\$20,290 from UG to
Surplus*

EXPENSE		
WATER SAMPLING, TESTS	900.00	1300
METER READING	1800.00	1700
OUTSIDE LABOR	13000.00	14000
BLUE STAKES	300.00	300
PARTS EXPENSE	19745.95	5000
CEL PHONE	1200.00	2400
UTAH POWER	8000.00	7500
LEEDS IRRIGATION	5000.00	1600
OFFICE SUPPLIES	3500.00	3500
TOOLS, ETC. OTHERS	2000.00	1000
ADVERTISING	300.00	500
POSTAGE	2000.00	1000
MILEAGE	5000.00	4000
DUES & FEES	500.00	500
ENTERTAINMENT	500.00	500
ACCOUNTING	2600.00	1800
BANK FEES	25.00	3500
ENGINEERING	1000.00	1000
INSURANCE	8500.00	5000
WAGES (SECRETARY)	11000.00	12000
WAGES (WATER OPERATOR)	15000.00	12000
FED TAX	5000.00	5000
USE PERMITS, FOREST SERVICE & ETC.	1000.00	1400
TOWN OF LEEDS	200.00	200
OTHER FEES	100.00	1000
STATE TAX	900.00	435
PROPERTY -COUNTY	400.00	450
STATE PERMITS	100.00	200
BERT LEANY	7500.00	7500

LEEDS DOMESTIC WATERUSERS

Monthly Meeting Agenda

April 13, 2006

7:00 P.M.

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

- II. Action Items
 - 1. Subdivision Connection to Stirling's Pipeline
David Stirling
 - 2. Development on Vista Avenue
Gordon Casey
 - 3. Water Use Study to Define Service Areas for LDWA, Leeds Irrigation Company, and Town of Leeds and to Coordinate Ordinances
Jared Westhoff

- III. Board Business
 - 1. Water Pooling Agreement
 - 2. Discuss Division of Secretarial Responsibilities

- V. Adjourn

**LEEDS DOMESTIC WATERUSERS ASSOCIATION
MONTHLY BOARD MEETING
MINUTES – APRIL 13, 2006**

BOARD MEMBERS PRESENT: MAURICE HALL, SCOTT RICCI, RON WHITMER, DANIELLE STIRLING.
WATER OPERATOR: COLIN KORPI
ACTING SECRETARY: ELAINE MURPHY
EXCUSED: KIRK MCCULLOUGH, PRESIDENT, AND JOANN DAWSON, SECRETARY

I. RON WHITMER, CONDUCTING MEETING, OPENED MEETING AT 7:10 PM.

Welcome: Ron Whitmer. Ron recognized Dave Harbour, Dale Barnes, and Jared Westoff, Leeds Town Council Members, and all others in attendance willing to come and participate in the meeting

Prayer: Danielle Stirling

Pledge of Allegiance lead by: Maurice Hall

STANDING BUSINESS:

Minutes: There are no minutes prepared and ready for approval at this time. Approval was postponed until the next meeting.

LDWA payment drop box: Ron Whitmer informed everyone a new LDWA payment drop box has been installed at the Leeds Town Hall located by the Handicap ramp. Board members, Water Operator, or whoever may be driving by Coy Willey's place, are to check and see if the old payment drop box is still installed there. If so, please remove it and [put in storage.] Scott Ricci reminded the board that a previous decision had been made to wait before removing the old payment drop box at Willey's place until the next month's billing goes out notifying customers of the change of place to drop off their payments. Elaine informed the board that the billing is going out tomorrow and a notice has been prepared by JoAnn, which will be included in the mailing. Therefore, it was decided to wait at least one week before removing the old drop box to give time for the notification to reach the customers.

II. **AGENDA ITEMS:**

1. **Subdivision Connection to Stirling's Pipeline (David Stirling presenting):**

David Stirling was given the floor and he presented the following major points:

- 1 A contract between David and LDWA, WATERLINE EXTENSION AGREEMENT, was entered in on July 1, 1999.
- 2 He installed a 5,000 LF of 8" waterline extension from Phillip Piene's house to his own house.
- 3 The contract agreement stipulates that if, in the future, anyone wants to tap into his

- waterline, David would have to be reimbursed a prorated amount of \$10 per LF as recovery costs.
- 4 He sees the contractor is getting ready to tap into his line and he wants LDWA and the contractor to be aware, that before the contractor can receive water, he needs to pay David the pro-rata amount stipulated in the contract agreement.
 - 5 There are currently two people (households) on David's extension line and he understands there will be up to 15 houses in the new development.
 - 6 David estimates his waterline, from Phillip Piene's house (point of beginning) to the placement of the proposed tap by the contractor, to be approximately 2000 LF. (See Attachment #1.)

Gordon Casey, engineer and owner of the new subdivision, was given the floor. He stated they did not want to hook on to something (i.e. waterline) that they hadn't paid for, therefore, agreed to the terms of David's Waterline Extension Agreement. The contractor had a copy of David's Waterline Extension Agreement with LDWA. The Board members explained the payment procedure from the developer to David and the type of documentation required by LDWA to satisfy compliance with David's Waterline Extension Agreement. The Board also explained that LDWA would not handle any transfer of funds between the two parties. After David receives payment directly from the developer, he will write a letter to LDWA notifying the board that the transaction has been completed. At this point in the meeting there was a discussion about the number of proposed homes in the subdivision, and the payment terms to David. It was agreed that David would be paid the full amount upfront before construction begins and not as each home is built. [The number of homes in the subdivision would not be a factor in the pro-ratio calculations used to determine the amount of payment due David by the Casey.]

2. **Development of Vista Avenue – Gordon Casey:**

Gordon Casey, the Developer of the subdivision on Vista Ave., was given the floor. The following major points were made in his presentation:

- 1 Scott Ricci made a visit to the contractor on Casey's Vista Ave. development. He wanted to know what was going on with the development because the LDWA water Board had not yet been informed about the project. Mr. Casey explained he had talked to Board President, Kirk McCullough, and dropped off copies of the plans, water rights, and other pertinent papers at Kirk's home. Mr. Casey claimed Kirk reviewed the project plans and documents and gave his verbal approval to Mr. Casey with the go-ahead to start construction. When the contractor got into town, he claims he also called Kirk and again Kirk told the contractor he had approved the Casey's new development and was cleared to start construction. However, under the circumstances described by Scott Ricci, Mr. Casey stated he was happy to do whatever he needed to do to legally comply with LDWA and get the required agreement with the board.
- 2 He had a copy of the one-page form, Water Users Application with the

“Agreement” on the reverse side. He did not understand the details of the form(s) and asked if there was time in the Board meeting to go over it with him.

Action: Members of the Board asked Mr. Casey about the Developers Agreement, wherein he stated he had not received that particular form in the mail. The Board stipulated that Mr. Casey needed to be given a copy of the Developers Agreement form, fill it out and submit the signed document to LDWA right away. Mr. Casey gave his name, address and phone number to Elaine Murphy in order to expedite the mailing of the form to him. Scott Ricci instructed Casey to submit any questions he has on the forms in writing so the Board can have a hard copy. He went on to explain that the Developers Agreement was signed into action back in 1984. Since that time, changes have occurred that may require the form to be updated. However, the existing form will cover most the information required on Casey’s Vista Ave. development.

- 3 Mr. Casey asked the Board about another form he had with him called the “Residential Use for Single Family Dwelling, Multi-Family Dwelling, or Commercial”. He asked if he needed to submit the document for each dwelling as it was being built, or if he could get by with one document for the entire project. Scott Ricci told him he only needed to submit one said document for the project. Maurice Hall questioned if the Town would require one for each home in order to get a building permit. Scott Ricci stated there was some overlap with LDWA being a private water company and not part of the city.
- 4 Mr. Casey stated Leeds Town required “Proof of Water” before they would give approval for his new subdivision. Scott Ricci explained the coordinated procedure between LDWA and the town, wherein the town would require a “Will Serve” application [letter] officially signed by LDWA. Scott told Mr. Casey that he understood his subdivision had already been approved and cleared by Leeds Town and they had approved his plat plan map back in September or October 2005. Scott said the town had gone ahead and approved Casey’s project without getting an official “Will Serve” letter from LDWA - which is ‘OK’ because LDWA will provide water for the subdivision. However, the paper flow was out of sequence and proper procedure was not followed. Scott told Mr. Casey the problem was not his fault because he had submitted plans to LDWA President, Kirk McCullough, but he evidently had forgotten he had them. Mr. Casey will provide the Board with another set of plans for their approval.
- 5 Mr. Casey informed the Board that the Leeds Town engineers at Busch and Gudgell have reviewed all the project plans, including the water and sewer systems. The project is also bonded and Leeds Town has the bonds, which include the water system. Scott Ricci doubts that the Leeds Domestic Waterusers Association name is included on the bond.

Action: The Board will instruct Leeds Town to include LDWA’s name on the face of Mr. Casey’s project bond. It was also determined that Colin Korpi, Water Operator, should begin to inspect bonds to ensure LDWA’s name is included on future bonds.

- 6 Mr. Casey asked the Board about his water shares and LDWA requirements thereof. Scott Ricci explained that in town, 1.2 ac. ft. is required per lot. Casey surmised he held 20 ac. ft. in water shares. He asked the Board about hookup charges wherein Scott Ricci explained there have been two options used in the past. One of the recent developments had zero charges until such time the individual meters were installed, and then the homeowner was charged \$5,000 not including water shares. On the last development, LDWA had negotiated down to a lesser amount of \$2,450 per home site, providing the developer supplied the water source and installed the entire infrastructure. In this scenario, LDWA assumes ownership of the water in advance of construction then takes over the system when completed. The Board instructed Mr. Casey that he needed to turn over his water shares to LDWA prior to receiving water. He brought copies of the water share certificates with him and would submit them to the Board tonight if they wanted them. When asked where he was getting the water and from whom, Mr. Casey, with the help of Jared Westoff who had sold Casey the water shares, informed the Board that some of the water was from an underground source and not surface water. The source is a about the same as Eldorado Hills. Some of the water is from Alberta Lee [Pace] and some from Angel Springs. Scott explained that irrigation water is not allowed to be converted or integrated into LDWA's water system. Jared explained the irrigation water was actually from a well that was being used for irrigation purposes. Casey surmised he held almost twenty-two shares of underground water in all. Scott Ricci stated that LDWA would be interested in buying any excess water shares from Mr. Casey, wherein Casey informed the Board he had property in the Angel Spring's area and would not be interested in selling water.
- 7 The construction for the infrastructure has been delayed because of all the gigantic rocks that have to be broken up and removed. His home-building contractor will be challenged when installing septic systems due to the rocks. Mr. Casey informed David Stirling that rocks were available if he wanted any.
- 8 When asked if he would be selling lots, Casey said they hadn't made that final decision and it would be a while before they get all the improvements in.
- 9 Mr. Casey will be put on the agenda for the next month's [May] Board meeting.

Non-Agenda Item: Ron Whitmer asked Town Councilman, Dale Barnes, if he had any business or information he wanted to present or share at this time. Barnes explained he wanted to discuss, as an individual and not as a representative of the town, the issue of LDWA raising water rates. Mr. Barnes went on to say he is against raising the established rates and prefers the allotted gallons of water per month be reduced instead. Ron Whitmer reminded Mr. Barnes that LDWA had already reduced the allotted amount of water from 40,000 to 30,000 gallons per month. Barnes contended his rationale was correct because he saw a person using water to irrigate weeds just to use up their allotted 30,000 gallons for the month. He believes that if the monthly water allotment is decreased, those wasting water just to use up their 30,000 gallons each month, would have to pay for it. Raising rates would not impact individuals who live on a fixed income

because they use less water. Ron Whitmer asked him if it was a normal practice for some people to waste water just to use up their allotted 30,000 gallons each month. Mr. Barnes answered in the affirmative reporting he had witnessed such action just an hour ago. He told the person that if everyone did what he was doing, then customers would be cut to 20,000 gallons per month because that is all the LDWA system can supply to every household in Leeds. Ron stated that it seemed odd that people would continually read their meters in order to use the 30,000-gallon limit. Mr. Barnes contends his accusations are correct, going on to say he has seen people go to a café and fill up a plate full of food and leave half of just to get their money's worth causing restaurants to raise the price of food. Ron informed Mr. Barnes that the Board had already discussed the issue of raising rates for those who live on fixed incomes. He asked if there were any other comments from the audience regarding this issue. [No response was made.]

At this point in the discussion, Maurice Hall suggested the meeting get back to the regular agenda items and take up this matter at the appropriate time. The Board concurred. (Refer to meeting minutes, page 7, for continuation of this discussion.)

3. **Water Use Study to Define Service Areas for LDWA, Leeds Irrigation Company, and Town of Leeds and to Coordinate Ordinances – Jared Westoff presenting:**

Jared presented the Board with an information handout (see attachment #2) and discussed the following main points regarding his objective to open a dialogue and set criteria for a future "Water Beneficial Use Study" for Leeds Town:

- 1 LDWA is considering raising their rates primarily due to the new pressurized irrigation system. Revenues derived from overage charges will substantially be reduced as customers convert to irrigation water for outdoor use.
- 2 Leeds Irrigation Company's connection fees are paying for the pressurized irrigation system.
- 3 There are coordination issues with LDWA and the Town of Leeds. The town is being pressured by growth on the north and south ends.
- 4 LDWA has approximately 50 ac. ft. of water that is not being put to beneficial use. The irrigation company has the same problem.
- 5 Gordon Casey's project development exhibits how the irrigation company and LDWA can work together. Casey brought in .45 ac. ft. per house and will use irrigation water for outdoor use. By using .45 ac. ft. per tap instead of the 1.2 ac. ft. LDWA now gives per tap, there will be a savings of .8 ac. ft. eliminating an overlap between the irrigation water and LDWA water.
- 6 On Jared's lots, he has two shares of irrigation water, which is plenty for his outdoor use, yet LDWA is still providing him with 1.2 ac. ft. for outdoor use, which he will not be using anymore due to the pressurized irrigation system. Therefore, there is a .8 ac. ft. overlap between LDWA water and his irrigation water. According to State requirements, he only needs .45 ac. ft. for his indoor use.
- 7 The best way for LDWA to keep rates the same is to reduce the amount of gallons per month, except for those who do not have irrigation water and need the 1.2 ac. ft. for outdoor use. LDWA should reduce the gallons per month for new subdivisions, i.e.

Gordon Casey's. If Casey uses .45 ac. ft. for indoor use, and is allowed to trade some of his good underground water to LDWA for the use of putting in a secondary system for his outdoor use, it would add more connections and increase the supply of drinking water to LDWA, which could be used for connections elsewhere. In addition, the irrigation company can increase their capacity for more connections, which would lower fees for everybody.

At this point in the presentation, Scott Ricci asked Jared if the Board allows Casey to provide .45 ac. ft. per home and in return he brings in and gives LDWA water equivalent to the .45 ac. ft. per home for the same 16 homes, then LDWA would not gain anything. According to LDWA's bylaws, by providing more water than is actually used with the 1.2 ac. ft / home, the company has excess water and can expand out and offer water for more lots. At .45 ac. ft. /home, there would not be any excess water for expansion. Jared agreed with Scott's remark in theory with the exception that LDWA has irrigation water shares they could potentially trade to Mr. Casey for his shares of good underground drinking water and let him apply the irrigation water to his lots for outdoor use. The best beneficial use would be not to use LDWA water for outdoor use. Jared referred to the "special influence zone" that Silver Reef Highlands created, wherein they allow .89 or .8 ac. ft. / home, which provides enough water to irrigate their natural landscapes. Ron Whitmore asked Jared if Casey was putting in a secondary water system now. Jared said he had talked to him a few months ago and he was open to putting in a secondary system.

[Jared's presentation continued]

- 1 The recent Amendment added to LDWA Bylaws raises concerns for Jared for several reasons. He stated that in theory, the new Amendment is a great; but in reality, it is a horrible because it allows developers like Casey to bring in his water and give to LDWA; but Jared cannot bring in and give his 7 ac. ft. of drinking water to LDWA because it isn't economical for him to do so and it doesn't make any sense for LDWA to take his source of water. Scott Ricci stated that because of the new Amendment, LDWA is limited to serving any of these big developments without them bringing in additional water sources for LDWA. Jared stated this new regulation would essentially put LDWA's water rights at risk for potential loss because the company could not successfully demonstrate the intention to service people and, therefore, could not prove beneficial use. Scott stated that LDWA can prove beneficial use for the amount of water right it now has provided the town does not shrink the size of LDWA's existing service area.
- 2 Jared used the issues described above to demonstrate the need for a Beneficial Use Study; which should be done by an outside professional entity. Leeds Town is going to be forced into the drinking water business by retailing the Washington County Water Conservancy District (WCWCD) water, or else LDWA is going to have to do it. Jared described the following scenario to prove his point - say the town is going to sign WCWCD's Pooling Agreement and starts retailing water on the north and possibly the south ends of town. Leeds is going to have to define the amount of water (say 100 ac. ft.) for the existing zonings and an additional 20 acres. This scenario would put LDWA water rights at risk, with no beneficial use, as the company's

service area cannot be further expanded. This scenario clearly demonstrates a need to define service areas for both LDWA and the town. By doing so, it would eliminate confusion, duplication of services in the same service areas, and would allow expansion of LDWA's service area as growth and development increases.

Scott Ricci explained that LDWA currently has enough water rights to sufficiently supply drinking water within the perimeters of the existing town boundaries and plat areas as they now stand. He went on to say that LDWA does not have any excess water if the State continues to allow the company to stay with the 1.2 [ac. ft./household]. The state has told LDWA that 1.2 ac. ft./household is too much water for the amount of money the company is charging their customers. Should the State force LDWA to deliver less water at a higher rate, the company could potentially lose water, which would reduce the amount of water for shareholders. Maurice commented how the new Amendment has limited LDWA from servicing new subdivisions. Scott noted the Amendment only allows LDWA to serve new subdivisions that bring in additional water sources. Ron Thompson's water would be considered another source of water for LDWA and potentially be used in future developments north and south of town. Comments from the Board members expressed their determination to preserve the purity of LDWA's spring water by preventing Ron Thompson's Pooling Agreement water from being mixed and distributed through LDWA's delivery system. In order to accomplish that goal, it would require two separate distribution systems through town. The prospect of constructing and maintaining two separate water distribution and delivery systems in the same service area is not economically feasible. Scott Ricci strongly suggested that whenever the Pooling Agreement with the WCWCD /Ron Thompson is put into effect, a Memorandum of Understanding between LDWA and Leeds Town needs to be entered into that would define who would provide water to whom, depending on which entity manages the WCWCD's Pooling Agreement. Jared stated the proposed water study would address these types issues.

The Board concurred with the idea of doing a multi beneficial use water study such as Jared described in his presentation. Maurice suggested that a few people from LDWA be assigned to meet with the town's committee, along with other interested parties, and sit down together and discuss it. This Board meeting is probably not the appropriate place to hammer out all the criteria and details of the study.

Motion: Maurice Hall made a motion that two members on the LDWA Board be appointed to the [water study] committee, and that Leeds Town Councilman, Jared Westoff, be designated as the facilitator to bring the groups together. **Seconded** by Ron Whitmore. **Voting:** Unanimous. **Motion carried.**

The Board members assigned to serve on the water study committee are Maurice Hall and Danielle Stirling.

Jared asked for Scott Ricci's suggestions in organizing the committee because Jared likes Scott's expertise and background experience and trust Scott would provide him with direction and essential input on the criteria. Scott agreed to come to the committee, but is

not considered a sitting member. Ron Whitmore asked Jared who else was going to be on the committee, wherein Jared responded with names of potential participants within these groups, including the Irrigation Company.

Non-Agenda Item: The discussion of raising rates is continued. Colin Korpi informed the board of the rate criteria set down by lenders, i.e., State Drinking Water Board. Their required rate for borrowers is around \$39 per 20,000 gals. of water. Maurice Hall said it would make better sense to wait and see how the pressurized irrigation system is going to impact LDWA overages, etc. after a few months of irrigation before making any decision to raise rates.

Dave Harbour would like to encourage those with irrigation water to use it for outdoor use rather than LDWA water. Two rates are established in Washington City – one for those with irrigation water and one for those who don't. The Board liked the idea of assessing two rates to encourage the use and expansion of the irrigation water. The Board members responded to questions from the audience regarding the tiered water rates based on amount of usage and the complicated issues posed by customers and their use of LDWA water. One concern from the audience is the possibility of penalizing those who have irrigation water and cannot afford to buy a connection and put in a sprinkling system in order to use their irrigation water. Scott said no one would be penalized in that regard because customers can use their allotted 30,000 gals. of water each month without additional charges. At this time, the LDWA Board is not prepared to force anyone into using their irrigation water or be penalized. Danielle Stirling stated the comments by Dave Harbour regarding two rates in Washington City may have confused the issue and alarmed some people. She continued to say that if everyone has been listening to what has been said tonight, all these complicated issues surrounding irrigation water vs LDWA water and beneficial use could be addressed and resolved in the effort Jared is trying to put forth with the water study. The Board members concurred that the irrigation company should be the entity to encourage the use of their water, not LDWA. Jared informed the group the irrigation company is giving people two years to get their sprinkling systems installed, so that in two years all flood irrigation can be eliminated. He went on to explain the main beneficiary of the pressurized irrigation system is not the irrigation company but is LDWA because more beneficial use of their water will be gained as they expand and serve more connections with the water savings.

The question was posed to the irrigation company as to what was happening with the State in regards to duties with need for less water to irrigate with the conversion from flood to sprinkling irrigation. How is sprinkling irrigation going to effect the 6 ac. ft per acre [duties] and the possibility of the State reducing their duty? Jared was uncertain but said there is a possibility the new irrigation system will impact the underground aquifer. Scott said he had heard the State is due for a survey of the area, which will determine just how many acres are under cultivation vs the original 122 acres served by the irrigation company.

The Board will postpone discussion on increasing rates until next month so the town can

be notified before the next Board meeting.

Daniel brought up the issue of different rates for Eldorado Hills [Silver Reef Highlands] and what was decided at the Executive meeting last month so JoAnn can do her billings. At the meeting it was decided by the Board to wait to make any of the suggest changes, as presented in the Executive meeting, until customers can be notified of the proposed changes. Until such time, all customers will temporarily be charged the same rate.

[Jared requested that Dave Harbor continue with the Town's presentation.]

Town Councilman, Dave Harbor, was given the floor to continue the Leeds Town presentation regarding the results of a three-member committee that was assembled to address the possible transition of LDWA to a municipal water system.

