

**LDWA MEETING MINUTES ANNUAL SHAREHOLDERS MEETING
FEBRUARY 3, 2009**

- I. CALL TO ORDER- Meeting opened and public welcomed by Maurice Hall, President at 7:10 pm. Prayer – Ben Gordon. Pledge of Allegiance – Scott Hayes. Board Members Present: Maurice Hall, President; Ben Gordon, Vice President; Danielle Stirling; Ange Rohr. Don Fawson arrived late. Staff Present: Scott Hayes, Water Manager; Joanne Dawson excused. Minutes recorded by Board member Danielle Stirling.
- II. APPROVAL OF FEBRUARY 5, 2008 ANNUAL SHAREHOLDER MEETING MINUTES- Minutes of the last Shareholder meeting dated Feb 5, 2008, were read by Danielle Stirling. Motion by Ange Rohr, second by Ben Gordon with unanimous approval of meeting minutes dated February 5, 2008.
- III. BUSINESS- Scott Hayes and Maurice attended a meeting with the School and Institutional Trust Lands (SITLA). In 2007, Silver Creek Estates Subdivision was provided a will-serve letter from LDWA. Now they are concerned that the letter will expire, and would like to Quit Claim Deed 38.2 acre-feet of water to LDWA. Ben read SITLA's proposed Quit Claim Deed to shareholders. After discussion, Motion was made by Angela Rohr with a second by Ben Gordon, and unanimous to authorize Maurice Hall or Scott Hayes to sign the Quit Claim Deed for 38.2 acre feet to SITLA.
- IV. REPORTS- The 2009 Budget was reviewed by Scott Hayes. Don Goddard asked for all shareholders to have a copy of the budget, post on website, and email to distribution list. Scott had copies and provided them to the shareholders. Motion by Danielle Stirling, second by Don Fawson, with unanimous approval of the 2009 Budget.
- V. ACCOMPLISHMENTS- Ange Rohr said LDWA purchased 8-acre feet of water. Scott Hayes added the following accomplishments:
- Joanne Dawson created new files for LDWA records within the office
 - The well was painted inside and out
 - Cleaned and removed the old trailer
 - Installation of two new fire hydrants and replacement of one
 - Water Flow Tests passed
 - GIS Mapping – in process for valves, hydrants, and air vac lines
 - Purchase of company vehicle
- VI. CHALLENGES FOR 2009- Ange Rohr said we are discussing acquiring a backup water supply to our well, and will continue to try to work with the Town of Leeds acknowledging that the Town passed an ordinance making themselves the Water Authority for the Town in 2008. LDWA is working to maintain themselves as a separate entity. Policies and Procedures need to be drafted and implemented to provide a manual for all functions including administrative and field processes. Plan to have a more creative way to inform the shareholders. Ange said Joanne Dawson, Secretary, requested a raise and the Board is looking at that. Maurice Hall said he has met with Mayor Law and Councilmember Jared Westhoff to define a service area, and that remains in process. The shareholders expressed concern that the Town is continuing to take control of LDWA; Norma Gier said it would result in disaster for all shareholders. Several years ago, she first thought it might be a good thing for the Town to control the water services, but now she sees it would be a disaster because the water service needs to have good stewards of the water. Rick Carson questioned the legality of what the Town is doing, the Town seems to be adversarial when working with LDWA, and recommended a letter be written to address the Town's Water Authority Ordinance. Ben added that the Town would have to prove their claims before they could proceed to condemn LDWA, and with that, it may be a 'pink elephant'. Maurice said this issue is something the new board will need to discuss.
- VII. ELECTION of BOARD MEMBERS- Motion by Maurice Hall to nominate and elect directors for the two seats tonight. Maurice and Don Fawson stated they decline to be nominated. Ben said we need to be clear 'who will replace who'. Nominations included Ron Cundick, Rick Williams, Randy Stevens, Martha Ham, Ange Rohr, Peter Aurigemma, and others. Donna Ricci, Karen Markovich, and Jo Puntil-Sheltman volunteered as election judges. Shareholders voted a total of three times, because there was a tie between 4 of the nominees. The final count resulted with Rick Williams, Ron Cundick, and Randy Stevens receiving the highest number of votes. Maurice said Rick Williams and Ron Cundick will serve 2-year terms and Randy Stevens will serve a one-year term.
- V. Motion to adjourn by Don Fawson, second by Maurice Hall at 9:10 pm.

Approved by Ron Cundick, LDWA President

Date

Attest: Karen Markovich, Administrator

2009.03.12

LDWA

MEETING AGENDA AND MINUTES

LEEDS DOMESTIC WATERUSERS

Monthly Meeting Agenda

March 12, 2009

7:00 PM Town Hall

- I. Call to Order
 - 1. Welcome
 - 2. Prayer
 - 3. Pledge of Allegiance
- II. Approval of Minutes
- III. Old Business Items
- IV. Water Superintendent's Report
 - 1. Storage Unit
 - 2. Property with Old Water Tank
 - 3. Spring Allocation (Water User Report)
- V. New Business
 - 1. Water Rights and Funding/Kurt Allen
 - 2. Change Bank Signatures
 - 3. SITLA
 - 4. Rate Adjustment(?)
- VI. Executive Session (if needed)
- VII. Adjourn

LEEDS DOMESTIC WATERUSERS

BOARD MEETING MINUTES

March 12, 2009

7:00 PM

Present: Rick Williams, Danielle Stirling, Ben Gordon, Scott Hayes, Joanne Dawson

Excused: Ron Cundick, Randy Stevens

Meeting was opened at 7:00 PM by President Rick Williams

Call to Order:

Welcome: Rick Williams

Prayer: Scott Hayes

Pledge of Allegiance: Rick Williams

Minutes: Ben **MOVED:** To approve 1/8/09 minutes. Danielle **SECONDED. MINUTES APPROVED.**

OLD BUSINESS ITEMS

Item: Article IX Amendments

Ben summarized the two proposed amendments: 1) Allocation to prevent loss of water rights, and a rolling five year total for water reserve. 2) Definition of major and minor subdivisions and their requirements. 3) Town approval of all new LDWA taps.

Discussion: Finalizing the proposed amendments, and holding a special meeting of the shareholders (by notice with a copy of the changes) for vote on these amendments.

Assignments:

- Ben to present to Rick Hafen items of change to Hafen's proposed amendments.
- Rick (Williams) to speak to Ron Cundick about reviewing the bylaws.
- Rick, Ben, and Ron to have a final draft of the proposed amendments for approval by April's board meeting.

Item: Eldorado Well (Tank)

Sunrise Engineering said the Eldorado Tank can be used with the addition of altitude valves and new piping. It provides 96,000 gallons of storage for use and fire flow to that area.

Assignment: Have Scott prepare a cost analysis of getting the well working (and cleaned) and have the analysis ready for the board's vote by April's board meeting.

Item: SITLA

SITLA quit-claimed their water right deed to LDWA. The water needs to be "proofed up." LDWA will give them a cost analysis for proofing. If they don't pay the costs, LDWA will quit-claim the deed back to them.

Item: Capital Facilities Plan (Loan)

LDWA has already paid for the Capital Facilities Study. Originally The Division of Drinking Water approved us for a loan of \$15,000 to pay the costs incurred by the Capital Facilities Plan. The loan is still available if LDWA wants it. Rick **MOVED:** To get the loan. Ben **SECONDED.** **MOTION PASSED.**

Assignment: Have Scott get the terms of the loan, how it can be used, and present it at April's board meeting. At that meeting the Board will vote on what to use the loan for.

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Item: Water Superintendent's Report/Scott Hayes

- All water tests, including radium and pesticides were good. Cost \$1200.
- Have the quit claim deed from SITLA.
- Received the letter to Eldorado from Sunrise Engineering. Copies were given to the Board.
- Completed the CCR Report.
- Annual Water Use Report is in progress.
- Changed out 3 meters that were not working properly. (Need to replace old meters measuring over 800,000 to prevent loss of revenue.)
- Joanne had training with Hinton Burdick for payroll and payables.
- InfoWest has all their equipment on top of our tank for internet connection. We have received our first monthly payment from them.
- Comparison of our water rates to other companies show we are second lowest in State.

NEW BUSINESS ITEMS

Item: Water Rights/Kurt Allen and Rodger Sanders

LDWA has the opportunity to apply for money through the Rural Development Agency to purchase water rights from the Sand Hollow area. (Complete transcription of this presentation is available upon request.) The deadline for the application is May 31st.

Rodger said he would prepare the proposed change application, the submission for the funding, and a spreadsheet for the Board's review. In the meantime he said he would start the process, at no cost to us, so we don't lose the opportunity to obtain this money.

Rick **MOVED:** That Rodger submit his reports, they get together with Ron Cundick, and if necessary, call a special meeting in two weeks. Ben **SECONDED. MOTION PASSED.**

Item: Terry Bleak's Bill

There was a water pipe breakage between the meter and Terry's home while he was out of town. He suffered a water loss to the expense of \$559.34. He was present to ask for relief.

Danielle **MOVED:** To reduce his bill to 1/3 the total cost. Ben **SECONDED. MOTION PASSED.**

Miscellaneous

- Have an in-house audit of financials and infrastructure
- Have balance sheet for each board meeting
- Change share certificate definition to allotment and change it in the by-laws
- Obtain a job description and contract for the water manager
- Reduce cost options for billing
- Consider a tiered billing structure and giving shareholders different billing options
- Have a community garden
- Sublet our irrigation shares

Ben **MOVED:** That we have Scott attempt to lease our shares of irrigation water at \$100.00 per ½ share to private parties, or for a nominal fee to community gardens or the town, and try to get all shares leased.

Rick **SECONDED. MOTION PASSED.**

- Change board meetings to the 3rd Wednesday of each month.

Meeting Adjourned: 9:25 PM

Recorded by Joanne Dawson

LEEDS DOMESTIC WATERUSERS
BOARD MEETING
May 20, 2009
7:00 PM

Present: Rick Williams, Danielle Stirling, Randy Stevens, Scott Hayes, Joanne Dawson
Excused: Ron Cundick, Ben Gordon

Meeting was opened at 8:00 PM by President Rick Williams
Town had an emergency meeting at 6:30 PM, moving our board meeting to 8:00 PM.

Call to Order:

Welcome: Rick Williams
Prayer: Rick Williams
Pledge of Allegiance: Danielle Stirling

Minutes: Corrections were made to the 4/15/09 minutes. Rick **MOVED:** To approve the amended minutes. Danielle **SECONDED. MINUTES APPROVED.**

OLD BUSINESS ITEMS

NON-AGENDA ITEM

Danielle **AMENDED THE MOTION** made 4/15/09 for Item: Water Rights, Refurbish Eldorado Well & Funding, to: If we decide not to purchase that water then the water must be transferred out of our well. Rick **SECONDED. MOTION PASSED.**

AGENDA ITEM 1: Chris Gaskill's Bill

Chris fixed the problem. Danielle **MOVED:** That we reduce his bill to 1/3. Rick **SECONDED. ALL VOTED IN FAVOR.**

AGENDA ITEM 2: Comparisons of Banks/Angela Rohr

Rick spoke with the Commercial Business Manager at Zions Bank and 1) will be meeting him this coming week, 2) will check Angela's bank comparison report, and 3) check credit unions.

AGENDA ITEM 3: CFP Reimbursement Loan

We have the money and will use the money as it was motioned at our last board meeting.

AGENDA ITEM 4: RDA Grant Application

The RDA application is temporarily on hold right now, but the change applications are all in and will be applied to both points of diversion. It will take 2 months and will probably be challenged.