The committee members, Scott Ricci, Mike Empey and Dave Harbor, arrived at the following three main results. Mr. Harbor passed out a handout to the Board members that described in detail the rational of the committee. (See Attachment #3) He closely followed the material in the handout to make his presentation. The main ideas are as follows:

Main Result #1 - Advantages vs Disadvantages:

- 1 Leeds Town residents will not see any effect from the transfer.
- 2 Leeds Town can only increase rates with approval, including State approval. Rates may be increased by the town if the water system should need large upgrades and require loans.
- 3 The town is in a better position to obtain loans at a lesser interest rate than LDWA, financially benefiting town residents.
- 4 Population growth is inevitable. The town is at an advantage over LDWA because it has the ability of annexation and taxation, is able to charge impact fees, etc.,. These options will generate revenues to pay for required expansions of infrastructure and water supplies for continual development. LDWA does not have these same advantages but has to rely on water sales to survive.
- 5 If Leeds does not have control of the town's drinking water, it cannot survive without being able to provide essential services to its residents, making it vulnerable to takeover by neighboring jurisdictions. Having a municipal water company would put Leeds on a par with most other towns.
- 6 WCWCD prefers to wholesale its water to municipalities rather than private water companies, i.e., LDWA.
- 7 Leeds Town has the ability to do wholistic planning of all the town's infrastructure and services, zoning, etc. facilitating total integration of the various systems for better efficiency, greater beneficial use of services, and public safety. Such strategic wholistic planning increases the town's capacity to meet the inevitable growth and expansion.
- 8 The elimination of the LDWA Board would free-up people to serve in other capacities within the town's governing boards and organizations.
- 9 Municipal water companies receive greater recognition and increased standing from state and county governments dealing with water issues.

Main Result #2 - Conditions for Transfer:

- 1 Requires a majority vote for approval by LDWA's shareholders.
- 2 Current LDWA Board members would drop off the board as each term expires. The town council may reassign board members to other collateral duties in the town. Could be the start of a Public Works Dept. for the town.
- 3 Leeds Town Council will be the governing agent of the municipal water board determining the number of members assigned to the board. The Mayor will make recommendations for new board members and the town council will make the approval.
- 4 The proposed Leeds Water Dept. will continue to operate in the same like manner as LDWA. Current LDWA employees will become employees of the town and have the same job duties, hours, and pay rate they currently have.
- 5 All assets, liabilities, bank accounts will be identified and transferred from LDWA to Leeds Town within 30 days of the transfer approval by LDWA shareholders, providing legal matters are complied with and accomplished.
- 6 Shareholders voting procedures: (refer to Main Result #3, below)

Main Result #3 - One Concept Approach:

- 1 Facilitate open meetings or other formats to allow public comment to be heard and evaluated before proceeding.
- 2 Shareholders voting procedures must comply with LDWA Articles of Incorporation.
- 3 Only one vote per shareholder will be allowed.
- 4 Approval of the transition will require over 50% of the voting shareholders.
- 5 Voting date to be established six-weeks after the approach is defined and agreed to in a public hearing.
- 6 Mail-in-ballot is the preferred voting method. (See Attachment #3)
- 7 The transfer will occur within 30 days of the approved vote by LDWA shareholders.
- 8 LDWA and Leeds Town will follow the conditions of transfer.
- 9 Leeds Town attorney and LDWA's legal representative will coordinate all legal actions and preparation of legal documents, the flow of paper work, including filings and recordings.
- 10 Dave says the first step finalize the main ideas presented at a satisfactory level before taking it [rules of order] to the public. He would like to see a concerted effort by the town and LDWA to be in agreement before taking the information to the people and publishing notices for public hearings thus preventing division among the people. After considering input from the public through an open forum of discussion, the decision will be made as to whether they want to continue with the process of the take over. If they decide to proceed then the process will be followed according to the finalized [rules of order].
- 11 He asked the Board to give him an affirmative answer tonight because he is ready to proceed.

An open discussion brought out the following comments and concerns of the Board:

- 1 At some time in the future it is inevitable Leeds Town will take over LDWA and turn it into a municipal water company. The Board would like to see it take place without a division of the citizenry and with as much ease as possible.
- 2 How decisive will Leeds citizens be about such an approach? Harbour's opinion, based

- on his experience with people he has worked with, some will be in favor and others will not approve. However, he believes there are more in favor of it than against it.
- 3 How to broach it to the public appropriately without causing an uproar? Tactics discussed included “blaming it all on Ron Thompson” to educating the public, presenting information appropriately, and possibly having a board interface with the public.
 - 4 The adoption of the last Amendment was rammed through causing an uproar. According to Harbour, those who voted for the amendment did so because they were told we are running out of water, but after finding out all of the facts surrounding the amendment, they wished they had not voted for it. Unfortunately, now, we have to live with the amendment, which hamstring the Board. If LDWA transitions into a municipal water company, then the new amendment would be nullified because LDWA would no longer exist. Harbour said the town would write new governing regulations for the municipal water company with input from members of the LDWA board.
 - 5 If a new water control board is formed to regulate water rates for the town that allows public input, it would make the take over of LDWA more palatable for the town citizenry.
 - 6 Some dissenters of the town’s taking over LDWA are concerned about the control of growth. They feel there will be a population explosion with a municipal water company. Harbour contends Leeds Town has the ability to control growth, as they so desire, even with Ron Thompson’s water being available. The Board members agree that if Leeds doesn’t act soon, the town will be swallowed up by neighboring communities, particularly by Hurricane when the proposed road crosses the Virgin River and joins into I-15 just north of Leeds.
 - 7 Jared stated the beneficial water use study he is proposing would provide vital information and facts to LDWA and the town for educating people. An outside firm should be used to do the study eliminating biases and conflicts of interest. He believes he can get developers wanting to build in the Leeds area to pay for the study without any cost to the town or LDWA. Items LDWA or the town want to have studied for the transition issues can be piggy backed [incorporated] into the study.
 - 8 Danielle had some grave concerns regarding Ron Thompson’s Pooling Agreement, particularly the hierarchy of the priority list of communities to receive water, namely St. George being the first priority. It was noted that if the town turns down the Pooling Agreement, then LDWA would be allowed to enter into the Pooling Agreement.
 - 9 Dave Harbour was instructed by the Board to work with members of Jared’s committee to finalize the items for transitioning LDWA into a municipal water company for the town.

III. BUSINESS OF THE BOARD:

Non-Agenda Item:

The floor was given to Steve Lewis, Leeds Fire Marshall. He talked about the following items:

- 1 Community Service Plan for fire protection. Fire Dept. needs government funding to offset cost of servicing areas outside their service area.

- 2 Technical assistant [need additional info here]
- 3 He had an excel spreadsheet for Eldorado Hills with data on fire hydrants indicating those with problems that need to be replaced. When the subdivision was developed, the Leeds Fire Dept. was not included in the planning, which has created numerous problems in regards to fire protection. The Board instructed the Secretary to make a copy of the spreadsheet for Colin Korpi. (See attachment #4)
- 4 Flushing of fire hydrants needs to be done at least once a year. LDWA Water Operator has been flushing fire hydrants regularly, but there has not been any communication back to the fire dept. as to what hydrants were flushed and when. Mr. Lewis has no documentation for 2005 from LDWA indicating any flushing was done. In order to receive 100 points on ratings, the fire dept. has to have records for five consecutive years. Due to the lack of records, they will have to start over with year one. Steve says he is available to help flush fire hydrants even though it is LDWA's responsibility. There was a group discussion on the proper procedures used to flush fire hydrants and prevent flooding of private property.
- 5 The matter of water usage and tracking the amount of water used by the fire dept. was discussed. The fire dept uses a lot of water. There is a large gap in actual water loss to LDWA by the fire dept., and the used amount the dept. reports and is billed. There was a discussion on ways to meter or document the amount of water used by the fire dept.
- 6 Steve would appreciate receiving notification of board meeting times and dates so he can attend.
- 7 He needs a contact list of LDWA Board members or officials he can quickly contact so water is readily available in the event of a fire.
- 8 The fire dept. needs an assessment of the total water system for fire flows, including reserve supply vs. number of homes. The LDS church house is 1000 gals per minute short of having enough volume in the event of a fire.
- 9 A fire hydrant was supposed to be installed on Ron Thompson's waterline for increased fire protection.

Non-Agenda item:

Water Operator, Colin Korpi, showed the Board members the size of pipe installed in Silver Reef Highlands subdivision. It does not meet specifications and is too small for adequate water distribution.

Action: A letter will be sent to [Dallan Gardiner, Developer] the contractor, with a copy to all property owners in the subdivision, notifying them they cannot receive water until the undersized pipe is replaced with the correct sized pipe. A number of potholes need to be left for inspections by LDWA to verify all the pipe has been replaced. The burden of proof is on the developer and contractor. Danielle will get with Elaine or JoAnn to draft the letter. Ron Whitmer and Scott Ricci will meet Colin Korpi at the subdivision at 1:00 p.m. [tomorrow].

1. **Water Pooling Agreement:**

Scott Ricci stated the Pooling Agreement with Ron Thompson had previously been discussed in the meeting. Legally, it is the towns place to respond the Pooling Agreement first.

2. **Discuss Division of Secretarial Responsibilities:**

Danielle Stirling discussed her success in outlining the secretarial duties between JoAnn and Elaine and things are progressing well. A late fee approval is required by the Board before the next billing.

Motion: A motion was made by Danielle Stirling to charge \$5 per month on delinquent bills 30 days in the arrears. **Seconded** by Ron Whitmer. **Voting unanimous. Motion carried.**

Motion: A motion was made by Maurice Hall to purchase a telephone line and DSL for the Secretary to be installed at her residence. **Seconded** by Danielle Stirling. **Voting unanimous. Motion carried.**

Danielle discussed the complicated issues surrounding the water shares certificates. Dave Harbour noted the LDWA Articles of Incorporation state the water shares are be tied to real property.

Motion: Maurice Hall made a motion to reissue to shareholders new water share certificates that are adjudicated to their real property; and to purchase a new laser printer and file cabinet for the Secretary. **Seconded** by Scott Ricci. **Voting unanimous. Motion carried.**

Other Board Business:

i. **Separation of Scott Ricci's responsibilities:**

- 1 Water testing – 3 to 6 test per year -
- 2 Water acquisitions and proofing - Maurice Hall
- 3 Town Council meeting attendance – Maurice Hall

ii. **Substitute for Water Operator:**

- 1 Discussed misunderstanding of hiring a new Water Operator to replace Colin.
- 2 Discussed combining O&M of the new irrigation system to LDWA and share the costs.
- 3 Hire a new apprentice to work under Colin and share duties. Discuss in joint meeting.

iii. Maurice needs copies of LDWA's Bylaws and Articles of Incorporation. Scott has

- copies and will get them to him. The Secretary needs to make additional copies.
- iv. Customers calling Board members complaining about water pressures going up and down. Maurice knows a person with Rural Water who has related expertise.
 - v. Discussed the breakage of pipeline servicing Wonder Lane. The pipeline crosses farm ground and gets hit by farm machinery because it is too close to the surface.

V. **Adjournment:** Meeting adjourned at 10:05 pm.

Recorded by Elaine M Murphy

List of Attachments:

1. David Stirling's Waterline Extension Agreement (agenda item II-1)
2. Handout by Jared Westhoff (agenda item II-3)
3. Handout by Dave Harbour "Three Main Results" (agenda item II-3)
4. Leeds Fire Dept. Eldorado Hills fire hydrant spreadsheet (agenda item III)

WATER LINE EXTENSION AGREEMENT

An Agreement made and entered into this 1 day of July, 1997, by and between Leeds Domestic Waterusers Association, "LDWA," and David Stirling, "Applicant."

WHEREAS, LDWA owns and operates the culinary water distribution system within the Town of Leeds and has developed suitable water supply, storage, and distribution facilities; and

WHEREAS, Applicant desires to connect his home at 881 West 1st / West 1st to LDWA's water supply, storage and distribution system by constructing a waterline extension from LDWA's existing facilities to Applicant's home; and

WHEREAS, LDWA is willing to provide water service to Applicant at the above address through the waterline extension upon certain terms and conditions;

NOW THEREFORE, for the reasons set forth above and in consideration of the mutual covenants and promises of the parties, and other good and valuable consideration, LDWA and Applicant agree as follows:

1. **Construction Standards.** Prior to commencing construction of the water line extension, the Applicant shall submit plans and specifications (which shall include all specifications included in Exhibit A attached hereto) for the water line extension to LDWA for its review and approval. Design and construction of the water extension shall be accomplished in accordance with the regulations and specifications promulgated by LDWA, Town of Leeds, and the Utah State Division of Drinking Water.

All portions of the line extension to be constructed and located within a Town of Leeds, Washington County, or State of Utah public right-of-way shall be constructed consistent with the standards adopted by the agency having jurisdiction over the right of way. In order to protect LDWA from liability and to insure that the line is constructed by Applicant in accordance with the terms and conditions of the utility line agreement, the terms and conditions of the utility line agreement are incorporated in this Agreement as if set forth fully herein and Applicant and Applicant's contractor shall be required to perform construction of the line extension in accordance with the terms and conditions of the utility line agreements.

2. **Upgrades in Facilities.** The actual size of the pipeline required by Applicant for his purposes is 6-inch. However, LDWA desires that an 8-inch line be installed. LDWA agrees to pay

for the difference in the cost of materials between the 6-inch and 8- inch pipe for the length of the extension. Applicant shall pay for all other hydrants, materials, appurtenances and costs associated with the increased size of the line.

3. Recovery of Line Extension Costs. LDWA agrees to cooperate with Applicant for a period of 10-years from the date of this Agreement to allow Applicant to recover from others benefitted by the installation of the extension a pro rata portion of the costs of this line extension. Prior to initiating water service for any person desiring to receive water service through this extension, LDWA shall require a written statement from Applicant, his successors, or assigns, to the effect that the person or entity desiring water service has paid a pro rata portion of the waterline extension. For the purposes of this agreement, a pro rata proportion shall not exceed the value obtained by multiplying the length of the pipeline from the point of connection of this extension with LDWA's system to the point of the proposed connection by \$10.00 per foot and dividing by the number of connections to that point. Applicant shall then be responsible for reimbursing to any other connections on this pipeline segment an equitable amount for reimbursement already paid to insure, to the extent possible, that every connection pay a proportionate amount. LDWA reserves the right to allow connections to the extension, in the event it appears that Applicant is attempting to recover more than the pro rata portion from any individual or entity. For the purposes of determining the number of connections to a certain point on the waterline extension, the connections of William M. Stirling and his immediate family, with the exception of Applicant, shall not be counted.

4. Inspection and Acceptance of Line Extension. All work shall be inspected by LDWA for compliance with the plans and specifications prior to acceptance by LDWA. No water service shall be delivered by LDWA to Applicant or any other person or entity connected to the extension until LDWA accepts the line extension. Upon inspection and acceptance of the line extension by LDWA, Applicant shall convey the improvements, and all related easements, equipment and other appurtenances thereto, to LDWA, free and clear of all liens and encumbrances, except for those specifically agreed to in writing by LDWA, by conveyancing instruments acceptable to LDWA.

5. Operation and Maintenance Responsibilities. LDWA shall own, operate and control

the line extension as part of its water system. Notwithstanding LDWA's ownership, operation and control of the line extension and Applicant's conveyance of the line extension to LDWA, Applicant, his successors and assigns, shall continue to remain responsible for all maintenance and repairs of the line extension for the warranty period of two years from acceptance of the line extension by LDWA.

6. **Inspection Costs.** Applicant shall pay to LDWA the costs associated with LDWA's inspection and testing of the extension and associated record keeping. All of the inspection costs shall be paid for by Applicant prior to water deliveries.

7. **Qualified Contractor.** Applicant shall cause the work to be completed by a qualified contractor acceptable to LDWA, or LDWA may, at its option, construct the line extension with LDWA labor forces.

8. **Deposit of Construction Costs.** If LDWA elects to construct the line extension with LDWA forces, Applicant shall deposit the estimated cost of the work with the LDWA prior to construction.

9. **Contractor's Insurance and Indemnity.** In the event LDWA determines not to construct the line extension, Applicant's contractor, or subcontractors in the event the Applicant determined to construct the extension as the general contractor, shall furnish to LDWA the following: (1) proof that the contractor holds a valid contractor's license in the State of Utah; (2) Proof of Contractor's public liability, property damage and vehicle liability insurance in the principal amount of \$1,000,000. This insurance shall name LDWA, its officers, agents and employees as additional insureds under the policy. In addition, the insurance policy may not be canceled or materially altered except after 30 days written notice to LDWA; (3) a performance bond for the full estimated cost of the work; (4) an indemnity agreement executed by the Applicant and contractors wherein they agree to indemnify and defend LDWA from all damages, injuries, expenses and judgments arising out of the construction of the work; and (5) a guarantee wherein the Applicant and his contractor warrant the workmanship and materials incorporated in the Work free from defects for a period of two years after acceptance by LDWA.

10. **Conveyance of Title to Line Extension.** Applicant shall convey all right, title, estate and interest in the water system extension to LDWA prior to connection to LDWA's water

system.

11. Release of Liens. At the time ownership is conveyed to LDWA and before water service is initiated by LDWA, Applicant shall provide evidence satisfactory to LDWA that all labor, material, equipment rental, and other costs for installing the water line and constructing the facilities which are to be transferred to LDWA have been paid in full, and that LDWA will receive the same, free of all liens and claims. LDWA may, if it elects, require a bond in favor of LDWA, to guarantee that such payment has been or will be made.

It is intended hereby to have the Applicant bear the total cost (except for the upgrade from 6-inch to 8-inch pipe to be paid by LDWA) of installing the line extension and to assure LDWA that the water lines which LDWA will thereafter own, operate, maintain (after the two year warranty period) and control will be free of defects in workmanship and material and that it will be properly designed, disinfected and tested, and that the construction costs have been paid.

12. Connection Fees. Applicant agrees to pay the standard fees (connection and/or impact) that have been approved by LDWA's Board of Trustees for each connection it, its successors or assigns, contractors or subcontractors make to LDWA's water system.

13. Annexation into Leeds. In the event Applicant's service address is not located within the corporate boundaries of the Town of Leeds, Applicant shall petition the Town of Leeds for annexation into its boundaries. All costs associated with the annexation procedure shall be paid by Applicant. Water service shall not commence until annexation is complete.

14. Conditions Precedent. Compliance with the covenants, condition, stipulations and conditions of this waterline extension agreement shall be a condition precedent to assumption of ownership of the line by LDWA and delivery of water to the Applicant as provided herein.

15. Water Use. Applicant agrees to abide by and be subject to all rules and regulations promulgated by LDWA.

16. Entire Agreement. This Agreement constitutes the entire agreement of the parties regarding the construction and transfer of the waterline extension and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

17. Assignment. Applicant's interest herein shall not be assigned without the prior written approval of LDWA.

18. **Default, Attorney's Fees.** In the event either party should default or otherwise fail to perform in accordance with the terms and conditions hereof, the party seeking to enforce this Agreement shall be entitled to receive from the defaulting party all costs of enforcement, including reasonable attorneys' fees, whether enforcement is by litigation or otherwise.

19. **Notice.** All notices provided for in this Agreement shall be given in writing to the parties by United States mail, postage prepaid certified mail return receipt requested at the addresses indicated below:

Applicant:
P.O. Box 600
Leeds, UT 84746-0600

LDWA :
P.O. Box 627
Leeds, UT 84746-0627

A change in the above addresses may be accomplished by giving the notice required herein.

20. **Construction.** This Agreement shall be construed according to the laws of the State of Utah.

Witness the hands of the parties the day and year first written above.

Applicant:

LDWA :

By [Signature]
Its _____

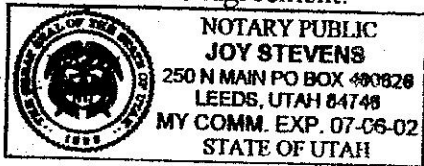
By [Signature]
Its Chairman

State of Utah)

:SS

County of Washington)

On the 1 day of July, 1999 personally appeared before me Davis Stirling who being by me first duly sworn on oath, stated that he/she is the _____ of Applicant and that the foregoing instrument was signed on behalf of Applicant and that Applicant authorized the execution of this Agreement.



[Signature]
Notary Public

My commission expires: 07-06-02
LDWA1700.AOT

Residing in: Leeds, UT

Attachment #2

The City of Leeds is starting to see demand for growth some what like the rest of Washington County has been experiencing. As a town we want to be prepared to be sure the city and the entities that provide services are able to handle the pressure in cost effective and organized way. It is typically the towns job to provide services, in Leeds chase there are other organizations such as LDWA, Leeds Water Co, Leeds Area Special Service District, Quest star, and Utah Power. It is important to be sure the town is in communication with theses service providers to be sure attractive orderly growth takes place. To do this it may require we create an ordnance to help elevate problematic problems of the past.

The objective of the meeting tonight is to open a dialogue and set criteria for a future Water Beneficial Use Study.

NOTES:

A Small Committee Met To Discuss The Possible Transition Of LDWA To A Municipal System.
Scott Ricci, LDWA; Mike Empey, Citizens Rep.; Dave Harbour Town Council.

Three Main Results:

- Advantages vs Disadvantages
- Conditions for Transfer
- One Concept Approach

ADVANTAGES AND DISADVANTAGES OF TRANSFERRING LDWA TO THE TOWN

There were both advantages and disadvantages associated with a rate increase.

1. The town residents will not see any effect from the transfer. The town can change the rates only with approval which may require State approval the same as is required of LDWA. In fact LDWA can do this without a public hearing. The only effect that may be seen (whether LDWA or Leeds Water Department) would be if a large upgrade, or expensive maintenance effort were required and a loan was needed. Leeds town would be able to secure a loan at a lower interest rate.

As the population of Washington County continues to grow more development will take place in the Leeds area. These developments can either be annexed by Leeds or one of the other towns such as Hurricane or Toquerville. In any case they will use some of the services provided by Leeds such as roads. This means that if we don't annex these areas our tax dollars are going to provide services to non Leeds residents. These new developments need water and the Water Conservancy district has stated that they would prefer selling water to a municipal water company than LDWA. This would put Leeds in a better position to annex these developments if they had sufficient water. The impact this would have on the residents is that with more homes the money from property taxes and sales taxes would increase thus allowing the town to provide more services to the community.

Grants to help pay for improvements, expansion, or other changes that may be necessary in the future are available to LDWA. These same grants are also available to the town as well as additional grants that are only available to a municipality. It would be to the resident's advantage to be able to obtain grants for the major expense items at the lowest interest possible.

Common coordinated planning for the future of Leeds needs to include all functions that would be involved. This coordination is made easier and more efficient by having the water department part of Leeds. This planning may include among other things planning for growth and considering roads, right-of ways, water etc. SEWER

A single line entry for some of the above follows:

The town is in a better position to take advantage of alternate water sources in order to insure that water is available for continued development.

Leeds growth is necessary; we must expand or cease to exist. The alternate is to be taken over by another Town.

**ONE POSSIBLE APPROACH
FOR
DETERMINING IF THE LEEDS RESIDENTS WANT THE WATER
COMPANY TO BECOME A MUNICIPAL UTILITY**

1. Allow LDWA, the Town of Leeds Officials, and any resident to voice their opinion of this proposed transfer. Conduct an open public meeting at the Town Hall to present the proposed transition concept to the public and answer questions. In addition, residents could voice their opinion either verbally or in written form.

2. Establish a date for voting on the transition. The vote must comply with the LDWA Articles of Incorporation. Each water user may vote only once. Everyone with a water tap has one vote, but only one vote, even if they have more than one water tap (this is in accordance with the articles of incorporation and by-laws). In order for this type of change to occur it is necessary that over fifty (50) percent of those with a water tap vote to make a change. Every effort should be made to encourage all eligible residents to vote. Suggested voting to take place starting six (6) weeks after the approach is agreed to following a public hearing.

Read ARTICLES V; BY-LAWS 2 & 7.

3. The method of voting is suggested to be by a mail-in ballot. This would be accomplished by the LDWA secretary preparing a numbered list of all eligible voters. This list would be reviewed by the LDWA board and the Town Council. A clearly worded ballot would be prepared to be sent to all water users on the list of eligible voters with a stamped addressed envelope in which to return the ballot. Each ballot would be numbered in the same order as the numbered list of members and it would also contain the printed name and address of the member. The ballot will also state that for the ballot to be valid the member's signature has to be on the ballot. In order to prevent hard feelings and to ensure that biases do not influence the process, an accounting firm would be the addressee where the ballots would be sent. The voting time frame would be based on both a time period and the number of votes received. Starting five days after the ballots are mailed the accounting firm and at weekly intervals thereafter would count the ballots and create a non voters list and provide the list of the non voters to both LDWA and the Mayor. The Mayor and/or LDWA could use this list to encourage those that have not voted to send in their ballot. If ballots are lost duplicate ballots could be provided as each ballot would contain both a number, an address and name of the eligible voter. Only the first vote from an eligible voter will be counted. The accounting firm would keep an ongoing count of the vote. This count would not be revealed to the Town, LDWA, or anyone else until either the time frame is over or the vote either for or against exceeds fifty (50) percent of the eligible voters. At this time both the Mayor and LDWA President would count the votes and verify the results. These results would be final. The term accounting firm is generic for any independent firm that can do the job.

4. If the vote is to change to a municipal utility, the transfer would take place over the 30 days following the vote.

5. If the vote is to change to a municipal utility the conditions of transfer would be followed by both LDWA and the Town of Leeds.

6. If the vote is to change to a municipal utility any legal papers that are required will be coordinated between the Town's Attorney or one specializing in water issues and the party identified by the LDWA board. These persons will be responsible for filing the necessary papers.

Attachment 4

Hyd #	Lat/Long	Elevation	Street	Comments
	El Dorato Hills			
23	N37X15X36.4 W113X205X4.8	3707	1250 Silverado Ct	
22	N37X15X41.7 W113X20X56.8	3720	1337 Silverado Ct	to low to the ground
24	N37X15X48.8 W113X21X05.5	3732	1444 Mountain View Dr.	
25	N37X15X53.8 W113X21X05.0	3763	N Mountain View Dr	
26	N35X15X54.2 W113X21X12.1	3774	508 Silver Crest Ct	Shutoff valve to close to 5" outlet
27	N37X15X50.9 W113X21X00.7	3777	674 El Dorado Ct	
81	N37X15X52.3 W113X20X57.8	3774	679 El Dorado Ct	
28	N37X15X51.2 W113X20X53.0	3765	783 El Dorado Ct	5" outlet facing not to road cannot see hydrant for bush in the way
	N37X15X44.8 W113X21X12.5	3736	521 Canyon Creek Dr	No number
21	N37X15X47.7 W113X21X17.9	3756	438 Canyon Creek Dr	Swimming pool 20/000 gal
20	N37X15X41.3 W113X21X13.2	3747	1334 Mountain Shadows Dr	
19	N37X15X35.3 W113X21X13.3	3727	1242 Mountain Shadows Dr	
18	N37X15X28.7 W113X21X19.1	3740	1138 Bonanza Rd	
17	N37X15X22.9 W113X21X19.1	3721	1042 Bonanza Rd	
16	N37X15X16.8 W113X21X19.2	3693	964 Bonanza Rd	
15	N37X15X15.0 W113X21X24.5	3722	Bonanza Rd	Turn to driveway landscaping prevents 2 1/2 connection
14	N37X15X08.5 W113X21X19.6	3685	880 Bonanza Rd	
13	N37X15X06.1 W113X21X26.7	3700	825 Silver Hills Rd	

A Municipal water company would put Leeds on a par with most other towns.

As a municipal water company we would receive better cooperation from State and County governments dealing with water issues.

Develop impact fees that would allow for the expansion of the water infrastructure as new development has a need for new services.

Possible Free several present residents from LDWA Board and allow them to possible serve on the town governing bodies.

As a municipal water department it may be easier to obtain right of ways for expansion.

The assigned functions would be able to do future planning for the town that would be more inclusive and include water as well as zoning, streets, parks, etc.

It would easier to obtain grants as a municipal water supplier.

Ron Thompson has implied that he would prefer selling water to a municipal water department and that he may not be willing to sell to LDWA.

CONDITIONS FOR TRANSFER OF LEEDS DOMESTIC WATER USERS ASSOCIATION TO A MUNICIPAL WATER DEPARTMENT

The transfer will take place following a majority vote in favor of the transfer by the Leeds Domestic Water Users Association (LDWA) share holders and approval by the Leeds Town Council.

READ ARTICLES VIII

The new Leeds Water Board will operate with the present LDWA Board until the term of office for each member expires. The board will report to the Leeds Town Council. At the end of each LDWA Board member's term of office the Leeds Town Council will determine how many board members will be on the Leeds Water Board. The Leeds Mayor will recommend who will be on the board and approval of this recommendation will be by the Leeds Town Council.

The Leeds Town Council may assign the Leeds Water Board other related collateral duties. Could be start of Public Works Dept.

The current amount of water and the current water rate will remain in effect and controlled in the same manner as operated under LDWA.

The Leeds Water Department will continue to operate in the same manor as LDWA (meter reading, billing, maintenance, inspections, testing, etc.) The current LDWA employees will become employees of the town and have the same job duties, hours, and pay rate they have currently.

The income from the Leeds Water Department will only be used for expenses associated with the Leeds Water Department. Funds not spent in one year will be able to be carried over until the next year.

The voting will take place following a public meeting at the Leeds Town hall to discuss all the pros and cons for this transfer. Ballots will be sent out following the public meeting to everyone that has a share in LDWA. For a vote to be valid it must have the share holder's name printed on the ballot and his signature. The voting will close based on number of votes received and time. The votes will be sent to an independent organization agreed to by the LDWA Board and the Town of Leeds. At the end of the voting period the votes will be opened and counted by the independent organization who will notify the LDWA President and the Leeds Mayor of the outcome.

All assets and liabilities will be identified and transferred from LDWA to the Town of Leeds. Assets will include all records and the current bank account. This transfer will take place within 30 days following a majority vote to transfer LDWA to The Town of Leeds providing all legal matters are accomplished.

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
May 11, 2006
7:00 P.M.

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

- II. Action Items
 - 1. Development on Vista Avenue
Gordon Casey
 - 2. Rate Increases and Scheduling a Public Hearing

- III. Board Business
 - 1. Approval of Minutes
 - 2. Company Credit Card

- V. Adjourn

Board Meeting Transcription

May 11, 2006

Present: Danielle Stirling, Maurice Hall, Scott Ricci, Ron Whitmer, Joanne Dawson, Kirk McCullough, Gordon Casey

BOARD BUSINESS

Started 6:30 PM

Scott: Some of the hydrants being done around here are not being done according to the minimum of St. George Steel 's specifications. It is not a one day job.

Kirk: I should have let Colin know what was going on. One phone call and I could have had that done. Someone else calls and screams louder and I don't get it written down. I will try better to keep track of those things.

Maurice: With what you've got on your plate, would you rather someone else be President?

Kirk: If I thought for one minute that someone, like you, was willing to take that on, it would be by far the smartest thing to do. I would love to have somebody give me something and say go do this, get this thing done.. My problem is, and this is just the way I am, typically when I take on a job I first of all do as much of the job as I can and then ask someone to do something. This was too much for me to do and at the same time -- so water got under the bridge that didn't need to. I feel like things are getting out of control. And it scares me to death.

Ron: You are very admiral for doing what you did. A year ago nobody would take President. You were new to the community, new to the water board, and yet you took it and I admire that. I know that you got dumped on and so I appreciate it very much.

Kirk: Somebody should have said you can't handle this.

Ron: Maurice said he would be willing to be our President.

Kirk: Is this something you would be willing to take on? Let me tell you what -- It's unfortunate, because I feel guilty everyday. And like I said to Scott recently I feel things are just getting out of control. I worry about legalities and liabilities and things I may not even understand. I should have been able to trust Philip (Peine)when he said he knows what he is doing and has done it before.

Question: What did he do?

Kirk: He just came in and tied into our line and put in a fire hydrant .

Question: For Philip Peine?

Kirk: No, for Ed Snow. Ed Snow and I --he wanted this that and the other thing, and I wouldn't hurry fast enough for him It got to the point where he wouldn't talk to me anymore. I told him I didn't understand what you're asking me to do. He's telling me he has all this water. I said, you're going to have to come to our meeting and do this. I don't understand what you're asking me. We need to review all this stuff. Then all of a sudden Philip's on the phone. (Philip) said I represent Ed Snow.

Scott: It's clear that he at least needs to get a drawing. As we sit here, we do not know where he is going to tie into our system.

Ron: Tell me what's going on.

Scott: He wants to put a hydrant in somewhere. The only reason I know about this is that Colin called about marking for Blue Stakes. Hydrant: mark it out for Peine 150 feet North of -- he (Colin) asked where am I putting this thing, way out in the field somewhere?

Kirk: Here is my problem. This is my fault, in my business there is certain people that I trust. In MY business. But he said Kirk, this thing has been in the works, in the plan for Babylon Valley for a long time. There needs to be a plan somewhere in place. I should have called you (Scott) or Colin right then and there.

Scott: Peine said at the town counsel meeting and swore up and down that we had given him a water rights. And that was true. He told the city counsel that Ed Snow said we had agreed and everything was hunky dory. Then I called the next day and I was told no.

Kirk: Gordon Cased did the same thing to me. He's a contractor, he's playing us like a bunch of podunks. This makes me mad.

Danielle: This is what I wanted to be up, it's not on the agenda, but I did a checklist. What I did is that I went through the agreement and I just put everything on the agreement (in categories) for single family, multiple family, commercial, and developer.

Ron: Here let's make a vote. Would you like to run for President? (Looking at Maurice).

Maurice: I would be willing. I would have to beg help from all of you.

Ron: I make the motion that Maurice Hall be President of the LDWA

Danielle: I second it.

Kirk: I quit. I resign, I quit.

Scott: The By-Laws say we have a vote every year. We're doing it right now.

Danielle: Back to this. If someone wants to come in and pipe into our system, or want to get water, they will have to follow the checklist. This is what they will be given along with the Developer's Agreement. This is, I think, the most important thing anyone can get if they are going to come in. Cause how are they to know what they are suppose to do?

Kirk: It's like this lady that called today. She said she is being told by Karen (at Town Hall) that we need to have this, that there is going to be special situations, and Jared telling me on this lot on Main has certain problems. I don't even think it's a legal lot - the small one with the orchard on it.

Maurice: I think we need to adopt this.

Danielle: If you want to go through the whole packet, be my guest.

Kirk: This is what needs to happen. This could just be given to Town Hall. When they come in and say they want to get a permit, they need to be given this right now.

Danielle: It shouldn't be town hall it should be LDWA.

Scott: We have to have paperwork and it has to track on through. Then we have to make sure it is inspected.

Joanne: Including the water application; everything in a packet. So they get the whole thing.

Maurice: We need that to track and follow through. As far as our relationship with the City, and I will deal with this. The City should make no commitments for us and they should accept no subdivisions, no building permits without a letter from us.

Scott: I've talked with several councilmen about this issue and they say gee I guess we forgot.

Maurice: I'll deal with the City.

Kirk: I get these calls everyday, everyday, saying we talked with Karen and she's given us your number.

Danielle: If it's all right I going to revise it, because it has somebody else's name at the top.

Maurice: Do we have a will serve letter?

Joanne: I do on my computer that I send to the Health Dept.

Ron: Can we get back to this Ed Snow? What do we need to do there?

Scott: They're suppose to work on this Saturday. Colin is supposed to give up his Saturday to meet them to install this hydrant on the corner of Valley and Babylon. The normal work week is Monday thru Friday 7:00am to 7:00pm. Why are they doing it on Saturday? He can't do this. To be within specifications he should have his concrete set up first and that hasn't been done. Hydrants have to have the pea gravel in them or rocks so they can drain. Is he a licensed contractor?

Kirk: His father is and he said that they are bonded.

Danielle: No he's not.

Scott: That is why this has to be done ahead of time. They can't come and say they are bonded unless they show a paper saying they are and have liability insurance.

Ron: The fire hydrant is for what?

Kirk: For 3 lots.

Ron: And this has been approved by who?

Scott: The City - that's what they said. We haven't seen anything on this.

Ron: Are we going to be able to give them water?

Danielle: No

Scott: We aren't suppose to.

Danielle: He already came in and said he was going to do 20. And because of that he's not suppose to. He's already considered a developer. And is suppose to bring his own water.

Scott: We told them that we would let the individual households bring water in one at a time up to 3.

Danielle: OK then. How are you going to do this if Craig Sullivan comes in and says he wants to do the same thing?

Kirk: That's my point because I said you can't do it over 20 years and we're only doing 3.

Danielle: So if Craig came in today and say he wants to do 3 more lots, we'd give it to him?

Kirk: No.

Danielle: Then why are you doing it for Snow?

Kirk: I guess in a way I did it.

Danielle: I don't think that's fair, you can't choose one person to do it and another that can't.

Kirk: I agree with you, but where do you draw the line? This is where we were at the time we had to make a decision on this Developer's Agreement. Is it 2? Is it 3? We were trying to decide this for 3 months. I got people calling me everyday. Maybe I shouldn't have made the decision myself. That's my mistake. There were several properties within the 20 lots. 20 on the hillside, 3 here. It will never happen again.

Scott: I was reading somewhere in the minutes, they gave them 5 units one time without having to bring water. He didn't have nay water. He had irrigation water. You can't transfer. I told him I was sorry but we can't bend the rules.

Ron: As it stands now is that Ed (Snow) can build a house and get one hookup, somebody else can build, get 1 hookup, up to 3 times.

Kirk & Scott: Yes.

Kirk: Now our agreement on Developers is 2 lots or less (not a development) 3 lots or more is a development.

Maurice: It was defined as a major or a minor development.

Scott: We said a person can split his lot, anything more than that is a developer.

Kirk: We had people coming in here saying 5, Jared came in here saying 5.

Maurice: What does the City have?

Kirk: The City has major and minor.

Scott: We don't have that criteria. So it gets confused. The City laws are different.

Danielle: Did the City approve these 3 lots thinking that we were giving him water:

Unison: Yes.

Danielle: Who told them?

Scott: Philip. He sat there and said I have a will serve letter. I called him the next morning and asked what are you doing giving will serve notices away?

Kirk: It was never legal at that point.

Danielle: So is it going in or is it not?

Kirk: They are going in, yes.

Maurice: They're 3 lots completely separated from the other properties.

Ron: So is he using this as a ploy to donate the acreage. He should not have gathered up those three until he made his donation. He's using it as blackmail.

Danielle: Pretty much.

Maurice: It's been approved by the City. Do we want to kill the subdivision? Or can we serve them? The three lots?

Ron: To me we are committed.

Scott: We can serve them. We have the water.

Danielle: How are we going to clean that one up?

Ron: It could be used as a law suit saying you did it for someone else.

Scott: It was approved before we had our change made.

Kirk: Do we say we need to resolve this by saying from this day forward or do we just say oh well we did that --

Danielle: I don't think it's resolving anything, I think your resolving is opening a can of worms. I don't think it's resolving a thing.

Kirk: You don't understand. This was in the works long before we ever made a Developer's Agreement. It was on the books before that. Once that Developer's Agreement went in everything changed.

Danielle: You mean the Amendment to the Developer's Agreement?

Kirk: Yes. Saying what a developer was. They had to be on record and come to the meeting..

Danielle: Just for the 3?

Kirk: Just for the 3.

Scott: the amendment is one thing but we also made a decision on what a developer was. That was all done after he was given permission. I don't think anything has been put in writing. I asked Joanne if she could find anything and she couldn't. I asked her predecessor and she couldn't anything.

Ron: On the other hand we are going to put ourselves in a pickle if all of a sudden we say now after we said yes we say no.

Danielle: What about the 20 lots.

Kirk: We haven't made a commitment for the 20 lots.

Scott: He hasn't come in with any paperwork. Only unofficial discussions on what should be done.

Danielle: when did he come in with the paperwork to the meeting that was documented for the 3?

Scott: Maybe Nov or Dec.

Kirk: Sept or Oct. This is what this Gordon Casey baloney is. I fought tooth and nail with this thing. I was talking with people and trying to figure out the right way to go about it.

Scott: Lets talk about Silver Reef Highlands and what we are going to do about that.

Maurice: Lets talk about Gordon Casey before he comes and decide what we are going to do.

Scott: Gordon Casey has not given us any paperwork whatsoever.

Danielle: He didn't have it. I drove it right to his house, so you can't blame him. We can't blame him for our responsibility.

Kirk: The bottom line is this is not the first house he has built.

Danielle: It's the first house in Leeds.

Kirk: My point is he knows darn well he should have a permit. He hasn't gone to the City. He came to my house one day laid some plans on my truck. And I also has this water that has been deeded to me. So I said OK you have the right things that's great. He got into his truck and drove away. Ever since then he's told people everything's done, I've been approved, I can start. The next thing we know he's digging holes over here saying I said it was alright. But that's wrong. He knows, as a contractor. All of a sudden he's hooking into our lines without any permission. I've had it with this guy.

Maurice: Is he tied into our lines?

Scott: Yes, he's tied into both ends and is almost through. Colin has been inspecting.

Maurice: We just have to make it absolutely clear that he may be tied into our system, but there is not going to be any water turned on until all of this is done.

Danielle: He is a very cooperative guy. He will do whatever we ask. But he has to know what he needs.

Kirk: That's true. But don't you come in and get a building permit? This isn't rocket science.

Danielle: He was give 2 pieces of paper. The single family thing and one other that had nothing to do with the Developer. So it's not his fault for not knowing what he is suppose to have if we don't prepare something to give to him.

Maurice: This again goes back to the City. We've got to get the City to say: You cannot, cannot, approve a subdivision until this guy has a will serve letter. We have 2 issues here: 1 is with the City and I will deal with that. I've attended counsel meetings until midnight. 2 is to make him legal and it sounds like we can do that.

Danielle: Casey said he wanted to come tonight to know how we wanted it and he would do it

Scott: Again this was started before the Developer's Agreement in 2005. He is going to be the last person to connect to our aquifers.

Maurice: We have to give him a will serve letter and approve the plans and we're done.

One other thing about this Developer's Agreement: I think the intent is great but I think we went about it completely wrong. We need to revisit that. There is no reason in the world why a developer can't bring us a water certificate and us charge him and impact fee that will cover the cost of putting the water into our system. But to tell him to bring water to our system --you can't do it.

Danielle: Can you amend the amendment?

Scott: Yes. But you would have to call another special meeting.

Ron: The only way it's going to work is if we talk about it on a monthly basis why it needs to be changed and then call a stockholder's meeting.

Maurice: I think if we approach it that you have the right idea, you're heading down the right road, you've

just got the wrong apparatus. Let us do an impact fee that covers the cost.

Ron: I'm in favor of that.

Danielle: I am too.

Scott: I don't think that it is legal.

Danielle: I think if it involved a law suit we'd lose our shorts over it.

Scott: If you have water you cannot restrict it that way.

Maurice: Would you be apposed if I sent out a president's letter with the next water bill? A letter what we're doing as a board, where we're going and maybe some issues we need to look at.

Kirk: And let them know you're the president.

Ron: We also need to announce the vice president.

Danielle: I propose that Ron continues to be vice president.

Scott: Seconded it.

Scott: I want to bring up Silver Reef Highlands. What is going to transpire? Because of the pipe.

Kirk: I've talked with Dallin Gardner several times in the last while.

Scott: Bush and Gudgeall went down and checked the pipe and faxed Scott telling him what was wrong. It's not how you read the specifications and that's not the size of the pipe. I went down there and cut the pipe they looked at it, and I showed them how they are reading the cut sheets for the pipe wrong. It's the Engineers I'm telling this to! Oh we see the difference in the 2 sizes. What it amounts to is Dallin doesn't want to chop up the street and get complaints from the City. They are going to come in with at least 2 different proposals. 1. Redo the whole thing. 2. Do nothing, because people don't need that much water, and 3. Compromise where they're going to -- on the single pipe that is the wrong size. There is one big pipe and 2 small ones. On the single long ones they are 3 small ones. Cut that pipe off just outside the asphalt area, to not disturb it, and put a bigger pipe in between that and the meter and then have the home owners have to put a larger pipe to their home. The loss of water would be the same. The homeowner would normally put in a 3/4" pipe, they will put in a 1" pipe. Essentially, they have the same amount of water going through the pipe. I told them that sounded like a good idea but it would have to be recorded and not be something we have to deal with. It's going to have to be recorded either in their CCRs that it can't be changed, or have it recorded on their plat plan that these people will have to do this type of work.

Ron: OK a person buys the lot, what do they have to do?

Scott: They would normally put in a 3/4" pipe but have to put in a 1" pipe from their property line to the meter. Possibly a 1" pipe. Bush and Gudgeall are doing the calculations now to tell us what it will be and then they will present it to us. It is something that has to be recorded. It is not something we're going to have to deal with 10 years from now.

Maurice: We need to see the full calculations. They can actually calculate the flow based on the size of the pipe and the length of the pipe.