AGENDA ITEM 5: Share Certificates/Danielle Stirling

Danielle read the share certificate disclaimer she prepared. The Board deemed it good but wanted Ron and Ben, board attorneys, to review it. This item was tabled for approval until next board meeting.

AGENDA ITEM 6: Irrigation Water Leases

The shares we want to lease are within the Leeds Irrigation Company's service area. The average residential tap uses 7200 gallons of culinary water during the month of January, the amount needed to support a household. Anything above that is presumed outdoor use. We would reallocate the water: culinary water for the house, overages as a set back for the future, and irrigation water for outside use.

ADDITIONAL ITEMS

-We have started to put **conservation tips** on the bill.

-**Minor Subdivision** according to the Town Ordinance is 5 lots or less. We will keep the definition of minor subdivision the same as the Town's Ordinance when changing Article 9 in our Bylaws.
-Rick spoke to the mayor about a **Liaison Committee** and she thought it was a good idea. He felt she should be the one to form that committee.

WATER SUPERINTENDENT'S REPORT/Scott Hayes

-He reviewed the monthly financial statement.
-He completed the monthly water test plus 4 additional tests to bring us current on our testing.
-He picked up a Non-Profit Postal Rate Application which will drop our postal rate to \$.24. He requested permission to send a copy of our Articles of Incorporation to New York along with the application for approval. (Permission was given).
-He found a leak in the service line. It will be fixed next week.
-The pump is running 16 - 18 hours presently to keep the tanks full.
-He plans to check for illegal cross-connections. He will start with sending them information, then a warning, then a citation if they are not corrected.

NEW BUSINESS ITEMS

AGENDA ITEM 1: Water Rights

This item was discussed in Agenda Item 6 under Old Business Items.

AGENDA ITEM 2: Utah Division of Drinking Water Grant

This grant has been submitted. The Division of Drinking Water should be getting back with us in June. The preparation of this grant needs to be contracted on a per hour, per piece basis not to exceed \$2100. Rick **MOVED:** That we do it. Danielle **SECONDED. ALL VOTED IN FAVOR.**
Rick said there are 2 "hits" to getting this grant/loan interest loan: 1) We need to change our rates. The Division of Drinking Water's formula for determining base rates (the wealth of the Town times 1.75%) says each LDWA tap should be paying \$43.00 a month. We're way below that. 2) They want us to dedicate part of our financial holdings, our cash reserve, to match funds. We don't have any. Rick dedicated the \$15,000 we just got from them.

AGENDA ITEM 3: Well Repair/Cost Replacement

Justification for increasing our rates:

-We haven't replaced the cost of the well repair which was \$151,000.
-We have a problem with fire flows in a number of lines with not enough volume.
-We don't meet the norms for the State.
-In 2008 money was budgeted for our Capital Projects Reserve, and our Emergency Restoration Reserve. Money was not put into these accounts because we were \$35,000 in the red.
-We are behind our "sister cities" (ie, Hurricane, Santa Clara) in what we charge for water. We charge less than half of what they are charging for water.

AGENDA ITEM 4: Water Rates/Assessment

Rick **MOVED:** That we increase the water rates to wit:

Residential - \$20.00 per month for the first 10,000 gallons, \$1.00 per 1,000 gallons up to 30,000 gallons, then continue with our current coverage rate schedule.

Commercial - \$20.00 per month for the first 10,000 gallons, \$1.00 per 1,000 gallons up to 20,000 gallons, then continue with our current coverage rate schedule.

Danielle **ADDED TO THE MOTION:** That we send a letter of explanation along with the billing. Randy **SECONDED. ALL VOTED IN FAVOR.**

AGENDA ITEM: 5: Improve Fire Flow

Mentioned in Agenda Item 3 under New Business Items

AGENDA ITEM 6: Attorney Fees

Rather than be charged by our attorney for calls coming into his office regarding us, but not authorized by us, Scott will tell our attorney to handle only the business that comes through us.

ADDITIONAL ITEMS

-Town hired a full time City Manager who needs our office space at the Town Hall. Different rental options were discussed. Danielle **MOVED:** To move LDWA to Walton Plaza (in American Frontier Real Estate office) for \$190.00 a month. Randy **SECONDED. ALL VOTED IN FAVOR.**

-Ben to prepare a Policy & Procedures.

-Randy to head the Drinking Water Grant application.

Randy **MOVED:** To adjourn the meeting. Danielle **SECONDED.** Meeting Adjourned: 10:15 PM

Recorded by Joanne Dawson

**LDWA SHAREHOLDERS
MEETING MINUTES
Thursday, July 16, 2009**

PRESENT were Ben Gordon, Board Vice President; Danielle Stirling, Board Member; and Karen Markovich, Alternate Secretary. Ben noted business could not be conducted until they had a quorum and Angela Rohr would take the Oath of Office upon her arrival. Ron Cundick, President, and Randy Stevens, Member, were excused from tonight's meeting.

I. CALL TO ORDER by Ben Gordon, Vice President.

1. Welcome by Danielle Stirling. Danielle welcomed the public and said the Board looked forward to hearing their opinions and input regarding tonight's agenda items. She assured the shareholders their input was needed and respected and the Board wants to work with complete transparency.
2. Prayer led by Ben Gordon.
3. Pledge of Allegiance led by Danielle Stirling.

Ben told shareholders the Board was aware there was public concern and confusion over the recent changes to water rates and allocations, and that was the basis for tonight's meeting. Ben reviewed the events of the past few weeks. Board President Rick Williams resigned in June. The Board held an Emergency Executive session June 26, 2009 and voted to appoint Ron Cundick as President and Ben Gordon as Vice President. Angela Rohr, first runner-up for the Board during February 2009 election, was voted as the new member. Also at that session, the Board voted to hire Karen Markovich as Alternate Secretary during Joanne Dawson's absence.

Danielle Stirling read the Letter from the Leeds Area Special Service District (LASSD, Leeds Fire Dept) Board Member Don Fawson regarding fire hydrants testing in compliance with ISO Specifications.

II. CONFIRM HIRING OF ALTERNATE SECRETARY.

The Board approved hiring part-time employee, Karen Markovich, alternate during Joanne Dawson's absence.

III. INTRODUCTION & OATH OF OFFICE.

New LDWA Board Member, Angela Rohr took Oath of Office administered by Karen Markovich.

IV. APPROVAL OF MINUTES - May 20, 2009 & June 26, 2009

MOTION by Ben Gordon, SECOND by Danielle Stirling with UNANIMOUS APPROVAL of the May 20, 2009 Meeting Minutes.

MOTION by Ben Gordon, SECOND by Danielle Stirling with UNANIMOUS APPROVAL of the June 26 2009 Executive Emergency Meeting Minutes.

Ben said as most know, LDWA was requested [by the Town] not to remain at Town Hall. LDWA needed to locate to a readily available space within a few days from date of notification. Space was immediately available at Walton's Plaza, 545 N Main St, inside Unit #4. The space is not sufficient to accommodate LDWA's needs therefore, LDWA is looking for alternative space. The June 26th meeting was held at the Historic Rice Bank Building on Silver Reef Road. On July 15, 2009, LDWA submitted a proposal to the Wells Fargo Silver Reef Monument, Inc., for lease of the building.

Rate increases were also discussed at that meeting and it was voted to put the original rate increase on hold for discussion at tonight's meeting.

Purchasing water from Kurt Allen was discussed at that meeting. Ben said he is looking into whether the LDWA has a Franchise Agreement with the Town; Ron Cundick and Ben will look to meet with the Mayor in the near future. They want to work cooperatively with the Town, if possible, in a way that will positively serve shareholders. Ben said he wants to put all information before the public, as the Board believes in transparency and making it clear there are no 'back room' dealings or other actions unknown to public.

V. OPEN BUSINESS ITEMS - from May 20, 2009

1. Water Rates & Allocations – Viable Options & comparable rates of cities & towns within Washington County, Utah - shareholder public discussion. Ben said Karen volunteered to gather data and compiled a spreadsheet of rates and allocations as currently charged in neighboring cities within Washington County. The well required repairs of \$120,000 about 2 years ago and the monies were never recouped. Based on the Capital Facilities Plan Study in 2007, our reserve account is inadequate for potential Capital Facilities needs of the company including adequate fire protection for all shareholders. The proposed \$10.00 assessment fee is to replenish the CF Fund. Ben reviewed the proposed increases. Ben said the rate changes would not change the allocation of 30,000 gallons as stated in the By-Laws. Ben asked for public comments.

Maurice Hall asked Ben to clarify that if the income is not keeping up with the expenses, there is a problem. When he (Maurice) left office last year, he had \$230,000 in the bank. Danielle said it appears they have \$110,000 and \$38,000 in Wells Fargo and Zion accounts. Maurice said if that's all there is, that is scary. He said it's strange you (the Board) don't know what's going on and you need to understand your finances before you go asking for more money. Maurice said he is dismayed at the proposed rates as the people at the low end of the usage scale are paying much more per gallon, and if they are trying to have people conserve, this does not encourage conservation. Maurice said the funds should be split in two (2) parts for Capital Facilities and Emergency Funds. Maurice said last year when he was President of LDWA, they tried to join with WCWCD, but the shareholders shot that down; now if there is an emergency [earthquake, etc] there will be no backup water supply because WCWCD will refuse to service us.

Maurice said he's heard the fire hydrants in El Dorado Hills need to be repaired, and the people up there should be responsible to pay for their own repairs, possibly by a special assessment. Maurice said the same goes for Silver Reef if they need repairs; he [Maurice] didn't cause the problems they have, he shouldn't have to pay for their expenses.

Danielle asked Maurice what he would recommend; he said he might not be opposed to the \$10.00 increase if the people who use a lesser amount of water weren't penalized for using less. Maurice said the Comparison Rates spreadsheet shows the proposed rates in Leeds are higher than most other cities at the low usage rates. He said again, he wants the Board to know how much they really need before they raise the rates.

Ange Rohr reiterated the Capital Facilities Fund needs to be paid for by all, as all will benefit from the infrastructure.

Bob Breskin, shareholder and CPA, asked how many taps there are, and said the \$10 may or may not be adequate. Bob suggested ways to conserve, including a possible incentives program.

Ange said they believed a lump sum assessment would be too big a hardship for many, and favored the monthly assessment.

Don Goddard said he disagrees with Maurice. Everyone is a shareholder and should pay the \$10.00 fee. It can't be a hardship at such a small amount. He suggested the Board could adjust the fee year-to-year if needed. Whatever they do, they have got to raise money; the rates haven't been increased in over 25 years. Expenses have gone up over time, yet the rates stay the same. He would like to see funds grow so that repairs and maintenance can be done; including installation of an 8" pipe so water could be provided for fire protection in his area.

Scott Ricci asked if they could confirm LDWA has lost \$35,000 in come this year, they may need to increase the rates twice as much - \$20.00 month - just to bring it up to where it should be. Conservation doesn't guarantee an increased income.

Joy Cooney said the \$10.00 assessment is more than fair. Her family uses less than 4,000 gallons a month and it remains the best value - it's not too much to pay for water, as water is necessary to sustain life. People pay more for cell phones, TV service, internet, a daily soda pop, etc, and \$30.00 a month is not at all too much to pay for water. This is a not-for-profit company and is not at all too much to ask.

Scott Hayes said regarding upcoming expenses, there are fire hydrants that need to be replaced and to complete all hydrants in town would cost a minimum of \$60,000. They have completed repairs on eight (8) hydrants to-date.

Don Fawson, LASSD Fire Board President, said those kind of expenses need to be factored in and if anything, the rate increase may not be enough. With the absence of development right now, we have a decrease in income. By holding water and not using it, maybe we could sell some. He encouraged we get as much information on projected

operating expenses and costs of repairs ASAP to better-determine what rates should be. He has concern that if we don't use the maximum 30,000 gallons as provided for in the By-Laws, we will loose it.