Scott: There are 2 houses being built now. They can be easily changed right now. The ones that have the dual system should be changed no matter what. The reason we want a larger pipe from the meter is so when we put on a bigger meter these people have bigger houses can have a 1" meter. We can give them a larger meter but if we can't get water through it, it doesn't do any good.

Maurice: They need to bring us a proposal and they need to bring it to this board because this president is not going to make this decision on his own. And I don't expect Scott to have to make it on his own. Or anyone else.

Scott: This is something that has to be in writing and recorded. They just started calculations yesterday.

Maurice: I have the letter from Alpha on the Hogan Springs. What am I suppose to do with it?

Scott: Did you get Coy Wiley to sign it and notarize it? (No). Well now you are President and on the back of it you can sign it. White out Coy's name, put your name in there, sign it, get it notarized and send it off to the State.

Maurice: Ray Beal was kind enough to take me on a 4 wheeler ride to the Weir, 1 hour and 45 minute ride. The long and the short of it is the creek is washed out. We could, without a great deal of work, get some people up there with shovels, picks, and divert the water back into the weir. It would probably take about 30 feet of trenching and a little bit of damming to get the water runs into the weir again. There is a piece of

angle iron that picks up the water and channels it back out into the stream. This thing couldn't be more than 3" in width and 6" in depth. If we're going to maintain that forever and forever,, someone's going to have to clean that puppy out every once in a while because it's going to fill up with silt. If we fix it and put it back into the channel. The other problem I see is if we put it back into the channel, the next time we have a big wash through there, or flood through there, we're going to be doing it again. My recommendation to this board is that we basically do nothing until we're backed into a corner and in that point in time I suggest that we either trade the water or sell the water to Ron Thompson and get out of there.

Kirk: How much water is there?

Scott: There is 24 acre feet of water

Maurice: Ron Thompson wants all of that water. If we just sit back and wait until the time comes when Ron is looking for it or until we are forced to do something we can make a decision there. I would hate to see us as a water company maintaining that forever and ever.

Scott: That's why the State tried to discourage this from happening because they knew it would not be maintained.

BOARD MEETING

Present: Board Members and Casey Gordon

Meeting opened: 7:05

Welcome: Maurice

Prayer: Ron

Pledge: Kirk

Item: Development on Vista Avenue/Gordon Casey

Gordon: We're in the middle of preparing for construction and are desirous to cooperate and do whatever it is we need to do. Complete things successfully the way you folks want things to be done. When we started this it went through the City, didn't know LDWA, I went to the City submitted a plan. They asked for a proof of water. I took some plans to Kirk, showed our ownership of water, I understood it was OK to go ahead and get started.

Kirk: I'm sorry you got that impression.

Gordon: Anyway, we're here where we are and we just need to get this thing done. I was given a Developer's Agreement to sign. I don't see how we can sign this agreement with the way that it is. It's basically like we're starting at the beginning. It talks about the board association prior to commencing construction. No construction shall be started until checked and approved by LDWA board. Well, we're way beyond that. Unless you've looked those plans over and have any questions.

Scott: The plans are OK the only thing is to add one more valve. The placement of the shut off valve for the hydrant should be by the main, it shouldn't be by the sidewalk. That's what I told Colin.

Gordon: The other thing it (agreement) says is getting the plans approved by an engineer. Reviewed by an engineer of your choice. Everyone has an engineer that they go to. The City had us go to Bush and Gudgeell. We worked with an engineer down there: Todd Edwards. He red-lined the plan, including the water line. It was on there, he reviewed and red-lined that. That is why we got all those the valves in there, you apparently thought we had too many. Because he asked us to put them on there.

Scott: That was Colin. I wanted them.

Gordon: Anyway he (Edwards) reviewed the plans. We bonded them with the water system with the City. It is strange they never said anything about patenting on a bond or having the approval of the water company. It's too bad there isn't more cooperation between you and the City.

Ron: We have new city people and new water people.

Maurice: It is my goal to fix that.

Gordon: There's really no need for them to have an engineer and for you to have another engineer, working with them with on the review by their engineer who's your engineer, that should be sufficient. That's

basically what happening. It talks about submitting construction drawings. I have a couple of sets. I'm sure you have a set already, if not I some here for you to look at. You talk about subdivision monuments. I don't know what you're talking about. Lot corner monuments. All part of the subdivision plan part of what's required by the City. It should always be in a subdivision., your survey poles and that's all part of the plat. It's just duplicating what the City requires.

Scott: Give us a copy of this, we just want to know where things are too.

Gordon: The same set of plans given to you are the same as given to the City.

Maurice: Going back to that Developer's Agreement, It's entirely possible because as a water board, or company, we are not tied to the City. It is possible that when it was written or when it was conceived there was a chance we could do something outside the limits of the town.

Gordon: It talks about the title insurance which is required by the City. Before we report the plat we have to go through all that. And certify that we have clear title. And then the bond the bank provides the letter. Water rights - I'm not exactly sure. We showed that we have proof of water ownership. This says that the developer shall provide evidence of builder's water rights to the Leeds Domestic Wateruser's Association. With proof of culinary water equivalent to 40,000 gallons per month.

Scott: It's not true, it's 1.2 per lot.

Gordon: There is one thing I'm sure how it is done and that is transfer of ownership of the water system to LDWA once it is installed. It's in City streets, I don't know what that means. What kind of document or whatever we do to deed that to the City.

One of the requirements you have is acceptance of the contractor. You know the contractor. I have known this guy for years. He used to work as an employee for one of my partners. He is as knowledgeable as anyone and as good as anyone I've worked with. He is an outstanding contractor. His only problem is that he is not the best businessman in the world.

Scott: We have absolutely no problems with him.

Gordon: The other changes made on here. When reviewed by the engineer at Bush & Gudgeall he said lets put the meters side by side to property line. I said well, we've always put them in the center of the lots. So that's where I showed him. Colin said we like them together.

Scott: It doesn't make any difference to us. If Colin said you could do that, it was to save you some money.

Gordon: They're going to be together on the lots.

Scott: As long as you get the right size pipe, we're happy.

Gordon: That's good since we have to cut through all those rocks. We do have the guarantee with the city by a bond that is effective and includes the water system. I don't know why we would have a separate bond for that as long as it is included in there. All the improvements are part of the bond.

The city hasn't requested this but I have requested a compaction test so that the type of materials that are put back in the trenches are acceptable. We have AGECC come and do testing on compaction as well as where we're getting dirt from across the street. It's good dirt. To help build the road up.

Scott: Colin is testing and they're required to do a density test.

Gordon: An no rocks are getting back in. We've got 80 acres where we're getting the dirt at. You can't separate the rock from the dirt on the construction site. I don't know quite what to do, there are so many things that have already been done. To sign this agreement would put us back to doing work that has already been done.

Maurice: We can stipulate to the point that the things you have already done are in place. We need that development agreement signed in order to back up our files. We're comfortable with what you are doing. If you need a letter from us saying the issues that are in there are done and are in accordance with our requests.

Gordon: I think that would be good from a good business standpoint. We should have something. If you could do that we would be happy.

Maurice: As of May 11 Have your attorney put together a letter

Danielle: We have a checklist you can have. Some things might not be one there but I did was go through the developer's agreement after I left you and from the secretary's point of view, she can check off what needs to be done but for the most part you have already done. Just check it off. I think that should be enough I don't think a letter needs to be written.

Maurice: In lieu of a letter, I would be willing to sit with you and stipulate that everything is in place and

initial the items done. I think what we need right now is to review your plans, mark up the changes on the plans, and then lets work on, you and I work on that checklist. Then the other item is getting that water trench into our well.

Scott: It has to be transferred into our well and just quit claim it to us at the end of the job. Transfer your water into our well.

Maurice: I think the engineering firm you are using probably has the know how and the wherewith all to make that happen for you.

Gordon: The next question is LDWA water service application. Is this as the people come in?

Danielle: I'm revising that

Gordon: It says the developer or whoever buys it pays both for the yoke and the meter.

Scott: We've never had a developer want to put up the money at once.

Gordon: The only thing you haven't mentioned is the water line extension agreement to pay back the Stirlings.

Maurice: We need a letter of release from Stirlings that's been done before we turn the water on.

Gordon: Your husband said 1500 feet at about \$12,200.00. I will make you a check for the total amount.

Scott: And we'll need a letter from you (Danielle).

Danielle: The other thing that she would like (me). When you do go make us a copy to put in our files. Your letter changes everything for back up.

Item: Minutes

Scott: On page 3 at the bottom of the page it says "it was also determined that Colin check the bonds of all these contractors--? Did we actually say this? That is something the board should do.

Maurice: Can you strike that?

Scott: On the bottom of page 3 and top of page 4 change to "upgrading from the existing infrastructure"

On page 8 Danielle's name is misspelled. Where is brought up the issue of different rates, strike out Eldorado Hills, it is just for Silver Reef Highlands.

Danielle made the motion to approve the Minutes with changes

Kirk seconded the motion.

Item: Rate Increase

Maurice: I talked with Terry Smith who used to be the water superintendent fro Cedar City for years. He is retired now. He is a water circuit writer right now. In talking with him about how Cedar City set up their fees, I liked the idea. They set up their fees based on winter time usage. This is the normal use for a home without outside irrigation. Based on everyone using the minimum, our expenses are \$100,000.00 with 100 users, we have to collect \$1,000 per user and divide it by 12. That became the base rate. So no matter what happened, you were always going to meet your basic expenses, Then they made 3 tiers in the rate structure: 1st tier brought people from no usage, that 1st tier, that base rate is for no water, that's just the privilege of having a meter there. The 1st tier brought them up to 800 gallons a day is what the State says that single family residents should have. It wasn't a big expense. It wouldn't be much more than our rates are right now. If we can hold our expenses in line anyway. What that did was provide for those people on a fixed income to decide not to water outside and have enough water to take care of the house and stay within their budget.

The 2nd tier went from 800 gallons == it took into account most of the users that do an average amount of outside watering.

The 3rd tier is for those that have a great deal of water usage.

I think that is a real equitable plan for everyone. But I think before we can do that we've got to study our budget and find out what it costs to run this company. Then we need to go into the January, or the lowest usage month, what was our usage divided by our subscribers. That is going to give us our base rate. Then divide our number of subscribers into our fixed monthly expenses.

Danielle: How is this going to affect Caselle? Is this going to be easily implemented?

Joanne: I would have to ask Caselle. The whole program would have to be changed. It is set up by the way we do it now; up to 30,000 gallons, up to 60,000 gallons, that sort of thing.

Maurice: I see the numbers changing but-- if we're going to have Caselle do it then we're going to have to have them do it.

Kirk: I think we need to look at this pretty soon.

Scott: No matter what, we've got to wait to see how much water we are going to be using this summer

Danielle: I want to see if this irrigation actually comes into play how its going to impact us. Because it we're not going to be able to get money, we're going to have to raise our rates.

Assignment:

Joanne pull up a report of our yearly expense last year. Need water usage report - Scott had it. It was 147.11 acre foot of water last year. This is off the master meters.

Maurice: We need to know how it breaks out.

Scott: I will give Joanne a copy of this report. (Maurice wanted one also)

Kirk: We know that our overages were a substantial amount of our income.

Scott: I did calculations: our overages

Kik: We're lucky we're not municipal. The State Would be all over us. They require \$39.00 a month. We're at \$20.

Colin: Our rate is \$30.00 and our impact fee is 5700. That was mandated to us by the State.

Kirk: Our overages constituted about 40% of our income.

Scott: In June and July, 2005 our overages were 45% of our income.

Maurice: During that time how much were we running the wells?

Scott: We didn't use the well because of construction up there, we were able to feed the system with 98% of water coming down from the spring. Problem: This letter you're sending to the State. We took more water out of that spring then we are allowed. We could get fined for that and everything. This year starting tomorrow or next we are going to have to begin running our well. It has to be up and running. We have to cut down on our spring usage. Last year we couldn't do that because of construction.. The State didn't want to hear me say what we have to do. They didn't want to hear it. We used up to 50% more water than we are entitled to from the spring.

Maurice: How much does it costs us to run the well?

Scott: Pretty reasonable. We're going to get a new pump. Part of the agreement up there was to upgrade the system. The pumps ran 40% of the time 2 years ago when we were using them. That's one pump so actually we have 2 pumps so it would be about 20%.

Maurice: Is it reasonable to believe with the water savings due to the irrigation water, we could get most or all of our water from the spring?

Scott: there is a possibility, I would doubt it would happen, maybe in 5 years. We are using our pump 1/4 of the time.

Danielle: Can we get a profit and loss report from Philip Peine?

Maurice: I would like to see an expense report with it. I would like to see what June does can we have a couple of months to study this? To see how it compares to last year.

Scott: It's already compiles in the year end report. You should already have it.

Danielle: I like the idea where you keep the rate the same but lower the gallons used.

Maurice: the is basically what I am doing. You pay \$20 just to have a meter and the amount of water that the state says you can have. Our base would cover our expenses and the overages would put money in the budget to do things with.

Scott: Need to check property plats with the city our county to get names of owners and start charging standby fees. Any property with a pipeline available to it, thus increasing the worth of the property , needs to pay a standby fee.

Kirk: There have been complaints that meters aren't being read.

Scott: Colin said some meters look like they haven't been opened up in years.

Kirk: I think our readers are estimating usage.

Joanne: Why don't we have an apprentice read. Let's get Colin an apprentice and have him read the meters? And eliminate the problem. The readings are consistently inconsistent.

Kirk: How much are we paying them?

Joanne: We're paying them .50 cents a meter and they are wanting more money because of the cost of gas.

Kirk: Every once in a while I'll have someone open up and..... I get this phone call saying our meter has never been opened. I just used 85,000 gallons of water and it's just January.

Maurice: Let's talk about an apprentice and make this an agenda item for next month.

Colin was assigned to write a job description for an apprentice to the water operator to send with June billing. Have the resumes mailed to LDWA.

Item: Company Credit Card

Maurice made the motion to approve Joanne to obtain a credit card for the company through Wells Fargo Bank.

Danielle seconded it

Item: Pumper Tap at the Highland Tank

Maurice: I have a couple of items I want to discuss. Up at the new water tank up on the hill. We have the pump down off the hill - the tank up on the hill. Then that becomes the area which the fire department could probably stop a fire coming in to Eldorado Hills. The road up to the pump house is ideal for a firebreak. What we are trying to do is get the Forest Div. of BLM to come in and make a shaded firebreak beyond that. Not take out all the vegetation but cut out some of the low stuff. It would become a place where we could stand and put out fires. We have all kinds of water up there but no access to it. What the fire department is proposing is that we have a hydrant up there. As a water board I think we can justify that by having the fire dept. protect our pump house and well.

Colin: Where do you propose the placement of that hydrant?

Scott: One of the problems is that there are limited places you can put it. You have to run it through our well pump or you won't have pressure.

Maurice: We intend to use our pumper truck.

Scott: You can use the drain from the tank. Use a separate valve on the drain - on the existing one. That way you wouldn't have to get permission from the Forest Service to do it.

Colin: It would be the least expensive and we already have the valve.

Danielle made the motion that we put a pumper tap in for the Leeds Fire and Rescue at the Highland's tank. Scott seconded the motion.

Scott said we will have to keep it locked up; a key for LDWA and one for the fire department.

Maurice moved to adjourn, Kirk seconded it

Adjourned: 8:45 PM

Assignments:

Maurice - a President's Letter for June's billing

Colin - prepare a job description for a level 1 water operator (apprentice) for June's billing

Joanne - usage report divided by number of customers and find the CD with map of Leeds

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
June 8, 2006
7:00 P.M.

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

- II. Action Items
 1. Pay Increase for Meter Readers
 2. Contract of Agreement with City
 3. Study of Water Usage for Next 2 Months
 4. Rent at Walton's Plaza

- III. Board Business
 1. Approval of Minutes
 2. Kemp & Burdick's Recommendations
 - A. Company Credit Card
 - B. Money Market with Sweep
 - C. Conversion from Mac to PC
 3. New Business Line: 435-879-0278

- V. Adjourn

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
June 8, 2006
7:00 PM

Present: Maurice Hall, Joanne Dawson, Scott Ricci, Ron Whitmer, Danielle Stirling

Absent: Kirk McCullough

Meeting was opened at 7:05 PM by President Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Maurice Hall

Pledge of Allegiance: Scott Ricci

Minutes: A copy of the 5/11/06 meeting transcription was given to board members in lieu of minutes. Board Members are to contact Joanne if any changes are needed.

BUSINESS ITEMS

Item: Pay Increase for Meter Readers

DISCUSSION:

A rate increase for meter readers was approved with specifications to improve their performance.

STATUS:

Agenda item. Ask Steve and Kelly Johnson to make a proposal and present it to the board.

Proposal to be considered, pending their agreement to meet the board's criteria.

Item: Contract of Agreement with City

DISCUSSION:

The Contract of Agreement is between Leeds Water Co. (irrigation water), Leeds Domestic Waterusers (culinary water), and Leeds City. The purpose of this agreement is to define the area we serve and find ways to serve more people with the same amount of water. Options were given:

- 1) Enter into an agreement with Leeds Water Company to continue to provide them with 40,000 gallons but transfer 10,000 gallons into culinary water.
 - 2) Transfer our 7 ½ shares of irrigation water into culinary water for another 50 acre feet of water to serve twice as many people as we serve now. Or,
 - 3) Take our 7 ½ shares of irrigation water, or any other water shares available, and sell it to people who don't have irrigation water. Restrict irrigation water for outside use and culinary water for inside use.
 - 4) Pool some of the old mining water and any other water available into our system.
 - 5) Use our capital gained to purchase any water shares Gordon Casey would be willing to sell.
- One recommendation was to have Leeds Water Company measure irrigation gallon usage as a preliminary study to this agreement.

A meeting will be held June 13, 2006, 7:00 PM, for both water companies and the City under the direction of mayor Trudy Law.

STATUS:

Open item. Each entity is to come to a general understanding of what they want to do, go back to their respective boards for approval, then collectively retain an attorney.

Item: Study of Water Usage

DISCUSSION:

It is too preliminary to set new monthly rates.

STATUS:

Open item. Maurice and Joanne will watch water usage in the next months to see how the new pressurized irrigation system impacts our receivables. This study will give Maurice a better overview for usage and enable him to calculate new rates.

Item: Rent at Walton Plaza

DISCUSSION:

Elaine Murphy quit 5/30/06. This prompted the issue of hiring temporary help through SOS services for file clerk, typist, or whatever is necessary to help Joanne bring LDWA to a higher level of professionalism. The problem is how do we hire people to help if Joanne works from home? These ideas were presented:

- 1) Set up an office with office hours. Two possibilities were given; rent an office at Walton Plaza, or check the rental of the house directly across the street from the Town Hall.
- 2) Hire a business manager with water experience. Have office space enough for a manager, a licensed water operator, and a secretary.
- 3) Go through a property management agency instead of renting an office. Susan at Monarch Property Management was suggested.
- 4) Use an accountant like Angell Springs.

STATUS:

Open Item. Danielle and Joanne were asked to pursue these options and call a meeting with Maurice to make a decision.

BOARD ITEMS

Item: Recommendation

LDWA Bylaws need to be amended from "40,000 gallons to 30,000 gallons."

Item: Kemp & Burdick's Recommendations

DISCUSSION:

There were concerns about the balance amount in our checking account, the need for a company credit card, and the long term financial plans for LDWA. Joanne contacted Philip Peine at Kemp & Burdick CPA firm. These were his recommendations:

- 1) Meet with Mel Bennett at the head office of Wells Fargo Bank. Change our accounts from individual to business.

- 2) Present LDWA's financial reports to qualify for a business credit card.
 - 3) Consider using a money market with a sweep account. Leave enough money in our checking account to meet our payables then "sweep" the remaining receivables into an interest bearing money market account.
 - 4) Meet with Heather, from his CPA firm, to set up an accurate accounting program. One change: our impact/connection fees should be identified separately in a chart of accounts.
- It was proposed and approved that we keep \$10,000 in our checking account, the remaining balance in a money market account, and to follow the aforementioned recommendations.

STATUS:

Closed item. An appointment has been set up with Mel Bennett at Wells Fargo Bank, Maurice, and Joanne, June 13, 2006, 2:00 PM. An appointment has been set up with Heather at Kemp & Burdick, and Joanne, June 14, 2006, 2:30 PM, for a QuickBooks accounting cleanup and conversion.

Item: Miscellaneous

DISCUSSION:

- 1) New business phone line installed. Number is 435-879-0278 and ready to use when a new phone and answering machine are purchased. Maurice wants a recording to give our office hours, and who to call after hours.
- 2) Include with our billing a notice to each shareholder that we are holding board meetings and when those meetings are. Encourage our shareholders to participate.
- 3) Include with the next billing a job opening notice for an Apprentice/Level I Technician for Colin, our water operator.
- 4) Change Alene Cuff's 5 standby taps to floater taps and find the agreement or contract regarding Hogan Springs and Alene. Floater taps are not tied to any property and are not billed.
- 5) Call Coy Wiley and ask about the floater taps. Does he have a list?
- 6) Annual payment of \$7,500 is coming due to Bert Leany for 6 ½ shares of water and a half acre lot. Scott will bring copies of the paper work to the next board meeting. This will be an agenda item.
- 7) Danielle will finalize the compliance checklist and put together a packet for Joanne to give to developers.
- 8) Maurice prepared a new copy of an old map dated 11/2000 from Bush & Gudgell's Water Modeling Study. Colin and Scott were asked to become familiar with it.

STATUS:

Information items.