Ben said they have drafted an amendment to the By Laws and they will present to the shareholders when completed. Danielle asked CPA Bob Breskin if he would be willing to lend help in the overview of finances. Bob agreed.

MOTION by Danielle to designate Bob Breskin as Honorary CPA consultant to the LDWA Board. Ange Rohr **AMENDED** the **MOTION** to include provision that the Board would evaluate the budget and expenses prior to Bob Breskin's review; **SECOND** by Ben Gordon with **UNANIMOUS APPROVAL**.

Scott discussed the 8-acre feet of water purchased from Don Furrow and said he would confirm whether it was ground (surface) or well water. They discussed Kurt Allen's 800-acre feet of water and they were not looking to purchase it.

Cyntha Wright said it's been a good discussion and capital facilities expenses should be separated from operating expenses. She thanked Bob Breskin for agreeing to work with Board. Cyntha reviewed the Budget as posted on the website and asked for clarification on the payroll expenses; she said the developers should pay for their expenses. Ben said that is presently in place and they are responsible for the installation of their water.

Ben said we should look at increasing the charge to developers when in excess of 1-acre foot and it is something they will research. Cyntha asked if the hydrants are flushed for 2 hours; Scott Hayes replied they are not, but they are flushed and maintained in accordance with By-Laws.

Jo Puntil-Sheltman thanked the Board for their hard work, as it's a complex subject. Does the Board know what they have in the budget? Scott Hayes said they have \$148,000 in the bank account and clarified that's not the budget. Jo inquired as to how rate and allocation changes are voted into affect. Ben said changes to allocation limits are changed by amending the By-Laws, rate changes are amended by vote of the Board. Jo said if we look at the Town of Leed's recently approved Municipal Energy taxes and Telecommunications taxes to become effective Nov 2009, in addition to water rate increase, Leeds residents will be paying more for their phones, electricity, gas, propane, and all increases will be significant to many.

Joe Allen, a new resident to Leeds, said he was surprised to see annual monthly average of water used in Leeds is in excess of 17,000 gallons. He and his wife use less than 5,000 gallons month and that is without trying to conserve water. He strongly feels there should be penalties for those who use an excess of water and incentives for those who use less – especially given we live in the desert.

Dwight Burch said he didn't think folks would *not* pay a rate increase if it was needed, but LDWA should put together a 5-year plan. Danielle said in 2007, a Capital Facilities Plan with a 10-year projection was completed by Sunrise Engineering, and they advised LDWA to increase rates at that time. Had LDWA implemented the increase 2 years ago as advised, we probably would not be in the predicament we are now. Dwight said if that is considered, we need that money PLUS what we need now. Danielle said the Plan was presented at about the same time the well went down, and the focus from the Capital Facilities Plan to repair of the well. The well was running and maintained correctly until that time. Scott Ricci said it was a catastrophic failure and was not because the well was improperly maintained.

Ben said they may have underestimated the budget, as income and expenses were estimated to be about \$130,000. So far year-to-date we have operated at a loss of \$24,506. It's going to be improving as time goes on, it's been a major improvement to have a full-time water superintendent to get us back on top of operations and the day-to-day business as it should have been done over the years.

Scott Hayes said \$130,000 on the budget is projection, as we don't know how much cost of PVC pipe will increase as with all other expenses, and we don't know how many taps we will sell especially with current drop in new housing starts.

Martha Ham said she has been a resident in the Silver Reef area since 1993, prior to it's annexation into the Town Leeds and prior to joining LDWA. Throughout the history of LDWA, the manual labor, work, capital improvements, ditch digging, repairs, pipe installation, etc, were done by volunteers. Individuals would not consider being on the Board if they did not know how to fix a pipe or dig a ditch, as that was what being on the Board was all about. It's not that way today; the majority of residents work away from home and do not have the

time to do the physical work. It's only recently that we have shifted to hiring a full-time water manager and she is very much in favor of that. In the long run, it saves us money. Martha has no doubt that trying to survive with all volunteers is no longer a successful approach and we will save more money in the long run.

Martha asked when the last water rate increase was passed; Scott Hayes & Don Goddard said it was over 25 years ago. Martha said given that, it is most likely many more years, much more than just 2 years, that we are behind with bringing in revenue. If, for 25 years individuals never received a pay increase, where would they be? She was not worried about where the money has gone. We [LDWA] made a small move to hire a full-time water manager and the budget may not have been set up to accommodate that. We have wonderful working volunteers who are taking the time to figure it all out and they are making wise decisions for us. We now have to put in place a long overdue water rate increase, and what is proposed may not realistically be enough.

Martha said the Silver Reef water company no longer exists because they tried to do it with all volunteers, and there were some real disasters with people who could not put the time into it. They did not meet State requirements, nor did they have it in their budget to have it done. Each household was assessed \$4,000 to join LDWA. That is exactly what happens when you do not have adequate surcharges or increase tap fees. Martha said she is okay with this monthly increase; but don't hit her with a \$4,000 assessment. She is thrilled Scott Hayes is now our water Manager as he was the one who, as President of LDWA at that time, helped Silver reef water join with LDWA, and she said this is plain truth. It wasn't that they couldn't find water to buy; they did not have the money.

Ray Beal said he served on the LDWA for many years and is concerned for the maintenance of the interior of the two (2) steel tanks. Scott Hayes said they have had scuba divers inspect the interior of the tanks and they are due for preventative maintenance in the near future.

Don Goddard said he would like the Board to consider installation of the fire hydrants in the area where he and Susan Savage live [Wonder Lane]. Danielle asked if someone would review the CF Plan and see what was proposed for them. Danielle asked shareholder Bob Breskin to look at what the plan considered, prioritize the recommended repairs and upgrades, and give an estimate of cost. That way they will have a better idea of what they are budgeting for when rates are raised. We can say the assessment fee will be discontinued when we have collected all the revenue needed, but that might not be within her lifetime if we have, say, eight (8) projects to complete. Remember, with these assessments we do not need to collect all the money at once as we can accomplish each task individually. We can get grants and loans, but the key is what Rick Williams had been working on prior to his resignation: five (5) points to become approved for water grants. One critical point was that we do not charge enough on our monthly rates, which is viewed as poor risk [for return on investment] when trying to obtain a loan or grant.

Susan Savage said this meeting has been her dream meeting. Susan said she appreciates so very much the way the meeting has been conducted. It's been a very good education as it shows how much everyone has to offer and can contribute.

Ben said the originally proposed rate schedule was based on January 2009's average monthly usage of 7,200 gallons per tap. They chose that month because it was one of the months where very little culinary water is used, as the need for outside watering is at its base. That proposed Rate Schedule baseline was set at \$20.00 for 10,000 gallons/month. Following concerns expressed by shareholders, the Board met again on June 26 and discussed revision to the proposed schedule increase. They decided to use the 12-month average gallon usage, which is 17,000 gallons. To guarantee a minimum yearly increase in revenue, a separate \$10.00 assessment fee was included; recognizing that in some parts of town there is irrigation water available and in some parts of town there is not. Some people have options that others do not. At the same time, we want to encourage conservation, operate our company on a solvent basis from month-to-month, and allow shareholders to plant what they like in their yards. It is a juggling act to consider all points.

Roger Downward said he lives where there is no irrigation water and he chooses to have a lawn and knows he pays more for water than an average household. He said it could be that given we had cooler weather for an extended length of time [the first few months this year], there was less water usage for yards; that could be another factor resulting in reduced revenue to LDWA thus far this year. If you look at the rate schedule, there is higher cost for higher usage, and it is an individual decision to use more water for landscape, foliage, and yards.

Terry Danielson said it looked like former President Rick Williams and the Board put a lot of thought into the proposals; Terry said he is concerned about water conservation, and it will become more important as we do live in the desert. Terry said the well has stood for over 40 years and it seems there has been a big deal made over its need

for repair two (2) years ago. The probability of the well going down is very, very small and should be considered. Terry disagreed with what Maurice Hall said earlier, that WCWCWD would refuse to serve us in the event of a catastrophic emergency (i.e.: earthquake); he can't believe the WCWCWD could refuse to provide some source of water given that circumstance.

Ange Rohr said she thought there was a possible problem for WCWCWD to deliver water here because of the pressure rates in the pipes and Scott said there was some question that the pressure changes could blow pipes out.

Elliott Sheltman, resident of Leeds, asked how much revenue we believe we will collect with the new assessment. It appears to be about \$35,000 and if we can't cover the shortfall, do we have an emergency fund? Scott Hayes said the \$10.00 monthly assessment is to replenish only the emergency fund, and is not for projected operating maintenance expenses. Elliott asked how the cost of \$10.00 derived; why not \$8.00 or \$15.00; was there a formula the Board used? Ben said it was somewhat arbitrary as they wanted an amount significant enough to create some headway, but not so high, that it would incur hardships. Danielle said one significant reason the \$10.00 amount was proposed is because that is the exact amount we need to qualify for a grant; it brings our rates up to levels in line with our sister cities within Washington County. The assessment is not intended to be permanent and we don't want to have it forever. We are a not-for-profit organization and there is no need for, say, \$1.6 million to be collected and then set aside.

Danielle said she thought there is a need to review the financial status prior to passing the new Rate Schedule tonight, and asked the Board for their input. Ben said it appears there may be another shortfall this year and it may make sense to start making headway on it now, and recommended they approve the proposed rate schedule tonight. One month makes a difference of \$3,500 and it may make sense to put it in place tonight and address changes to it in the future, based on what they find after review of necessary expenses for maintenance and repairs.

Don Goddard said he agreed and suggested adjusting the rates on annual basis, dependent upon immediate needs. Danielle asked shareholders how they felt about doing that.

Jo Puntil-Sheltman said she would like to first know how much is actually needed before a rate increase is approved.

Danielle said they know they must do a rate increase based on the what is needed [at a minimum] to recoup the Emergency Fund as we are two (2) years behind what our Capital Facilities Plan told us to do, so we inevitably have to do this and this will be the first step. Meeting with Bob Breskin will be our second step at which time we can assess future adjustments. Danielle said we really do need to do this now. Ben read the proposed Rate Schedule to the public.

MOTION by Danielle to implement the consumption charges proposed in the Rate Schedule as included in our packets, meet with Bob Breskin, CPA and Leeds resident to review and analyze additional needs, and meet again with Shareholders to discuss those findings prior to a second revision of the Rate Schedule. Ben said while the By-Laws do not require us to do this, we believe in transparency and it is in the best interest of the shareholders to notify them in advance of all meetings where rates will be discussed. Ben anticipates notification letters of meeting dates will be included in the monthly water statements for all meetings where rate increases will be discussed. Scott Hayes said they would also be included on the website and sent via email to residents who are on the distribution list. **SECOND** by Ben Gordon; **OPPOSED** by Ange Rohr; the new Rate Schedule **APPROVED by quorum of Board.**

2. **Management Assessment Software.** Scott Hayes said it is currently in use at the office.

3. **Rick Hafen, Attorney at Law, Letter of Notification.** Scott Hayes said developers and engineers had called the LDWA Attorney regarding LDWA, and Rick Hafen's office, in turn, billed LDWA for their consultation with them. Mr. Hafen has since been notified that LDWA is not, and will not, be responsible for the fees incurred by any person(s) consulting with him or his staff unless said person(s) have been pre-authorized to do so by the LDWA Board.

4. **Policies & Procedures for LDWA Administration.** Ben said he is in the process of completing the Policies and Procedures of LDWA Administration.