Adjourned 8:45 PM

Recorded by Joanne Dawson

WATER USAGE COMPARISONS

<u>MAY 2005</u>	<u>USAGE</u>	<u>INCOME</u>	<u>MAY 2006</u>	<u>USAGE</u>	<u>INCOME</u>
Regular Usage	5,800,131	\$ 7,124.69	Regular Usage	6,660,431	\$ 6,033.09
30,000-60,000	1,539,960	1,803.72	30,000-60,000	1,176,899	2,353.80
60,000+	<u>39,560</u>	<u>90.19</u>	60,000+	<u>468,860</u>	<u>1,406.58</u>
					62%
					24%
					14%
Total	7,379,651	\$ 9,018.60	Total	8,306,190	\$ 9,793.47

Divided by 291 Customers = \$30.99

Divided by 316 Customers = \$30.99

<u>JUNE 2005</u>	<u>USAGE</u>	<u>INCOME</u>	<u>JUNE 2006</u>	<u>USAGE</u>	<u>INCOME</u>
Regular Usage	5,411,083	\$ 5,780.00	Regular Usage	5,524,240	\$5,947.90
30,000-60,000	1,579,920	3,159.84	30,000-60,000	1,671,190	3,342.38
60,000+	<u>161,260</u>	<u>483.78</u>	60,000+	<u>604,560</u>	<u>1,813.68</u>
					54%
					30%
					16%
Total	7,152,263	\$ 9,423.62	Total	7,799,990	\$ 11,103.96

Divided by 289 Customers = \$32.61

Divided by 316 Customers = \$35.14

May 2006 Usage

Leeds Domestic Water
User Association

Billing and Usage Summary
Report Date(s): 05/11/2006 to 06/10/2006

Page: 1
Jul 13, 2006 11:02am

Description	Commercial	None	Residential	Totals
WATER Usage	263,900	0	8,042,290	8,306,190
WATER Amount	419.72	.00	9,373.75	9,793.47
STAND Amount	.00	.00	.00	.00
SHARE Amount	.00	.00	.00	.00
MISC Amount	.00	.00	.00	.00
LATE Amount	.00	.00	.00	.00
Total Charges	419.72	.00	9,373.75	9,793.47
Previous Balance	398.86	.00	15,907.84	16,306.70
Payments	376.86 -	.00	12,445.72 -	12,822.58 -
Deposit Applieds	.00	.00	.00	.00
Balance Transfers	.00	.00	.00	.00
Balance Write-Offs	.00	.00	.00	.00
Deposit Interest	.00	.00	.00	.00
Total Charges	419.72	.00	9,373.75	9,793.47
Current Balance	441.72	.00	12,835.87	13,277.59

Year-To-Date: 05/11/2006 to 06/10/2006

WATER Usage	263,900	0	8,042,290	8,306,190
WATER Amount	419.72	.00	9,373.75	9,793.47
STAND Amount	.00	.00	.00	.00
SHARE Amount	.00	.00	.00	.00
MISC Amount	.00	.00	.00	.00
LATE Amount	.00	.00	.00	.00
Total Charges	419.72	.00	9,373.75	9,793.47
Previous Balance	398.86	.00	15,907.84	16,306.70
Payments	376.86 -	.00	12,445.72 -	12,822.58 -
Deposit Applieds	.00	.00	.00	.00
Balance Transfers	.00	.00	.00	.00
Balance Write-Offs	.00	.00	.00	.00
Deposit Interest	.00	.00	.00	.00
Total Charges	419.72	.00	9,373.75	9,793.47
Current Balance	441.72	.00	12,835.87	13,277.59



WELLS FARGO BANK, N.A.
 P.O. BOX 6995
 PORTLAND, OR 97228-6995

Page 1 of 2

Account Number: 17032

Statement Period:

Image Count:

(CO119)
 229-2086812
 2292086812
 May 20, 2006-
 Jun 21, 2006
 14

LEEDS DOMESTIC WATERUSERS ASSOC
 PO BOX 460627
 LEEDS UT 84746-0627

For Customer Assistance:
 Call 800-225-5935 (1-800-CALL-WELLS).

Account Number	Beginning Balance	Total Credits	Total Debits	Ending Balance
Choice IV Commercial Checking 229-2086812	216,708.85	13,752.16	- 12,657.14	217,803.87

News from Wells Fargo

Credits
Deposits

Effective Date	Posted Date	Amount	Transaction Detail
	May 30	1,204.23	Deposit
	May 30	1,023.40	Deposit
	May 30	825.80	Deposit
	May 30	790.00	Deposit
	May 30	745.97	Deposit
	May 30	705.86	Deposit
	May 30	653.80	Deposit
	Jun 05	1,152.99	Deposit
	Jun 06	865.98	Deposit
	Jun 09	566.24	Deposit
	Jun 19	4,000.00	Deposit
	Jun 19	288.31	Deposit
	Jun 20	907.96	Deposit
		13,730.54	Total Deposits

Electronic Deposits/ Bank Credits

Effective Date	Posted Date	Amount	Transaction Detail
	Jun 13	21.62	Interest Payment
		21.62	Total Electronic Deposits/ Bank Credits
		13,752.16	Total Credits

Check Images

Statement period: May 20-Jun 21, 2006

Account number: 229-2086812

Image page: 1 of 2



LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 5.1.06
PAY TO THE ORDER OF Kirk McCallum
\$ 50.00
FOR ALL PHONES
#0000003855 #1240029716 2292086812 #0000050007

REF#2644345851 CK# 3835 50.00

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 5.1.06
PAY TO THE ORDER OF Scott Comas
\$ 225.00
FOR Scott Comas
#0000003848 #1240029716 2292086812 #00000229007

REF#2644786671 CK# 3848 225.00

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF Wells Fargo Bank
\$ 683.82
FOR Wells Fargo Bank and other banks
#0000003854 #1240029716 2292086812 #00000683827

REF#2148545087 CK# 3854 683.82

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF James P. Wilson
\$ 1035.23
FOR James P. Wilson
#0000003855 #1240029716 2292086812 #00001035237

REF#2645014156 CK# 3855 1035.23

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF James P. Wilson
\$ 194.53
FOR Wells Fargo Bank
#0000003856 #1240029716 2292086812 #0000194537

REF#2645014155 CK# 3856 194.53

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF Colin King
\$ 1379.40
FOR Colin King
#0000003857 #1240029716 2292086812 #00001379407

REF#2644963449 CK# 3857 1379.40

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF Colin King
\$ 402.78
FOR Wells Fargo Bank
#0000003858 #1240029716 2292086812 #00000402787

REF#2644968155 CK# 3858 402.78

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF Brian Murphy
\$ 442.05
FOR Brian Murphy
#0000003859 #1240029716 2292086812 #00000442057

REF#7748406729 CK# 3859 442.05

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF Kelly Wilson
\$ 135.50
FOR Kelly Wilson
#0000003860 #1240029716 2292086812 #00000135507

REF#2646929703 CK# 3860 135.50

LEEDS DOMESTIC WATERUSERS ASSN. #000
DATE 6.2.06
PAY TO THE ORDER OF Kelly Wilson
\$ 20.00
FOR Kelly Wilson
#0000003861 #1240029716 2292086812 #00000020007

REF#2645476294 CK# 3861 20.00

June 2006 Usage

Leeds Domestic Water
User Association

Billing and Usage Summary
Report Date(s): 06/11/2006 to 07/10/2006

Page: 1
Jul 13, 2006 10:57am

Description	Commercial	None	Residential	Totals
WATER Usage	308,420	0	7,491,570	7,799,990
WATER Amount	499.52	.00	10,233.79	10,733.31
STAND Amount	.00	.00	570.00	570.00
SHARE Amount	.00	.00	.00	.00
MISC Amount	.00	.00	.00	.00
LATE Amount	.00	.00	.00	.00
Total Charges	499.52	.00	10,803.79	11,303.31

Previous Balance	441.72	.00	12,835.87	13,277.59
Payments	339.72 -	.00	9,293.82 -	9,633.54 -
Deposit Applied	.00	.00	.00	.00
Balance Transfers	.00	.00	.00	.00
Balance Write-Offs	.00	.00	175.00	175.00
Deposit Interest	.00	.00	.00	.00
Total Charges	499.52	.00	10,803.79	11,303.31
Current Balance	601.52	.00	14,520.84	15,122.36

Year-To-Date: 06/11/2006 to 07/10/2006

WATER Usage	308,420	0	7,491,570	7,799,990
WATER Amount	499.52	.00	10,233.79	10,733.31
STAND Amount	.00	.00	570.00	570.00
SHARE Amount	.00	.00	.00	.00
MISC Amount	.00	.00	.00	.00
LATE Amount	.00	.00	.00	.00
Total Charges	499.52	.00	10,803.79	11,303.31

Previous Balance	441.72	.00	12,835.87	13,277.59
Payments	339.72 -	.00	9,293.82 -	9,633.54 -
Deposit Applied	.00	.00	.00	.00
Balance Transfers	.00	.00	.00	.00
Balance Write-Offs	.00	.00	175.00	175.00
Deposit Interest	.00	.00	.00	.00
Total Charges	499.52	.00	10,803.79	11,303.31
Current Balance	601.52	.00	14,520.84	15,122.36



WELLS FARGO BANK, N.A.
 P.O. BOX 6995
 PORTLAND, OR 97228-6995

Page 1 of 3
 Account Number: 48,020
 Statement End Date:

(CO119)
 213-8915562
 06/30/06

LEEDS DOMESTIC WATERUSERS ASSOC
 PO BOX 460627
 LEEDS UT 84746-0627

If you have any questions about this statement or your accounts, call: 800-225-5935 (1-800-CALL-WELLS).

Your Accounts at a Glance

Account Type	Beginning Balance	Deposits/ Credits	Withdrawals/ Debits	Ending Balance
Business Performance Savings 213-8915562	53,328.67	129.90	0.00	53,458.57

News from Wells Fargo

The Wells Fargo Select Health Insurance Program, available in conjunction with eHealthInsurance, offers plans for employee groups and sole proprietors as well as Health Savings Accounts (HSAs). You'll find a wide variety of health insurance plans and carriers as well as experienced professionals who will help you in finding a plan that meets your needs. Through eHealthInsurance, you can:

- View quotes, compare plans and purchase online
- Access licensed professionals for personal attention, clear explanations and unbiased advice
- Add a Health Savings Account and dental plan

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Business Performance Savings 213-8915562

Leeds Domestic Waterusers Assoc

Posted Date	Transaction Detail	Deposits/ Credits	Withdrawals/ Debits	Ending Balance
May 31	Beginning Balance			53,328.67
Jun 30	Interest Payment	129.90		53,458.57
Jun 30	Ending Balance			53,458.57

Account Statement

May 1 through May 31, 2006
Account Number: 229-7720416

Page 1 of 3

206,744 (CO119)



LEEDS DOMESTIC WATERUSERS ASSOC
PO BOX 460627
LEEDS UT 84746-0627

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Wells Fargo Market Rate Savings

Leeds Domestic Waterusers Assoc
Account Number: 229-7720416

Activity summary

Balance on 04/30	\$2,524.08
Deposits and interest	0.65
Withdrawals	- 0.00
.....	
Balance on 05/31	\$2,524.73

Interest you've earned

Average collected balance this period	\$2,524.08
Annual percentage yield earned	0.30%
Interest and bonuses paid to date this year	\$2.32
Interest paid during this period	\$0.65
Interest earned for this statement period	\$0.64

Continued on next page

Name	Cust No	Type	Ref No	Description	Source Id	Check No	Amount	Msg	Service
De Mille, Brent & Colleen	1072.1	Pmt	67	Payment		22834	20.00 -		WATER - 1
Fry, Lance & Pamela	1102.1	Pmt	68	Payment		23857	43.30 -		WATER - 1
Martini, Stephanie	1190.1	Pmt	69	Payment		65501	20.00 -		WATER - 1
Blake, Nate	1026.1	Pmt	70	Payment		10099	117.83 -		WATER - 1
Dove, Daniel & Heidi	1078.1	Pmt	71	Payment		5005	199.88 -		WATER - 1
Virgin River Leeds Ward	1292.1	Pmt	72	Payment		69919	33.76 -		WATER - 1
Total 7/6/2006	333,806						3,187.61 -		
7/10/2006									
Bytheway, Ralph & Ruth	1049.1	Pmt	1	Payment		4309	52.44 -		WATER - 1
Lithgow zz, William & Marjorie	1345.1	Pmt	2	Payment		623	30.00 -		STAND - 2
Gifford, Howard M.	1105.1	Pmt	3	Payment		2333	20.00 -		WATER - 1
Vogel, Reinhard	1293.1	Pmt	4	Payment		1636	20.00 -		WATER - 1
Forsha, Alice	1096.1	Pmt	5	Payment		143	20.00 -		WATER - 1
Zundel, Jonathan & Claudia	1319.1	Pmt	6	Payment		5697	20.00 -		WATER - 1
Schimbeck, Aaron	1251.1	Pmt	7	Payment		3846	20.00 -		WATER - 1
Holt, Sydney & Gene	1136.1	Pmt	8	Payment		157	20.00 -		WATER - 1
Brewer, Roy & Glennice	1036.1	Pmt	9	Payment		7702	20.00 -		WATER - 1
Kardas zz, Raymond and Jinny	1341.1	Pmt	10	Payment		815	30.00 -		STAND - 2
Langston, Sheila	1160.1	Pmt	11	Payment		8365	25.16 -		WATER - 1
Roberts, Alan	1240.1	Pmt	12	Payment		550	120.00 -		WATER - 1
Breskin, Robert & Zan	1035.1	Pmt	13	Payment		1623	2.68 -		WATER - 1
Rehfeld zz, Steven A. and Glen	1353.1	Pmt	14	Payment		1668	30.00 -		STAND - 2
McNay zz, Mary	1348.1	Pmt	15	Payment		1057	30.00 -		STAND - 2
Haynes, James & Barbara	1130.1	Pmt	16	Payment		759	64.48 -		WATER - 1
Anderson zz, Jerry and Fawn	1321.1	Pmt	17	Payment		5403	30.00 -		STAND - 2
Tanner, Gary	1282.1	Pmt	18	Payment		20749	20.00 -		WATER - 1
Randles, Jim	1232.1	Pmt	19	Payment		89154	20.00 -		WATER - 1
Cole, Patrick & Roxanne	1055.1	Pmt	20	Payment		541	72.16 -		WATER - 1
Anderson, Ray & Beverly	1007.2	Pmt	21	Payment		421681	20.00 -		WATER - 1
Q West	1229.1	Pmt	22	Payment		3319	20.00 -		WATER - 1
Muir, O. Bailey & Lorna	1204.1	Pmt	23	Payment		53690	20.00 -		WATER - 1
Eggers (JAKE), Leon & Margaret	1145.1	Pmt	24	Payment		548	111.74 -		WATER - 1
Gold, Joel & Roma	1138.2	Pmt	25	Payment		2717	190.32 -		WATER - 1
Jackson, Frank L.	1146.1	Pmt	26	Payment		10547	613.49 -		WATER - 1
McPheeters, Jerry & Nancy	1284.2	Pmt	27	Payment		1140	20.00 -		WATER - 1
Johnson, Steven / Kelly	1150.1	Pmt	28	Payment		3879	20.00 -		WATER - 1
Total 7/10/2006	334,331						1,682.47 -		
Total Payments	318,253						9,633.54 -		
Grand Totals:	318,253						9,633.54 -		+ 14,505.00

Report Criteria:
 Types Selected: Payments

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
July 13, 2006
7:00 P.M.

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

- II. Approval of Minutes

- III. Action Items
 1. Pay Increase for Meter Readers
 2. Agreement with Town/Approval of Fees
 3. Report on Water Usage/Comparison to Last Year
 4. Rental of Office and Warehouse Space at Storage Units

- IV. Board Business
 1. Leeds Fire and Rescue/Fire Hydrant Concerns
Chief Steve Lewis
 2. Update on Market Sweep Account
 3. Update on Credit Card
 4. Conversion from Mac to PC
 5. Update on Business Line and Internet
 6. Update Joanne with E-mail Addresses/Send Information by E-mail
 7. Bert Leany Agreement
 8. Certificates
 9. *Review Budget with the*

- V. Adjourn

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
July 13, 2006
7:00 P.M.

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

- II. Approval of Minutes

- III. Action Items
 1. Pay Increase for Meter Readers
 2. Agreement with Town/Approval of Fees
 3. Report on Water Usage/Comparison to Last Year
 4. Rental of Office and Warehouse Space at Storage Units

- IV. Board Business
 1. Leeds Fire and Rescue/Fire Hydrant Concerns
Chief Steve Lewis *20K GAL RESERVE IN SPLIT Tank*
 2. Update on Market Sweep Account
 3. Update on Credit Card *\$1000 LIMIT*
 4. Conversion from Mac to PC
 5. Update on Business Line and Internet *WORKING*
 6. Update Joanne with E-mail Addresses/Send Information by E-mail
 7. Bert Leany Agreement
 8. Certificates

- V. Adjourn *LEAD PIPE TESTING*

LEEDS DOMESTIC WATERUSERS
EXECUTIVE MEETING
July 13, 2006
7:00 PM

Present: Maurice Hall, Scott Ricci, Joanne Dawson

Absent: Ron Whitmer, Kirk McCullough, Danielle Stirling

Meeting was opened at 7:05 PM by Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Maurice Hall

Pledge of Allegiance: Scott Ricci

Minutes: Last page, item #8, change to new copy of an old map dated 11/2000 from Bush & Gudgell's Water Modeling Study. Hold final approval until we have a quorum.

BUSINESS ITEMS

All business items need a quorum to discuss and decide action. There was not a quorum present. Maurice invited those on the agenda to make their presentation. He will call a special meeting next week, with a quorum, to offer their thoughts and ideas for discussion.

Item: Pay Increase for Meter Readers

DISCUSSION:

These were the reasons Steve Johnson gave for an increase in pay:

1. An increase in customers; doubled since they first started.
2. Cost of fuel; the gas their cars use to idle, stop and go.
3. Length of time since they had an increase; been reading for 23 years with only one pay change approximately 8 years ago.

Jim Parnell suggested a raise with the stipulation they clean and maintain the meters. Maurice agreed to additional jobs providing they are not time consuming.

STATUS:

Table item for a quorum. Suggest to the Board that they put together a proposal they feel is fair and present it to Steve and Kelly Johnson for approval.

Item: Leeds Fire and Rescue/Fire Hydrant Concerns

DISCUSSION:

Steve Lewis, Fire Chief, expressed these concerns:

1. Hydrants are so close to the ground they can't get hoses on them.
He submitted a list. (Scott said Colin is currently working on it.)
2. He hasn't seen flushing or maintenance records for at least 2 years for the hydrants.
(Scott said Colin is also putting this together.)
3. He heard about a large consumption of water from a tank leaving it almost empty. This puts fire protection in jeopardy.

Scott commented that once last week we lost a lot of water out of the Silver Reef Highlands tank. It went from approximately 60,000 gallons one evening to about 8 inches of water in the bottom the next morning. He didn't know if someone opened it into the ditch to keep trees alive or what. The Forest Department truck was up there, but they would not have used that much water. Another time he caught a contractor in the middle of the night using a hydrant without a meter to fill a swimming pool.

He also said the Silver Reef tank has no water level mark so you actually have to open the tank and look inside to check the water level. The School Trust has agreed to put in an automated system as part of the Silver Reef Highlands development but for now if there is a fire in that area the fire department needs to contact Scott or Colin so, if necessary, water can be made available. Steve Lewis felt this to be very disconcerting, and offered these additional concerns:

4. LDWA needs an automated system to read water levels and fill tanks.
5. Anyone stealing water should be prosecuted. This is a criminal act.
6. He needs a working knowledge of our supply system and requested a copy of our map.

STATUS:

Maurice and Scott will attend the next fire training meeting to familiarize the department with our water supply system and provide them with a map. Steve Lewis will report to Joanne all amounts of water the fire department uses so she can report their usage to the State. Present Steve's concerns and recommendations to the Board.

BOARD ITEMS

Maurice gave the audience a brief overview of the following items:

Item: Market Sweep Account

At the end of each day our funds are frozen and moved out of our checking account into a money market account to be used all night long then put back into our checking account the next morning to cover checks and sweep fees. Maurice gets a report everyday by E-mail. He said the lowest interest rate made was 3.5%, the highest at 3.8%. LDWA makes about \$16.00 a night. In the near future he hopes to put together a capital facilities plan and an emergency recovery plan. His goal is to better manage the company's money.

Item: Credit Card

A credit card is being established for small expenses and will have a \$1,000 limit.

Item: Conversion from Mac to PC

All of our financial records were in an old Mac format. When we converted to the new water usage/billing system it had to be in a PC format. Kemp Burdick CPA firm is overriding those Mac files into PC files. Joanne is meeting with Heather from Kemp Burdick tomorrow to make the conversion to a new PC QuickBooks accounting program.

LDWA Minutes
July 13, 2006
Page 3

Item: Business Line and Internet

We have new phones and a business line. The new number is 435-879-0278. We are also set up with high speed internet.

Item: E-mail Address

An E-mail address will added in the next 2 days. Maurice wants the letters LDWA used in that address.

Items: Bert Leany Agreement, Certificates, and Beal Property/Meter

These items need to be tabled until there is a quorum.

Meeting Adjourned at 8:15 PM

Recorded by Joanne Dawson

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
August 10, 2006
7:00 P.M.

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

- II. Approval of Minutes

- III. Action Items
 1. Presentation by Philip Peine
 2. Pay Increase for Meter Readers
 3. Agreement with Town/Irrigation Company/LDWA/Approval of Fees
 4. Report on Water Usage/Comparison to Last Year
 5. Rental of Office and Warehouse Space at Storage Units
 6. Expenditures for New Hydrant Meters
 7. Fence/Gate Across Roadway to Highland Tank

- IV. Board Business
 1. Leeds Fire and Rescue Concerns
 2. Update on Market Sweep Account
 3. Update on Credit Card
 4. Conversion from Mac to PC
 5. Update on Business Line and Internet
 6. E-mail Addresses/Send Information by E-mail
 7. Bert Leany Agreement
 8. Certificates
 9. Beal Property/Meter

- V. Adjourn

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
August 10, 2006
7:00 PM

Present: Maurice Hall, Scott Ricci, Joanne Dawson, Danielle Stirling, Ron Whitmer, Colin Korpi, Philip Peine

Absent: Kirk McCullough

Meeting was opened at 7:00 PM by Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Ron Whitmer

Pledge of Allegiance: Danielle Stirling

Minutes: Approved

BUSINESS ITEMS

Item: Accounting Service/Philip Peine

DISCUSSION:

Maurice asked Philip to put together a bid for accounting services, including billing, tax, and payroll services. Philip said Kemp Burdick will provide to LDWA the following services:

1. Account receivables including monthly invoicing, deposits, and fielding questions from customers.
2. Account payables including bill paying twice a month with designated management personnel for approving disbursements and the signing of checks. Also include performing monthly bank reconciliations.
3. Process payroll, prepare quarterly reports, prepare W-2 forms, and prepare 1099 forms. Also do annual tax returns.
4. Prepare a monthly compiled financial statement with an associated compilation report.

Their fees for these services will be \$975.00 per month plus any out-of-pocket expenses such as postage, supplies, word processing, and travel. They will also provide management consultation services at a 20% discount. These services are meant to free Joanne for other needful projects and will be used only until the projects are completed. Philip's bid was best.

STATUS:

Motion made by Danielle to accept the offer by Kemp Burdick to do our monthly, yearly, and quarterly accounting. Ron seconded the motion. Item approved.

Item: Combined Billing

DISCUSSION:

Maurice was approached by the City with the possibility of combining the Leeds Water Company, LDWA, and the City's billing into one, using one envelope and one postage stamp for all three bills. The City also asked if we would consider allowing them to do the billing. The Board was not in favor of letting the City take over our billing for these reasons:

1. The City sends their bills quarterly, we send ours monthly.
2. They have no idea of how involved our billing is nor the amount of work involved.

3. They would have to handle meter readings.
4. It would complicate our accounting program, and
5. We are a private company and they are a government enterprise.

STATUS:

Item not approved.

Item: Rental of Office and Warehouse Space at Storage Units

DISCUSSION:

Rey Stoker of Leeds Storage wants a one year lease for the office instead of the six months we requested. The City offered us an office in the Town Hall. Scott said we should trade with the City for rent since they are using four different sources of our water without charge. One Councilman said the Town Hall is owned by the citizens of Leeds and LDWA is owned by the citizens of Leeds so there should be no rent. Colin said LDWA is getting bigger and suggested that we rent for a year then build the space we need. Maurice said the City is talking about building a new Town Hall and want LDWA to be at one end of the building. There is no known time of when this will happen. Scott said we have deed to some land and that grant money for building might be available as it was 2 years ago. If money is still available, Maurice recommended Elaine Murphy write the grant. He asked Danielle to talk to Elaine.

STATUS:

Motion made by Danielle to trade services for the office in the Town Hall, and to not exceed \$150.00 monthly in the rental of a storage unit. Scott seconded the motion. Item approved.

Item: Pay Increase for Meter Readers

DISCUSSION:

Maurice said he is willing to increase the meter reader's pay but he wants accuracy. The readers should only be allowed a 1% error rate per month. This pay increase should also include the maintenance of the meters.

STATUS:

Motion made by Ron to 1) increase the meter reader's pay to \$.70 a meter, 2) expect the readers to keep the meters clean and readable, 3) report needed repairs, and 4) be allowed a 1% error rate (3 errors) per month. Scott seconded the motion. Item approved. Maurice asked Joanne to prepare a contract to this effect and give it to the Johnson's.

Item: Report on Water Usage

Maurice asked Joanne to prepare a comparison report of water usage for this year and last year and give each board member a copy.

Item: Agreement with City/Irrigation Company/LDWA for Approval of Fees

DISCUSSION:

Maurice said our objective is to provide our customers with quality water at a reasonable price. Our water company will not join the Water Pooling Agreement and be subjected to the fees of the Water Conservancy. The City will be part of this agreement so boundaries are being set. He wants our service area as it is now to constitute our boundaries. The City will serve everything outside our service area.

Maurice gave each board member a rough draft copy of the trilateral agreement between the City, LDWA, and the Irrigation Company. He asked them to review it and let him know if they want to make changes. The draft outlines the direction each entity wants to go. By next meeting they should be ready to give this agreement to the attorney. Maurice asked the Board's permission to spend \$1,500 to \$2,000 for our portion of attorney fees to Rick Hafen.

STATUS:

Motion made by Maurice to pay up to \$2,000 for attorney fees. Danielle seconded the motion. Item approved.

Recommendation: Once the trilateral agreement is finished, Maurice said we will know better how to change our By-Laws and would like to use the same attorney: Rick Hafen. Information from the agreement will help us put together a Budget, a Capital Facilities Plan, and an Emergency Restoration Plan.

Item: Expenditure for New Hydrant Tank

DISCUSSION:

We currently have two hydrant meters. It costs \$800.00 for a new meter. It is possible to build one with a 2" fitting for ½ price. Maurice suggested we build 2 meters.

STATUS:

Motion made by Scott to build two 2" hydrant meters. Ron seconded the motion. Item approved.

Item: Fence/Gate Across Roadway to Highland Tank

DISCUSSION:

Colin said that bikers and 4-wheelers are riding around the Highland Tank spinning gravel everywhere. They are racing between the tank and the block wall, and he is concerned about the liability. Without a fence or gate we are giving invitation to the problem. Maurice said there are 2 large ditches on each side of the road. The solution is to build a fence part way then put a double gate on it.

STATUS:

A gate will be installed. Colin called Ron Fowlks of Allied Fence Co. and is waiting for a bid.

BOARD ITEMS

Item: Update on Market Sweep Account

This is working very well. Maurice gets a report everyday.

Item: Update on Credit Card

Joanne said we have been approved and are waiting for the card to be mailed.

Item: Conversion from Mac to PC

New Mac programs today allow conversion, however, our program was too old. Philip Peine has been to Joanne's office twice to get a copy of our old program. Our program will have to be copied, updated to the new Mac program, then conversion can be made.

Item: Update on Business Line and Internet

The business phone line and internet has been installed. Each member was given a copy of the new phone number and the company's E-mail address.

Item: E-mail Addresses/Send Information by E-mail

Those board members who have E-mail were asked to give their addresses to Joanne so she can send communication, agendas, or minutes directly.

Item: Certificates

Certificates will be worked on after our accounting and billing programs have been given to Kemp Burdick.

Item: Beal Property Meter

Agreement was made with Jared Westhoff that if he does the trenching, we will install the meter.

Meeting Adjourned at 8:40 PM

Recorded by Joanne Dawson

Maurice Hall

From: Maurice Hall [mhall@egreenfield.com]
Sent: Thursday, August 10, 2006 9:00 AM
To: 'Dave Harbour'
Subject: RE: Updated material

Maurice Hall
Engineering Manager
Greenfield Communications Inc.
949-258-1018

From: Dave Harbour [mailto:daharbour@infowest.com]
Sent: Wednesday, August 09, 2006 5:56 PM
To: Marice Hall
Subject: Updated material

Marcie,
I am trying to send the Rough Draft and the revised charts that are divided into In Town and out of Town.
If you don't get it let me know.
Dave

**ROUGH DRAFT AGREEMENT BETWEEN
LEEDS DOMESTIC WATER USERS ASSOCIATION
LEEDS WATER COMPANY
TOWN OF LEEDS**

1. Leeds Domestic Waters Users Association (LDWA) provides culinary water to the Town of Leeds and has defined its service area as follows:
2. Leeds Water Company (LWC) provides irrigation to a portion of Leeds and has defined its service area as follows:
3. In defining a service area both LDWA and LWC agree to provide the infrastructure and maintenance to provide associated water to all users within their respective service area.
4. The Town of Leeds will pass an Ordinance defining the amount of land on any residential lot that can be irrigated. This will not include property in residential zones that are farming for profit. This Ordinance will define and may restrict such things as home gardens, orchards, grass lawns, decorative landscaping, etc. However, it will still allow a sufficient amount of these items. This could be a very controversial item I am thinking that those presently living in Leeds are here because of the life style which allows for the kind of things mentioned above. I do think it is well to define areas of greenbelt and areas of desert however.
5. The Town of Leeds will sign the water pooling agreement with the Washington County Water Conservancy District (WCWCD) and will be responsible for providing culinary water to Leeds residents outside of LDWA's service area but within the Town of Leeds. The Town of Leeds may choose to

8/10/2006

provide water service to residents outside the town but is not required to by this agreement. The Town will be responsible to provide the distribution to these residents sufficient for home use and fire protection. The Town will be responsible for all maintenance and billing, but may chose to contract this effort out. The Town will establish a budget for this new Leeds Water Department and maintain sufficient reserve for emergencies.

6. The Town of Leeds will require new housing (arcas) to install two (2) water systems one for indoor use and the second for outside watering. This may be modified where the lots are large or if insufficient water is available.

7. The Town of Leeds will provide irrigation water to most residents outside the LWC's service area but within the Town of Leeds. The area serviced will be dependent on the size of the zone involved and the amount of water available. The Town will be responsible for the infrastructure, maintenance, and billing for this water service. This water service will be part of the Leeds Water Department. The Town will establish a budget for the Water Department sufficient to be prepared for emergencies. The Town may contract the maintenance and billing effort out. (May want to mention where the irrigation water will come from)

8. The LWC Board of directors will devise a means where their users will feel that it is better to use irrigation water for outside use than culinary water. This should be structured in a way that those farming for profit (livelihood) get first usage of the available water.

9. Due to the recent conversion of the LWC to a pressurized system, and knowing that the State of Utah will reduce the amount of water they are allowed to control they will transfer to LDWA the excess water that the State is expected to take away. This transfer must be at a reasonable cost. The LWC will agree to the LDWA converting any irrigation, mining or other water shares they hold or obtain to culinary use. I think this would be a very hard sell, maybe the excess water could be spread to those without irrigation water to use outside and reduce the use of drinking water used for irrigation purposes. LDWA could then reduce the amount of water allocated to each of those customers and achieve nearly the same results.

10. LDWA will evaluate their current allocations to residents and structure a cost structure based on the following: a). If irrigation water is or is not available to the defined area of residents; b). the amount of water that is necessary for household use plus a factor for miscellaneous use; c). a progressive cost for overage uses that would encourage the use of irrigation water for outside use or encourage the use of water conservation type of landscaping.

11. LDWA will prepare a capital Facility Plan and Impact fee to maintain the services as the Town within their service area grows.

12. The Town of Leeds will require all new development to install the necessary distribution and other infrastructure necessary to provide both culinary and irrigation water to the development. Is this the same as #6 in part?

13. The Town of Leeds will develop a Capital Facility Plan and Impact Fee for the culinary and irrigation water outside the LDWA and LWC service areas respectively.

14. The Town of Leeds will utilize the water output from the sewage processing facility for irrigation water. This will keep the water within this area. Should this be a combined with #7

15. Excess water from the sewage processing facility will be available to the LWC.

8/10/2006

16. LDWA will work to rewrite any bylaws in order to comply with the intent of the trilateral agreement, while providing water to all residents within their service area. The new bylaws should establish a process to insure that any changes to said bylaws are reviewed by all share holders and every effort is made to comply with the majority consensus.

17. LDWA will continue to maintain the culinary water infrastructure within their service area. They will continue to do all meter reading and billing within their service area. They will continue to maintain sufficient funds to be able to deal with emergencies.

18. LWC will continue to maintain the irrigation water infrastructure within their service area. They will continue to do all billing within their service area. They will continue to maintain sufficient funds to be able to deal with emergencies.

19. The Town of Leeds, LDWA and LWC will all strive to work together in a corporative way for the best interest of the residents of Leeds. If conflicts of interest arise open discussions will be held to reach a reasonable comprise. They will openly share information between them so that all will be better informed as early as possible of any potential problem.

20. The Leeds Water Department will have an advisory Board that will have three members as a minimum. These three will consist of one from each of the following: LDWA Board, LWC Board and the Leeds Town Council. Each appointed by their respective organization. The Advisory Board may change in the future but will be maintained for a minimum of five (5) years from the date of this agreement.

Changed my mind I will bring the chart tonight.

LDWA objective in this process: I will work with the board tonight to come up with this.

Dave -- thank you for all your effort and all you do for the town.

Maurice

9 August 2006

The Town of Leeds, Leeds Domestic Water Users Association (LDWA),
and Leeds Irrigation Water Company (LWC) Work Meeting

I. Return and Report and Further Define, Discuss and Assign Action Items

- A. Leeds Water Irrigation Company (LWC) to identify the following:
- a. LWC Shareholders currently using their irrigation water for their personal residence and existing building lots.
 - b. LWC Shareholders unable to put 100% of their water shares to beneficial use.
 - c. Residents within the Certificated Water Use Area that could purchase water share overages.
 - d. A Capital Facilities Plan based on current and logical future Certificated Water Use Areas.
- B. Town of Leeds:
- a. Continue to work for exemption from Impact Fees of the Water Pooling Agreement for those within LDWA's future defined Service Area.
 - b. Determine the total units available at full build-out under the current existing Town boundaries and zoning.
- C. Leeds Domestic Water Association:
- a. Define quantity in acre feet of present water rights usage at 1.2 acre-feet per connection.
 - b. Define quantity in acre feet of present water rights usage at .89 acre feet per connection.
 - c. Define quantity of acre feet that could be salvaged by having inside domestic use only zone.
 - d. Define and establish water use zones and standards for the above water use requirement.
 - e. Define and establish a capital facilities plan based off of a defined service area.
 - f. Identify additional water rights available to include in the system.

II. Identify an additional needed information

III. Set Meeting to get the above items to Rick Hafen

1.51 Ac Ft

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
September 14, 2006
7:00 P.M.

- I. Call to Order
 1. Welcome
 2. Prayer
 3. Pledge of Allegiance
- II. Approval of Minutes
- III. Action Items
 1. Elaine Murphy/Grants
 2. Irrigation Company/Renting Shares
 3. Ken Miller Engineering/Well Recommendations
 4. Scott Ricci/State Trust Lands
- IV. Board Business
 1. Water Usage Report
 2. Approval for Fencing/Gate at Well Site
 3. Approval/Items for New Office
 4. Rental on Storage Unit
 5. Approval for Telephone Kelly to Wire New Office
 6. Legal Issue/Terry Prisbrey
- V. Adjourn

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
September 14, 2006
7:00 PM

Present: Maurice Hall, Scott Ricci, Joanne Dawson, Danielle Stirling, Ron Whitmer, Colin Korpi

Absent: Kirk McCullough

Meeting was opened at 7:10 PM by President Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Ron Whitmer

Pledge of Allegiance: Maurice Hall

Minutes: Ron MOVED: To table approval of minutes until next meeting. Scott SECONDED. MOTION PASSED.

BUSINESS ITEMS

Item: Elaine Murphv/Grants

Elaine reported to the board grant and funding options for financing a building. The scope of grant lenders is narrow to private companies, so her recommendation was low interest financials like Rural Development (USDA). They do water projects, sewer projects, and buildings. Their scoring criteria is high so loan participation is helpful, such as owning our own property and matching funds. They put a lien on the property for collateral and do a 30 year term. The interest rate is currently 4.5%. The advantage of using Rural Development is: no surrendering of water rights, and no ceiling on the amount of money borrowed. The disadvantage is that funding is not available until January.

Hal Nielson of Richfield will do an Environmental Assessment and report at the November Board Meeting. A loan application is needed with the following: a needs assessment report, a three year financial report, a copy of the By-Laws and Articles of Incorporation, and a list of LDWA Board Members. This should be ready by January. Elaine's fee is 8 to 10% of the loan amount.

LDWA's half acre property with the old cement water tank on it, located off Silver Reef Road, is being considered as the building site.

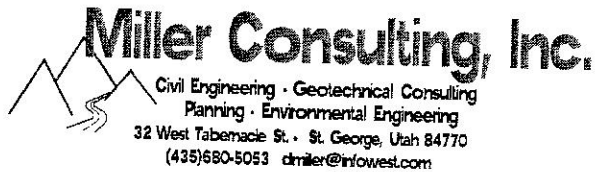
Danielle MOVED: To have Elaine work up a loan through Rural Development, and be paid from the proceeds of the loan. Scott SECONDED. MOTION PASSED.

Item: Irrigation Company/Renting Shares

Danielle gave the presentation, but due to conflict of interest refrained from voting.

The Irrigation Company wants to rent water from LDWA. Renting is a more responsible way for shareholders to control disbursement of water to areas of use and avoid waste. It will also "prove up" the water LDWA actually has. Rent will be at the going rate and a rental agreement will be written.

Maurice MOVED: To approve the rental of LDWA water shares the City is not using to the Irrigation Company, at the going rate, on a year to year basis. Scott SECONDED. MOTION PASSED.



September 13, 2006

Mr. Maurice Hall
Leeds Water Company

Re: Proposal for Engineering Services
Leeds Well

Dear Mr. Hall:

We appreciate the opportunity to submit this proposal to provide Civil Engineering Services for the above referenced project. Based upon our understanding of the project requirements, we propose the following Scope of Services and associated Fee.

1. WELL ANALYSIS AND REPORT

T&M, NTE \$5,000

Perform review and research of existing well, prepared analyses and report. Report to discuss alternatives and provide recommendations.

SCHEDULE OF DELIVERABLES /CONDITIONS

The fees for services indicated above will be billed bi-weekly on a progress basis. Services to be provided on a Time and Materials (T&M) basis in accordance with the attached fee schedule, not to exceed the above amount without the prior written permission of the Water Board. This proposal is valid for execution for a period of 30 days.

If CLIENT fails to pay MILLER CONSULTING within 30 days after invoices are rendered an interest charge of one and one-half percent (1 ½%) per month shall be applied to the outstanding balance.

MILLER CONSULTING, INC. maintains a Limit of Liability equal to the total of engineering fees paid to MILLER CONSULTING, INC. on this project.

If CLIENT fails to pay MILLER CONSULTING within 30 days after invoices are rendered, CLIENT agrees MILLER CONSULTING shall have the right to consider such default in payment a material breach of this entire agreement and upon written notice, the duties, obligations and responsibilities of MILLER CONSULTING under this agreement are terminated.

Item: Ken Miller Engineering/Well Recommendations

Leeds Well is showing signs of failing. It is a 400 foot well that was drilled with a 16 inch hole. It's cased down to 69 feet with a 16 inch casing. It is grouted and capped with concrete. There are two 15 hp pumps: one at 220 feet and the other at 240 feet. Both pumps are picking up sand. This liability prompted the proposal for engineering services and a report of recommended repairs. A copy of Ken Miller Consulting Inc.'s bid was given to each board member for approval. Maurice felt the services are necessary to avoid losing the well.

Scott MOVED: To hire Miller Consulting, Inc. to do a survey of our well and give us a report. Ron SECONDED. MOTION PASSED. Scott was assigned to work with Miller Consulting, Inc. and oversee this project.

Item: State Trust Lands

Scott MOVED: To table this item until the engineering report comes back from Ken Miller Consulting, Inc. That the State Trust Lands be confronted with the facts and demanded to make good the agreement they made with LDWA. Ron SECONDED. MOTION PASSED.

BOARD ITEMS

- 1) Water Usage Report**: Hold off changing water rates. Review usage again after winter.
 - 2) Approval for Fencing/Gate at Well Site**: Board reviewed a bid from Allied Fencing. Danielle requested more bids and took the assignment.
 - 3) Items for New Office**: Danielle MOVED: To approve the purchase of office supplies and furniture, but not exceed \$1,200. Scott SECONDED. MOTION PASSED.
 - 4) Rental on Storage Unit**: LDWA has storage unit #306 at Leeds Storage. It rents for \$125.00 a month.
 - 5) Telephone Kelly**: Have Kelly wire our office for phones at the Town Hall and have Qwest move our phone line.
 - 6) Legal Issue/Terry Prisbrey**: Have Scott Hayes meet with our attorney Rick Hafen.
- A Copy of the Rental Agreement** between LDWA and the Town Hall was given to file.

Meeting Adjourned at 8:55 PM

Recorded by Joanne Dawson

The CLIENT will be responsible for all submittal and review fees required by reviewing agencies for approval of this project. This proposal does not include any costs for reproduction of drawings, postage, express shipping charges, or other out-of-pocket expenses in connection with the project. Such out-of-pocket expenses will be invoiced at our actual cost plus 10%.

We appreciate the opportunity to provide our services and look forward to working with you. If this proposal is satisfactory to you, please indicate your agreement by signing and returning one original to us to serve as our notice to proceed. Please call us if you have any questions, or if we can be of further service.

Sincerely,

MILLER CONSULTING, INC.

Kendall M. Miller P.E.
Principal

Kmm/06p108

ACCEPTED:

BY: _____

DATE: _____

EXHIBIT "A"
FEE SCHEDULE
 January 2006

POSITION	HOURLY RATE
Principal/Consultant	\$125.00
Senior Engineer/Manager	\$95.00
Associate Engineer	\$80.00
Land Surveyor	\$75.00
Engineering Technician VI	\$65.00
Engineering Technician V	\$55.00
Engineering Technician IV	\$45.00
Engineering Technician III	\$35.00
Word Processor	\$35.00
Surveying Technician V	\$55.00
Surveying Technician IV	\$45.00
Field Inspector	\$45.00
2-Man Survey Crew	\$105.00
G.P.S. Survey Crew	\$125.00
Laboratory:	
Moisture/Density	\$15.00
Solubility	\$40.00
Proctor	\$120.00
Soluble Sulfate	\$30.00
Collapse Potential	\$60.00
Reproduction Costs:	
24x36 Bond	\$1.50
24x36 Sepia	\$5.00
24x36 Mylar	\$8.00

¹Mileage charged from office only for travel beyond a 20 mile radius from St. George office. An additional 25% will be applied to the above rates for weekend/holiday work. Survey crew rates include standard surveying equipment, including Total Station with data collector and hand held radios.

All direct costs will be billed at cost plus 15%.

Out of town living expenses, commercial carrier or auto travel costs, equipment rental, long distance telephone and other miscellaneous expenses, will be charged at invoice cost plus 10%. Interest on unpaid balances older than 30 days will accrue at 1.5% per month.

WATER USAGE REPORT

June 2005

<u>Type</u>	<u>Gallons</u>	<u>Revenue</u>
Regular	5,274,843	\$5,820.00
30-60,000	1,337,350	2,674.70
60,000+	613,000	1,839.00

Total 7,225,193 \$10,333.70
Divided by 291 customers= \$35.51

June 2006

<u>Type</u>	<u>Gallons</u>	<u>Revenue</u>
Regular =	5,536,880	\$6,300.00
30-60,000 =	1,657,700	3,315.40
60,000+	605,410	1,816.23

Total 7,799,990 \$11,431.63
Divided by 315 customers=\$36.29

July 2005

<u>Type</u>	<u>Gallons</u>	<u>Revenue</u>
Regular	6,015,731	\$5,820.00
30-60,000	2,111,230	4,222.46
60,000+	772,960	2,318.88

Total 8,899,921 \$12,361.34
Divided by 291 customers = \$42.48

July 2006

<u>Type</u>	<u>Gallons</u>	<u>Revenue</u>
Regular	5,571,219	\$6,300.00
30-60,000	1,671,361	3,342.72
60,000+	1,011,580	3,034.74

Total 8,254,160 \$12,677.46
Divided by 315 customers=\$40.25

August 2005

<u>Type</u>	<u>Gallons</u>	<u>Revenue</u>
Regular	5,152,422	\$5,780.00
30-60,000	1,171,550	2,343.10
60,000+	607,770	1,823.31

Total 6,931,742 \$9,946.41
Divided by 289 customers = \$34.42

August 2006

<u>Type</u>	<u>Gallons</u>	<u>Revenue</u>
Regular	5,763,713	\$6,320.00
30-60,000	1,671,717	3,343.44
60,000+	966,170	2,898.51

Total 8,401,600 \$12,561.95
Divided by 316 customers=\$39.75

FENCING ESTIMATE ALLIED FENCE CO.