5. **Drinking Water Grant Application.** On hold during Randy Steven's illness.

VI. WATER SUPERINTENDENT'S REPORT & UPDATE.

Scott said we are doing everything we can to save LDWA money. Everybody knows we were given short-notice move into a new office space, and the move was very time-consuming. We have since purchased a back-up memory for our office computer. We have allowed Infowest to install a receiver on our water tank and they pay LDWA \$100.00 month plus provide free internet service to LDWA. We purchased a Majic Jack rather than installation of a new phone line, thus eliminating a monthly phone bill.

We re-inspected and licensed the LDWA truck; completed water repair on a service line; flushed fire hydrant lines; additional fire hydrants are scheduled to be tested when there is less demand on water needs during this fire season. We met with the representative from SITLA and discussed the infrastructure in Silver Creek Estates.

Danielle said she would first like to address a related issue regarding lease of office space and LDWA expenses. Today before the meeting, the Board received 'hate mail', for lack of a better word and Danielle wanted to read it to clear up some gossip and misconceptions within the Town:

"Hello, I am out of town and not sure who to direct this to, and not sure if it will make a difference since I am not able to be at the meeting tonight, but I feel I need to try to make my voice heard.

I am not very familiar with the situation, but there are a few things that do not sit well with me. (Just what you wanted to hear I am sure.)

I realize that there are times when price increases are needed. I realize we are charged a pretty fair rate for our water. I have considered that.

I know that you were offered a space in the fire station to use as an office, and all that was asked of you (the water company) was some time and money to make the office space useable. Now you are renting space in Walton's Plaza. I find that totally unacceptable. A total waste of the shareholders money. Poor decision making on your (the water company) part. Now you ask for more money after you chose to rent an office instead of use what would have been free after some initial investment.

What is upsetting is that you did not ask for it, you just mailed out a letter stating your intentions, and only after the public got upset by it do you choose to ask us our opinion. I thought as a shareholder I had a say in these kind of things.

Lastly, again I am not familiar with what goes on behind the scenes, but it is my understanding that you (the water company) pay three full-time employees to do whatever they do. Why is that necessary when the fire dept. has only one paid employee who maintains about seven pieces of equipment, about twenty volunteers, is on call 24/7, and also has a building to maintain? The water company mails out bills once a month, checks water meters, and does all their business in one office! What can there be that truly justifies three full-time employees?

Signed, Ian Rex"

Mr. Rex's points were answered by Danielle Stirling as follows:

The LDWA Water Board never heard of, nor was presented with, an offer for office space at the Fire Station. Immediately upon receiving Mr. Rex's email sent today prior to this meeting, Danielle called Chief Lewis and. Chief Lewis said when LDWA first learned they needed to find new office space; he mentioned to Scott Hayes that if there were no other alternatives for space within the Town of Leeds, maybe the LASSD Fire Board would consider allowing LDWA to convert an unfinished space upstairs at the Fire Station. Chief Lewis said construction would take several months, including construction of a staircase, installation of windows, installation of telecommunications connections, and electrical wiring, at a minimum.

As the space was located upstairs, wheelchair access would not be possible and therefore this option was not possible, nor was it brought to either the Fire or the Water Board's attention. Don Fawson, LASSD Fire Board President, added that neither the Fire nor the Water Boards discussed possibilities of office space at the Fire Station. Danielle said the Leeds Town officials gave LDWA 3-4-day notice to vacate their office within Town Hall. LDWA had to find office space immediately available to move out the furniture, file cabinets, stored meters, records, phone connection service, internet access, and other office equipment. Danielle said the Town wanted us out of the building, so we were happy to do that for them.

Water Superintendent Scott Hayes and LDWA President Rick Williams looked at every option available for office space within the Town of Leeds, including the Cousins Business Center at 221 N. Main St. Danielle said they

found space at Walton Plaza immediately available at \$190 month, the most economical option available to LDWA. It is a temporary space, as it is not large enough to accommodate LDWA's operational needs.

LDWA has ONE (1) FULL-TIME EMPLOYEE ONLY. Water Superintendent Scott Hayes. We have one part-time employee who reads the meters once a month, and one part-time (20-hour week) employee, Joanne Dawson, who is the Secretary, Treasurer, Bookkeeper, Recorder for the meetings, and Receptionist receiving phone calls, inquiries, and walk-ins. The recently hired alternate part-time employee, Karen Markovich, substitutes when Joanne is unable to work. Additional projects are done by volunteer shareholders, as was the current proposal to lease the Rice Bank Building. All time and hours worked in excess of the set hours is done on a volunteer basis, with NO compensation – monetary or otherwise.

THE LASSD FIRE STATION HAS SEVERAL EMPLOYEES. Don Fawson, LASSD Fire Board President, said the Fire Station has one full-time Fire Chief, one part-time Secretary, one part-time Treasurer, and several paid EMTs.

Don said another thing LDWA might do, is identify the LDWA truck so shareholders will recognize when the water superintendent is working in the field. Danielle thanked Don for the suggestion and said she will use her personal vinyl-labeling machine and make LDWA signs for the exterior of the truck.

Danielle said she wants to be clear that if these rumors are going around Town, they must be addressed as this LDWA Board is transparent and works publicly for the shareholders. If you hear these things that LDWA was offered the Fire House or any other rumors, please put them to rest because they are rumors and false.

None of the statements in Mr. Rex's letter are factual or true. Danielle said some people feel the need to vent, and the Board will address them publicly and with all the facts. If these misconceptions are going around the Town, the issues need to be truthfully and publicly answered.

VII. NEW BUSINESS

Rice Bank Building Lease Proposal. Danielle said a Business Plan Proposal to lease the Rice Bank Building to be used as the LDWA office was submitted to Committee members Frank Lojko, Loanne Barnes, Mike Sandstone, and Margaret Malm of the Wells Fargo Silver Reef Monument, Inc. A copy of the plan was also submitted to Annette Densley, Director of the Wells Fargo Museum, at the request of Mike Sandstone. Danielle said the proposal is very professional and was written by shareholder Karen Markovich. It includes a brief history of our water written by resident shareholder and historian Susan Savage. Danielle said Karen volunteered to put the plan together and spent many hours work to complete it by the submittal deadline date of July 15, 2009. With the Board's timely edits and approval of the final draft, the deadline date was met.

This is a great opportunity for LDWA to have their own place of business, which is very much needed and far overdue. For years, LDWA's business was conducted from shareholder homes or garages. The records, equipment and supplies were stored in varying locations. Today as LDWA has grown, this has presented a problem to all shareholders and Board Members, as meetings can only be held when the Town Hall or Fire Station is available. The savings to lease our own building would be significant. We will save \$125.00 in storage fees as there is room for all equipment, records, meters, files, supplies, etc in the Rice Bank. LDWA meetings could be held at their office with ample parking for the public. Shareholders would have consistent access to the office during weekly office hours and staff could function far more efficiently and effectively to serve the community.

The rent amount has not been decided at this point, and LDWA will not rent the building if the cost is too high. We will look at other options and do everything possible to save money and find office space that will accommodate LDWA needs.

Ray Beal suggested the Tithing House may also be an option for LDWA to consider. Scott Hayes said he had talked with the Beasley Family, owners of the building, six (6) months ago and the building is tied up in a family trust; it could be for sale but the Beasley's declined to give Scott a dollar amount.

Danielle said there are other avenues if this does not work out. We do own land, and we do not to go into debt to purchase a building. These are things we can look at in the future if the Rice Bank does not work out. We can continue to operate from limited office space, but LDWA really does need to become a visible and accessible company for its shareholders.

Employee Verification / Personnel Agreements. Danielle said we do not have contracts with any of our employees. Scott, Joanne and Karen are working without agreements and we need to have them as well as LDWA protected. Ben said he will complete the employee agreements (contracts). Presently Karen Markovich is working without a set hourly rate. Ben said he understood the wages would be the same as they are for Joanne, as Karen is working when Joanne is not. Danielle said she can provide an agreement or contract form. Diana Downward asked what Joanne's job includes. Karen said Joanne has many responsibilities - she is the Recorder, the Secretary, the Treasurer & Bookkeeper, and the Receptionist and fields all the complaints as the 'sounding board' at the office. Scott added that Joanne does all this in 4 hours a day and she does a lot of work on her own time. Roger Downward asked if the By-Laws require the Board have a Treasurer. Ben said the only required officer is the President. It was suggested that it may be beneficial to have a Board member oversee the financial work in the office. Ange said she agreed and it would be a sound move to have a treasurer of the Board.

MOTION by Danielle to appoint Ange Rohr as the Treasurer to the Board, **SECOND** by Ben Gordon, with **UNANIMOUS APPROVAL.**

Don Fawson reviewed requirements in the By-Laws and LDWA is required to have a Vice President. Cynthia Wright asked who takes the money in and who takes the money out. Danielle said Joanne receives the payments and enters them and Scott typically makes the deposits at the bank; Joanne can also make bank deposits if Scott is not available. Joanne, Scott, and the Board President have signing authority on the account and the checks must be endorsed by two of those authorized.

VIII. WATER SOURCES. Don Goddard discussed the need for additional water sources. Don said this well could indeed go dry someday and LDWA needs to consider alternative water sources. Don said you cannot put more water in the existing well and not think it won't go dry. He told Ron Cundick a possible solution could be to get a pressurized tank and serve the lower end of the Town to relieve the tremendous pressure down there. Talk to the State Engineer we do need another source of water. Don said if Kurt Allen's water is across the other side of Hurricane fault, you can't even discuss purchasing the water from him because it's not legal to transport water across fault lines. Scott said he would find out exactly where that water is. Don said the El Dorado well pumps 50 gallons a minute, and that's not near enough. I hope this board understands what I'm saying; I think I'm not getting through. Please pay heed to this.

IX. NON-AGENDA ITEMS. None.

X. Executive Session was not needed.

XI. Meeting was adjourned by Danielle Stirling at 10:00 p.m.

Karen Markovich
On behalf of Joanne Dawson, LDWA Secretary/Treasurer

July 18, 2009

Subject: Input for August 3 meeting with Mayor Law

Board members and Staff:

I need your input NLT July 24th to prepare for the meeting we will have with Mayor Law on Monday, August 3 at 2:00 PM. I need to send a proposed agenda to Mayor Law NLT July 27th and will not return to Leeds until about Aug. 1. Also, I will not have access to a computer between the 27th and 31st of July, so late emails won't help me.

Ben, Scott, and Joanne will attend the meeting with me. There are many water-related issues that need to be resolved eventually, but in this meeting I want to focus on ways we can cooperate with the Town to ensure the most efficient, cost-effective water service. Now that the Town has signed an agreement with the Washington County Water Conservancy, the Town will be providing, or procuring, all of its water related services as new subdivisions come on line. We believe it would be in the Town's and LDWA's interest for LDWA to provide as many of these services that it is capable of providing, assuming that it can do so at a lower cost than the Conservancy would charge.

I would appreciate your views on how we might approach the Town and how we might team up with the Town to administer the two water systems by maximizing LDWA's resources. Also, I would appreciate any thoughts on the type of agreement needed with Town re future water service.

I would like to encourage the Town to form a water committee and allow us to have a liaison representative on it. Mayor Law previously agreed in principal with Rick that this would be a good idea.

As a gesture of good faith, I would like you to consider our providing water to the Town without cost. My understanding is that we provided water to the Town when we had an office in the Town Hall. This may have been a rental offset, but it is something we might offer since the Town will not be immediately hooked up to the Conservancy for its needs.

In addition to any input you have, some specifics I would appreciate having are the following:

Scott & Joanne

List of duties/responsibilities that are currently performed by LDWA staff

Which of those duties could be performed for the Town with more hours, but without add'l LDWA personnel?

Which duties could be performed, but would require add'l personnel?

Financial summary of our average monthly income and operating expenses to date for 2009 (before rate change)

Projection of monthly income after rate change. How much goes for operations and how much for capital reserve funds?

Approximate amount of money in our capital reserve funds before all of the expenses of repairing the well, etc. (I need an idea of how much we had in reserve previously). These figures need only be approximate. E.g., \$200,000
Amount currently in the two capital reserve funds, and the total we would like to have once they are replenished

Amount of any loans outstanding (e.g., the money Rick recently borrowed for LDWA)

Amount of water used by town/amount billed to Town

Amount of water used by Fire Dept. Is this billed ? If so, to whom?

Ben:

Status of our application for grant/loan money and what we expect to accomplish with the money if we get it.

Any legal concerns that would need to be resolved in the short-term to enable us to offer such services to the Town

Angie

I have asked Drake Howell for a Copy of Town/Conservancy agreement, but have not heard back from him. Can you talk to Drake or Debbie and get an electronic copy to me and Ben to review?

Danielle

Status of efforts to lease the Rice Bank bldg

Randy

Our prayers are with you. Get better quickly!!!

Thanks to all. Ron

**LEEDS DOMESTIC WATERUSERS
MEETING MINUTES
AUGUST 20, 2009**

Board Members Present: Ron Cundick, President; Ben Gordon, Vice President; Danielle Stirling and Randy Stevens. Ange Rohr was excused.

Staff Present: Scott Hayes, Water Manager; Karen Markovich, Admin.

Meeting opened at 7:00 PM by Ron Cundick.

I. CALL TO ORDER

1. **Welcome:** by Ron Cundick
2. **Prayer:** Led by Scott Hayes
3. **Pledge of Allegiance:** Led by Ron Cundick

II. APPROVAL OF JULY 16, 2009 MEETING MINUTES

MOTION by Ron Cundick, **SECOND** by Danielle Stirling with **ALL UNANIMOUS TO APPROVE** July 16, 2009 meeting minutes.

III. OPEN BUSINESS

1. **Comments on LDWA By-Laws by Don Goddard.** Don Goddard referred to LDWA Article IX (see attachment herein), which refers to new developers' responsibilities and requirements when seeking provision of water to new developments within LDWA's service area. Danielle read the article to the public. Don said the Article was originally rejected by LDWA President Maurice Hall, then rewritten and approved by LDWA Board the following year. He asked that the Board continue to ensure new developers do not attempt to put "paper" water in the well, as it is not legal. Don noted that landowners [he, Susan Savage, and Alan Howard] would feasibly have the right to sue LDWA if they were to allow developers to do so. They are currently in process of protesting the water being brought in [over 58 acre-feet of water]. Don said he and Scott Hayes had been trying to decipher the Driller's log dated 2007, as it is not the original document he read at that time. Don said LDWA missed the deadline to file the protest (yesterday, August 19, 2009). Ben Gordon noted while new developers could not put paper water in the well, LDWA could still do so. Don said he knows he saw a Drill Record in 2007 that reflects the well pumped 700 gallons per minute; Scott Hayes said he has never seen it pump over 450 gallons per minute and the well is not loosing water. Ron said somebody needs to look into it. Ben said we do not want to have a situation where we have third party put water in the well and it then is stuck there. Ron thanked Don for his input.
2. **Water Rights/availability of Rural Development Loan/Grant.** Engineer Kurt Allen asked that the proposal for a new water source in Leeds not be biased by his former employment as representative for a developer in Leeds back in 2007. He and his family have been residents of Leeds for over two years and he wants to see a second viable water source that is beneficial for all our community. The LDWA's Capital Facility Plan shows a 529 acre-foot deficit in this community for water. Kurt has been working with water attorney Roger Sanders, and proposes to bring a 400 acre-foot block of water to Leeds that has become available. They have hired a hydrologist and geologist to complete studies regarding bringing that water to Leeds. This will help Leeds become more self-sufficient. Given LDWA has not signed the Bilateral Agreement with Leeds and WCWCD; it is something we need to have for future use. Utah State legislation has passed a law that now protects water companies to store water without the "use or loose" penalty. Kurt said LDWA has first right of refusal and has no obligation to purchase the water once the transfer is complete. Ron said in talking with the previous LDWA President Rick Williams, he understood if water was transferred into the LDWA well and LDWA didn't own it, they [LDWA] would not be able to control their own well; this sounds like they have to own the new water to control their well. LDWA wants to continue to control their own well and if they don't own the water, they would not be controlling their own well. Kurt's water attorney Roger Sanders said if LDWA chooses not to purchase the water, there would be a change application filed for another source capacity to store the water. Roger said they initially began discussions with the Town of Leeds two (2) years ago, and after the Town

municipality decided not to proceed, they had continued discussions with former LDWA President Maurice Hall. Roger filed five (5) change order applications [source numbers] for the water rights filed for this block of water and LDWA is entitled to use them. They had the understanding from their previous discussions with then-LDWA President Maurice Hall, that if they filed the change applications, they could use LDWA's service area and LDWA's points of diversion for purposes of the change applications, and the applications [specifically] provide that they are for LDWA and that they are for municipal use, which LDWA is entitled to have, because of their franchise relationship with the Town of Leeds. The only ones who can use the applications are LDWA or the Town of Leeds [if they were to get into the water business]. Ron said if they change the applications, the water would not be in LDWA's well.

Ron asked about the existing filings – Roger said the first two (2) were filed without protest; the third application had three (3) protests from Leeds citizens as they want to ensure there is, and would not be, intent to force the water into the well, and that it could only be done if LDWA agrees to it, either by LDWA purchasing it or in some other form of agreement.

Part of the agreement with Rural Development Agency (RDA) would be funding to acquire the water rights and sufficient funding to re-drill the El Dorado Well, which LDWA has the right to do and use the approved capacity of that well in a new location within a certain radius. Ron asked with reference to the El Dorado well, if we were to drill deeper, is there any problem if they hit another aquifer. Roger said the geologist looked at it, and it would not be a problem; it would go into the Navajo Sandstone that is tied to the Hurricane Sand Hollow Aquifer, and would be an overall improvement for the water quality to have water drawn from that aquifer.

Ron said there was some concern expressed from shareholders that they did not think they could go to another source to go into the aquifer and access another aquifer. Roger said you can go deeper with the existing El Dorado well without it being an issue interfering with existing water rights and you will not have to get approval. Danielle asked which aquifer their water rights were located – Roger said in the Sand Hollow, Hurricane, aquifer on the other side of the Virgin River and it has been approved to move it across the Virgin River.

Ben Gordon asked if the application changes were to be approved for all five (5) water rights, LDWA decided not to purchase any of those water rights, and they were sold to another party, is it true they could not use the LDWA well to move that water. Roger Sanders said that is correct, unless they have an agreement with that party. Ron asked them to clarify who they represent, and that the owners of the water are not developers in Leeds. Roger said the owners have interest only in the water and none of them are developers. Randy Stevens said the developers cannot buy it; LDWA [or now the Town now as Water Authority] has to purchase it. Shareholders Susan Savage, Leslie Budd and Terry Danielson expressed their concern for the transfer of water to Leeds. Don Goddard said the Virgin River is not the boundary, it is the Hurricane Fault that you cannot cross when transferring water. Don said the Utah State Engineer said they absolutely cannot drill through another aquifer.

Kurt Allen has the RDA grant application form and can be used by LDWA in the event they want to apply for funding. (RDA is the only source for financial funding and they require a Project to qualify.) Now is prime time to apply for the grant, given the current federal government stimulus money available.

3. **Status of Lease for Rice Bank Bldg.** Danielle Stirling met with Dean Cox of the Historic Preservation Dept at Washington County and submitted the first draft of the proposal to lease the Rice Bank Building. Mr. Cox said there were no other applicants for the lease and it looked like a perfect fit. Ben Gordon clarified that we are now working to lease directly with Washington County and no longer working with the Wells Fargo Silver Reef Monument, Inc. Target date to begin the lease is October 1, 2009.
4. **Financial Overview.** Ron said Board member Ange Rohr will provide oversight of the financial status of LDWA going forward.

IV. NEW BUSINESS ITEMS

1. **Report on August 10 Meeting with Leeds Town Planner and Mayor Trudy Law.** Ron Cundick met with Town Planner Drake Howell; Council member Jared Westhoff participated by phone; discussion was to let the Town know LDWA desires to work in conjunction with the Town; the Town indicated favorable support for LDWA to designate and draft a document defining the water service areas for both. LDWA will provide water at no charge to the Town provided there is not exorbitant usage.
2. **Fire Hydrant testing in conjunction with Leeds Area Fire District (LASSD) to meet the International Standards of Operations (ISO) specifications.** Danielle is working with Fire Chief Steve Lewis to complete Flush and Flow Test Standards for all hydrants in Leeds. Chief Lewis said the hydrant tests are out of compliance; Flow & Flush test must be completed once each year for three (3) consecutive years to meet ISO.

The last test was completed over one year ago on August 8, 2008. It is LDWA responsibility to complete the testing. Danielle said the target date to complete all testing is September 30, 2009. Water Manager Scott Hayes said he could not complete testing by that date and October 31, 2009 might work, but even that is doubtful. Scott said they completed testing this year, however Chief Lewis confirmed that all hydrants are out of compliance. Chief Lewis said their insurance would be reduced by 40% if LDWA could complete the required testing. Danielle said our target goal is Sept 30, 2009, allowing five (5) weeks to do so. Ron asked Chief Lewis and he confirmed that it has been three (3) years since all hydrants have been tested and were in compliance. Chief Lewis said he wants to help Scott complete all testing. Karen Markovich created Flush and Flow spreadsheet forms and they are posted on the website for employee/staff use.

3. **Invoicing/billing, Hinton Burdick, CPA firm.** Ron said he has not had a chance to review all bills from LDWA accountant Hinton Burdick accounting firm. Upon request, Scott received an itemization of June & July's invoices. They charge \$77.00 per hour for phone calls, emails, and all communications with assistant to Phillip Peine, CPA, and \$204.00 per hour to consult directly with the CPA; the fees are charged to the 1/1000 of an hour [Time and Billings report example of billing from Mr. Peine, CPA, July 29, 2009 for 0.173 hours, 0.397058 minutes for \$35.35 fee].
Ron said in the future and to save money, LDWA Staff will not consult with the firm without prior approval from the Board.

Meeting ADJOURNED by Ron Cundick at 8:15 pm.

Board entered [unrecorded] executive session.

Approved by Ron Cundick, LDWA President

Date _____

Attest: Karen Markovich, LDWA Admin

LEEDS DOMESTIC WATERUSERS

Meeting Minutes SEPTEMBER 17, 2009

I. CALL TO ORDER meeting opened at 7:03 p.m. by Ron Cundick, President.

Board Members Present: Ron Cundick, President; Ben Gordon, Vice President; Danielle Stirling; Randy Stevens; Ange Rohr.

Staff Present: Scott Hayes, Water Manager; Karen Markovich, Admin

1. Welcome by Ron Cundick.
2. Prayer led by Ben Gordon.
3. Pledge of Allegiance led by Randy Stevens.

II. APPROVAL OF AUGUST 20, 2009 MEETING MINUTES. Motion by Ben Gordon, second by Danielle Stirling with unanimous approval of meeting minutes dated August 20, 2009.