545 North Main
P.O. Box 460572
Leeds, Utah 84746
435-879-2321
1-800-760-2321

8-14, 2006

<p>_____ FENCING _____</p> <p>_____ FENCING _____</p> <p>_____ TOP RAIL _____</p> <p>_____ GATE POST _____</p> <p>_____ END OR CORNER POST _____</p> <p>_____ LINE POST _____</p> <p>_____ TENSION BARS _____</p> <p>_____ TENSION CLAMPS _____</p> <p>_____ RAIL ENDS _____</p> <p>_____ RAIL END CLAMPS _____</p> <p>_____ EYE CAPS _____</p> <p>_____ RAIL SLEEVES _____</p> <p>_____ BALL POST CAPS _____</p> <p>_____ POST HINGES (MALE) _____</p> <p>_____ GATE HINGES (FEMALE) _____</p> <p>_____ GATE LOCKS _____</p> <p>_____ TIE WIRE _____</p> <p>_____ GATE SIZE _____</p> <p>_____ GATE SIZE _____</p> <p>_____ TENSION WIRE _____</p> <p>_____ BARB WIRE _____</p> <p>TENSION WIRE ON BOTTOM (YES) <input type="checkbox"/> (NO) <input type="checkbox"/></p>	<p>_____ FEET _____ HEIGHT _____ \$ <u>67</u></p> <p>_____ FEET _____ HEIGHT _____ \$ _____</p> <p>_____ FEET _____ HEIGHT _____ \$ _____</p> <p>_____ GATE POST _____ \$ <u>218</u></p> <p>_____ CORNER POST WITH FITTINGS _____ \$ _____</p> <p>_____ END POST WITH FITTINGS _____ \$ <u>156</u></p> <p>_____ GATE SIZE _____ \$ <u>320</u></p> <p>_____ GATE SIZE _____ \$ _____</p> <p>_____ TOTAL _____ \$ _____</p> <p>_____ TAX _____ \$ _____</p> <p>_____ TOTAL MATERIALS _____ \$ <u>711</u></p> <p>_____ INSTALLATION _____ \$ <u>320</u></p> <p>_____ TOTAL MATERIALS INSTALLED _____ \$ <u>1031</u></p> <p style="text-align: center;">(Estimate Valid for 30 Days)</p>
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TERMS AND DISCLOSURE STATEMENT: 50% at start balance upon completion, unless otherwise stated on contract FINANCE CHARGE of 2% per month which is 24% PER ANNUM will be charged on the unpaid balance of Past Due Accounts. Seller reserves and may exercise its statutory rights as provided for in the Utah Lien and Bond Statutes. Customer agrees to pay a reasonable attorney's fee and other costs of collecting after default and referral to an attorney.

ACCEPTED BY _____

NAME J. J. [unclear]

ADDRESS 1000 [unclear] St

PHONE 801-760-1783

SPECIAL INSTRUCTIONS

	Buyer	Allied
Line Stake Set By	<input type="checkbox"/>	<input type="checkbox"/>
Line Cleared By	<input type="checkbox"/>	<input type="checkbox"/>
Ex. Fence Removed By	<input type="checkbox"/>	<input type="checkbox"/>
Blue Stakes Called	<input type="checkbox"/>	<input type="checkbox"/>
	Date _____	

Allied will not be held liable for broken sprinkler lines located on the fence line.

SPECIAL EQUIPMENT NEEDED

Air Compressor

Torch

Welder

Hammer Drill

Tractor

Misc. _____



Items Needed to Set up New Office

- Enough surface space, including a desk, to accommodate:
 - Two printers
 - Typewriter
 - Phones
 - Computer

- Shelves for storage to hold:
 - Hydrant meters
 - Storage boxes
 - Office supplies
 - Four Caselle binders
 - Books
 - Maps
 - Large ledgers

- Two filing cabinets (if they will fit)

- New desk chair

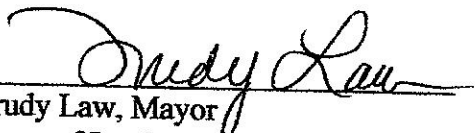
- (Optional)Desk organizers, clock, & waste basket

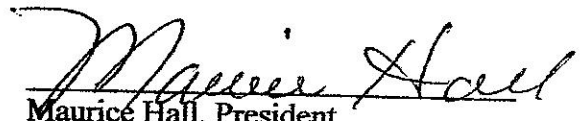
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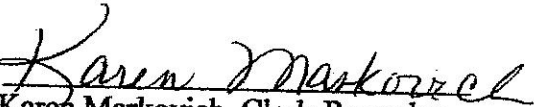
AGREEMENT

This agreement, made this ____ day of September, 2006, by and between the **Town of Leeds** and the **Leeds Domestic Waterusers Association (LDWA)**, is to provide an office space in the Leeds Town Hall for LDWA. This office space is located in the North East corner of the building. This agreement was discussed by the Town Council at their August 16th Work Meeting. Terms and Conditions of this office spaced are as follows:

1. **Rental Period:** This rental agreement is effective as of September 8, 2006 and until notice is given to terminate either by LDWA or by the Mayor, Town of Leeds. LDWA agrees that they occupy the space at-will. LDWA will provide at least a 7 day notice of termination to the Mayor, Town of Leeds. The Mayor of the Town of Leeds will provide at least a 60 day notice of termination to LDWA. At the time LDWA leaves the space, they agree to leave the office in sweep-clean condition. Should there be any damage to walls or doors, that damage will be repaired. Also, all keys will be returned to the Mayor.
2. **Rental Rate:** LDWA does not charge the \$20 minimum water fee for the water taps used by the Town. In consideration of this benefit to the Town, and under the terms of Resolution #2006-05, this space is provided to LDWA at no charge.
3. **Office Hours:** LDWA will keep office hours in this office space consistent with the Town of Leeds office hours, currently set at 9 a.m. to 1 p.m. Monday through Friday.
4. **Access to Building:** LDWA employees and visitors will have full access to the Town rest rooms. The office staff may work hours outside of the scheduled office hours, except during Town Meetings or other reserved events. During times the Town Hall is used for meetings, LDWA agrees not to have anyone working in this office space. The Town Clerk-Recorder will notify LDWA at ldwa@qwest.net (and any other e-mail requested) when the building is reserved and thus not available for office work.
5. **Keys:** The Town of Leeds will provide 2 keys to the main Town Hall door. LDWA will have a new lock set placed on the door to this office space, at their expense. One key will be held by the Town of Leeds Mayor, for emergency access only.
6. **Cleaning:** LDWA will be responsible for the cleaning and maintenance of their space.
7. **Utilities:** Water is currently provided to the Town of Leeds as a service by LDWA. Power costs will be paid by the Town. A Phone line will be paid by LDWA.
8. **Liability Insurance:** LDWA will maintain coverage for employees, volunteers and visitors on LDWA business.


 Trudy Law, Mayor
 Town of Leeds


 Maurice Hall, President
 Leeds Domestic Wateruser's Association

Attest: 
 Karen Markovich, Clerk-Recorder
 Town of Leeds

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
October 12, 2006
7:00 P.M.

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

- II. Approval of Minutes

- III. Action Items
 - 1. Approval for Rick Hafen/Capital Facilities Plan
 - 2. Hal Nielson's Rural Assessment Report
 - 3. Elaine Murphy/Loan
 - 4. Utah Water Quality Assessment Report

- IV. Board Business
 - 1. Gate Bids/Danielle Stirling
 - 2. Ken Miller Consulting Project/Scott Ricci
 - 3. Financial Reports

- V. Adjourn

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
October 12, 2006
7:00 PM

Present: Maurice Hall, Joanne Dawson, Scott Ricci, Kirk McCullough

Absent: Ron Whitmer, Danielle Stirling

Meeting was opened at 7:00 PM by President Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Kirk McCullough

Pledge of Allegiance: Maurice Hall

Minutes: Maurice MOVED: To approve 8/10/06 and 9/14/06 minutes with changes: delete fire protection item (8/10/06 minutes) as the water level problem was the float; and change to (2) 15 HP pumps (9/14/06 minutes). Scott SECONDED. MOTION PASSED.

BUSINESS ITEMS

Item: Rick Hafen/Capital Facilities Plan

We are entering into a trilateral agreement with the City, and the Irrigation Water Company to keep LDWA's water separate from the Water Conservancy. A Capital Facilities Plan will be needed as we define the area our company will serve. Maurice is looking for approval to use Rick Hafen, the same attorney involved in the trilateral agreement, to put this plan together. Rick will need to hire an engineering firm to work with him. If the board is willing, Scott or Maurice will ask Rick to give us a bid for this project.

Item: Hal Nielson's Rural Assessment Report

A loan through Rural Development proved better for LDWA than a grant. Hal Nielson from Rural Development has agreed to put together a 30 year loan with interest at about 4.3%. Elaine Murphy is willing to put together the loan packet at a charge of \$500. Her original fee of 8% of the approved amount only applied to her writing a grant. Architects are needed. Maurice talked to a firm that traditionally charges 30% less than anyone else. This firm would also manage the building process. Maurice is waiting for their proposal. If it comes within the week he will call a quick meeting to discuss the total costs of putting this loan together.

Originally the property with the abandoned water tank was considered as the site for our building. As Maurice became more involved with the loan he felt it might be wiser to hold on to that property should we need to sell it. Now the property purchased from Bert Leany will be considered for the site.

Item: Utah Water Quality Assessment Report

Our assessment report showed some deficiencies. Most of them will be easy and inexpensive to fix. There are 2 projects requiring more work and expense: One is the Silver Reef Tank lid. The concrete under the plate is chipped away. To meet standards, the opening should be 18" above the ground including the top of the tank. We are at approximately 8 inches. We will need to hire a concrete company to dig around the tank, form an upright, bring it to the 18" standard, then pour a new concrete lid. The other problem is at the Spring. The lid is too heavy to lift without scraping off the seal. It needs a hatch built so that it can be opened for inspection without taking the whole lid off, then resealed. Colin was assigned to fix or oversee these repairs. He will take a picture before and after completion of each repair with his

digital camera. These pictures will be proof of completion so the deficiencies will be removed from our assessment before the next report. The last issue: drainage off the hill needs to be diverted. Maurice suggested this might be a good Boy Scout project.

Item: Elaine Murphy/Loan

Status on loan not ready. This item was tabled.

BOARD ITEMS

1) Gate Bids: Ron Fowlks of Allied Fencing was the least expensive bid for gates needed to secure the area around the water tank. We will move ahead with Allied Fencing. Maurice would also like to take this project further to include the well house.

2) Ken Miller Consulting Project: Scott has not heard from Ken Miller and has not been able to reach him. Report tabled until the next meeting.

3) Financial Reports:

- A. Market Sweep Account is earning approximately \$16.00 a day.
- B. Check with Wells Fargo Bank to see if it is to our advantage to add our Savings Account to the Checking/Market Sweep.
- C. The Balance Sheet, and Profit and Loss Sheet need to be updated to show our new tanks.

4) Lot Splits: Meet with Karen at Town Hall to find customers who have subdivided their lots. Their new lot should be charged as a standby tap.

Adjourned 7:55 PM

Recorded by Joanne Dawson



691 East St. George Blvd. St. George Utah 84770 435.673.2696 435.673.8329 Facsimile

QUOTATION WORKSHEET

Date: 3 October 2006
 Client: Leeds Domestic Water

Contact: Joanne Dawson
 Phone: 435.879.0278
 Fax:

Product Required: Oct 28

ITEM	QTY.	CODE	UM	PRODUCT NO.	DESCRIPTION	FINISH	UNIT \$	EXTENDED \$	PAGE
AREA:									
TAG: Home Office									
NOTES: Groupe LaCasse									
01	1	EA		OFLGCSKD27NNN	Extended sliding keyboard / mouse tray	Black	\$79.00	\$79.00	57Y
02	1	EA		QS400E-DT2448	Desk Shell 48 x 24	Chocolate Brown	\$220.00	\$220.00	
03	1	EA		OFV/SEULT5213	Task chair / Adjustable arms	Black	\$109.00	\$109.00	112H
04	1	EA			Desk, pedestal, overhead storage	Chocolate Brown	\$660.00	\$660.00	
Sub-Total:								\$1,068.00	
Sub-Total, All Items Listed Above:								\$1,068.00	
10% Discount								\$106.80	
TOTAL								\$961.20	
Sales Tax*								\$60.08	
ORDER TOTAL:								\$1,021.28	

THIS SPECIFICATION IS SUBJECT TO A 50% ORDER DEPOSIT PRIOR TO FACTORY SUBMISSION.

- *State Sales Tax is calculated at 7.75% of the order total, including all applicable freight charges. Installation is NOT taxed.
- **Freight charges may be estimated. Actual freight charges, if different from those noted above, will be detailed on your final invoice.
- ***Fuel sur-charges, if applicable, apply to LTL carriers who charge an additional amount beyond normal freight rates due excessive fuel costs, on additional levies in the form of Federal and/or State taxes associated with environmental programs aimed at transport carriers. Fuel sur-charges are typically carrier, load and weight specific.

TERMS AND CONDITIONS:

- 50% order deposit is required on all orders. 45% Due at time of installation, 5% Balance Due Net 30 Days.
- Orders are not subject to cancellation once acknowledged.
- Manufacturing lead times quoted are estimates only. Actual manufacturing lead-time does NOT commence until factory receipt of order.
- Manufacturing lead times do NOT include time for transit, which can vary greatly depending upon the distance your order must travel from the manufacturer to our warehouse, the carrier used, weather conditions, and other factors of which we have no control.

5. Delivery and installation of your order will not be scheduled until all items are received at our warehouse.

ABOUT PRODUCT DELIVERY AND INSTALLATION:

1. Product receipt, inspection, storage, re-delivery and set-up/ installation is optional and does not have to be performed by Offices Made...
2. Upon request, all orders can be dropped shipped to a location of your choosing.
3. Our Installation services include, but are not limited to:

Receipt of all products at our warehouse with immediate inspection for possible freight damage.

Storage (up to 30 days at no charge) in a secure and insured warehouse designed and outfitted for furniture products.

Re-delivery to the project site, staging, assembly, wipe down and removal of all packing debris from the project site.

Post installation review and servicing, as required.

4. Installation is scheduled for normal business hours (8 a.m. - 5 p.m.) Monday through Friday. Early morning, late afternoon, weekend and holiday deliveries and installation are invoiced at premium rates and, unless otherwise noted, are NOT included in the installation cost above.

ABOUT PRODUCT WARRANTIES:

Various product warranties apply to the products listed in this specification depending upon the type of product being purchased and the manufacturer's written warranty policy. You are entitled to a written copy of the manufacturer's product warranty and we are pleased to provide such to you at your request. In some instances, warranty information may be obtained on-line from the manufacturer's web site.

As the purchaser of the products listed above, you have certain rights relative to the quality and warranty of such products. Offices Made... is sole obligation with regard to manufacturer's warranties, is to provide you with all possible support should a warranty claim be required, and represent your interests to the manufacturer.

CONFIDENTIAL PRICING & USE OF DRAWINGS, PRODUCT SPECIFICATIONS:

1. This document contains confidential pricing and product specification information carefully assembled for your specific use in evaluating Offices Made... as your vendor for quality office furnishings and related services. We therefore respectfully request that this document remain confidential and not be shared with others outside your company.
2. Drawings prepared and provided in support of this pricing document, especially drawings containing custom furniture designs, unique room or floor plan arrangements, remain the intellectual property of Offices Made... and may not be copied, duplicated, shared or provided to any person or persons, except as provided for in this proposal, without first obtaining written permission from Offices Made...
3. Product specifications provided herein remain the intellectual property of Offices Made... and may not be copied, duplicated, shared or provided to any person or persons, except as provided for in this proposal, without first obtaining written permission from Offices Made...

Hinton, Burdick, Hall & Spilker PLLC

CPAs & Advisors
P.O. Box 38
63 South 300 East Suite 100
St. George, UT 84771
(435) 628-3663

LEEDS DOMESTIC WATER USERS ASSOCIATION
JOANNE DAWSON
P.O. BOX 627
LEEDS, UT 84746

Invoice No. 115536
Date 9/30/2006
Client No. 488084
Terms Due Upon Receipt

Current Professional Services:

BOOKKEEPING

Entering all '06 deposits and checks in QuickBooks

Finish prior period '06 b/k

Set up other new standbys (Silver Reef Highlands),
Print new standby bills

Prep S/B mailings

Reconciling bank accounts 2006

\$ 410.00

Monthly Retainer

975.00

UTILITY BILL PROCESSING

Restoring backup of Caselle.

Mtg with Joanne to go over standby billing (separate
for regular monthly bills),

132.50

GENERAL CONSULTATION

Teach Joanne about emailing attachments, restoring
Caselle and going over misc. tasks, preparing standby
tap letter

45.00

SPECIAL SERVICES

Setup mailbox

20.00

POSTAGE

Utility bills to clients

141.81

OUTSIDE PURCHASE

Box rent

22.00

Current Amount Due

1,746.31

Prior Balance as of 9/1/2006

2,243.06 Pd

9/30/2006 Finance Charge

33.37

Total Amount Due

\$ 4,022.74

0 - 30	31 - 60	61 - 90	91 - 120	Over 120	Balance
1,779.68	1,006.06	1,237.00	0.00	0.00	4,022.74

** Please include your **Client Number** with payments to ensure proper posting **

** Payments received after statement date will appear on next statement **



WELLS FARGO BANK, N.A.
P.O. BOX 6995
PORTLAND, OR 97228-6995

Page 1 of 2

41,350

Account Number:
Statement End Date:

(CO119)
213-8915562
09/30/06

LEEDS DOMESTIC WATERUSERS ASSOC
PO BOX 460627
LEEDS UT. 84746-0627

If you have any questions about this statement or your accounts, call: 800-225-5935 (1-800-CALL-WELLS).

Your Accounts at a Glance

Account Type	Beginning Balance	Deposits/ Credits	Withdrawals/ Debits	Ending Balance
Business Performance Savings 213-8915562	53,728.02	130.87	0.00	53,858.89

News from Wells Fargo

Business Performance Savings 213-8915562

Leeds Domestic Waterusers Assoc

Posted Date	Transaction Detail	Deposits/ Credits	Withdrawals/ Debits	Ending Balance
Aug 31	Beginning Balance			53,728.02
Sep 29	Interest Payment	130.87		53,858.89
Sep 30	Ending Balance			53,858.89

Interest Summary

Annual Percentage Yield Earned this period	3.00%
Interest earned during this period	130.87
Year-to-date interest and bonuses paid	1,090.59

For Your Interest

Thank you for banking with Wells Fargo.



Account Statement

September 1 through September 30, 2006

Account Number: 229-7720416

Page 1 of 3

251 (CO119)

I-1

LEEDS DOMESTIC WATERUSERS ASSOC
PO BOX 460627
LEEDS UT 84746-0627

Thank you for banking with Wells Fargo. For assistance, call: 1-800-TO-WELLS (1-800-869-3557), TDD number (for the hearing impaired only): 1-800-877-4833. Or write: WELLS FARGO BANK, N.A., P.O. BOX 6995, PORTLAND, OR 97228-6995.

Wells Fargo Market Rate Savings

Leeds Domestic Waterusers Assoc

Account Number: 229-7720416

Activity summary

Balance on 08/31	\$2,526.64
Deposits and interest	0.62
Withdrawals	- 0.00
Balance on 09/30	\$2,527.26

Interest you've earned

Interest earned during this period	\$0.62
Average collected balance this period	\$2,526.64
Annual percentage yield earned	0.30%
Interest and bonuses paid to date this year	\$4.85

Before you leave on your next vacation, don't forget to get American Express Travelers Cheques. For more information and to purchase your Travelers Cheques talk to your local banker or sign on to Wells Fargo Online Banking at wellsfargo.com and select Account Services/Order Travelers Cheques.

Continued on next page

Leeds Domestic Waterusers Association

Financial Statements

For the Nine Months Ended September 30, 2006

Leeds Domestic Waterusers

Balance Sheet

As of September 30, 2006

	Sep 30, 06
ASSETS	
Current Assets	
Checking/Savings	
Investment Account	239,321.86
Wells Fargo - Checking	30,273.30
Wells Fargo - Savings	2,527.26
Total Checking/Savings	272,122.42
Accounts Receivable	
Accounts Receivable	10,744.51
Total Accounts Receivable	10,744.51
Other Current Assets	
FS-CD-0767	15,775.64
Almost CD	53,858.89
Total Other Current Assets	69,634.53
Total Current Assets	352,501.46
Fixed Assets	
Leany Irrigation water	190,000.00
Irrigation Co. stock cert.	6,400.00
Irrigation	4,000.00
Inv-waterlines-meters	431,316.10
Hogan Springs (Westhoff)	25,500.00
Hogan Springs (Felt)	22,980.00
Hogan Springs (Cuff)	117,000.00
Gunter well water (irrigation)	58,300.00
90 Storage Tank	102,220.93
82 Storage Tank	89,465.00
Total Fixed Assets	1,047,182.03
TOTAL ASSETS	1,399,683.49
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	3,757.90
Total Accounts Payable	3,757.90
Other Current Liabilities	
Current Portion N/P Leany	4,254.31
Prepaid Services	827.42
Payroll Liabilities	1,200.73
Total Other Current Liabilities	6,282.46
Total Current Liabilities	10,040.36
Long Term Liabilities	
Leany Irrigation Water Purchase	59,185.33
Total Long Term Liabilities	59,185.33
Total Liabilities	69,225.69
Equity	
Unrestricted Net Assets	1,264,655.40
Net Income	65,802.40
Total Equity	1,330,457.80
TOTAL LIABILITIES & EQUITY	1,399,683.49

See Accountants' Compilation Report

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
November 9, 2006
7:00 P.M.

- I. Call to Order
 - 1. Welcome
 - 2. Prayer
 - 3. Pledge of Allegiance
- II. Approval of Minutes
- III. Action Items
 - 1. Cousins Investment/Water Connection for RV Park
 - 2. Terry Smith (Rural Water)/Cross-Connect Regulation
 - 3. Report on Meeting with Rick Hafen / SOW RISE *NOT TO EXCEED 10K*
 - 4. Rural Development Building Update
- IV. Board Business
 - 1. Ken Miller Consulting Project/Scott Ricci
 - 2. Update on Water Quality Assessment Report
- V. Adjourn

* Call to Order is repeated every year

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
November 9, 2006
7:00 PM

Present: Maurice Hall, Joanne Dawson, Scott Ricci, Ron Whitmer, Danielle Stirling, Colin Korpi

Absent: Kirk McCullough

Meeting was opened at 7:00 PM by President Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Danielle Stirling

Pledge of Allegiance: Maurice Hall

Minutes: Scott MOVED: To approve 10/12/06 minutes. Danielle SECONDED. MOTION PASSED.