III. OPEN BUSINESS ITEMS

1. Status of Lease for Rice Bank Bldg. Ron thanked Danielle for her work and time spent negotiating with the County to reach terms of the lease agreement. The County and LDWA agreed to monthly lease payment of \$400 month rent for the building, with LDWA responsible to pay utilities. LDWA will take occupancy of the building on October 1, 2009; Ron will sign the lease agreement with Washington County [tomorrow] September 18, 2009. Board agreed to add building security including windows, doors and purchase of a cast iron gated door at a cost of about \$100.00. Scott Hayes said the windows do no latch and new deadbolts will be placed on the basement door. Ron asked Scott to complete follow up and report to the Board on cost estimates to secure all doors and windows in the building before the occupancy date October 1, 2009. Ron said the County will be responsible for major structural concerns and LDWA will handle non-structural concerns. Loanne Barnes of the Wells Fargo Silver Reef Monument, Inc., Committee expressed her support and thanks, noting LDWA was a 'perfect fit' for occupancy of the Building.

2. Financial Overview. Ange Rohr presented the overview of the financial reports for period January 1, 2009 through ending August 31, 2009. The five bank account balances are Wells Fargo Money Market: \$56,571.00; Wells Fargo Savings: \$2,538.00; Wells Fargo Checking: \$39,801; Zion's Money Market: \$90,309; Zion's Checking: \$10,052. Total LDWA funds as of August 31, 2009 are \$199,271. Karen noted that \$1,860.00 of the funds in the Wells Fargo Checking acct is from the \$10.00 monthly surcharge fee [beginning in August 2009]. Ange said Karen completed entry and reconciliation of all 2009 bank account statements in a new secured Quickbooks program, resulting with detailed financial reports of all 2009 Income and Expenses. (*Note for the record: time and work performed to the Quickbooks project was completed on a volunteer basis and at no cost to LDWA shareholders.*) Ange recommended the Board establish requirement for all bank statements to be reconciled within two days of receipt date, and included in the Administrative Policies and Procedures. Ange to complete research to determine whether LDWA is best served by having one or more accounts. Ange reviewed CPA Hinton Burdick's itemized charges for Feb – July 2009 as invoiced. Ron asked if we have a contract or pay a set monthly fee to the firm; we do not. Scott said his last conversation with CPA Phillip Peine was that they would continue to do the quarterly taxes and year-end taxes. The Board agreed the quarterly taxes can be completed internally and the year-end taxes can be completed by a CPA firm. Shareholder [and CPA] Bob Breskin volunteered his time to provide analysis of the financial reports and requested 2007 and 2008 corporate tax returns be provided for his review. Ron said STAFF & BOARD would not have further contact with outside CPA firms, without prior approval from the Board. Scott said Ron requested that he [Scott] obtain estimates on costs for Workmen's Comp Insurance and Scott conferred with CPA Phillip Peine last week, as he was not sure what was needed. Ron asked Ange to present recommendation of where/how to allocate the funds monies, and present to the Board at the next meeting October 15, 2009.

3. Report of Meeting with Rural Development regarding Loan/Grant – Ron met with Margaret Stones (sp?) of Rural Development Agency in Cedar City regarding application of a grant to fund re-drilling the El Dorado well. One geology report finds we could drill and hit the aquifer and have a good source of water; other findings by a water specialist are less confident. Ron plans to meet with Mr. Player, the geologist [out of Cedar City], to learn more about what can and cannot be done. Margaret Stones said if things are as presented, we would qualify for a loan, but it takes time to do so. Grants/loans are typically funded with allocations of 30% for grant and 70% for

loan. Ron said we could structure the request so that the 30% [grant] would be used for infrastructure and repairs; the 70% [loan] used for purchase of water shares. Ron plans to research the water rights that are being transferred to this area by Roger Sanders and Kurt Allen's group. Roger Sanders said there are encumbrances against the shares, as people had borrowed about \$1500 per share to purchase them. Ange offered to assist in writing the grant application; resident Martha Ham also has experience with writing grants. Ron asked Ange to contact Martha Ham regarding for help with grant application if needed.

Ron concurred with shareholder Terry Danielson that the water in the El Dorado well is very poor quality and LDWA does not intend to use it. The geologist recommended drilling 600 to 800 feet deep to provide good quality water from the aquifer. Ron wants to move quickly to complete the grant/loan application as the WCWCD also applied for a loan from the same Agency.

4. Proposed Board Responsibilities. Danielle completed the draft of Board member responsibilities and provided all members with a copy. (see attachment to the minutes). Further discussion will be included at the next meeting.

5. Update on designation of LDWA Service Area. Ron talked with Drake Howell, Leeds Town Planner, and suggested to him that LDWA designate the entire Town as the LDWA service area, as we are not the exclusive water provider, and if there is request to be served in a geographical area that is within LDWA's existing area, we could do so. Likewise, the Town can decide if they want to serve water to new annexed areas or defer water service to LDWA. Drake agreed it would ultimately fall to the provider who has the system closest to the property(ies) needing water service, and the Town & LDWA would not be competitive water providers. Ben thought we should continue to define a projected service area with growth limits as the Capital Facilities Plan is not set in stone. Ron said given we complete the grant application we will need to do that. Ben will complete defining designation of the water service area and report at next meeting October 15.

RON also recognized need to amend the LDWA By-Laws to accommodate service areas when defined. Shareholder Terry Danielson thanked the Board and said in his opinion, this is the most effective and efficient LDWA Board he has seen in the ten years residing in Leeds.

6. Update on draft of Policies and Procedures. Ben said he has completed a rough outline of Policies and Procedures, and will meet with Karen re: input on administrative procedures, and Scott re: water service, infrastructure, etc, during the next few weeks.

IV. LDWA OPERATIONS UPDATE

1. Removal of Tree from Spring Site. Scott said there is a growth of trees near the well that needs to be removed. LDWA consultant Scott Ricci said the Forest Dept needs to grant approval. Scott Hayes will contact the Forest Dept to obtain their written approval to remove the tree(s), as it is on their land & will see debris is removed from area [in exchange Scott will keep the firewood for use at his residence]. The Boy Scouts were volunteered to move the wood.

2. Update on LDWA Operations. Scott Hayes said storage containers cost \$2000 and up. The Board discussed other possibilities to minimize costs. Ron asked Scott to get written estimates on containers, and estimates on cutting a door into the old empty well on Silver Reef Road (to be used for storage area).

Danielle received copies of the completed Flow and Flush reports for 15 fire hydrants on Main St from LASSD Fire Chief Lewis; SCOTT will complete Flow/Flush of all hydrants no later than October 31, 2009.

3. Authorize LDWA Vice President Ben Gordon to sign checks. Ron and Ben to visit the bank and sign signature cards for check signature authorization. Ron asked that Scott oversee all the checks that are issued; and would like all Work Orders to be made available. Scott said Karen provided an Expenditure Approval Form draft for Board approval of all checks issued and will be included with each check. Ron asked Scott if we use Work Orders for repairs, etc. Scott said some are printed, others are e-files in Outlook and verified that we have Work Orders and a history of what and when all repairs, etc, have been completed. Ange asked about the Skype Phone equipment package in the office. Scott indicated the Skype Phone software is not an office expenditure and was not purchased/intended for LDWA use.

Ron asked what purchase limits are for the credit cards purchases. Scott said the limit on his LDWA credit card is \$2000 and Joanne's is \$500; Scott said he's not aware there are individual purchase limits; he knows he is required to request approval for expenses over \$2,000. Ron said he prefers to see individual purchase limits in -place on credit card expenditures. The Board agreed to determine/establish a purchase limit on expenditures and include it in the Policies and Procedures.

V. NEW BUSINESS ITEMS

1. LDWA Staff Job Descriptions. Ron asked Scott if the admin job descriptions were completed as previously discussed, Scott said he would have them as soon as he could figure out what they were, and puts them on paper. Ron asked SCOTT to provide the Board with staff job descriptions at the next meeting on October 15,

2. New Share Certificate. Ron said there are two water share certificates for Leeds and the Silver Reef area and the verbiage is not identical. Ron would like the certificates to be uniform for all shareholders, with the definition and description of the share printed on the reverse side of the certificate. Information to be included on the face of the certificate will include the Tax ID/Parcel number, LDWA account number, and address of water tap location. Ron later asked Karen to report to Board suggestions/recommendations for format of Water Share Certificates by next meeting on October 15, 2009.

3. Statement to shareholders of what a share in LDWA constitutes. Ben said there are individual shareholders, who hold title under various names, i.e.: LLCs, etc, and as such, have been granted multiple votes. Ron said that is not permitted in the By-Laws and each shareholder is allowed one vote only; it is not based on the number of water taps owned, as to do so could provide opportunity for one individual to control the company by means of majority votes. Danielle agreed and said to-date, some shareholders holding multiple water tap certificates [under various names] were allowed to vote for each water tap share certificate, thus allowing multiple votes by one individual. Danielle said one instance was shareholder Susan Savage was not allowed two votes for her family's two taps; however, Jared Westhoff, owner of five taps, was allowed five votes. Ron said he researched the definition of a Mutual Water Company under Utah State and LDWA is a Mutual Water Company; thus, regardless of the quantity of water taps owned, each shareholder is only allowed one vote. Shareholders. The Board agreed Ben and Ron will clarify the By-Laws to resolve the issue of votes; a target date was not established.

4. Water Manager Liaison with Fire Dept. Scott said he is working with LASSD Fire Chief Steve Lewis and Steve works closely with LDWA to accommodate their schedules and assist to complete the tests. Scott said he could complete the testing by the end of the year. Danielle said the deadline is October 31, 2009; Scott said he would meet that date. Danielle reminded Scott to prioritize the Workmen's Comp Insurance,

5. Draft Responsibilities of Board Members. Danielle said she would email the draft of Board responsibilities – Ron said he had done that. (See attachment to the minutes)

VI. ADDITIONAL COMMENTS BY BOARD MEMBERS. None at this time.

VII. Meeting ADJOURNED by Ron Cundick at 8:18 pm.

VIII. Board entered executive session; unrecorded.

Approved by Ron Cundick, LDWA President

Date _____

Attest: Karen Markovich, Admin

LEEDS DOMESTIC WATERUSERS

Meeting Minutes OCTOBER 15, 2009

- I. CALL TO ORDER meeting opened at 7:00 p.m. by Ben Gordon, Vice President.
 1. Welcome by Ben Gordon
 2. Prayer led by Ange Rohr
 3. Pledge of Allegiance led by Ben Gordon

Board Members Present: Ben Gordon, Vice President; Danielle Stirling; Randy Stevens; Ange Rohr. Ron Cundick, President, was excused.

Staff Present: Scott Hayes, Water Manager; Karen Markovich, Admin.

II. APPROVAL OF SEPTEMBER 17, 2009 MEETING MINUTES. Motion by Danielle Stirling, second by Randy Stevens with unanimous approval of meeting minutes dated SEPTEMBER 17, 2009.

III. OPEN BUSINESS ITEMS

1. Financial Overview – Ange Rohr. Total of all five (5) bank accounts is over \$202,000. Ange visited Wells Fargo, Zion Bank, and Mt. America Credit Union. Her recommendation is to phase out/close the Money Market and Checking Account at Wells Fargo accounts. Wells Fargo interest rates are the lowest, bank service fees are the highest, customer service is poor, the statements are unclear. Ange recommended keeping the two Zion Bank accounts open and begin making all deposits issuing checks from the Zion Checking account, and close the Wells Fargo checking account after all checks are cleared. The Wells Fargo safety deposit box rental fee is due Nov 1, 2009. Ben said he would meet Scott in Town to see what is in the box; if nothing of importance, they will close the account. Ange recommended opening three accounts at Mt. America Credit Union for: Capital Projects Income, Emergency Repair Fund, and a General Fund. It is easy to move money from one account to another online and the statement reflects activity of all accounts, and move money into CD's as money is deposited. Scott, Ron, and Ben will sign the signatures cards. Ben recommended limiting each account to \$100,000 in the event the financial institutions fail, as the insurance will only guarantee funds up to that amount. The Board agreed to order checks from Zion Banks similar to the format currently used.

Motion by Ange Rohr, second by Danielle Stirling, with unanimous approval to open three accounts at the Mt. America Credit Union: a General Fund, Capital Projects Income, and Emergency Repair Fund, and order checks for the existing Zion Bank account, and then close the accounts at Wells Fargo Bank. Ron Cundick, Ben Gordon and Scott Hayes will have signing authority on the Mt. America Credit Union accounts.

Motion by Randy Stevens, second by Ange Stirling, with unanimous approval to add Karen Markovich to the Zion Checking Account for the purpose of signing checks issued for monthly expenditures. Karen suggested confirm she is bonded prior to adding her name to the account.

Ange discussed the four (4) existing insurance policies: vehicle insurance on the truck, property liability on the two pieces of property owned by LDWA, bonding of employees, and Board member liability. Ange asked if we should purchase an additional policy on the Rice Bank Building for injury. Danielle said renter's insurance would cover that. The Board agreed to look into a better rate by an umbrella policy. Danielle suggested contacting Dan at Hunt & Levitt in St George.

2. Update on designation of LDWA Service Area – Ben Gordon. Ben said Ron had proposed to the Town that they designate the entire town as a non-exclusive service area. Ben said he had not heard back from the Town, but Drake Howell, Town Planner, had reacted favorably to Ron's proposal. Ange said at the Leeds Town Council meeting held Oct 14, the Town Council said there were existing issues that need to be addressed and resolved before the Town agrees to establish the non-exclusive area. Ange said it almost sounded like a threat of condemnation over the El Dorado well safety issues. Ben said he and Ron will continue to work with the Town.

3. Update on draft of Policies and Procedures – Ben Gordon. Ben recognized Karen Markovich's volunteer work to create a 48-page draft of Policies and Procedures (P&Ps) for the Board to use to tailor to LDWA's needs and requirements. Ben said the Board will continue to review that and have an updated draft prepared at the next meeting November 19, 2009.

NEW BUSINESS ITEM (presentation scheduled below).

Outline / time line presentation of LASSD ISO requirements for inclusion in LDWA Policies & Procedures, Fire Chief Steve Lewis. Chief Lewis reviewed what LDWA might want to consider including in their P&Ps. He provided his list of new, open, and completed business items. Steve said the hydrants are being flowed and flushed; all hydrants in the Silver Reef area failed the flow rates. Hydrants need to be numbered and we should have a numbering system to complete the task.

Two hydrants need to be installed; one is in the process of being completed and another is a hydrant for the residence built on Canyon Creek Drive in the El Dorado area. The Town issued the building permit in 2004 and did not submit it to LASSD. The Town is responsible to pay for the hydrant and the cost will be ~ \$5,000.

Completion of the GPS mapping system for LDWA water system is needed. Chief Lewis said the system needs to be mapped electronically to locate hydrants during emergencies. It will provide the Fire Dept with access to pipe locations in the event of an emergency and Scott Hayes is not available. If they can't find Scott or someone else who knows what to do, the mapping system would enable the Fire Dept to locate the hydrants during emergencies. Ben confirmed Scott had been assigned the task last year, and asked Scott if he started that process. Scott said yes, he and Chief Lewis had gathered the data; but the data has never been mapped. Chief Lewis said we may be able to do it without spending money; LASSD, a government entity, uses Washington government programs available at the County. Chief Lewis said he might be able to provide opportunity for LDWA to use it rather than spend the money on it; also, Maurice Hall has the software to complete the mapping and might be available to do that for LDWA.

Chief Lewis spoke with Karen and will include references to ISO, NFPA, and IFC Codes in the P&Ps, and continue to work on pulling the applicable references from the requirements and including them in the P&Ps. Chief Lewis said the ISO requirements will be completed first, and plans to have them to Karen for inclusion in the P&Ps by November 30, 2009.

Chief Lewis asked the Board to define who they want to receive communications going forward. The Board and Chief Lewis agreed it would be best to e-copy all Board members and Staff to save time and eliminate misunderstandings of what needs to be completed.

Ben asked Scott if he could complete numbering the hydrants and if it can be done in one day. Scott yes, barring interruptions. Scott said he can contact Hurricane to find out how they number their hydrants. Ben asked Scott to get the map from Chief Lewis, pre-number the hydrants, order the stickers and then number the hydrants. Scott agreed to have them completed by the next Board meeting Nov 19, 2009.

Ben said once the hydrants are re-numbered, we need to complete the GPS mapping. Chief Lewis said if Scott gets him the data, he might be able to complete the mapping for LDWA. Ben asked Scott to check with Maurice and see if he can complete the mapping by Oct 31, 2009. Ben noted we need to include reference to LDWA Liaisons with LASSD to P&Ps. Ben also recommended we should establish a written Emergency Plan.

IV. LDWA OPERATIONS UPDATE – SCOTT HAYES

1. Report on comments/issues from shareholders. Danielle said the Board decided in the last executive session to ask that shareholders bring their concerns directly to the Board.

2. Update on Flow & Flush of Fire Hydrants. Scott said they have El Dorado Hills and Silver Reef hydrants remaining and they should be completed by October 31, 2009. Silver Reef hydrants all flowed water, but they failed the 1,000 gallons per minute requirement. They should have a residual pressure left in the system of 20 pounds and most of those failed. Scott said he had already reported his findings to the Town because it is a safety issue. The cost will be extremely high, well in excess of \$1,000,000. Scott said he's talking with the Division of Drinking Water to move us up on the list for priority to obtain loan/grant. Scott said the line running from the spring to Silver Reef, installed in 1952, appears to have a leak. A backhoe digger will be there within the week to locate it. Scott said we are not able to put El Dorado or Silver Reef Highlands tank back into the well at this time; the map he has was hand-sketched and as such, inaccurate. Scott said he notified the Town Planner, Drake Howell, of the system's status when the Town annexed the section into the Town and their water joined LDWA. Scott said we need to have a plan in place as the Town is aware of it. Scott said Silver Reef resident Gary Tanner and former resident Roy Dean may have some information regarding the history of Silver Reef water. Ben asked Scott to tell him if he has too much going on; Danielle recommended Scott utilize Karen for administrative projects so that he can focus on, and complete, field projects.

It was suggested we ask volunteers to help with grant work – Martha Ham has volunteered and written grants for the Town. Resident Elaine Murphy writes grants professionally, and may not be available to offer her time as a volunteer. Ange said she will contact Martha Ham and Rick Williams, given he began the grant paperwork several months ago while President & member of LDWA.

3. Removal of Tree from Spring Site- update. Scott said they continue to remove the large trees from the spring site. He said they are huge and the roots were quite deep. Scott says there is a large amount of debris and they'll have to get dump trucks to remove it. Ben said he worked with the Scouts to remove debris and it's a large task.

4. Report on possible leak between Silver Reef Tank and meter. (addressed above).

5. Water borrowed from Irrigation Water Company replenished. The Irrigation Company said LDWA need not open the lines to put the water back in. Scott said he hadn't calculated the rate and exactly how much should be replaced. Ben said to set March 2010 as the deadline for completing the calculations.

6. Request Board approval to include LASSD flyers with monthly water bills. Scott said LASSD flyers were included with LDWA invoice statements mailed out on October 9, 2009.

Scott updated other work completed during the month- service on the truck/oil change, estimate to cut a door in the old tank ranges from \$350 - \$675, purchase of a security screen door, mounted a lock box for keys in the office. The

storage unit is almost empty, Scott plans to dispose of some old office equipment, and relocate expired chemicals. Scott called Blue Stakes and confirmed the charges are a requirement of Utah State. The Infowest DSL internet service was completed at the Rice Bank [pigtailed off the Museum building]. Ron approved a new form for illegal Cross-Connections. Scott attended a one-day seminar on hydraulic testing and ground water wells. Ben asked to add the hydraulic study on the November 19 agenda.

Danielle said we have to get the Workmen's Comp Insurance ASAP. Ange asked if Rural Water might have a workmen's comp policy. Scott said they do have health insurance policies, but is not sure they provide workmen's comp coverage. Ange said she would check with Rural Water.

Scott and Ron discussed the Capital Facilities Plan and the costs needed to implement results of their study.

V. NEW BUSINESS ITEMS

1. Administrative record forms log forms, time sheets, – Ange Rohr. Ange noted Karen completed new administrative forms including an Employee Time Sheet, Trip Log Record for the company vehicle, Expenditure Approval Reimbursement Form, Keys/Log for building(s) and well, Pump & Well Efficiency Data Record, Fire Hydrant Flow Test Data Sheet, and Fire Hydrant Flush Record.
2. Review of By-laws and draft amendments – Ben. To be addressed with Ron at the Nov 19, 2009 meeting.
3. Outline and time line presentation of LASSD ISO requirements for inclusion in LDWA Policies & Procedures - Fire Steve. see above -

VI. COMMENTS BY BOARD MEMBERS. Discussion of discontinuing use of envelopes for monthly billings. We will send shareholder invoicing to local Leeds PO Boxes using the mailing seals and use envelopes for those addressed to out of Town. The Board and Karen discussed implementing invoicing by e-mail notification beginning Jan 2010. Karen added she is offering shareholders the opportunity to schedule an appt. to meet and discuss their billing concerns after regular office hours. Ben said he would like to have a monthly summary report of issues that are of concern to shareholders.

The Board discussed retrieving keys that have been issued to former members and employees throughout the years. The Board agreed to discuss re-keying all locks in 2010.

VII. Meeting ADJOURNED by Ben Gordon at 8:45 pm.

VIII. Board entered executive session; unrecorded.

Approved by Ron Cundick, LDWA President

Date _____

Attest: Karen Markovich, Admin

LDWA MEETING MINUTES

NOVEMBER 18, 2009

Meeting Place: Rice Bank Building, 1901 Silver Reef Drive, Leeds, Utah

I. CALL TO ORDER

1. Welcome – Ron Cundick, President, opened meeting at 7:00 p.m.
2. Prayer – Randy Stevens
3. President Ron Cundick noted we do not yet have a USA Flag in the Rice Bank Building, and therefore are unable to recite the Pledge of Allegiance.

Board Members Present: Ron Cundick, President; Ben Gordon, Vice President; Danielle Stirling; Randy Stevens; Ange Rohr.

Staff Present: Scott Hayes, Water Manager; Karen Markovich, Office Administrator/Corporate Secretary.

II. APPROVAL OF OCTOBER 15, 2009 MEETING MINUTES. Motion by Randy Stevens, second by Ben Gordon with unanimous approval of meeting minutes dated October 15, 2009.