BUSINESS ITEMS

Item: Cousins Investment/Water Connection for RV Park

Unable to attend.

Item: Housekeeping

Maurice asked Scott Woolsey of Alpha Engineering 3 or 4 months ago to handle our proofing. We have not heard from him. Ron was given the assignment to contact Scott Woolsey and get a status of completion. If status is not complete or near completion, we may ask Sunrise Engineering, the company currently working on our building loan, to do our proofing.

Joanne mailed requested information to Rick Hafen, our attorney, regarding Terry Prsbrey.

Dallin Gardner (Silver Reef Highlands) has not given word on how he is going to upsize the water system. He needs to decide the size, and how he is going to amend his plat. Dallin would like his attorneys to tie this information to his water shares and have it written on the share certificate. Current construction in the Highlands should expedite this decision.

Allied Fencing will install a gate across the Highland Tank roadway. It was also decided to move the gate closer and pay Brett Comas Backhoe Service to put rocks on either side of the gate to prevent public access to the well.

Colin asked PCI to fix the meter on the corner of Babylon and Valley Road since they covered it with the new road. If PCI doesn't fix the problem, Colin was asked to do it.

Colin was asked to correct the meter problem on Beal's property.

Item: Cross-Connect Regulation

Terry Smith, circuit rider from Rural Water Association of Utah, gave a slide presentation to the Board, and Colin our Water Operator, on Cross-Connection Programs and Requirements. They are a federally funded program to help small water systems with populations less than 1,000.

A cross-connection is a physical path between drinking water and some other type of non-drinkable substance. Potential examples can be found in factories, livestock troughs, swimming pools, or chemical mixing tanks. Utah Public Drinking Water Rules, backed by EPA, do not allow a connection which jeopardizes the water's quality and integrity. The EPA law requires an assigned local authority to enforce these rules. It requires our By-Laws to say the local authority has the right to maintain and enforce the cross-connection program up to and including disconnection.

There are 2 types of forces that cause cross connection. The first is backflow (like siphoning with a garden hose), and the second is fire flow (siphoning from fire flow). The most common force is backflow. Most residential taps have a Pressure Vacuum Breaker (PVB) that help prevent back pressure, a cause of backflow. PVB should be 12" above the ground. Back pressure is caused if a customer's system has greater pressure than the supply system. Protection from back pressure is R.P. (reduced pressure) provided by the PVB. Plumbing code requires landscape sprinkling systems connected to culinary water be protected with backflow devices. Types of Backflow Assemblies used in landscape irrigation system are PVB for continuous pressure, AVB/Valve Combo (best), and R.P. for back pressure. Terry showed the various assemblies and how they are used.

Backflow assemblies are required by law to be tested yearly. Water systems must provide notice and perform on-site hazard assessments.

Pressurized irrigation must create a swing joint to be legal so only one water line can be on at a time. An approved valve must be on the culinary side. Terry will do Maurice's yard so anyone can view his system as an example of proper installation.

In summary, the State requires: 1) a water operator trained in cross-connection, 2) public education, 3) an assigned local authority, 4) written records, and 5) on-going enforcements. When the State does a Water Quality Assessment Report, they have a "Proven and Priority" checklist of assigned points. If a system accrues over 150 points, it is not approved. Not being in compliance with any of the Cross-Connection Regulations alone accrues 50 points (or 10 points for each) against the Utah Water Quality Assessment Report.

LDWA is now trained in cross-connection. Joanne was assigned to send documentation of this fact to the Utah Division of Drinking Water, Department of Environmental Quality, in Salt Lake City. Danielle was assigned to make resolution to our By-Laws by adding the cross-connection ordinance. This will give us the authority to enforce its regulations. She was also asked to use Terry's database and keep it up-to-date.

Terry Smith can be reached at:

Rural Water Association of Utah
PO Box 76
Red Pine Drive
Alpine, UT 84004
(435) 691-0691

Item: Report on Meeting with Rick Hafen

Rick will prepare a Capital Facilities Plan and new By-Laws based on an engineer's recommendations. He suggested LDWA use Sunrise Engineering for the project. Maurice and Scott will be meeting with Sunrise Engineering tomorrow morning. Rick's fee will be around \$1,000, the Capital Facilities Plan around \$4,000-5,000. They will look at the water allocation per customer, the amount of water we own, and will draw our boundaries. They will also look at our facilities and tell us what improvements are needed to better serve our customers.

Danielle **MOVED**: The Board give approval to the President to allocate funds for a Capital Facilities Plan in the amount of, and not to exceed, \$10,000 in a 20 year comprehensive plan. Scott **SECONDED**. **MOTION PASSED UNANIMOUSLY**.

Item: Rural Development Building Update

Architect Greg Mathis of MRW Design Associates, will do the design and oversee the construction of the new building. His fee is \$4,750. This fee may be able to be rolled into our loan. However, if plans have been drawn up and we decide not to build, we will still have to pay the fee. Maurice would like to have this project, its design, its total cost, and a loan packet in place for presentation and approval at the Annual Shareholder's Meeting in February.

BOARD BUSINESS

1. **Ken Miller Consulting Project.** The depth of the well needs to be found, a casing put in it, and install two new submersible pumps.
2. **The Water Quality Assessment Report** was given to Joanne to file.
3. **Hire Sunrise Engineering** to stake the property our future building will be on.
4. **Survey other RV parks** and prepare results before Cousins give their presentation to the board.

Adjourned 8:45 PM

Recorded by Joanne Dawson

CLEARAY
BUILDING CORP.

WINTER BUILD SALE
FREEZE A DEAL!

FREE ON-SITE CONSULTATIONS

SALE BUILDINGS

30' x 40' x 9'	starting at	\$10,345
42' x 56' x 13'	starting at	\$18,345
60' x 72' x 14'	starting at	\$28,995

Crew travel required over 50 miles. Local building code modifications extra. Sale buildings pictured are not priced in ad and are built on your level site. Price subject to change without notice.

PRE-ENGINEERED STRUCTURES FOR:

- Commercial • Residential • Equine • Farm • Metal Roofing
- 3 ply Non-Spliced Laminated Column • Building Widths from 9' to 100'
- Lifetime Paint Warranty

FABRAL
UP TO 100%
RICE
62%
ZINC CORROSION
PROTECTION

LaVerkin, UT
435-635-7395

built with pride before the is applied.

Colin Presented this ad as an option for a building

KENDRICK J. HAFEN, P.C.

ATTORNEY AT LAW

2766 RED MOUNTAIN DRIVE

P. O. BOX 623

SANTA CLARA, UTAH 84765

November 8, 2006

(435) 634-0244

FAX (435) 634-0076

Leeds Domestic Waterusers Association

Attn: Maurice Hall

95 East Center

P.O. Box 460627

Leeds, UT 84746

Re: Estimate for Legal Services associated with review of Bylaws and Capital
Facilities Plan

Maurice:

Thanks for the opportunity of meeting with you, Scott Ricci and Jason Westhoff where we discussed my involvement in reviewing and revising the LDWA bylaws and involvement in the preparation and a review of a Capital Facilities Plan for LDWA. You requested that I prepare an estimate of my fees involved in these activities. Reviewing and revising the bylaws will be the most time consuming. In other instances where I have reviewed and revised bylaws, my fees have ranged from approximately \$800 to \$2,000. Because of my perception that of the complexity of the revisions, I expect that the fees for my services in reviewing and revising the bylaws will be at the upper end of this range and may exceed \$2,000.

With regard to the Capital Facilities Plan, I spoke with Marv Wilson of Sunrise Engineering after our meeting and gave him your name as the contact person for questions regarding a proposal for the preparation of a Capital Facilities Plan. I expect my involvement in this activity will be minimal and will not exceed \$1,000.

As I indicated in our meeting, I am representing Leeds Water Company on a continuing basis. If I encounter any activity in the review of LDWA's bylaws that could be construed as a conflict of interest, I will need to withdraw from that activity or obtain a waiver from Leeds Water Company. I look forward to working with you in these activities. Please contact me if I can be of further assistance in this matter.

Sincerely,



Kendrick J. Hafen

ldwa061108.let.wpd



DESIGN
ASSOCIATES
INCORPORATED

251 West Hilton Drive Suite 206

St. George Utah 84770

(435) 628-2377

(435) 673-1859fax

November 6, 2006

Leeds Domestic Water Users
Attn. Maurice Hall
Leeds, Utah
(435) 668-3556
mhall@egreenfield.com

**Subject: Contract for Building Drafting and Consulting Engineering Construction Drawings
New Industrial Building
Leeds, Utah**

Gentlemen:

INTRODUCTION

This contract is for building plan drafting, structural engineering, mechanical, and electrical engineering services. Our proposal includes design and drafting services for the building, and the building related plan sheets, to be reviewed and stamped by a Utah Licensed Professionals. The purpose of our services will be to prepare building plans including two copies of the documents which will be required to receive a building permit. The subject building will be located in Leeds City, Utah. All permit applications and submittals shall be by others.

SCOPE OF WORK

The scope of work involves design and completion of the building plans acting as a project architect. Plans which will be completed will include Floor Plans, Elevations, Sections, and Construction Details. Complete Mechanical and Electrical Engineering will be included. Structural Drawing and Calculations will be provided by a licensed Utah Engineer, who has not been chosen at the time of this proposal. The plans will be completed to the requirements of Leeds City, as necessary to obtain all approvals. Our proposal does not include any bidding or construction services. All bidding to be conducted by the owner. All Construction inspections and services are not included as a part of this proposal or contract.

The building will consist of approximately 3,200 sq.ft. of pre-fabricated metal building. An interior area or approximately 800 sq.ft. will be improved for an office and reception area. One set or ADA compliant restroom will be provided. The remainder of the building will be open for a garage and shop area.

The site planning and civil engineering will be completed by others.

FEES AND CONDITIONS

The total of the fees for the services described above is \$4,750.00.

Leeds Domestic Water Users
New Water Service Building

Our services will be invoiced monthly with one final bill to be invoiced upon completion of the work provided within the Scope of Work.

Our services will be performed in accordance with the services required by Leeds City at the time of this contract. Any work required beyond the scope of what would be required at the time of the execution of this contract, or any additional services which may be requested will be undertaken only after receiving your prior authorization and after an adjustment has been made to our fee to cover the additional work.

Our services will be provided with the standard of care commonly exercised in the industry. No warranty, either express or implied, is a part of this contract.

EXCLUSIONS

Any and all civil engineering
Construction Bidding plans, to be included at \$1.50 per copy.
Soils report or testing.
Any required title insurance or title research work.
Application to Leeds City, and any payments as required for the Building Permit.

AGREEMENT AND AUTHORIZATION

MRW Design Associates, Inc., hereby proposes to complete the drafting and engineering design services outlined in the SCOPE OF WORK section of this document:

Work will be completed as outlined within the FEES section of this document. The termination fees and approved additional work which may be requested will be completed and/or billed on a time and materials basis in accordance with the FEE SCHEDULE listed below.

FEE SCHEDULE:

	<u>Rate</u>
Principal Engineer	\$90.00/hour
Principal Architect	\$95.00/hour
Structural Engineer	\$85.50/hour
Project Manager	\$65.00/hour
Staff Engineer	\$75.00/hour
Senior Designer Drafter	\$65.00/hour
Designer Drafter	\$55.00/hour

AUTHORIZATION TO PROCEED: Execution of this Agreement by the CLIENT will authorize MRW DESIGN ASSOCIATES, INC. to proceed with the work described within the SCOPE OF WORK, unless otherwise provided for in this agreement.

IN WITNESS WHEREOF, the parties hereto have accepted, made and executed this agreement upon the terms, conditions, and provisions above stated and/or attached to, the day and year first and year first above written. (Please acknowledge the General Conditions attached to this document by initialing the bottom of the page.)

MRW Design Associates:

Greg G. Mathis
Project Manager

Date: _____

Approved By:

Date: _____

Written name and billing address

Leeds Domestic Waterusers
Association
Policy and Procedures
Cross-Connection Control
Program

11/2006

The Leeds Domestic Waterusers Association shall actively enforce the cross-connection control program. The components installed that will prevent contamination from entering the water distribution system consist of the following:

A. Local Authority

1. All aspects detailed in the adopted bylaw (Control of Backflow and Cross-Connection) shall be strictly obeyed. The specific items include:
 - A. Authority to require inspections or surveys
 - B. Authority to require testing of assemblies and/or devices
 - C. Authority to discontinue service to connections that refuse to comply
 - D. Water Operator's responsibilities to operate and enforce program.

B. Public Awareness

1. The Leeds Domestic Water Users Association shall provide information to the public, at least once a quarter, concerning:
 - A. What cross-connections are
 - B. How they can be prevented
 - C. What type of protection are available
 - D. The concerns associated with thermal expansion where protection is required.

C. Trained Staff

1. At least one member of the water systems staff shall be trained as a backflow technician or specialist.

D. Record Keeping

1. An efficient and detailed record keeping program shall be maintained. Records shall include the following:
 - A. Surveys or inspections
 - B. Locations of assemblies and high hazard air gaps with testing and inspection records.
 - C. Any backflow incidents and corrective actions taken as well as any compliance actions.

E. On-Going Enforcement Program

1. The Water Operator shall be authorized to administer and enforce all aspects of the Cross-Connection Control Program.
2. Testing and Inspections shall be done by the Water Operator and shall consist of all guidelines outlined in the adopted bylaw (Control of Backflow and Cross-Connection)

02/21

LEEDS DOMESTIC WATERUSERS
Monthly Meeting Agenda
December 14, 2006
8:00 P.M.

- I. Call to Order
 - 1. Welcome
 - 2. Prayer
 - 3. Pledge of Allegiance
- II. Approval of Minutes
- III. Action Items DON'T ASK FOR FULL INDEP. SELECTION CENTER
 - Cousins Investment/Water Connection for Silver Camp & RV Park
By Northern Engineering
- IV. Board Business 1-29-2006
 - 1. Alpha Engineering Proofing Status FEB 6 @ 7 PM
 - 2. Silver Reef Highlands System Update
 - 3. Rural Development/Building Update
 - 4. Sunrise Engineering
 - 5. Water Rates
 - 6. Annual Shareholders Meeting Preparation FEB 6 @ 7 PM
- V. Executive Session
- VI. Adjourn

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
December 14, 2006
8:00 PM

Present: Maurice Hall, Joanne Dawson, Scott Ricci, Ron Whitmer, Danielle Stirling, Colin Korpi

Absent: Kirk McCullough

Meeting was opened at 8:05 PM by President Maurice Hall

Call to Order:

Welcome: Maurice Hall

Prayer: Ron Whitmer

Pledge of Allegiance: Scott Ricci

Minutes: Ron: MOVED: To approve 11/9/06 minutes. Scott SECONDED. MINUTES APPROVED.

BUSINESS ITEMS

Item: Cousins Investment/Water Connection for RV Park by Northern Engineering

Kurt Allen of Northern Engineering gave each board member a copy of the specs (attached drawing titled WATER EX, sheet 1, dated 12/12/06) for their proposed water system design and layout of the camp and RV park. The plans will involve the following:

1. Fifty five feet of approved right-of-way: 2-way traffic for a West Babylon Rd (leading to and going through the park), and a Mountain View Rd (going to the Angell property).
2. Ten acres of park with eighty three RV pads.
3. Water system enough to serve fire protection and culinary usage.
4. Hooking into our two 6" lines running down Main Street, one on each side of the street. Connecting those two lines together and creating a loop between them.
5. Three valves on each "T" connection closest to the entrance. (Maurice requested on both sides for better control.) A valve at every intersection in the park.
6. Seven fire hydrants coming off West Babylon Rd with an 8" water main. The line to come across the street, connect to the two 6" lines with a 6" loop line, then come out of the "T" with the 8" line. (Capping the line to Angell.)
7. A six by six concrete vault for easy access and maintenance of the 8" line. No services off the 8" line beyond the vault.
8. The 8" line will continue throughout the park (for hydrants) with a 4" line laid next to it in the same trench. That dual trench will continue all around the perimeter of the park.
9. Total daily water usage of 18,550 gallons for RV pads (based on full capacity). Kurt calculated usage on 5 feet per second through the pipe, or 80 PSI. That produces 150 gallons per day per RV pad. Pressure regulators to be installed at each RV pad.
10. A clubhouse with restrooms and showers. A 1,000 gallons per day usage.
11. Two laundry and bath facilities with a 2,000 gallons a day usage each, or 4,000 gallons a day.
12. An office with restroom. A 500 gallon a day usage
13. A swimming pool with showers. A 1,000 gallon a day usage for showers. Amount of water for one time fill of the swimming pool and daily replacement not calculated.
14. Installing a 2" meter (50 gallons per minute).

All this involvement equates to 77,760 gallons per day. They plan to use irrigation water for outside watering and the water feature, and will have desert landscaping with no trees.

There is not enough water rights to commit to a project of this size. The Capital Facilities Plan may be able to reallocate the water but even with reallocation providing for this project will be difficult. It was explained to Kurt the Article 9 Amendment, passed at last year's Shareholder's Meeting, requiring them to provide their own "wet" water. Kurt said they will have to consider all options. One will be to check with the Water Conservancy.

BOARD BUSINESS

Alpha Engineering Proofing Status: Scott Woolsey said all the paperwork has been filed. It will be 1 or 2 years before we get the results of that paperwork. A copy of the paperwork is available at their office. Ron was asked to obtain a copy and give it to Maurice.

Silver Reef Highlands System Update: Dallin Gardner said they will have the information within a week. This item will be discussed further at the next board meeting.

Rural Development Building Update: It was agreed between Rural Development and Maurice to not do anything more until a vote of approval is given from the shareholders.

Sunrise Engineering: They are still working on the project.

Water Rates: Tabled for next month's board meeting. Time is needed to see what Sunrise Engineering puts together and check other companies' rates.

Annual Shareholder's Meeting Preparation: An executive session was scheduled for December 21, 2006, at 8:00 AM. Preparations and assignments will be made at that time.

Adjourned at 10:00 PM

Recorded by Joanne Dawson

MRW DESIGN ASSOCIATES
 251 HILTON DRIVE SUITE 206
 ST. GEORGE UTAH 84770
 628-2377
 673-1859 fax

Leeds Domestic Water Users
 3,200 sq.ft. Maintenance Bldg.

Construction Cost Estimate

Spec	Description	Typ. Costs
01100	TEMP UTILITIES	2,500.00
01200	CLEAN UP, DUMPSTER & MISC. LABOR	1,200.00
01760	SOILS TESTING	2,500.00
02000	GRADING, EXCAVATION (building pad only)	4,500.00
02010	SITE WORK, GRADING, ROADBASE AREA	32,000.00
03000	BUILDING CONCRETE	16,500.00
03500	SITE FLATWORK CONCRETE	3,300.00
05120	STEEL BUILDING PACKAGE	32,000.00
06150	STEEL BUILDING ERECTION	12,000.00
06200	OFFICE AREA FRAMING PACKAGE	2,500.00
06500	ROUGH FRAMING LABOR	2,500.00
06600	FINISH LABOR	1,450.00
06800	CABINETS AND COUNTERS	1,500.00
06900	FINISH PACKAGE	1,200.00
08331	RESTROOM ACCESSORIES	750.00
08510	HOLLOW METAL DOORS	1,580.00
09300	RAIN GUTTERS, SOFFITS	1,850.00
09400	SHEETROCK AND PLASTER, CEILING	2,000.00
09800	PAINTING	2,500.00
09820	FLOOR COVERINGS OFFICE AREA	1,000.00
15000	SWAMP COOLERS AND GAS HEATERS	5,500.00
15010	VENTALITION AT RESTROOMS	750.00
15100	PLUMBING	5,000.00
16100	ELECTRICAL FOR BUILDING	19,200.00
SUB-TOTAL		155,780.00
	Contractors Fee	10% 15,578.00
	5% Contingency	5% 7,789.00
	Architecture and Consulting Engineering	4,750.00
GRAND TOTAL		183,897.00

COST PER SQUARE FOOT

57.47

St. George Water & Power
Utility Department
Doris, 634-5800
St. George Base Rates for Water

Rates are based on meter size:

¾" (1 st 5,000 gallons)	= \$13.43
1"	= \$33.33
1 ½"	= \$43.64
2" (commercial size)	= \$66.23

They did not give a breakdown for overages.
Rates for RV Parks are also based on meter size.

Hurricane Streets & Water
Main Office
Michelle, 435-635-2811, Ext. 101
Supervisor: Clark (RV Parks)
Water Rates

Commercial up to 10,000 gallons	= \$23.00
Regular Residential (<10,000)	= \$18.00
Residential w/pressurized irrigation	= \$16.00

Overages: 10,000 to 20,000	= .70 per 1,000
20,000 to 45,000	= .75 per 1,000
Etc. up to .85	per 1,000

Clark said RV Parks usually have a master meter and is calculated in units of 100 with base rate of \$16.00 per unit. Each park has a different formula due to usage. He said they changed their rate structure recently but still feels there is room for improvement.

Utility Billing Rate Maintenance (Licensed to HURRICANE CITY CORPORATION)

File Maintenance Main Menu Edit Search Inquiry Help

Rate Table No: [] Rate Table No: [] 14 of 66

Rate No: 321 Description: WATER-RESIDENTIAL

General Rates Demand GL Account Override Notes

Level	Quantity	Rate / Amount	Type	Level	Quantity	Rate / Amount	Type
Level 1	10	1 80000000	Rate	Level 11			Rate
Level 2	10	70000000	Rate	Level 12		140	Rate
Level 3	15	75000000	Rate	Level 13		150	Rate
Level 4	15	80000000	Rate	Level 14		160	Rate
Level 5	15	85000000	Rate	Level 15		175	Rate
Level 6	99999999	90000000	Rate	Level 16		180	Rate
Level 7			Rate	Level 17			Rate
Level 8			Rate	Level 18			Rate
Level 9			Rate	Level 19			Rate
Level 10			Rate	Level 20			Rate

Ascending Block Rate:

HURRICANE CITY MLN F:\Csidata Thu Dec 14 2006 10:50am

Start [] Post-It... Cascl... Utility ... 2 U... 10:51 AM

DO POLICE LIST ON EVERY WEDNESDAY

Base rates - Residential 18.00
 PIW 16.00
 Commercial - 23.00

COTTAM'S LEEDS RV PARK
WATER USAGE
2006

Monthly Usage for Five Meters:

<u>Month</u>	<u>Gallons</u>
March	74,820 (Low)
April	77,610
May	131,570
June	153,390
July	172,820
August	199,310
September	210,420 (High)
October	164,740
November	111,420