III. BUSINESS ITEMS

1. LASSD Operations Update - Fire Chief Steve Lewis reviewed his report (attached to the minutes). He acknowledged the passing of Maurice Hall, long-time resident and former President of LDWA. Chief Lewis said the Town agreed to have Maurice's name added to the rock signage located in front of Town Hall, and asked if LDWA would like to share in the total cost, \$150.00, to complete the engraving. Motion by Ange Rohr, second by Ben Gordon with unanimous to approve the \$50.00 for engraving of Maurice's name to the signage.
Chief Lewis said there are actually three separate water systems within the Town of Leeds – downtown Leeds, Silver Reef and El Dorado areas. If there were a fire in Silver Reef, there presently is no way to access one of the other systems as they are not interconnected. He recommended we update the system.
Chief Lewis noted that LASSD received a 911 call regarding a water leak; dispatch said the caller reported an LASSD employee working on the pipe. It was actually LDWA Water Manager Scott Hayes wearing an LASSD shirt while working for LDWA. Chief Lewis recommended it is a good thing most times; however, given this recent report it might be best to wear a non-logo shirt while working for LDWA to help avoid confusion in the future.
Chief Lewis said the hydrants at higher elevations failed the flow tests. Missing hydrants need to be installed at Canyon Creek Drive and at the north end pond of the Stirlings' property on Babylon Road. The Stirlings' are in the process of installing the hydrant; the missing hydrant on Canyon Creek Drive is the Town's responsibility, given they issued the building permit in 2004 and did not notify LASSD. Chief Lewis sent the ISO requirements for LDWA to include in the Policies and Procedures. Don Goddard asked how many gallons per minute flowed from the hydrants in Silver Reef. Chief Lewis said it is about 500 – 600 gallons, which is about half of the required flow rates.
2. Well Siting Study - Presentation by Dr. Joe Zhao, Hydro-Geologist, Sunrise Engineering. Dr. Zhao agreed there should be a secondary culinary well water source. "Site A", located in the Silver Reef Highlands area outside Oak Grove, the preferred Navajo aquifer, is in porous sandstone and produces 360 gallons per minute (gpm). Site "B", the El Dorado lesser quality well water is from the Cayenta aquifer with much denser sandstone; it only produces about 150 gpm. The well drops 1 foot per 1 gallon pumped and is not recommended.
3. Report from Ron Cundick - November 12th meeting Utah Drinking Water in SLC, regarding loan/grant application for funding to repair and complete a redundant water source. Ron said Utah Drinking Water approved a \$2,009,000 grant loan to LDWA, provided the entire existing LDWA water system is joined together and completed as one system. The money is Federal funding; grant ~ 45% and loan ~ 55%, to be repaid at 3.6% interest over 30 years. LDWA was approved because there is an immediate need for the system to meet Utah's safety and health requirements. Ron provided a complete report, as attached to the meeting minutes.
4. Discussion of Proposed Bylaw Amendments –Ben Gordon presented the details of the proposed amendments below, and attached [herein] to minutes. Ben said the Board will call a Special Meeting of the Shareholders at the regular monthly meeting scheduled January 21, 2010, for the purpose of voting on the amendments to the bylaws.
 - a. Art II, Membership, Section 2 - Voting Rights, to ensure that no shareholder has more than one vote.
 - b. Art V, Section 8 - Duties, to separate oversight and operational functions of the Treasurer.

- c. Article IX, Section 4 - Allocation of Water to New Growth, to use the 5-year rolling average for new growth, with .85 acre feet and 50% of surplus connections as safety valves.
 - d. Article IX, Section 5 - New Developments, to exempt the developers of three lots or less from providing water rights and a water source before receiving LDWA water service.
5. Financial Overview Update – Ange Rohr presented the Financial Report as of November 18, 2009, total assets of \$229,742.82, including a previously unreported CD in the amount of \$17,334.88, found in LDWA financial records. Ange researched the local financial institutes and found Mountain America Credit Union located in St George, offers the highest interest rates and lowest fees for LDWA’s financial needs. Ange recommended opening three separate accounts with the Credit Union: for General Funds, Capital Projects, and Emergency Restoration Funds. Ange thanked Bob Breskin, CPA, for his time and help reviewing LDWA’s financials. Ange’s financial report is attached [herein] to minutes.
6. LDWA Operations Update – Scott Hayes recognized and thanked all who have donated their time, help and furnishings to LDWA, everyone’s efforts is sincerely appreciated. Scott thanked Danielle for donating the LDWA vinyl signs for the company truck. Scott reviewed administrative projects completed by Karen: transfer of all Quickbooks Pro 2009 bookkeeping/accounting from Hinton Burdick, CPA, to LDWA in-house for quarterly taxes, payroll, all financial bank accounts/records, financial reports; etc. Carbonite remote backup system for all computer files in the event of fire or disaster in the building; a second email address for LDWA administrative communications; and the ongoing communications with Caselle Water Utilities Software Program services. Caselle Utilities Program does not interface with Quickbooks Accounting Program, and we are researching new programs to meet LDWA administrative needs. Board members Ange and Danielle work with Karen regarding administrative needs. Scott said the installation of security door on building is completed, and he is looking into security for the windows. Scott completed all flow/flush tests with Chief Lewis and reported on the pressure and maintenance of water liens throughout Leeds. Scott worked with Scott Ricci to review mapping and valve system, and thanked Scott for his tremendous amount of help and volunteer of personal time. Scott said we have GPS mapped most of our system, which is on Maurice Hall’s computer and is working with Maurice’s family to recover the data in the future. Scott worked with the Forest Service to complete GPS mapping of their campsites that might interfere with LDWA air-vacs, water lines, etc, and closed numerous campsites used by transients. There was a failure of the submersible transmitter located in the water tank, which submits data electronically via computer to Scott 24 hours a day. Because of the new system, Scott now has capability via internet to electronically monitor tank levels, valves, etc, thus significantly reducing the amount of time spent making trips to-and-from the well. Scott said he sees the need for backup of office administration, water operations and for a secondary water well. He recommended LDWA look into a backup generator for the well. Scott said review of options for Workmen’s’ Compensation Insurance rates are comparable, and we will purchase it through our current company, Olympic Insurance. Scott asked for comments from the public.

IV. EXECUTIVE SESSION – not needed.

V. ADJOURN: 8:35 p.m. by Ron Cundick.

_____ Date _____
Approved by Ron Cundick, LDWA President

Attest: Karen Markovich, Admin

**LEEDS DOMESTIC WATERUSERS ASSOCIATION
BOARD MEETING MINUTES
DECEMBER 17, 2009
Meeting held at Town Hall, 218 N Main St, Leeds, UT**

Board Members Present: Ron Cundick, President; Ben Gordon, Vice President; Randy Stevens; Ange Rohr; Danielle Stirling was excused.

Staff Present: Scott Hayes, Water Manager, and Karen Markovich, Office Administrator/Corporate Secretary.

I. CALL TO ORDER

1. Welcome by Ron Cundick. Ron also thanked Karen Markovich for donating time at no cost to LDWA.
2. Prayer led by Scott Hayes.
3. Pledge of Allegiance led by Randy Stevens.

II. APPROVAL OF NOVEMBER 18, 2009 MEETING MINUTES. Randy Stevens noted correction in Section III, Paragraph 2, Dr. Zhao's presentation; Ron Cundick added correction in Section III, Paragraph 3, to change from 3% to 3.6% interest for the loan; **Motion** by Ron Cundick, **second** by Randy Stevens with all **unanimous** to approve meeting minutes dated November 18, 2009, with changes as noted.

III. BYLAW AMENDMENTS – BEN GORDON

1. Proposed bylaw amendments were reviewed by Ben Gordon and Ron Cundick. Ben reviewed changes to the proposed draft of amendments to bylaws. Ron replied to the Leeds Town Planner and Mayor's written letter requesting an explanation of the proposed amendment referring to a 50% annual cap on new taps. Ron said it is a safeguard and allows LDWA to have the ability of providing water successfully. Shareholder Don Goddard said the Board is doing the right thing and he supports LDWA's proposed amendments. Shareholder Terry Danielson asked if LDWA has a service area defined. Ron said he has tried to define a service area with the Town of Leeds, and has met with Leeds Town Planner Drake Howell. Drake gave Ron a verbal commitment that LDWA can service the Town. To-date, the town has not provided anything in writing. Ron said the idea is not to restrict growth, but to successfully manage the water service we now have. Ange Rohr added that the newly annexed area known as the Grapevine Wash will be served water by the Town of Leeds; LDWA's service area applies to the municipal boundaries as of January 1, 2008.

Shareholder Roger Downward asked about the proposed change of the Treasurer's duties. Ron said currently, from a fiscal standpoint, there are no checks and balances. The proposed amendment will satisfy that need. The Board President, Vice President, Water Manager and Corporate Secretary have check-signing authority. Treasurer Duties assigned to a Board Member will give the Board oversight on expenditures and financial duties. Roger suggested giving check-signing authority to the Board Member assigned the Treasurer Duties in the event of an emergency. Ben Gordon said 2 employees and 2 Board members are adequate to meet emergency needs, and added that at some point a second staff person would be hired as admin backup in the office.

Shareholder Kurt Allen asked if LDWA could purchase the water rights that area available, LDWA could no longer be accused of trying to "limit growth".

2. Ron and Ben announced the Special Shareholder Meeting held on January 21, 2010 for shareholders to vote on the proposed amendments to the bylaws.

IV. DIVISION OF DRINKING WATER LOAN – RON CUNDICK

1. **Overview of proposed loan.** Ron asked Scott what needs to be done to meet the recommendations of 2007 Capital Facilities Plan. Scott said the Plan calls for upgrading of all 4" lines to 8" lines; altitude valves; dead-end areas need to be looped; meters need upgrading; we need a back-up [redundant] water source. Scott Hayes updated the results of the flow and flush fire hydrant tests and noted there were many hydrants that failed passing sustained water pressure that is necessary to fight fires. Ron said this is a safety issue, and as such, the Division of Drinking Water moved LDWA to top priority for grant/loan funding. The dead-end loops in the pipes cause air to be trapped in the pipes and that creates loss of water pressure. Scott said the Engineers would work with the Board to determine where the 8" pipes need to be installed. Ben said we cannot piecemeal the system and only the existing system will be upgraded. None of the grant/loan monies will be used for new development. Ron said we need an engineering workup approved by the state and the final plan/bid must be within range of loan. There are additional documentation criteria that must be met. Ange added we don't want to pump water uphill and there should be some realignment as a result. Shareholder Kurt Allen asked if the Board is open to receive bids in addition to the one bid they have from Sunrise Engineering. Ron said the Board is open to receive outside bids provided they are submitted in the immediate time frame as set forth by the Division.

2. Impact on shareholders. The State determined the adjusted gross median income for Leeds is \$37,000 year. Based on that average, the Division then determined each LDWA shareholder should be paying about \$53.00 month. Based on those figures, the Division of Drinking Water has determined LDWA qualifies for total funding of \$2,009,000 comprising of 55% loan and 45% grant. Ron said based on the current amount of taps, it will cost each shareholder about an additional \$15.00 month beginning the average user monthly bill to \$45.00, Ange noted that amount is still less than the State average of \$53.00.
3. Steps to qualify for loan. The Division requires LDWA to build up [over a ten-year period] a fund that equals 5% of our Budget including the new loan. One of the requirements for the loan is that LDWA employs a full-time Certified Water Manager. We also need to provide a comprehensive Water Conservation Plan.
4. Feasibility/other alternatives. The Rural Water Division discussed a loan for LDWA, with a rate of 30% grant 70% loan, and the process would take a substantially longer.

Ron said he wants to make it clear that none of the loan will be used for new growth or new development. The burden of cost of future growth will fall solely on that of the developers. Ron said we have until February 13 to set time-line; and we need to begin construction by November 2010. The monies will be placed in an escrow account and Procedure for review and implementation. The timeline for completion will be at least 3-4 months, dependent on what they find. Experience tells us construction time will take longer than what is planned.

- V. FINANCIAL UPDATE – ANGELA ROHR. LDWA has a total of 6 bank accounts including a CD, totaling \$231,093.22. Ange recommended closing the Wells Fargo accounts and transfer the funds to Mt. America Credit Union, where the benefits and interest rates are highest.
- VII. Motion by Ron Cundick to ADJOURN meeting at 8:35 pm.

Karen Markovich, LDWA Admin